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INSTITUTE OF ECONOMICS

QUESTIONS OF ECONOMICS

(*Voprosy Ekonomiki)*

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V. Vasilyeva

PEOPLES OF AFRICA IN THE STRUGGLE FOR PEACE AND FREEDOM

The Second World War intensified the struggle and rivalry of imperialist powers in Africa. In the post-war period, the importance of Africa increased extraordinarily. In the aggressive plans of the American-British instigators of a new world war, a significant place is assigned to Africa as a source of the most valuable military-strategic raw materials, a reservoir of cannon fodder, and cheap labor.[1]

Africa is a huge continent with a population of 180 million people, rich in raw material resources. After the Second World War, Africa's share in the total production of strategic raw materials in the capitalist world increased significantly. American and British imperialists, after a series of defeats on the Asian continent, are paying special attention to Africa, striving to turn it into their reliable bridgehead in the war they are preparing against the USSR and the countries of people's democracy. However, the rise of the anti-imperialist, national-liberation struggle of the peoples of Africa shows that this deep rear of imperialism is also being shaken, and that the imperialists will suffer the same failure here as they suffered in Asia.

After the end of the Second World War, the penetration of American imperialism into Africa sharply intensified. It is taking place both along the lines of the consolidation by the

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[1] *Before the Second World War, Africa supplied up to 40% of all manganese ore mined in capitalist countries, 40% of chromites, 18-20% copper, 10-13% tin, over 30% vanadium, about 85% cobalt, over 40% uranium, 45% gold, 15-20% platinum, about 99% diamonds, 17% asbestos, 45% phosphates, 10% graphite.*

United States of its military-strategic positions in African countries, and along the lines of economic expansion and political interference by the US in the internal affairs of these countries.

The "Marshall Plan," which enslaved the European capitalist countries, also enslaves their colonies. By so-called bilateral agreements concluded by the US with Western European powers in accordance with the "Marshall Plan," American capital is granted free access to the raw material resources of the colonies. American monopolies are carrying out widespread penetration into the African colonies of other imperialist powers with the help of the "Marshall Plan" and the so-called "Point 4 of the Truman Program" — a program for the enslavement of "backward regions of the world," i.e., colonies and semi-colonies, by American monopolies.

Even during the Second World War, American imperialists began to penetrate the countries of French and British West Africa. They turned Liberia into a springboard for the seizure of these countries. Having deployed the construction of major military bases in Monrovia and Robertsfield, they began laying a military-importance highway to French West Africa. The US also strengthened its economic penetration into Liberia. The large American monopoly Firestone received a concession for rubber plantations. In late 1947, American imperialists formed a special company for the "economic development" of the country, which actually governs Liberia.

Even during the years of the Second World War, the US began to show increased interest in the French colonies in North Africa. The landing of Anglo-American troops on the territory of these countries and their use as a base for military operations in the Mediterranean basin were caused not only by the necessity of waging war against Hitlerite Germany and fascist Italy. Far-reaching goals were pursued — the firm consolidation of American imperialism in this important

strategic region. That is precisely why, after the official evacuation of US troops from North Africa, units of the American air force and navy were left in Port-Lyautey and Casablanca (Morocco).

Contrary to the will of the peoples of the African countries located on the Mediterranean coast, the American-British imperialists included these countries in the system of the aggressive North Atlantic bloc.

American imperialists show a special interest in Morocco. This country, located on the Atlantic and Mediterranean coasts of Africa, occupies a very advantageous military-strategic position and has rich strategic resources. In December 1950, during negotiations in Paris between US Secretary of the Air Force Finletter and the French government, an agreement was reached on the construction on the territory of Morocco of 6 new large American air bases — in Mediouna, Khouribga, Salé, Meknès, Marrakech, and Agadir — and on the reconstruction and expansion of the air base in Port-Lyautey. These bases are being adapted for heavy bombers.

American imperialists are expanding their economic expansion throughout French North Africa. Both in Morocco, Algeria, and Tunisia, American capital seeks to displace its competitors, primarily French and British capital. Tunisian oil is already to a significant extent in the hands of the American and British monopolies Gulf Oil Corporation and Royal Dutch Shell. A number of American companies have been created that control enterprises for the extraction of lead, manganese, oil, and other strategic raw materials. The American company Newmont Mining Corporation owns lead and zinc mines in Zeïdja. US monopolies seek to increase the extraction of strategic materials in Morocco and southern Algeria.

The foreign trade expansion of American imperialism in French North Africa has also intensified. The US floods these

countries with its dumped goods while pumping out valuable strategic raw materials: phosphates, iron ore, etc.
The attention of American imperialists has long been attracted by the Belgian Congo. This is a huge country with about 11 million inhabitants, equal in size (2,337 thousand sq. km) to half of Europe and 80 times exceeding the territory of Belgium. US imperialists also show great interest in the Belgian trust territory of Ruanda-Urundi (area — 54 thousand sq. km, population — 3.7 million people).
The Belgian Congo and Ruanda-Urundi are rich in valuable strategic raw materials. Nine-tenths of all uranium mining in capitalist countries falls to the share of uranium mines located in the Shinkolobwe region. The Congo has rich reserves of copper, high-quality tin, cobalt, manganese, tungsten, cadmium, zinc, as well as valuable types of agricultural raw materials (oilseeds, cotton fiber, etc.).
Before the Second World War, Belgian capital dominated the economy of the Belgian Congo. British capital also held strong positions here. A significant part of the shares of the largest Belgian monopoly, the Upper Katanga Mining Company (Union Minière du Haut Katanga), was in the hands of the British corporation Tanganyika Concessions Limited.
The Anglo-Dutch concern Unilever also held strong positions in the country's economy.
In the post-war period, the situation changed. Using the bilateral agreement under the "Marshall Plan," American capital seized leading positions in the Belgian colonies in Africa. The American banks Ladenburg Thalmann and Lazard Brothers acquired a significant portion of the shares of Tanganyika Concessions Limited. American capital also established control over the large Belgian company Syndicat Minière Africain, which holds the tin mines. In 1950, the US concluded an agreement with Belgium under which at least 50% of the tin mined in the Belgian colonies must be directed

to the US (in 1950, 14.6 thousand tons of tin were exported from the Congo to the US). All uranium from the Belgian Congo is sent to the US. American capital penetrated copper mining companies (copper exports in 1950 amounted to 167 thousand tons).

The seizure by US monopolies of rich sources of strategic raw materials in the Congo is accompanied by the military-strategic consolidation of the US in this colony. The construction of communication routes, airfields, telegraph and telephone communication facilities, and military radio stations is passing into the hands of American companies. The US is building an airport 20 km from the main city of the Congo — Leopoldville. The American-Belgian airline company Sabena absorbed the previously independent Belgian companies Aeromarant and Air Congo.

American imperialists are also penetrating Britain's colonies. However, British imperialism, attempting to preserve its huge colonial empire, offers them fierce resistance. The ruling circles of England place special hopes on their African colonies. They hope that the extraction of valuable raw materials from these colonies will help England overcome economic difficulties, improve its balance of payments, reduce dollar dependence on the US, and further increase the profits and dividends of English monopolies in the colonies.

English imperialists intend to increase the export of capital to their colonies in Africa and increase the extraction of the most important types of raw materials here: rubber, tin, copper, etc. Despite the resistance of British imperialism, the economic penetration of American capital into British colonies in Africa is intensifying. The US share in the foreign trade of British colonies is growing. A significant portion of the strategic raw materials extracted in Britain's possessions in Africa is sent to the US. Thus, for example, almost all the manganese mined in the Union of South Africa and the Gold Coast is purchased by

the US. American imperialists are taking ever new steps to subject Northern and Southern Rhodesia, which possess rich reserves of strategic raw materials, to their economic influence.[2]

Thus, Africa has currently become an object of acute rivalry and struggle among imperialist predators. A peculiar situation is being created in which the US, formally having no possessions in Africa, is increasingly becoming the master of this continent.

On the African continent, there are about fifty countries. The population of these countries constitutes several hundred peoples, nationalities, and tribes speaking different languages and standing at different stages of economic, political, and cultural development. The level of development of productive forces in African countries is very low, which is a consequence of their enslavement and oppression by imperialists. The economic development of various African countries is extremely uneven. Along with relatively capitalistically developed countries (Union of South Africa, Egypt, Algeria), there are very backward countries, constituting the majority, in which capitalism has begun to pave its way only in recent decades. Even within each individual country, there is an extraordinary unevenness of development and contrasts. For example, in the economy of the Union of South Africa, features of a capitalistically developed country are combined with

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[2] *American capital is intensively penetrating the mining industry in British possessions in Africa, for example, in the industry of the Union of South Africa. In Johannesburg and Cape Town, the dominant positions are occupied by the companies of Rockefeller, Firestone, Studebaker, Chrysler, and Ford. American Transvaal, American African Mining Exploration, General Motors, General Electric, Goodyear Rubber, and other American companies have opened their branches in the Union of South Africa and are buying up chrome and other mines there. In Northern Rhodesia and British South-West Africa, American firms have already bought part of the copper mines. The American concern Union Carbide and Carbon controls manganese mining on the Gold Coast.*

features typical of a colonial or semi-colonial country. There is large-scale mining and manufacturing industry, developed metallurgy and mechanical engineering, and a fairly dense railway network. The size of the proletariat in the Union of South Africa is significant. A local big bourgeoisie has formed, predominantly from the European part of the population. Along with this, the majority of the indigenous population of the Union of South Africa consists of peasants. The economy of this country is predominantly agrarian in character. Agriculture in the Union of South Africa is backward, and methods of land cultivation are primitive. In the agrarian relations of the Union of South Africa, as of all African countries, feudal survivals dominate.

Even greater contrasts are observed in North African countries. For example, in Algeria, along with commodity agriculture (grain farming, viticulture), relatively developed industry for processing agricultural raw materials (winemaking, oil-milling, and milling industries, etc.), as well as the mining industry, tribal and even clan structures still survive in many regions. The population of these regions leads a nomadic or semi-nomadic lifestyle and engages in primitive shifting cultivation. At the same time, extractive and manufacturing industries are developing in Algeria. Significant cadres of the industrial proletariat have grown here from both the European and Arab populations, and there is also a large number of agricultural workers.

Despite all the differences and peculiarities of agrarian relations in different African countries, the question of land is common to all these countries and exceptionally acute. The expropriation by imperialists of the best land belonging to the indigenous population created an artificial agrarian overpopulation in these countries, especially on the territory of reservations — special settlements for Africans. Hundreds of thousands and millions of starving people huddle on poor or

completely unsuitable for cultivation, depleted land. Thus, for example, population density in the reservations of Kenya (British East Africa) reaches 440 people per sq. km with an average population density in Africa of 5 people per sq. km. In Kenya, before the Second World War, Europeans owned 1,890 land holdings with a total area of 3 million hectares, i.e., an average of 1,600 hectares per holding. A significant portion of the lands seized by the imperialists is not even cultivated.

In Southern Rhodesia, 19.6 million hectares of the best land are concentrated in the hands of Europeans, who make up only 5% of the population. The majority of the indigenous population of the country lives in reservations, for which 8.5 million hectares have been allocated. In Northern Rhodesia, two-thirds of the arable land has been seized by English colonizers, whose numbers do not exceed 1% of the total population, while the local population accounts for only one-third of the land area.

In British East Africa, imperialists plant plantation farming, while in West Africa, on the contrary, they widely exploit small peasant farming, switching it to the production of export crops (British West Africa is the world's largest supplier of cocoa). Monopolist capital ruthlessly exploits small peasant producers, predominantly sharecroppers. The United Africa Company, which controls 36 subsidiary companies in British colonies in Africa and has about one and a half thousand branches, buys peasant produce at monopolistically low prices. This is the main method of robbing the small-commodity producer, who is entangled in taxes and pays high rent.

The agrarian question is extremely acute in other African countries as well. For example, in Egypt, 5 million peasant families are either entirely deprived of land or own tiny plots. 2 million peasant families are completely deprived of land. Land-poor and landless peasants are forced to rent land from landlords on bondage conditions or become farm laborers. Two million dwarf peasant holdings possess in total three times less

land than 12 thousand large landlords, who make up less than 1% of the rural population. Egyptian fellahs (peasants) lead a semi-starved existence, while English monopolies, in whose hands the trade in Egyptian cotton is concentrated, reap huge profits.

In the countries of French North Africa, the process of robbing and dispossessing the peasantry has also reached enormous proportions. In Algeria, 26 thousand Europeans own 2.33 million hectares of land, while 549 thousand Arabs own 9.2 million hectares. Most Arab fellahs in Algeria have long since turned into sharecropping tenants or farm laborers. There are 713 thousand tenant families and 462 thousand agricultural workers and farm laborers here.

In Tunisia, Europeans, who make up 10% of the entire population, own over 30% of all arable land. The remaining land is concentrated mainly in the hands of Tunisian feudal lords, landlords, and usurers, who lease land to peasants on bondage conditions. French landlords own large latifundias numbering several hundred and even thousands of hectares of land. In northern Tunisia, there are large capitalist economies that supply grain for export.

In Morocco, about 25% of the best lands have been seized by French imperialists. The concentration of land in the hands of French colonizers and local landlords leads to the rapid dispossession of the peasantry. Driven to despair by poverty and hunger, peasants flee to the cities, on the outskirts of which they form large "shanty" settlements. Casablanca, for example, has turned into a huge camp of people seeking some kind of work.[3]

Despite all the originality and specific features of the development of each individual African country, what is common to them is that they are all already to one degree or

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[3] *"Foreign Affairs", January 1948, p. 360-372.*

another drawn into the process of capitalist development, which has especially accelerated in the past decade and is taking place here, as generally in colonies, in deformed, painful forms. Capitalist industry is emerging in African countries, albeit having a specific, colonial character; the formation of the national African proletariat is taking place; a national bourgeoisie and bourgeois intelligentsia are appearing.
Despite the fact that imperialists in Africa, as generally in colonies, strive to preserve and conserve the remnants of old, obsolete formations, under the conditions of developing capitalist relations, the appearance of the African village is changing. The isolation of the subsistence economy is collapsing, and communal-clan and tribal life is decomposing. The process of dispossession leads to the washing out of independent peasant producers from the agricultural production process. New classes are appearing in the African village, and new class relations are taking shape. The African agricultural proletariat is growing. The differentiation of the peasantry leads to the formation of a thin stratum of kulaks.
In a number of African countries, there are already hundreds of thousands of industrial workers. Thus, in the Union of South Africa, back in the pre-war period, over 1 million people were employed in industry, transport, and trade. In French North Africa, especially in Algeria, and in the post-war period also in Morocco, there are already significant cadres of the industrial proletariat and hundreds of thousands of agricultural workers. In Tunisia, according to United Nations data, there are almost 700 thousand wage laborers, of whom 100 thousand are employed in industry. In the mining industry of Northern Rhodesia, 35 thousand workers are concentrated. In Kenya, out of 377 thousand wage workers, 203 thousand are employed in agriculture, 95 thousand in various branches of industry, and 79 thousand in so-called public works. In the Belgian Congo,

there is a large industrial proletariat, concentrated mainly in the mining industry.

The Second World War worsened the material living conditions of African workers and the entire working population, which were very difficult even in the pre-war period. Preparations for a third world war and the militarization of the countries of the African continent lead to an intensification of the economic and political oppression of African working people. Different wages are established for workers of different nationalities in these countries, with workers from the local population subjected to monstrous discrimination.

Thus, in Dakar (French West Africa), the minimum monthly wage of a European worker is 21 thousand francs, while that of an African worker is slightly more than 3 thousand francs. In the Sudan, the daily wage of a worker averages 40 francs, while a kilogram of rice costs 35 francs, and a kilogram of meat — 100 francs. In Cameroon, a different minimum wage is established for individual districts.[4] At the mines in May-Darle, it is 29 francs a day, in other districts — 25-26 francs. In Northern Cameroon, the minimum wage is set at 16 francs a day, while a kilogram of meat here costs 100 francs, rice — 70 francs, and cassava — 67 francs.

In his speech at the Second World Congress of Partisans of Peace, Algerian delegate Abder-Rahman Bouchama described the difficult living conditions of the Algerian population as follows: "Deprived of their land, enslaved, poorly nourished, millions of Algerians live in indescribable need. Every day on the roads one can meet groups of Algerians in rags, wandering in search of shelter, some work, or pitiful food, which they obtain for themselves together with dogs in garbage dumps. In the cities, one can observe outrageous scenes: abandoned

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4 *See "World Trade Union Movement" No. 2, 1951, pp. 25-26.*

children, almost naked, lying on cold pavements or by the grated windows of basements. A foreigner arriving in our country for the first time is presented with a scene that has already become habitual for us — he sees helpless women holding out emaciated hands and holding starving children on their knees..."[5]

Slave and forced labor is widely used in African countries. Racial discrimination rages. In the Belgian Congo, for example, Africans and Europeans cannot be members of the same trade union. In Elizabethville, there are separate stores for blacks and whites. On ferries crossing the Congo River, special places are established for Negroes; Negroes receive permission to disembark only after all whites have disembarked.

All this testifies to the fact that the situation of the working class and all working people of Africa in the post-war years has deteriorated even further. The exploitation of African working people has reached monstrous proportions. The working people of Africa face the threat of rapid physical degeneration. Driven to despair, the masses are seeking a revolutionary way out of the created situation.

Under the influence of the Great October Socialist Revolution, anti-imperialist popular demonstrations in various parts of the African continent became more frequent and significantly intensified. However, the demonstrations against imperialist oppressors that took place in the pre-war period were predominantly spontaneous in nature; the imperialists suppressed them with monstrous cruelty.

The Second World War drew Africa into the vortex of international events. Numerous peoples of Africa took direct part in the struggle against fascism. A large number of Africans fought not only in Africa, but also in the Near and Far East. In

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5 *"Pravda", 27/XI 1950.*

the course of the struggle against fascism, the political consciousness of the peoples of Africa grew rapidly.

After the end of the Second World War, a wave of strikes swept through a number of African countries. Workers and working people of the colonies demanded higher wages, improved living conditions, and the granting of basic political rights. In 1945, strikes by workers and employees in Nigeria grew into a general strike lasting 44 days. Other strata of the population began to join the movement, and it increasingly began to bear an anti-imperialist character.

Frightened by the rise of the national liberation movement in their African colonies, the imperialist colonizers attempted to direct this movement onto the path of bourgeois parliamentarism and trade unionism. They embarked on the path of various deceptive reforms in Africa as well. Thus, France and its colonial empire were renamed the "French Union," and the colonies began to be called "overseas territories." The new French constitution declared that "France forms with the overseas territories a union based on the equality of rights and duties, without discrimination, whether racial or religious."

According to the new constitution, several representatives of the local ruling top layer of the African colonies were introduced into the National Assembly of France and the Council of the Republic. At the same time, "equality of rights and duties" was interpreted in a very peculiar way. In 1946, Madagascar was granted 5 seats in the French parliament: 4 million indigenous inhabitants of Madagascar, the Malagasy, received 3 seats, while 30 thousand Europeans living on the island received 2 seats. French monopolies continue to rule the roost in Madagascar, intensifying the plunder of resources and the brutal exploitation of the island's population.

During the years of the Second World War, a mass party arose in Madagascar — the Democratic Movement for the

Renovation of Madagascar (MDRM), which united the most diverse strata of the population. This party led the people's struggle against the colonial policy of French imperialism. It put forward the following program: granting Malagasy and French equal rights, improving working conditions, and granting indigenous inhabitants the opportunity to participate in all spheres of political and economic activity. In March 1947, an uprising of the popular masses against the French oppressors broke out in various regions of Madagascar. The colonial authorities drowned this movement in blood. Tens of thousands of participants in the movement were thrown into prisons and concentration camps. Punitive troops carried out mass executions, and aviation bombed Malagasy villages. 90 thousand Malagasy patriots perished. These bloody crimes in Madagascar were committed by the hands of French right-wing socialists: Coppé, High Commissioner of France in Madagascar, and Marius Moutet, Minister of Colonies.

In the post-war period, the liberation movement also unfolded in England's African colonies. The Labour "socialist" government of England attempted to extinguish this movement with promises of various reforms. Under the guise of reforms, the Labourites began implementing measures aimed at splitting the national front that had begun to take shape in the colonies, and attempted by various handouts to attract the feudal-bourgeois upper crust to their side, deceive the peoples with the appearance of democratic transformations, and divert them from the struggle for liberation. In 1946, a new "constitution" was introduced in Nigeria, the largest colony of British West Africa, numbering 24 million people. This "constitution" actually consolidated the domination of British imperialists in the country. The power of the British governor-general remained as unlimited as ever.

The introduction of this "constitution" caused universal indignation. Mass protest demonstrations began in the country.

The colonial authorities began to carry out severe repressions against the National Council of Nigeria — a mass democratic organization that led the protest movement. They attempted to split and pit the peoples of Nigeria against each other — the Igbo and the Yoruba — and ignite national animosity.
In 1949, under pressure from the masses, a committee was created to draft a new constitution. According to the new project, it is proposed to divide Nigeria into three parts: the northern one, inhabited by Muslim peoples; the western one, inhabited by the Yoruba people; and the eastern one — by the Igbo people, with part of the lands belonging to one people having to be part of the state of another people. This peculiar "Pakistanization" on African soil was intended, according to the design of the Labourites, to intensify national discord and introduce a split into the growing national-liberation movement in Nigeria.
Such a caricature of democracy was also the "constitution" of the Gold Coast, drafted by the British authorities without the participation of the African population and introduced in 1946. The dissatisfaction of the popular masses with this "constitution" imposed by the imperialists resulted in numerous demonstrations. The protest movement against the introduction of the "constitution" merged with the struggle of the popular masses against rising high costs, for the improvement of living and working conditions. The rapidly growing movement resulted in mass demonstrations. Although these were still peaceful demonstrations, nevertheless they caused fear in the colonial administration.
By order of the colony's governor, a peaceful demonstration in Accra (the administrative center of the colony) was shot at, and troops were called in to suppress the movement. However, the struggle of the people of the Gold Coast continued to intensify. In 1950, mass demonstrations of the peaceful population demanding basic political freedoms took place again.

Tens of participants in the demonstrations, as well as the leaders of the People's Party and other progressive organizations, were thrown into prisons. But the movement for immediate independence continued to grow. In December 1950, the Labour government introduced a new "constitution" for the Gold Coast. This "constitution," like the previous one, fully preserves the power of the British Crown and the British governor in the colony.

Mass executions in Madagascar, on the Gold Coast, in Uganda (East Africa), and severe repressions against the peoples rising to fight in other African countries served as a harsh school for the African peoples. The peoples are increasingly beginning to understand what bourgeois parliamentarism and the so-called "freedoms" granted by the imperialists are. The political consciousness of the peoples of Africa is growing. From scattered, spontaneous outbursts, the peoples of Africa are moving to mass organized struggle, which in a number of cases develops into armed clashes with the imperialists. After the war, the movement of all African peoples bears a clearly expressed anti-imperialist character. The struggle of the African peoples for national independence and democracy is intertwined with their struggle for peace. The peoples of Africa are fighting for genuine democratic transformations, for the right to govern their own countries themselves and use their resources in the interests of the peoples, for a radical improvement in the lives of the masses, for higher wages, and against the rule of monopolies. In a number of African countries, the anti-imperialist struggle is already beginning to intertwine with the anti-feudal struggle, with the struggle for land, for an agrarian revolution.

In the countries of French North Africa, where a numerically large national proletariat has formed and where communist parties have existed for quite a long time, the liberation movement has an organized, mass character. In the front ranks

of this movement is the North African proletariat, which is fighting for a leading role. The presence in North African countries of a significant number of organized French proletariat contributed to the growth of the organization of the Arab proletariat and the creation of the communist parties of Algeria, Tunisia, and Morocco. The French Communist Party, as well as the communist parties of the North African countries, has since its formation fought for the creation of unified political and trade union organizations of the working class, which should include representatives of all nationalities inhabiting these countries. Currently, these communist parties direct their efforts toward creating a single national-democratic front of all working people for the struggle for national and social liberation.

In the post-war period, a powerful strike movement unfolded in the French colonies of North Africa, which is the response of the proletariat of these countries to the offensive launched by the imperialists on the living standards of the working people. The strikes of miners in Algeria, Tunisia, and Morocco, and strikes of dockers and port workers refusing to unload American weapons and military cargoes heading to Vietnam, are distinguished by their organization and militant character. An extremely important new moment in the liberation movement of the peoples of North African countries is the broad involvement of the agricultural proletariat in it. An example of a militant action by the agricultural proletariat is the strike of farm laborers in Enfidaville. The shooting of this strike caused enormous indignation among workers and all working people and led to a general strike in Tunisia. The peasant masses of the North African countries are increasingly drawn into the struggle, raising the question of land more and more decisively.

The national liberation movement in Morocco has reached great proportions. Despite severe repressions and persecution,

throughout 1948 and 1949, one strike followed another. In June 1949, a miners' strike broke out in Djerada; during the shooting of the strike, 50 miners were killed. A police regime was established in Morocco, freedom of assembly was abolished, strict censorship was introduced, and repressions against trade unions began. The main blow was directed against the Moroccan Communist Party, which was formed in 1942. The Communist Party of Morocco operated in difficult, semi-legal conditions and was subjected to harsh persecution. The imperialists sought to destroy its leading upper crust. Fighting against the communist party and trade unions, they simultaneously tried to prevent the rallying of national forces, to split off the national bourgeoisie, whose interests are expressed by the so-called Democratic Party of Independence (Istiqlal).

The imperialists, together with large feudal lords and representatives of the corrupt comprador bourgeoisie, tried to crush the national liberation movement in Morocco, set the peasants against workers and townspeople, and split the Moroccan people into two hostile camps: Arabs and Berbers. A regime of terror and lawlessness was established in the country. Troops, tanks, and bombers were used to suppress the national liberation movement. Bloody clashes of working people with the police and troops took place in a number of Moroccan cities, especially in the south. This was followed by mass arrests and repressions. However, no repressions can break the will of the Moroccan people fighting for their independence. The working class of the North African countries, led by its vanguard — the communist parties — is not limited to the interests and tasks of its class struggle; it is the inspirer and standard-bearer of the nationwide struggle for freedom, for peace, and democracy.

In France's possessions in West and Equatorial Africa,[6] which are very backward economically and culturally, with a small national proletariat, the liberation struggle develops in a different form. Here, after the Second World War, a spontaneous movement against French imperialism, for freedom and improved living conditions, began to unfold. Despite the repressions of the colonial authorities, the movement not only did not stop, but, on the contrary, strengthened and organized.

In September 1946, a mass organization of the united national front arose — the African Democratic Rally (RDA). This organization unites all classes and all social strata, including the national bourgeoisie and even representatives of the feudal and semi-feudal nobility ready to fight against imperialism, for national freedom, and against political disenfranchisement.

The main task of this organization initially was the struggle for equal rights for Africans in all spheres of economic and political life. The organization demanded the abolition of the forced labor system, the repeal of the special code for Africans, and the granting of basic political freedoms. But under conditions of growing impoverishment of the working masses as a result of militarization and preparation for a new war, the movement quickly outgrew these limits, acquiring an increasingly anti-imperialist character. The RDA supported the strike of African railway workers in 1947–1948, which lasted five and a half months, and other performances by working people in defense of their rights. The organization is becoming truly massive. While in 1946 the number of its members was 50 thousand, in 1950 it was already 1.5 million people.

In the colony of the Ivory Coast, out of 2,300 thousand inhabitants, 800 thousand belong to this organization.

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[6] *The area of French West and Equatorial Africa is 7.2 million sq. km, population 20 million people.*

The colonial authorities are carrying out harsh repressions and provocations against the African Democratic Rally. In January 1950, after a police provocation carried out by the High Commissioner of France for West Africa, right-wing socialist Béchard, and the governor of this colony, right-wing socialist Péchoux, almost 4 thousand active figures of the African Democratic Rally were arrested. In March 1950, in the city of Grand-Bassam (Ivory Coast), local French authorities staged a four-week comedy of a trial of the leaders of the African Democratic Rally. Out of 37 defendants, 5 people were sentenced to prison terms of 5 years, 16 people to various prison terms; 16 people the court was forced to acquit.

As the broad masses of working people were drawn into the RDA and it moved to more decisive forms of anti-imperialist struggle, fluctuations and withdrawal from active movement began among the bourgeois-feudal part of the organization. The imperialists made every effort to split the unity of the national liberation movement. They achieved that the deputies of the French parliament, members of the African Democratic Rally, abstained from voting on the question of the "dirty" war in Vietnam, voted for lengthening the term of military service, and for the government's armament program. They tried to start a struggle within the RDA as well.

However, despite the betrayal of the bourgeois-feudal upper crust, the struggle of the popular masses of French West and Equatorial Africa is broadening. The movement of peace partisans is growing in these countries. 300 thousand people signed the Stockholm Appeal here.

In Britain's possessions in Africa, where there is a numerically large proletariat, as, for example, in the Union of South Africa, the organized liberation movement is led by the working class, guided by its vanguard — the communist parties. The powerful strike of 60 thousand Negro gold mine workers in the Union of South Africa, which took place in 1946, testified to the growth

of class consciousness of the national proletariat. The struggle of the workers of the Union of South Africa is expanding. In 1950, in Johannesburg, the fascist government shot at a peaceful May Day demonstration. 18 people were killed and 30 wounded.

The working class of Nigeria and the Gold Coast is in the front ranks of the national liberation struggle in British West Africa. In 1945 in Nigeria, after a powerful general strike of workers and employees, the labor movement continued to grow. In November 1949, it resulted in a powerful strike of miners at state-owned mines in Enugu. Workers demanded higher wages and improved working conditions. In response to these demands, the administration dismissed 200 workers. The workers refused to leave the mines, and then the police began firing on the unarmed workers. 60 miners were killed and 31 wounded. These executions caused indignation among working people throughout West Africa. Protest rallies and strikes took place, continuing into 1950. At the end of December 1950, a new strike broke out, in which 20 thousand workers took part. The struggle of the working class of the Gold Coast colony achieved significant growth. From January 8 to 11, 1950, a general strike took place, embracing wide strata of workers. It coincided with the campaign of boycott and civil disobedience announced by the population in connection with the publication of the draft of the new "constitution" for the Gold Coast. Performances by the African working class, strikes, and demonstrations also take place in the colonies of British East Africa — in Kenya, Uganda, and Tanganyika.

Trade union organization of the working class is growing. Although membership in a trade union in African countries is punished by the imperialists as a grave political crime, trade unions exist in all African countries. In a number of countries, trade union associations of workers and employees number hundreds of thousands of people (Union of South Africa,

Algeria, Nigeria, etc.). The African labor movement is closely connected with the international labor movement. The overwhelming majority of African trade union associations belong to the World Federation of Trade Unions. The African working class is becoming the advanced detachment of the national liberation movement.

Gradually, the peasantry of Africa is also being included in the liberation movement. The influence of tribal chiefs and clan elders, and tribal fragmentation, weigh heavily on the peasants in many African countries. Religious prejudices often shackle the actions of peasants. Nevertheless, the increasingly frequent performances by the peasantry of French North Africa and other countries, and especially the struggle of agricultural workers, show that the peasantry is becoming a real ally of the working class in the liberation movement.

In the British colonies of Africa, as well as in the French colonies, anti-imperialist blocs are emerging, which include representatives of all strata of the population. Some of them arose back during the Second World War. For example, the National Council of Nigeria and the Cameroons, created in August 1943, currently unites over 200 various political organizations. In the Gold Coast colony, the organization United Gold Coast Convention also arose, led by representatives of the big national bourgeoisie.

All these organizations, uniting various strata and class groups, including representatives of semi-feudal strata, and led by the national bourgeoisie and bourgeois intelligentsia, follow basically the same path of development. Arising as organizations reflecting the broad dissatisfaction of the popular masses with imperialist oppression, they cannot remain aloof from the class battles of workers and peasants. As the popular masses move to sharper forms of anti-imperialist and class struggle, a split begins in these organizations and the big national bourgeoisie withdraws from active struggle. Thus, for

example, from the United Gold Coast Convention, which increasingly slid onto the path of passive, conciliationist policy and cooperation with imperialism, a new organization broke away — the Convention People's Party, based on more democratic principles and representing more progressive, democratic elements. It sharply opposed the draft of the new constitution and put forward the slogan: "Self-government now." The policy of the People's Party found wide support among the masses: during the elections to the Legislative Council, it won 35 out of 38 seats.

The national liberation movement developing in the post-war period in African countries, especially in Arab countries, shows that the broadest strata of the population are rallying into a single national front in the struggle against imperialism. However, this front is not homogeneous. The positions of the national bourgeoisie in the common struggle are dual and contradictory. Part of the bourgeoisie — its insignificant top layer, the comprador and big bourgeoisie — closely cooperates with foreign imperialists and is their mainstay in these countries. At the same time, a significant part of the national bourgeoisie, dissatisfied with the policy of the imperialist powers, which hinders the development of the productive forces of colonial and semi-colonial countries, opposes imperialism. Thus, the struggle for the abolition of the bondage treaty of 1936 imposed on Egypt by English imperialists has long become the banner of the national liberation movement of all strata of the Egyptian people, including significant strata of the national bourgeoisie. Along with this, the upper strata groups of the Egyptian national bourgeoisie, together with feudal lords and compradors, advocate the preservation of the colonial system in Egypt.

In January 1950, the Wafd Party, a national-reformist party that came to power, tried to achieve the withdrawal of English troops from Egypt by peaceful means. However, events

showed that neither England nor the US would agree to this. Under the influence of the powerful anti-imperialist movement that unfolded with special force throughout 1951, fearing the loss of its influence, the Wafd Party took a more resolute stance in the struggle against English imperialism. The Egyptian parliament denounced the Anglo-Egyptian treaty on October 15. However, striving to hold on at any cost in the strategically important zone of the Suez Canal and wishing to continue the exploitation of oil sources in Middle Eastern countries, England hastened to concentrate new large military forces here. English troops are robbing cities and villages, killing unarmed residents, women, children, and old people. The violent actions of the English occupiers are causing a new wave of indignation among the Egyptian population. The Egyptian people are full of firm determination to continue the struggle until the complete expulsion of the Anglo-American imperialists from their country. Popular demonstrations are taking place under the slogans: "Egypt does not want to conclude imperialist pacts," "We demand the conclusion of a treaty of friendship with Russia," "Long live Russia — our friend!"

English and American imperialists are making every effort to split off the national bourgeoisie from the general national liberation movement, as well as to introduce a split into the trade union movement. In individual cases, they achieve success, as evidenced, for example, by the split in the trade union movement in Tunisia. Through partial concessions and constitutional handouts, English imperialists are trying to attract the bourgeoisie and bourgeois intelligentsia to cooperation.

However, the peoples recognize the insidious methods of the English and American warmongers and offer them active resistance. Thus, as a result of the resolute resistance of the popular masses, the reactionary imperialist plans to create a

Central African federation (from Southern and Northern Rhodesia and Nyasaland) suffered a complete failure.

The national liberation movement of the African peoples over the five post-war years has come a long way in self-organization. In a number of countries, it has already turned into a mass organized movement led by the working class and its vanguard — the communist parties. In those countries where communist parties have not yet formed, the working class, going in the front ranks of the movement, fights for the leadership of the movement and the pushing aside of the national bourgeoisie. Overcoming huge difficulties on its path, the African working class infects all strata of the population under the yoke of imperialism with the will to fight and the determination to achieve victory.

All classes and the broadest strata of the population of the numerous African countries are being drawn into the movement for peace, for colonial peoples, peace is inseparable from freedom. The African peoples do not want to be cannon fodder in the war being prepared by the American-English imperialists. That is precisely why the movement of peace partisans is gaining such great scope in various parts of Africa. World Peace Council member from Algeria A. Bouchama describes with what enthusiasm the working people of Africa signed the Stockholm Appeal. "Day after day," he writes, "they sign the Stockholm Appeal by the thousands at once. On paper and on walls, with ink and blood, with steel pens and bamboo pens, they sign and sign endlessly. If they are illiterate, they apply their thumb; one thumb for themselves, a finger for each family member, the whole palm for the baby in the cradle. If there is no ink, they rub their rough finger with grass or poppy. If there is no paper, they write on stone."[7]

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7 *"Partisans of Peace" No. 12, 1950, pp. 34-35.*

In the countries of North Africa, as well as the Near and Middle East, extensive preparations are underway for the Congress of Partisans of Peace. Almost a dozen and a half countries will take part in this Congress. The convocation of the Congress is demanded by various political parties, trade unions, women's and youth organizations, Muslim and other religious associations, political figures and prominent figures of culture, science, and arts. All these people of completely different political views are united by hatred of the warmongers, the struggle for national independence and freedom. The feelings of the oppressed peoples of Africa were well expressed at the plenum of the Moroccan Communist Party, held in March 1949: "The best way to fight for peace in Morocco is to fight for freedom. To fight for freedom means to strike blows at imperialist forces, to strengthen the Moroccan national movement. To strike blows at imperialists means to weaken their military potential; to strengthen the national movement means to make the rears of the warmongers unreliable."

Events developing in African countries show that no bloody repressions, no insidious and deceitful promises will enable the imperialists to break the will of the oppressed peoples to fight for freedom and turn them into obedient executors of their aggressive anti-Soviet plans. In the struggle for peace and freedom, the peoples will achieve victory.

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V. ZAKLADNOY

ON THE WORKING CAPITAL OF COLLECTIVE FARMS

The amalgamation of small collective farms has created the necessary conditions for a further rise in agricultural production. As a result of the amalgamation, the number of collective farms in our country decreased by more than two and a half times, and their size increased accordingly.

The strength of large-scale farming in agriculture, teaches Comrade Stalin, "consists in the fact that this large-scale farming has the opportunity to apply machinery, utilize the data of science, apply fertilizers, raise labor productivity, and thus produce the greatest amount of marketable grain"[8].

Small collective farms cannot make high-performance use of tractors, combines, threshers, and other complex agricultural machinery; in small collective farms it is difficult to create large, highly marketable social livestock husbandry, to deploy on one's own large-scale construction of production facilities; small collective farms cannot maintain specialists and widely apply the achievements of advanced agrobiological science in production. Experience in collective farm construction shows that all this is available to large collective farms.

The amalgamation of collective farms yielded positive results already in 1951. Numerous reports published in the press to Comrade Stalin on the early completion of agricultural work, on the fulfillment and overfulfillment of obligations to the state

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[8] J. V. Stalin, Works, vol. 11, p. 84.

for the delivery of grain and other agricultural products, testify to the new grandiose successes achieved by socialist agriculture.

At present, all the necessary conditions have been created for the successful solution of the main task in agriculture — a significant increase in the yield of all agricultural crops, a rapid increase in the livestock population of social herds while simultaneously significantly increasing their productivity. The solution of this task is possible only on the basis of a broad and comprehensive development of the social economy of collective farms, and the correct utilization of all available reserves for the expansion of its material and technical base.

The success of any endeavor is decided by people, by cadres. Now that collective farms have become large, diversified farms, managing them is much more complex. Therefore, the most important condition for the successful development of collective farms is, first of all, the correct selection of collective farm chairpersons, production team leaders, livestock farm managers, link leaders, and bookkeepers (accountants) capable of managing complex production and leading the masses of collective farmers. It is especially important that leading workers of party, Soviet, and agricultural organs, agricultural specialists, and collective farm chairpersons deeply study the economics of production. Without mastering the economics of agriculture, one cannot manage and successfully develop the social economy of collective farms.

In his report at the 18th Congress of the CPSU(b), Comrade V. M. Molotov said:

"It is necessary to ensure in practice attention to economics, to

the cost of produced products. It is necessary to know well what the work of each enterprise, of each organization costs the state. Meanwhile, we still have such economic leaders who consider it beneath their dignity to look into the balance sheet, study reporting, and care about economic accounting. This carelessness and economic illiteracy must be decisively put an end to as anti-state and anti-Bolshevik practice. Then many facts of mismanagement will disappear among us"[9].

In our country, a great deal of work has been carried out to study the economic issues of industrial development, to raise the economic literacy of managerial cadres, production commanders, and workers. Not a few books and brochures written by scientific workers and production innovators on economic themes, designed to help master the economics of production, have appeared. However, to this day, many economic issues of collective farm development have not been studied or elaborated. It can be said outright that agricultural organs and scientific institutions, as well as institutions engaged in developing organizational and economic issues of collective farm development, have still done little in this direction. Some important issues having major theoretical and practical significance for the development of agricultural production are poorly studied. The experience of the economic development of advanced collective farms is propagated clearly insufficiently.

[9] 18th Congress of the CPSU(b). Stenographic Report. Gospolitizdat, 1939, pp. 303-304.

In this article, we will attempt to highlight one of the important theoretical and practical economic issues of collective farm activity — the reproduction of their working capital.

In recent years, the movement to accelerate the turnover of working capital has received wide development in the country. The question of accelerating the turnover of working capital has major state significance not only for industry, but also for agriculture.

However, in the practical activity of collective farms in the field of financial planning, due attention is not paid to the organization of working capital.

Collective farm production constitutes an integral part of the national economy of the USSR. The development of collective farms is guided by state-wide plans on the basis of expanded reproduction, and therefore fixed and working assets must also be reproduced continuously on an expanded scale, ensuring appropriate rates of production. As is known, means of production belonging to the state participate in collective farm production on an ever-increasing scale.

The Soviet state provides collective farms with enormous, year-by-year increasing material assistance through machine-tractor stations. MTS perform over 2/3 of all field work in collective farms. In 1951, almost all plowing was mechanized in collective farms; 3/4 of sowing was performed by tractor seeders; over 60% of the entire area of grain crops was harvested by combines. The state supplies MTS with tractors, combines, and other complex machines, provides fuel, carries out repairs, trains and pays technical personnel, and partially pays the labor of tractor drivers. All expenses associated with the restoration and expansion of the means of production of

machine-tractor stations are fully assumed by the state. The scale of funds invested by the state in MTS can be judged by the following data: if we take only the machines and implements of MTS and collective farms, the specific weight of the value of machines and implements belonging to MTS amounted, for example, in 1937 to more than half, reaching up to 9/10 of the value of all machines and implements of collective farms and MTS in the grain regions of the South and the Volga region. Before the beginning of the Great Patriotic War, the fixed assets of MTS amounted to 8 billion rubles. During the years of the first post-war five-year plan, capital investments of MTS were determined in the sum of 8.8 billion rubles.

The state budget of the USSR annually provides large allocations for the development of agriculture. Only in the budget for 1951 were 39 billion rubles allocated for the development of agriculture and forestry. These huge expenditures of state funds on the restoration and expansion of the means of production determine the scale and pace of development of collective farm production.

In collective farms, as in any other enterprise, an uninterrupted production process takes place. Consequently, the means of production must constantly be reproduced in amounts ensuring the rates of development of collective farms provided for by the state-wide national economic plans of the USSR. But in collective farm production, alongside state means of production, the means of production of the collective farms themselves participate. The reproduction of means of production in the social economy of collective farms takes place at the expense of the income of the collective farms

themselves and is regulated by the Charter of the Agricultural Artel and separate resolutions of the government of the USSR. According to Articles 11 and 12 of the Charter of the Agricultural Artel, upon annual income distribution from the obtained harvest, livestock products, and monetary income, the artel:

a) fulfills its obligations to the state for natural deliveries, monetary taxes and payments, returns natural and monetary loans, fulfills contractation agreements, pays for work performed by MTS;
b) replenishes the indivisible fund;
c) sets aside seeds for sowing, creates a fodder fund, insurance funds against crop failure and lack of fodder, a food fund, and expends funds for production needs;
d) creates assistance funds for invalids, the elderly, those temporarily disabled, needy families of servicemen, and for the maintenance of nurseries and orphans;
e) covers administrative expenses and allocates funds for cultural needs;
f) allocates a portion of output for sale on the market, after which all remaining mass of harvest, livestock products, and monetary income is distributed among the members of the artel according to work-days (trudodni).

As is known, newly created state enterprises are endowed with fixed and working assets by the state. In collective farms, means of production are created in a different order. During the period of collectivization, the means of production of collective farms were formed mainly at the expense of socialized property and entrance fees. At present, they, of course,

constitute only a small share of the fixed means of production of collective farms. Before the Great Patriotic War, the indivisible funds of collective farms exceeded 21 billion rubles in value, of which only 10% came from entrance fees and peasant property socialized upon joining collective farms. In 1950, indivisible funds increased 1.6 times compared to 1940.
How are working capital funds formed in collective farms? At the beginning of each year, collective farms draw up production plans and income-expenditure estimates. In the production plan of the collective farm, alongside other measures, the creation of stocks of production materials, both own and purchased — seeds, fodder, fertilizers, chemicals, fuel, repair materials, small implements, raw materials for subsidiary enterprises, etc. — is provided for, which are essentially working capital (although they are not called that in collective farms).
For the acquisition of purchased production materials and raw materials, special funds for production expenditures are planned in the income-expenditure estimate. At first glance, the impression is created that everything is in order in the matter of planning and reproduction of working capital in collective farms. However, upon a deeper study of this issue, it turns out that this is not so. The fact is that for collective farms, norms of own working capital are not established, and during the annual income distribution, monetary funds are not allocated to cover them. For state farms (sovkhozes), for example, as for other state and cooperative enterprises (except collective farms), norms (minimum reserves) of working capital are determined, with which the state or cooperative center endows enterprises when they are organized. This working capital is usually called

own working capital. At the beginning of each new economic year, the norm of own working capital is restored to its original size, and when necessary increased at the expense of own natural (seeds, fodder, etc.) and monetary income. The norms of own working capital of the economy create conditions for the continuity of production.

In collective farms, however, during the annual income distribution from the obtained harvest and monetary income, only seeds and fodder together with insurance funds are allocated into the working fund. The entire remaining harvest and monetary income (after settlements with the state, creditors, and the creation of funds provided for by the Charter of the Agricultural Artel) are distributed according to work-days (trudodni) earned by collective farmers. The monetary incomes received in collective farms cover not the expenditures of monetary funds for production needs, but only the value of those production materials that were actually expended in the production process in the expired year.

Due to the fact that norms of own working capital are not established for collective farms, the value of the balances of purchased production materials and small implements not expended in the expired year is considered, according to the instructions of the USSR Ministry of Agriculture, as cash on hand, is included in the general income distribution, and is actually distributed according to work-days. At the same time, the value of purchased small implements is included in the distribution according to work-days every year, until this inventory is suitable for use and not written off.

What such an incorrect practice established in collective farms leads to can be seen from a number of examples. Preparing for

the period of winter livestock housing, collective farms accumulate stocks of feed, including purchased ones, acquire medications, instruments, small implements, etc. However, the value of everything bought by the collective farm and unexpended by January 1, although acquired in accordance with the income-expenditure estimate and the needs of the collective farm, is included for distribution according to work-days.

Already starting from the 4th quarter, each collective farm prepares for the spring field work of the coming year: it buys coal, iron, spare parts and other materials for current repair of implements, harness, fertilizers, seeds, chemicals, fuel, small implements. However, the value of everything bought and unexpended by January 1, upon annual income distribution, is once again distributed according to work-days.

Under the established practice of income distribution in collective farms, without grounds, to the detriment of the social economy, the amount of monetary income distributed according to work-days is overstated, since this amount includes the value of working capital reserves necessary for conducting the economy. This is also the reason why collective farms do not have the opportunity to fully make monetary settlements with collective farmers for earned work-days before receiving income in the new year.

In the "Iskra" collective farm, Bogorodsky district, Gorky region, as of January 1, 1949, the debt on work-days amounted to 143.2 thousand rubles. Out of this amount, it was impossible to pay collective farmers 112.1 thousand rubles, since these funds constituted the value of balances of purchased production-purpose materials and small implements. Naturally,

the collective farm could not sell the coal, gasoline, chemicals, and implements it needed in order to timely settle accounts with collective farmers. In the "Avangard" collective farm, Korenovsky district, Krasnodar territory, out of 140.3 thousand rubles of debt to collective farmers for earned work-days, 69.7 thousand rubles were in balances of purchased materials and small implements. In the "Mayak Revolyutsii" collective farm of the same district, out of 232.3 thousand rubles of debt, the value of balances of purchased materials and small implements amounted to 143.4 thousand rubles.

Such is the situation in all collective farms, regardless of the level of development of their social economy. From the practice of collective farm work, it is known that the value of balances of purchased materials and small implements distributed according to work-days is approximately equal to 5% of the annual monetary income of collective farms and 13-14% of the monetary expenditures of collective farms for production purposes. In individual collective farms, its specific weight is even higher.

Collective farms, entering the new economic year, have working capital in the form of seeds, fodder, and insurance funds, small balances of purchased production materials, raw materials, small implements, the monetary value of which has been distributed according to work-days, and a certain portion of raw materials, materials, and small implements of own production. Practice shows that in most collective farms the value of production material balances at the end of the year is no more than 10-12%, whereas their expenditure in the first half of the year is equal to 40-50% of the annual requirement. Consequently, collective farms at the beginning of the new

economic year experience a serious shortage of own working capital. This gap between the availability and requirement of working capital must be covered by collective farms at the expense of current monetary income from the social economy, since during the distribution of monetary income of the expired year, funds for their purchase are not allocated.

As is known, in agricultural, and consequently in collective farm, production, working time does not coincide with production time — it constitutes only a part of production time. Working periods, due to the natural conditions of agricultural production, are interrupted, although the production process itself proceeds continuously. Marx pointed out that in those branches "where working time constitutes only a part of production time, in various periods of the year circulating capital is expended with the greatest inequality, whereas its return flow occurs only at once, at a moment determined by natural conditions. Thus here, with an equal scale of the enterprise, i.e., with an equal magnitude of advanced circulating capital, the latter must be advanced at once in larger masses and for a longer time than in enterprises with continuous working periods"[10].

This feature of agricultural production is not taken into account when distributing the income of the artel. It is considered that the collective farm must make production expenditures at the expense of current income of the economy, although it is well known that before receiving income, it is necessary to advance working capital in production. In addition, in agricultural enterprises working capital turns over 0.9-1.1 times per year

[10] K. Marx, Capital, vol. II, 1949, p. 238.

(depending on the direction and intensity of the economy). With such slow turnover of working capital, one cannot, naturally, count on collective farms being able to fully cover production expenditures in the first half of the year at the expense of current income. It should be kept in mind that, in addition to production expenditures, collective farms must make payments for state taxes and duties, deposit funds into indivisible fund accounts, repay bank credit payments, etc. Practice shows that in most collective farms, income from the social economy in the first half of the year does not cover all expenses incurred by the economy. This is a completely natural phenomenon for agricultural production. Consequently, it is necessary to create reserves of working capital at the expense of income of the expired economic year. This will help collective farms avoid financial and economic difficulties in the first half of the year.

How practically do collective farms currently overcome these difficulties, from what sources do they attract funds into turnover? There are several legitimate sources of attracting working capital. First of all, collective farms are allowed to temporarily take monetary funds for production purposes from their indivisible fund accounts in the Agricultural Bank with the mandatory return of these funds within established deadlines. However, at present, attracting such funds is possible only in strictly limited amounts. The fact is that in connection with the amalgamation of collective farms, capital construction of livestock and other production premises has unfolded there on a wide scale, which will completely absorb the funds allocated by collective farms for capital investments. The seasonal gap between the income and expenses of the

collective farm economy is partially covered by short-term loans of the State Bank for production measures. This is serious assistance to collective farms. However, State Bank loans cannot completely cover the seasonal gap. In addition, due to certain existing limitations, many collective farms do not have the opportunity to use bank loans.

All these legitimate sources do not cover, however, all the needs of collective farms for working capital in the first half of the year. It should be borne in mind that only monetary expenditures of collective farms for production needs absorb 30 or more percent of all monetary income and amount to several billion rubles. Undoubtedly, the monetary expenditures of collective farms for these purposes will also increase from year to year in the future, as the social economy develops, production increases, and goods of production designation (mineral fertilizers, medications, fodder, fuel, spare parts and repair materials for current repairs, small implements, etc.) are supplied to collective farms.

The shortage of own working capital negatively affects production and often forces collective farm boards to attract funds into turnover from other sources that cannot be called legitimate. Thus, the boards of some collective farms expend funds on production purposes that are subject to deposit into indivisible fund accounts in the Agricultural Bank. As a consequence, under-contributions to indivisible funds are formed; there are cases when funds intended for settlements on state taxes and monetary duties, for payment to MTS for performed tractor work, are expended on production purposes, resulting in arrears on these types of payments. In many collective farms, during income distribution, a portion of

output is allocated for sale on the market in the following year. This output is evaluated at understated prices, but sold at higher prices. Funds obtained as a result of the price difference go to replenish working capital. This is what N. M. Stetsyura, chairman of the Stalin collective farm, Artyomovsky district, Stalino region, and P. F. Shishatsky, accountant of the same collective farm, report on this matter:

> "For a number of years in our collective farm, working capital reserves were created in the following manner: in the artel, annually upon annual income distribution, a portion of output was allocated for sale on the market in the following year. The output allocated for sale was evaluated at low prices, but sold at higher prices. The income received as a result of the price difference was directed to production purposes. Thus, for example, in 1949, 60 ts of millet, 14 ts of buckwheat, 24 ts of beans, 83 ts of sunflower, 10 ts of flax, 18 ts of mustard seeds, and 49 ts of annual grass seeds were allocated for sale in 1950. All this output was evaluated at 22.3 thousand rubles and included in the amount of monetary income distributed in the collective farm. In fact, income from the realization of this output amounted to 102.2 thousand rubles, and the funds obtained as a result of the difference in valuation, in the sum of 79.9 thousand rubles, were directed to production expenditures. In addition, the artel received 270.6 thousand rubles of current monetary income in the first half of the year, which made it possible to timely pay taxes and insurance payments to the state, cover production expenditures, make deductions into indivisible funds, and settle accounts with collective farmers. The

creation of working capital norms in collective farms is a necessary matter, since this will make it possible to timely carry out preparation for spring sowing work and crop care, timely settle accounts with collective farmers for earned work-days, and reduce the need of collective farms for State Bank loans for production needs. Our artel, at the expense of its own funds, will be able to create a working capital norm over the course of two years, and state material assistance in this matter will not be required."

There are not a few collective farms that delay settlements with collective farmers for the previous year until receiving income in the new year, using unpaid funds for production purposes. The example of some collective farms shows from what sources their working capital was formed. Monetary expenditures for production purposes of seven collective farms in Penza region — "Kommunist" and "Igenche", Kamensky district, "Vlast Truda"-Chaadaevsky district, named after Frunze, Golovnischensky district, named after Kirov, Luninsky district, "Vtoraya Pyatiletka", Kolyshleysky district, "Put k Sotsializmu", Serdobsky district — in the first half of 1949 amounted to 239.4 thousand rubles, and their income was equal to 83.8 thousand rubles, or 35% of all expenses. 65% of all expenses were covered at the expense of other sources: 67.7 thousand rubles were taken from the capital investment account, 34.6 thousand rubles from funds subject to issuance to collective farmers for earned work-days, 14.2 thousand rubles from funds realized from the sale of livestock, and 38.8 thousand rubles at the expense of State Bank loans.

In these same collective farms for the first half of 1950, production expenses amounted to 202.2 thousand rubles. These

expenses in the sum of 81.8 thousand rubles, or 48%, were covered at the expense of current income of the economy. For full coverage of production expenses, 25.7 thousand rubles were attracted from the capital investment account, 37.6 thousand rubles from money intended for work-days to collective farmers, 7.6 thousand rubles at the expense of selling grain allocated to insurance funds, and 49.3 thousand rubles at the expense of a State Bank loan.

In the "Vlast Truda" collective farm, Chaadaevsky district, during income distribution, hemp was not taken into account, and in the spring of 1950 it was sold for 67.1 thousand rubles and the money used for production expenditures. In the Kirov collective farm, Luninsky district, during monetary income distribution, 44 thousand rubles were shown as deductions into indivisible funds; in fact, they were left as a reserve for production expenditures, i.e., for replenishing working capital. There is no need to prove the incorrectness of such methods of attracting working capital. But in a number of cases, lacking sufficient reserves of own working capital, collective farm leaders are forced by the force of circumstances to take these deviations. As a result of the absence of order in the reproduction of working capital, collective farms experience financial and economic difficulties in the most intense production periods, which often leads to the non-fulfillment of agronomical and zootechnical measures aimed at increasing yield and livestock productivity, and inflicts serious damage on the development of the social economy.

Such a situation is completely unacceptable when a significant part of social assets — balances of purchased production materials — is distributed according to work-days, to the

detriment of the social economy of collective farms, and falls into the fund of personal consumption of collective farmers, whereas it should be attributed to indivisible funds.

The chairpersons of advanced collective farms in our country persistently raise the issue of streamlining the reproduction of working capital. Thus, the chairperson of the Kaganovich collective farm, Yangiyul district, Uzbek SSR, Hero of Socialist Labor Kh. Tursunkulov writes:

> "Despite the fact that the collective farm successfully fulfills tasks on cotton yield and receives large monetary incomes, it has experienced monetary difficulties for a number of years in the first half of the year, especially from March to July, with difficulty buying mineral fertilizers and issuing advances to collective farmers. The difficulties arising in the work of the collective farm were explained by the fact that the main income — revenue from cotton — arrives at the end of the year, while production conditions require large monetary expenditures before the start of cotton harvesting. In order to eliminate monetary difficulties seriously hindering work, the board of the collective farm in 1942 did not distribute a portion of the received income and left it with the permission of the general meeting of collective farmers as working capital of the collective farm. In subsequent years, working capital increased little by little, and at present the collective farm has 1,326 thousand rubles of undistributed income used as working capital."

The chairperson of the country's largest millionaire collective farm — the Stalin Agricultural Artel, Leninabad district, Tajik SSR, Hero of Socialist Labor P. Bobokalonov also considers

the issue of streamlining working capital planning in collective farms to be very important:

> "The issue of streamlining the planning of working capital in collective farms," he writes, "arises especially acutely now, under conditions of a large-scale economy. To create the necessary reserve of production-purpose material valuables in the first half of the year, the collective farm attracts monetary funds having another targeted designation. As a rule, funds from the indivisible fund intended for settlements with collective farmers for earned work-days are expended for these purposes, which violates the normal financial and economic activity of the collective farm. The creation of a norm of own working capital for cotton-growing collective farms is especially necessary due to the specific conditions of their production, consisting in the fact that the bulk of monetary income from cotton growing arrives in the 4th quarter, while expenses for this branch in the 1st and 2nd quarters alone constitute 67% of annual expenses."

Shortcomings in the reproduction of working capital in collective farms can and must be eliminated. For this, it is necessary to determine for collective farms norms of own working capital, their sizes, the procedure of formation and replenishment. It is of no essential importance what they are called — "working capital norm", "transitional reserves of production materials", or anything else. It is important that the issue of streamlining the reproduction of working capital be resolved in principle. This means that during the annual distribution of monetary income, one should take into account not only the actually made expenditures of the collective farm

for production needs in the expired year, but also cover the transitional reserve (or norm) of working capital. For example, no one doubts the fact that the artel from the obtained harvest must lay down seeds both for winter sowing carried out in the current economic year, and for spring sowing to be carried out in the future year. But when it comes to allocating monetary funds for the acquisition of purchased production materials for the needs of the future year, these funds for some reason are not planned.

The most acceptable solution to the question of creating a norm of own working capital would be the establishment of a percentage rate of deductions from the monetary income of collective farms for these purposes. However, the rate of deductions in collective farms of various economic zones and even within the limits of one region, territory, republic cannot be the same. Deduction norms should be differentiated for various groups of collective farms. The size of the norm of own working capital depends, in particular, on the direction of the collective farm's economy, the intensity of its development, the speed of working capital turnover, etc. Of course, complete analogy in the work of collective farms and state farms cannot exist, but the accumulated rich experience of working capital planning in state farms can and should be used in studying and solving this issue.

What should the norm of own working capital of a collective farm consist of? In our opinion, it should consist of the following elements:

a) unfinished crop production — actual expenditures at the end of the reporting year;

b) unfinished production of subsidiary enterprises — actual expenditures atței end of the reporting year;
c) seeds and planting materials — annual requirement in own and purchased seeds and planting material (except perennial plantings), 15% of the insurance fund and transitional reserve of winter seeds (for collective farms of those zones where such funds need to be created);
d) fodder and bedding — requirement for the period of livestock stall housing and 15% — insurance fund;
e) current repair of buildings, agricultural implements, and equipment — 1.5% of the balance sheet value of these buildings, structures, and implements;
f) fuel and lubricants — quarterly reserve;
g) mineral fertilizers — requirement for the period of spring-summer work (including crop care);
h) chemicals — requirement for the period of spring-summer work;
i) veterinary medications — 50% of annual requirement;
j) small implements — annual requirement.

These constituent elements and their norm cannot be considered uniform for all collective farms of the country. Depending on production conditions and features, the constituent elements, norms, and structure of working capital will not be identical.

Streamlining the reproduction of working capital of collective farms will improve the conditions for conducting the social economy. Firstly, economic difficulties of collective farms in the first half of the year caused by a shortage of working

capital will be eliminated; collective farms will be able to timely carry out agricultural work and make necessary expenditures for production purposes. Secondly, collective farms will receive the opportunity to additionally invest several billion rubles of working capital into the social economy, which are currently incorrectly included in the personal consumption fund of collective farmers. Thirdly, collective farms will be able to settle accounts with collective farmers for earned work-days immediately after the distribution of annual income; many collective farms will have the opportunity to issue monetary advances to collective farmers in a timely manner. Fourthly, this will allow collective farms to timely settle accounts with the state, trade, and economic organizations, and will protect indivisible funds from being used for purposes other than their intended ones. Fifthly, the creation of norms of own working capital in collective farms will make it possible to redistribute short-term State Bank credits between republics, territories, and regions, as well as within regions, and direct them to collective farms that need them most.

The accumulation of the normative reserve of working capital must be carried out at the expense of that portion of income that was previously allocated for the personal consumption of collective farmers. Will this reduce the share of income distributed according to work-days? It seems to us that with a correct approach to the matter, this share of income should not decrease. The accumulation of the norm will be carried out in each collective farm taking into account its specific capabilities over the course of 2-3 or more years and will be insignificant (2-3% of income per year). As a result of the amalgamation of

collective farms, conditions are created for a general increase in collective farm incomes, therefore such deductions will not reduce the part of income distributed according to work-days. Collective farms, having scientifically based norms of working capital, will be able to realize surpluses of certain types of material valuables that they previously stocked up for several years, and release funds for other purposes. When establishing the norm of own working capital, one should proceed from the necessity of the strictest economy in the expenditure of monetary funds on materials and small implements that can be manufactured in one's own economy; it is also necessary to determine the service life for each type of inventory, packaging, etc., and in case of premature wear, breakage, or loss, to recover the value from the guilty parties.

The correct organization of planning own working capital, the elimination of existing shortcomings in this matter are of great importance, but, of course, do not yet solve all issues associated with improving the financial position of collective farms. The most important condition for strengthening the financial economy of the collective farm is improving the production activity of the artel and increasing its monetary incomes. Streamlining the reproduction of working capital in collective farms is precisely what should serve these purposes. It is necessary to fundamentally resolve the issue of creating working capital norms in collective farms, determine their sizes, establish the procedure for their formation and replenishment, and develop a simple, understandable methodology for calculating working capital norms for a wide circle of collective farm workers.

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THE STRUGGLE OF THE EGYPTIAN PEOPLE FOR PEACE AND INDEPENDENCE

The struggle of the Egyptian people for their freedom and national independence against the British imperialists attracts the attention of the progressive public around the world. Under the conditions of the deepening general crisis of capitalism and the crisis of the colonial system, events in Egypt go beyond the framework of Anglo-Egyptian relations. The Egyptian problem includes a complex of the most acute contemporary issues, ranging from the crisis of the British colonial empire and the sharpening of Anglo-American contradictions to issues of preparing a new world war and the deployment of the national-liberation movement and the movement for peace.

The upsurge of the national-liberation movement in Egypt and throughout the Near and Middle East testifies to the further weakening of the colonial rears of imperialism and to the firm determination of oppressed and dependent peoples to fight against the aggressive plans of the Anglo-American warmongers, for peace, democracy, and independence. The peoples of the Near and Middle East, inhabiting spaces from Afghanistan to Morocco, follow the struggle of the Egyptian people with enormous attention and sympathy, on whose side is the sympathy and support of all advanced and progressive humanity.

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In their predatory plans, the imperialists have always assigned an important place to Egypt. Located on the Eastern Mediterranean coast at the junction of two continents rich in

strategic raw materials, at the threshold of Africa and Asia, Egypt as it were closes the ring of British military bases in the Middle East and the chain of British colonies in Africa.
Egypt, situated at the intersection of the most important air and sea routes from Europe and America to Asia and Africa, has often been the object of aggressive policies by colonial powers: Britain and France in the 19th century, Britain, Germany, and Italy in the 20th century, and Britain and the US at present.
Having occupied Egypt in 1882, Britain turned it into its agrarian-raw material appendage and military-strategic base in the Middle East; it seized all the commanding heights in the country's economy and to this day maintains its troops on the territory of Egypt.
In order to supply its textile industry with raw materials, the British imperialists turned Egypt into a country of single-crop agriculture. "British capitalists," Lenin pointed out, "try in every way to develop the production of cotton in their colony, Egypt..."[11] British capital occupies dominant positions in the agriculture of Egypt, its foreign trade, industry, and finances. British and other foreign companies and banks own over 650 thousand feddans[12] of land in Egypt (out of 2,254 thousand feddans of land belonging to large landowners), i.e., an amount equal to that belonging to 1 million land-poor fellah households.[13]
Large British export firms have, in essence, monopolized the export of cotton, which constitutes up to 85% of Egypt's total exports. As a result of the rule of British imperialism, the economy of Egypt acquired a one-sided, deformed character and fell into state of decline.

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11 *V. I. Lenin, Works, vol. 22, p. 249.*

12 *1 feddan = 0.42 hectares.*

13 *"L'Egypte Indépendante", 1937, p. 286.*

The national industry of Egypt has a colonial character and is dependent on Britain. Egypt, which is one of the largest producers of cotton in the capitalist world, does not have a developed textile industry and still imports cotton fabrics, especially of higher grades, from Britain. Only 15% of the cotton produced in Egypt is processed within the country. Despite American expansion in the Egyptian market after the Second World War, Britain continues to occupy first place in Egypt's foreign trade. British capital investments predominate in Egyptian industry, trade, mortgage operations, etc. Their share is approximately from 1/3 to 2/3 of all foreign investments. The National Issuing Bank of Egypt, which plays a decisive role in the country's economy, is essentially a British bank, although it was recently renamed the State Bank of Egypt. It is closely connected with Barclays Bank and serves as one of the instruments of control of British imperialism over the economy of Egypt.

During the 70-year rule of British imperialism in Egypt, the Egyptian people repeatedly rose up to fight for their independence. The national-liberation movement of the Egyptian people intensified especially in 1919–1923 under the influence of the Great October Socialist Revolution, which opened "a new era, the era of colonial revolutions carried out in the oppressed countries of the world in alliance with the proletariat, under the leadership of the proletariat."[14]

In 1922, under the influence of the ever-growing national-liberation movement, the British imperialists were forced to declare the termination of the protectorate over Egypt and to grant it "independence." However, the situation essentially did not change: British occupation troops continued to remain in the country, and the British High Commissioner continued to exercise dictatorial functions in Egypt. The popular masses of

[14] *J. V. Stalin, Works, vol. 10, p. 243.*

Egypt, who saw through the maneuver of the British imperialists, intensified the struggle for their freedom and independence. British imperialists were forced to resort to new maneuvers in order to extinguish the flame of the flaring national-liberation struggle in Egypt.

In 1936, the British imperialists, having colluded with the feudal-landlord upper crust and the comprador, conciliationist strata of the Egyptian bourgeoisie, imposed a military-political treaty on Egypt, contrary to the will of the people. To disguise its enslaving nature, British diplomacy called it a treaty of "alliance and friendship" and included a clause on the "termination of British occupation." However, in this treaty and in special annexes to it, Britain's "right" to keep troops on the territory of Egypt, mainly in the Suez Canal zone, and in the event of war to use the entire territory of Egypt, its resources, transport facilities, ports, and airfields, was provided for. Article 3 of the treaty and a special annex obligated Egypt not only to fulfill an extensive military construction program in which Britain was interested, but also to participate in war as its ally.

Thus, the Anglo-Egyptian Treaty of 1936 only somewhat modified the forms of Egypt's enslavement by British imperialism. British troops continued to occupy the Suez Canal zone as well as Egypt's largest cities — Cairo and Alexandria. Although the number of British troops in Egypt was limited by the 1936 treaty to 10,000 men, the British occupiers, according to the Egyptian press, keep over 100,000 soldiers in Egypt. The occupation zone was also arbitrarily expanded by them.

The Egyptian people, having unravelled the essence of the new deal of British imperialism with the ruling top layer of Egypt, rose to fight for the abrogation of the enslaving treaty of 1936 and for the complete and final withdrawal of British troops from Egypt and the Sudan. The people of the Sudan, languishing under the yoke of British imperialism since 1898,

together with the Egyptian people, are fighting for the withdrawal of British troops from the Nile Valley and the destruction of the rule of British colonizers in the Sudan and Egypt.

After the end of the Second World War, the struggle of the peoples of Egypt and the Sudan against British rule assumed even greater scope. An increasingly prominent role in this struggle began to be played by the working class of Egypt and the Sudan, the growth of which, especially in Egypt, was promoted by the development of local industry in the country during the war.

The anti-fascist, liberation character of the Second World War and the decisive role of the Soviet Union in the defeat of the fascist aggressors of Hitlerite Germany, militarist Japan, and Italy contributed to the intensification of the anti-imperialist, national-liberation movement of the peoples of colonies and dependent countries, which in a number of countries takes the form of armed struggle. The victory of the great Chinese people over American imperialism and internal reaction further strengthened the confidence of peoples oppressed by imperialism in the possibility of winning freedom and independence. All this testifies to the further deepening and sharpening of the crisis of the colonial system of imperialism and the further weakening of its rear. "The people of Vietnam are heroically fighting for their liberation, the peoples of the Philippines, Burma, and Malaya are fighting, the people of Indonesia have not laid down their arms, and the forces of resistance to imperialism are growing in the countries of the Near and Middle East, and in the countries of North and South Africa."[15]

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[15] *L. P. Beria, 34th Anniversary of the Great October Socialist Revolution, Gospolitizdat, 1951, p. 28.*

Under pressure from the popular masses, the government of Egypt was forced in 1947 to appeal to the United Nations with a request for the immediate evacuation of British troops from the country and the liquidation of the existing system of administration of the Sudan. The Security Council considered this application. Of the great powers, only the Soviet Union supported in the Security Council the just demand of the government of Egypt for the withdrawal of British troops from the Nile Valley and from the Suez Canal zone. Imperialist powers offered resistance to the resolution of this issue, and it was postponed indefinitely.

Under conditions of a rising anti-imperialist movement in Egypt, British imperialists intensively engaged in working out various projects for a new Anglo-Egyptian treaty. These projects pursued the goal of further enslaving Egypt to British imperialism, and therefore they met with sharp dissatisfaction among the Egyptian people.

Meanwhile, American and British imperialists intensified preparations for war against the Soviet Union and the entire camp of peace and democracy. In April 1949, they formed the North Atlantic bloc; in addition, they proceeded to knock together various regional aggressive blocs. At the same time, they began to strengthen their military bases and bridgeheads and create new ones in various parts of the globe, including in the countries of the Middle East.

In May 1950, a conference of three powers took place in London, at which a declaration on the militarization of Middle Eastern countries was adopted. After the conference, negotiations began in Egypt between British Field Marshal Slim and Egyptian military figures, and between British Ambassador Stevenson and Egyptian Prime Minister Nahas. These negotiations were secret in nature. However, it was completely clear that the aim of the negotiations was to draw Egypt into the aggressive war being prepared by the American-

British bloc. "To those who spoke with Slim," wrote the Egyptian newspaper Al Musawwar in June 1950, "it always seemed that he only wanted to say 'war, war, war'." At the same time, British imperialists deployed military-strategic construction in the Fayid area (Suez Canal zone), which, as Egyptian newspapers noted, bore an offensive rather than defensive character.

Fearing being drawn into imperialist military adventures and unwilling to fight in a war prepared by imperialists for the interests of their oppressors, the Egyptian people intensified their struggle against British imperialism, for peace, freedom, and national independence. Under conditions of a growing anti-imperialist movement in the country, King Farouk was forced to state in his speech from the throne on November 16, 1950, that the government of Egypt intended to apply the most decisive and effective measures to accelerate the evacuation of British troops from the Suez Canal zone. This statement was made under pressure from the broadest masses of the Egyptian people and met with their warm support. A wave of strikes and anti-imperialist demonstrations swept the country. The Egyptian government, frightened by the scope of this movement, took measures to prevent its further intensification: it introduced a state of siege in the country and increased repressions against active participants in the anti-imperialist movement. At the same time, the Egyptian government entered into secret negotiations with the British government. All this demonstrated that the ruling top layer in the country feared its own people and would prefer to strike a deal with imperialism. "However, the Egyptian people clearly understand," noted Egyptian delegate Ahmed Saad Kamel in his speech at the 1st session of the World Peace Council, "that they have nothing to expect from these negotiations and that the treaty they want to impose on them will always have only one result: the occupation of the country by foreign troops and the drawing of

Egypt into war."[16] As subsequent events in Egypt showed, the Egyptian people overturned these calculations and forced the government to speak to the British in a different language.
In the spring and summer of 1951, a new wave of demonstrations and protest rallies against imperialist oppression, imperialist preparations for a new world war, and attempts to draw Egypt into aggressive alliances and blocs swept across the country. Numerous strikes of transport workers, textile workers, and other contingents of the working class took place in Egypt, as well as mass demonstrations held under the slogans: "Down with the 1936 Treaty!", "Down with the British!", "Down with the USA!", "Down with imperialism!", "Long live free Egypt!" The movement achieved particular scope in connection with the 69th anniversary of the barbarous bombardment of Alexandria by the British and in connection with the 15th anniversary of the Anglo-Egyptian treaty of 1936.
On August 23, 1951, the Egyptian government stated its firm decision to annul the treaty. On October 8, 1951, the government introduced a corresponding bill for parliamentary discussion. Despite Britain's warning that it would not recognize a unilateral repudiation of the treaty, the Egyptian Chamber of Deputies on October 15, 1951, denounced the Anglo-Egyptian Treaty of 1936.
At the same time, the 1899 convention on the so-called condominium, i.e., "joint" Anglo-Egyptian administration of the Sudan, was also denounced (in reality, the master of the Sudan until recently has been the British Governor-General). The question of the Sudan has always been one of the most acute issues in Anglo-Egyptian relations. The Egyptian people, driven by a feeling of solidarity toward the people of the

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16 *"First Session of the World Peace Council." Materials. Gospolitizdat, 1951, p. 184.*

Sudan, also oppressed by British imperialism, fought for many years for the withdrawal of the British from the Nile Valley. At the same time, the Egyptian ruling top layer, especially the national bourgeoisie of Egypt, demanded the complete annexation of the Sudan to Egypt, motivating this by a community of national interests (the population of Northern Sudan is mainly Arab) and a community of economic-geographic environment (the Nile Valley). Britain, for which the Sudan is primarily one of the most important military-strategic bridgeheads in Africa and a supplier of raw materials and cheap labor, stubbornly strives to maintain its unlimited rule in the Sudan. Recently, British imperialists carried out a series of measures in the Sudan aimed at strengthening their positions there, completely detaching the Sudan from Egypt, and suppressing the national-liberation movement of the Sudanese people, which was assuming ever broader dimensions.

In response to Egypt's denunciation of the Anglo-Egyptian treaty and the convention on the Sudan, British imperialists began open aggression in Egypt. Additional contingents of British troops were dispatched to the Suez Canal zone. On October 17, 1951, British air, naval, and land forces seized key cities and strategic points in the Suez Canal zone. British troops occupied the Egyptian cities of Port Said and Ismailia, Fort Agruba, and mined Abadiya Harbor.

The Egyptian government announced the introduction of a state of siege in the country, passed a general mobilization law, and addressed a protest note against Britain's aggressive actions. At the same time, it rejected the United States' offer of mediation; the US attempted to utilize the Anglo-Egyptian conflict for its own imperialist interests.

British imperialists continue to concentrate large military forces in Egypt, transferring them from the islands of Malta, Cyprus, and from Trieste. They seized important strategic

points (El Ballah Airfield near Ismailia, etc.) and established control over railway communication across the Suez Canal (El Firdan) and between Cairo and the Suez Canal zone. British troops are expanding their zone of aggression far beyond the Suez Canal. In mid-January, they captured the town of Tel El Kebir, located on the way to Cairo.

The open intervention of British imperialists met with a decisive rebuff from the entire Egyptian people and above all the working class. A powerful nationwide movement for the expulsion of occupiers from the country unfolded in Egypt. About 60,000 Egyptian workers who worked for the British in the Suez Canal zone ceased work. More than 4,000 workers in Tel El Kebir declared a boycott of the British invaders. Port workers in the Suez Canal refused to unload British ships delivering military supplies for British troops to Egypt. On November 12, 1951, a dockers' strike began in Alexandria. To obstruct the strike movement, the British occupiers interrupted railway communication with the Suez Canal zone and forcibly herded Egyptian workers into concentration camps for refusing to work for the British.

The movement against British imperialist aggression in Egypt broadened and mounted. In Alexandria, textile factory workers together with students organized protest demonstrations in front of the British consulate. Large demonstrations took place in Cairo, Port Said, Ismailia, and other cities. Participants in the demonstrations demanded refusal of any alliances with American-British aggressors and immediate evacuation of British troops from the country. The Preparatory Committee for the Creation of a General Federation of Trade Unions of Workers of Egypt, representing 104 trade unions (65 thousand workers), approved the abrogation of the Anglo-Egyptian treaty. A boycott movement of British goods unfolded throughout Egypt. The government of Egypt began dismissing British employees from state institutions. The Egyptian

parliament approved a law imposing severe punishment for collaboration with British occupiers. Detachments of "liberation corps" created by working people organized a blockade of British troops in the Suez Canal zone. A partisan movement of Egyptian patriots unfolded in the Suez Canal zone.

The British invaders deal harshly with Egyptian patriots. British troops fire machine guns at unarmed demonstrators, kill women and children, and wipe entire villages off the face of the earth.

The aggression of British imperialists in Egypt, which created a serious threat to peace in the Middle East, aroused the indignation of all progressive humanity.

The predatory acts of British imperialists in Egypt reflected not only the pigheaded policy of the reactionary ruling circles of the City, but also the policy of American imperialism aimed at unleashing a new world war and involving the countries of the Middle East in it. A continuous struggle for dominance in the Egyptian market, for the seizure of its raw materials, oil sources, and strategic bridgeheads is taking place between the imperialists of the US and Britain, with the US gradually displacing its weakened rival here as well. American imperialists fear the unfolding national-liberation movement in the countries of the Arab East and especially in Egypt, and want to strangle it using Britain's hands.

At the same time, American imperialists strive to take the place of their British rival in imperialist plunder in Egypt and especially in the Suez Canal zone. As Agence France-Presse noted not long ago, the "conciliatory" proposals of the US State Department provide that the military occupation of the Suez Canal zone should not be exclusively British in character. "The American government," the agency indicated, "will deal with the question of stationing an American garrison in the canal zone."

US interference in Egypt's internal affairs is a new step by American imperialism on the path of political, economic, and military penetration into Egypt and other Middle Eastern countries undertaken by it. For their penetration into Egypt's economy, American monopolists use the mechanism of enslaving loans, expand private investments in the country, and impose on Egypt the so-called "Point 4 of the Truman Program." They are trying to impose a trade agreement on Egypt that will open unlimited opportunities for profits for US capitalists and for the activities of American intelligence in Egypt.

A significant part of American capital is invested in the oil, cotton, tobacco, and other branches of Egyptian industry. The American companies Ford, Standard Oil, and Coca-Cola are displacing British and other firms from the Egyptian market. A fierce struggle between American and British monopolies unfolded in Egypt for the seizure of oil concessions in Sinai and on the Red Sea coast. Having been the monopoly owner of oil in Egypt before the war, the British monopoly Anglo-Egyptian Oilfields was forced to concede its exclusive position. Over 60,000 sq. km of oil-bearing lands are in the hands of American companies. The American companies Texas Oil and Standard Oil secured participation not only in production but also in the distribution of Egyptian oil on the markets of Egypt and other countries.

The role of the US in Egypt's foreign trade has also grown noticeably. The US took second place in Egypt's trade, whereas before the war it was in seventh place. The share of the US in the cargo turnover of the Suez Canal increased significantly. An analysis of Britain's financial agreements with Egypt, renegotiated almost annually since 1945, shows what a fierce and disguised struggle was and is being waged between Britain and the US for the Egyptian market. Striving to maintain a dominant position in the Egyptian market, Britain covered only

a minimal part of its debt to Egypt, which amounted to over £300 million, in dollars; thereby restricting Egypt's ability to acquire goods in the US. Under the 1951 agreement, the amount of hard currency convertible into dollars provided by Britain to Egypt against blocked sterling balances is £14 million.[17]

The devaluation of the British pound sterling carried out under US pressure directly affected Egypt, since the Egyptian pound was closely tied to the British pound and backed by British Treasury securities. Devaluation had severe consequences for Egypt — it caused the closure of a number of national enterprises. As a result of devaluation, Britain's economic positions in Egypt were further weakened, while US positions were strengthened.

Under US pressure, the Egyptian government agreed to accept American "aid" under "Point 4 of the Truman Program" and on May 5, 1951, concluded a corresponding agreement with the US.

American imperialists are particularly interested at this time in using Egypt as their military-strategic base in the aggressive war being prepared by them against the USSR and the countries of people's democracy. Egyptian Foreign Minister Salah el-Din Pasha emphasized at a press conference in October 1951 that the US views Egypt from one point of view, namely from a military one, from the standpoint of preparing for a world war.

American imperialists built several military enterprises in Egypt in the post-war period. The War and Navy Ministries of Egypt signed agreements with a number of American and British companies for the construction of small arms,

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[17] *The footnote on hard currency conversion pertains to the financial agreements mentioned in the section.*

ammunition, and aircraft assembly plants; some of these enterprises will go into operation in 1952.
Militarization of the Egyptian economy is taking place. From the 1950/51 budget, over 50 million Egyptian pounds was allocated for "defense," "public security," and "extraordinary expenses." The main supplier of arms for Egypt until mid-1951 was Britain. From mid-1951, the British government ceased arms deliveries to Egypt. Orders for tanks and aircraft were canceled.
However, while British and American imperialists compete among themselves in the struggle for dominance in Egypt, they are united in their desire to suppress the national-liberation movement of the Egyptian people, and united in their desire to draw Egypt at any cost into the Middle Eastern bloc they are knocking together.
In arming Egypt, as well as other Arab countries, the imperialists seek to obtain a guarantee that the weapons they supply will be used in accordance with their aggressive plans against the country of socialism, against the countries of people's democracy, and for the suppression of the national-liberation movement. They attempt to involve Arab countries in various aggressive blocs, with both the US and Britain striving to subject these blocs to their dominance and make them instruments of their policy, which leads to the sharpening of Anglo-American imperialist contradictions.
British ruling circles attempted to preserve and strengthen their influence in the Arab East with the help of the League of Arab States. However, the League of Arab States began to be eaten away by ever-deepening internal contradictions caused both by different foreign policy orientations of individual Arab countries (pro-American or pro-British) and by dynastic and religious feuds intensively fanned by imperialists. American imperialists achieved in June 1950 the conclusion of the so-called "Security Pact", i.e., a collective military treaty between

Arab countries, which ensured the strengthening of Washington's influence in the League. In October 1951, the governments of the US, Britain, France, and Turkey approached the government of Egypt with a proposal to create a so-called "Middle East Command" for the "joint defense" of the Near and Middle East. This invention of American diplomacy aimed to obligate Egypt to supply cannon fodder to the US and British military command in the Middle East, to provide its territory for stationing US and British armed forces and organizing military bases there, i.e., effectively agreeing to the complete occupation of the country.

The Egyptian people, like other peoples of the Near and Middle East, understood what danger to the cause of peace and independence of peoples these imperialist plans concealed. Under conditions of rising popular struggle, the Egyptian government refused to participate in the "Middle East Command." Enormous moral support was provided to Egypt and other Middle Eastern countries by the Soviet Union, a sincere friend and defender of all oppressed peoples: it exposed the insidious plans of the warmongers. The Soviet Government, in notes to the governments of Egypt, Syria, Lebanon, Iraq, Saudi Arabia, Yemen, and Israel, emphasized that "the occupation of the countries of the Near and Middle East by foreign troops and the creation of foreign military bases on their territory in accordance with plans for the formation of a Middle East command cannot but lead to the loss of independence and sovereignty by these countries and to their subordination to certain major powers attempting to use their territory, their material resources — oil, cotton, etc. — for their aggressive ends." The Soviet Government declared that "the participation of the countries of the Near and Middle East in the so-called Middle East Command will cause serious damage to relations existing between the USSR and these

countries, as well as to the cause of maintaining peace and security in the region of the Near and Middle East."[18]

As a result of the rule of British and American imperialists in Egypt and the militarization of the country, the economic situation of Egypt is deteriorating. The production index of the main agricultural crop, cotton, in 1950 (1937=100) stood at 77 against 81 in 1948. The situation is even worse with grain crops, the cultivation of which steadily declined due to the expansion of cotton crops. While the population of Egypt increased compared to the pre-war level by approximately 3 million people, the gross harvest of wheat and corn decreased. Egypt is forced to import food.

As a result of competition from American and British goods, Egypt's already weakly developed national industry is contracting, which leads to growing unemployment, lower wages for workers, and increased impoverishment of working people. The increase in imports to 213 million Egyptian pounds in 1950, mainly on account of British and American goods, caused a trade deficit of 37 million Egyptian pounds.

The growth of Egypt's military expenditures led to the swelling of the state budget, an increase in its deficit, higher taxes, rising prices, and increased inflation. In February 1951, the Egyptian government adopted a decision to double land taxes on agricultural crops. The state budget deficit in 1950/51 amounted to 25 million Egyptian pounds. Currency in circulation in 1951 reached 188 million Egyptian pounds — 11% more than in 1949 and 6 times more than in 1939. Inflation lowers the living standards of working people even further. Even according to understated official figures, the wholesale price index increased by the end of 1951 by 3.8 times compared to 1939, and the cost-of-living index more than tripled. Even according to embellished data of the National

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18 *"Pravda", 23/XI 1951.*

Bank of Egypt, in 1949 "per capita consumption" constituted only 87% of the 1939 level. A survey conducted by the newspaper Akhir Sa'a showed that 99% of 2,000 surveyed families are either in debt bondage or destitute. "Peasants in Egypt drink murky and brackish water," wrote the newspaper Al Ahram on May 10, 1950, "have only one dress which they wear year-round, eat the poorest food, and never see meat." While military expenditures absorb more than half of the Egyptian budget, allocations for public health and education are being cut. Meanwhile, the state of public health and public education in the country is more than lamentable. In Egypt, as well as in the Sudan, tens of thousands of people die every year from epidemics of cholera, typhus, and other diseases. 90% of Egypt's population suffers from trachoma, 75% — from bilharzia (blood disease) and other illnesses. For 14 million people in rural areas, there is only one thousand doctors. Average life expectancy in Egypt is almost half that of Britain and the US, and mortality is almost the highest in the world. According to official statistics, 85% of the country's population is illiterate.

The national-liberation movement in Egypt is unfolding under conditions of the further growth of the forces of socialism and democracy worldwide, and this exerts a tremendous influence on its development.

In the front ranks of the popular masses of Egypt leading the struggle for deliverance from British occupation, against American-British warmongers, against aggressive military alliances and blocs, for peace and national independence, goes the Egyptian working class. It rallies around itself the working masses of city and countryside, uniting all the most advanced and progressive strata of the Egyptian people.

The working class of Egypt, where industry is concentrated mainly in the hands of foreign capital, grew and formed faster than the national bourgeoisie. The size of Egypt's working class

(excluding the agricultural proletariat) exceeds 1 million people, which constitutes about 15% of the economically active population. In the struggle against foreign imperialists, the Egyptian proletariat and its communist vanguard acquire experience in national-liberation and class struggle.

Various organizations take an active part in the anti-imperialist, democratic movement: the National Committee of Workers and Students of Egypt, the Workers' Committee of National Liberation, the Preparatory Committee for the Creation of a General Federation of Trade Unions of Workers of Egypt, the Union of Egyptian Women, the Front for the Unification of the Nile Valley, and others.

Neither government persecutions, nor the state of emergency and state of siege repeatedly declared in the country, nor severe anti-communist laws, nor the banning of a number of progressive organizations could suppress the will of the working class to fight for national independence and the improvement of living and working conditions. The working class of Egypt plays a major role in recent events.

The multi-million Egyptian peasantry (constituting about 75% of the country's population), suffering from landlessness and land poverty, ruthlessly exploited by foreign banks and companies and Egyptian landlords and usurers, represents that main army of the national movement without which, as Leninism teaches, there can be no powerful national-liberation movement. The main mass of the peasantry, constituting 94% of all households, accounts for only 1/3 of the cultivated land. 12,000 large landowners own over 2 million feddans of land, i.e., the same amount as 12 million Egyptian fellahs. Landless and land-poor peasants are forced to rent land from landlords on bondage conditions. Poverty and political disenfranchisement, double oppression — by foreign imperialists and "their own" landlords and usurers — that is the

lot of Egyptian fellahs, who constitute the majority of the country's population.

In recent years, the Egyptian peasantry has been rising ever more actively to fight for land, for liberation from imperialist and feudal oppression. Its struggle against foreign capital and local feudal lords merges with the national-liberation movement. Clashes between peasants and landlords, peasant seizures of landlord lands and grain stocks, and arson of landlord estates have become more frequent. The newspaper Al Misri wrote: "The Egyptian peasant, who for centuries was subjected to exploitation, suddenly awakened and realized that in the end he is not so helpless as was hitherto portrayed." Ever broader strata of the poorest peasantry are being drawn into political life, participating in the national-liberation struggle in alliance with and under the leadership of Egypt's working class.

Together with the working class and peasantry, a significant part of the national intelligentsia participates in the national-liberation movement of Egypt — students, teachers, minor civil servants. In the universities of Cairo, Alexandria, and elsewhere, there are tens of thousands of students, most of them coming from the middle and petty bourgeoisie. The material conditions of this part of the student body are very difficult. According to official statistics, about 90% of students suffer from anemia due to malnutrition, and 80% of students are ill with tuberculosis and other diseases. Egyptian students, like the students of other Arab countries, take an active part in the national-liberation struggle; together with workers, they prepare strikes, organize rallies and protest demonstrations against imperialism.

The Egyptian national bourgeoisie, whose development over many years was retarded due to the dominance of foreign capital and preserved feudal relations in the country, feels the consequences of British imperialist rule, American military and economic expansion, and dumping, which have already led to

bankruptcy and mass closures of national enterprises. This impels the Egyptian bourgeoisie, especially its left wing, to fight against imperialism. The representative of the interests of the national bourgeoisie — the Wafd Party — came to power in 1950 because the main point of its program was the promise to offer "resistance to Britain" and achieve the withdrawal of British troops from the country. Under conditions of rising national-liberation struggle and enormous patriotic upsurge, the Wafd leadership at first did not risk opposing the people's demand and entering into collusion with British imperialists — it feared not only losing its authority but also being swept away by the mounting popular movement. That is why the Wafdist government not only passed the law on the denunciation of the Anglo-Egyptian treaty of 1936 and the convention of 1899, but also carried out a series of measures directed against the British occupiers. However, instead of relying on the people and organizing genuine resistance to the British occupiers, the Wafdist government took the path of seeking a compromise with British and American imperialists. The domestic policy of the Wafdist government remained as before a reactionary policy of persecuting and suppressing advanced, democratic elements in the country demanding social reforms, above all a democratic solution to the agrarian question. In this is reflected the inconsistency of the national bourgeoisie, its instability in the struggle against imperialism and feudalism, conditioned by its links with compradors and foreign capital, as well as with feudal landlords, and its fear of the mounting popular-revolutionary movement. Facts show that having decided, under pressure from the broadest popular masses, to denounce the Anglo-Egyptian treaty of 1936, the government of Nahas Pasha became frightened of the upsurge of the national-liberation movement in the country. The Wafdist government, under threat of execution, banned anti-British patriotic demonstrations and rallies. Government representatives called

on the workers of Port Said, who refused to load British ships, to end the strike under the pretext that it allegedly "causes damage to the economic interests of Egypt..."[19]
Faced with armed aggression by British imperialism in Egypt, the government of Nahas Pasha limited itself to diplomatic protests and talk of severing diplomatic relations with Britain; it did not even dare to raise the question of British aggression in the Security Council. The government of Nahas Pasha proved incapable of defending Egypt's national interests. At the same time, it did not risk open capitulation to Britain, for that would mean the political death of the Wafd Party.
On January 27, King Farouk issued a decree dissolving the government of Nahas Pasha. Power passed to the government of Ali Maher Pasha. This change of government was carried out with clear interference and under pressure from the US and Britain. Not a single representative of the Wafd Party entered the new government. "Thereby," writes the Czechoslovak newspaper Svobodné Slovo, "as they say in Egyptian circles, the Wafdist party was transferred to the 'reserve' in case the ruling Egyptian circles fail to suppress the current national-liberation movement of the Egyptian people and if the need arises to resort again to demagogy and playing at democracy."[20]
The government of Ali Maher Pasha includes a number of individuals known as proponents of rapprochement with the US and Britain. Facts show that British and American imperialists expect through the government of Ali Maher Pasha to achieve the implementation of their aggressive designs in Egypt at the expense of the vital interests of the Egyptian people. However, the Egyptian people, despite the maneuvers of the ruling top layer of Egypt, continue the struggle.

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19 *"Pravda", 3/II 1952.*
20 *Ibid.*

Contemporary events in Egypt are a new confirmation of Stalin's brilliant proposition that "along with revolutionary elements of the national movement, conciliationist, reactionary elements emerge from the bourgeoisie, preferring a deal with imperialism to the cause of liberating their country."[21]

A distinctive feature of the national-liberation movement in Egypt at the present stage is its mass character. Ever broader strata of the population are being drawn into the struggle, including even such a previously backward and completely isolated section of the country's political life as Egyptian women. The national-liberation movement in Egypt is distinguished by high organization and cohesion of the popular masses. No provocations by British imperialists, resorting not only to force of arms but also to bribery and blackmail, can force Egyptian workers to return to work at British enterprises in the Suez Canal zone. Even the British bourgeois press is forced to recognize the high degree of organization and high fighting spirit of the Egyptian national-liberation movement. For example, The Economist (17/XI 1951) noted the "calmness of the grandiose anti-British demonstrations" and "order, which was not the result of applying police measures, but exclusively a manifestation of self-discipline."

The struggle of the Egyptian people against foreign imperialism finds a warm response among the peoples of colonial and dependent countries of the Near and Middle East and North Africa. In all these countries a wave of demonstrations and solidarity strikes swept, testifying to the immense sympathy of the peoples for the just struggle of the Egyptian people for independence. The demand of the Egyptian people for the evacuation of British troops from the Nile Valley was unanimously supported by the people of the Sudan: mass demonstrations and solidarity strikes took place

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21 *J. V. Stalin, Works, vol. 7, p. 108.*

here, and a campaign to boycott British goods began. For several days in Khartoum, Beirut, Tripoli, Sidon, Tartus, Baniyas, Latakia, Basra, and other cities of the Arab East, demonstrations were held under the slogan: "Down with the Anglo-American imperialists!" Everywhere police who tried to disperse demonstrators using weapons or tear gas proved powerless against the powerful surge of demonstrators. Algerian dockers supported the strike of Egyptian loaders and also refused to unload British military ships.

The just struggle of the Egyptian people meets with unanimous sympathy and support among the peoples of European countries as well. The Progressive Party of Working People of Cyprus (AKEL) published a protest against Britain's interference in Egypt's internal affairs and against the use of Cyprus as a British military base. The Communist Party of Great Britain demands an end to the occupation of Egypt by British troops. The World Federation of Democratic Youth, on behalf of 72 million young men and women from 84 countries, expressed its solidarity with the youth of Egypt.

A manifestation of the solidarity of British working people with the Egyptian people was the refusal of 190 British soldiers to fire on Egyptian workers participating in a demonstration in Ismailia at the beginning of November 1951, as well as numerous protests by British soldiers against aggressive actions of British imperialists in Egypt. 16 African soldiers in the Suez Canal zone refused to fight against the people of Egypt and demanded their return to their homeland.

The national-liberation struggle of the Egyptian people unfolds under conditions of the growth of the movement of partisans of peace.

The Egyptian people understand well that military occupation of the Suez Canal zone and military preparations by Anglo-American imperialists in Egypt will bring them new, incalculable calamities. The popular masses of Egypt actively

participate in the struggle for peace and demand the conclusion of a Peace Pact between the five great powers. The organizer of the movement of partisans of peace in Egypt is the Preparatory Committee of Partisans of Peace created in 1951, which included: former Egyptian envoy to the USSR Kamel el-Bindari Pasha, former Minister Hefni Mahmoud Pasha, Vice-President of the Union of Egyptian Women Soya Nabarawi, President of the Textile Workers' Union of Egypt Mohammed Effendi, as well as many journalists, scientists, and lawyers. Despite government repressions, the movement of peace partisans in Egypt is expanding. The appeal of the Preparatory Committee of Partisans of Peace indicated that imperialist governments intentionally create an atmosphere of nervousness, war psychosis, and intimidation to prolong the occupation of the Suez Canal. "All Egyptians," the appeal of this committee states, "must come forward in defense of peace, for the struggle for peace is a struggle for the existence of Egypt."

The Egyptian people do not want to be drawn into the war being prepared by the imperialists against the USSR and the countries of people's democracy. Among the broad masses of Egypt, the prestige of the Soviet Union — a fighter against national oppression, defender, and friend of colonial and dependent peoples — is exceptionally high. The slogan "Never fight against the Soviet Union" expresses the mood of the broad popular masses of Egypt.

"The refusal of the Egyptian people," states a resolution adopted at the 2nd session of the World Peace Council in Vienna, "to participate in the pact of adventure and war into which attempts are being made to draw them strengthens the faith of the peoples in themselves and represents an invaluable

contribution to the cause of preserving peace in the Mediterranean region and throughout the world."[22]
The people of Egypt, driven by a great, invincible desire for freedom and independence, are now moving into the front ranks of the great army of fighters for peace. All advanced humanity follows the selfless struggle of the people of Egypt with the greatest sympathy.

Questions of Economics, No.2, 1952.

22 *"Pravda", 11/XI 1951.*

A. Martynov

GREAT FRIENDSHIP BETWEEN THE PEOPLES OF THE SOVIET UNION AND CHINA

On February 14, 1952, the second anniversary was marked of the signing of a document of world-historic significance—the Treaty of Friendship, Alliance, and Mutual Assistance between the Union of Soviet Socialist Republics and the People's Republic of China. The Treaty consolidated the close fraternal friendship that has bound the Soviet and Chinese peoples for many years, together comprising about 700 million people, or nearly one-third of the globe's population.

The victory of the Great October Socialist Revolution in Russia marked a radical turning point in the universal history of mankind. To the Chinese people, it opened the path to liberation from the yoke of imperialists, feudal lords, and other oppressors. The young Soviet Republic proclaimed a fundamentally new policy toward China and other colonial and dependent countries, built on mutual respect and the observance of the principles of equality. This policy is fundamentally opposed to the predatory policy of the imperialist powers. One of the Soviet Government's first foreign policy acts was the annulment of all enslaving treaties imposed by the tsarist government on China and other colonial and semi-colonial countries.

The Chinese people, inspired by the victory of the Great October Socialist Revolution, rose to a decisive struggle for

liberation from imperialist and feudal slavery. The revolutionary movement of the Chinese people was led by the Communist Party of China, formed in 1921, armed with the invincible teachings of Lenin and Stalin. The many years of struggle by the Chinese people invariably found deep sympathy among the Soviet people, who knew that "here truth and justice are entirely on the side of the Chinese revolution."[23]

"For almost 30 years," noted the leader of the Chinese people, Mao Zedong, in December 1949, "the Soviet People and the Soviet Government have repeatedly rendered assistance to the cause of liberation of the Chinese people. This fraternal friendship on the part of the Soviet people and the Soviet Government, with which the Chinese people were honored in days of severe trials, will never be forgotten."[24]

The rout of fascist Germany and imperialist Japan in the Second World War, accomplished with the decisive role of the Soviet Union, rendered enormous assistance to the Chinese people in their struggle against foreign imperialism and internal reaction, and created the most important prerequisites for their victory. "If the Soviet Union had not existed, if there had been no victory in the anti-fascist Second World War,"—indicated Mao Zedong,—"if—what is especially important for us—Japanese imperialism had not been defeated, if countries of new democracy had not appeared in Europe... then the pressure of international reactionary forces would, of course, have been much stronger than it is now. Could we have achieved victory

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23 I. V. Stalin, *Works*, vol. 7, pp. 293–294.

24 *Pravda*, December 17, 1949.

under such circumstances? Of course not. Just as it would have been impossible to consolidate victory after its achievement."[25]
Upon the conclusion of the Second World War, the Chinese people, under the leadership of the Communist Party of China and their leader Mao Zedong, relying on the sympathy and support of the great Soviet Union and the entire camp of socialism and democracy headed by it, achieved complete victory in their righteous struggle. Having defeated the treacherous Chiang Kai-shek clique supported by American imperialism, the Chinese people formed the People's Republic of China on October 1, 1949.
The age-old dream of the Chinese people was realized: they won genuine independence, freedom, and national sovereignty. Having overthrown the dictatorship of the block of oppressors —foreign imperialists, landlords, and the big monopolistic bourgeoisie—the Chinese people took power into their own hands. Prerequisites were created for the transition to peaceful economic construction aimed at transforming China from a semi-colonial, backward country into an advanced, industrial one.
The victory of the Chinese people's democratic revolution swept away all the barriers that enemies tried to erect between the Soviet Union and China. Having overthrown the imperialist and feudal yoke, the Chinese people joined the camp of peace, democracy, and socialism. In their great charter—the Common Programme of the Chinese People's Political Consultative Conference—the Chinese people proclaimed: "The People's Republic of China, uniting with all peace-loving and freedom-

[25] Mao Zedong, *On the Dictatorship of People's Democracy*, Gospolitizdat, 1949, p. 9.

loving states and peoples of the world, and first of all with the Soviet Union, the countries of people's democracy, and oppressed nations, is in the camp of international peace and democracy and, in order to guarantee lasting peace throughout the world, wages a joint struggle with them against imperialist aggression."[26]

The Government of the Soviet Union was the first to establish diplomatic relations with the People's Republic of China. The Treaty of Friendship, Alliance, and Mutual Assistance consolidated the historical friendship of the Soviet and Chinese peoples, uniting them into a fraternal alliance, and laid a solid foundation for the further strengthening and development of friendly relations between them.

The friendship and alliance of the Soviet Union and the People's Republic of China are a vivid demonstration of fundamentally new interstate relations based on the principles of proletarian internationalism, complete equality, deep mutual respect for sovereignty and territorial integrity, and mutual fraternal selfless assistance.

The alliance and friendship of the two great peoples—the Chinese and the Soviet—is a mighty force in the struggle to strengthen world peace, against imperialist aggression. Both the Soviet Union and the People's Republic of China are alien to any aggressive, predatory aspirations. Throughout its entire existence, the Soviet Union has consistently pursued the Leninist-Stalinist policy of strengthening peace and friendship among peoples, and respecting the sovereignty and state independence of other countries and peoples, large and small.

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[26] **"***The Formation of the People's Republic of China". Documents and Materials*. Gospolitizdat, 1950, pp. 33–34.

The peace-loving policy of the Soviet Union contributed to rallying around it all progressive humanity waging a struggle for a lasting and durable democratic peace. The Chinese people have also repeatedly demonstrated their readiness to fight to the end against imperialist aggression and to uphold the cause of peace.

The whole world knows what a great contribution the Chinese people made to the cause of defeating predatory Japanese imperialism. "The Chinese people and their Liberation Army," Comrade Stalin pointed out, "despite Kuomintang machinations, played a major role in the liquidation of the Japanese imperialists. The struggle of the Chinese people and their Liberation Army fundamentally facilitated the defeat of Japanese aggressive forces."[27]

Upon the conclusion of the Second World War, American imperialists, rushing toward world domination, intensified their expansionist, aggressive policy in all parts of the globe, especially in the Far East. They sought to turn China into their colony, into a gigantic bridgehead for aggression against the Soviet Union and other Asian countries, and a supplier of raw materials and cannon fodder for the US war machine. To this end, they rendered enormous military, material, and financial support to the treacherous Chiang Kai-shek clique, which unleashed a criminal civil war against the Chinese people by their order. The victory of the Chinese people over the Kuomintang clique, which dealt a crushing blow to the aggressive plans of American imperialists, is an invaluable

[27] *Pravda*, September 3, 1951.

contribution to the cause of strengthening world peace, and especially in the Far East.

Enraged by the failure of their aggressive, predatory designs, American imperialists refused to recognize the People's Republic of China. Seeking to strangle the new, democratic China and restore the power of their faithful lackey Chiang Kai-shek in it, they tried to organize a diplomatic and economic blockade of the young republic. American agents, spies, and saboteurs, by order and with funds from their masters, organized counterrevolutionary gangs and conducted subversive activities on the territory of people's China. At the same time, the agents of American-British imperialists in the ruling circles of Tibet intensified activities aimed at tearing this province away from China.

In June 1950, American imperialists launched a bloody adventure in Korea. The attack on the Korean Democratic People's Republic was at the same time an aggressive act against the People's Republic of China, for, as Commander-in-Chief of the Chinese People's Liberation Army Zhu De emphasized, "the true goal of American aggression against Korea is to create a threat to our Northeast through Korea and, if possible, to invade our country from there with aggressive American troops, as the Japanese imperialists did earlier."[28]

Simultaneously with the start of the intervention in Korea, American imperialists occupied Taiwan and the Pescadores Islands belonging to China, and American planes began making piratical raids on border towns and villages of the People's Republic of China.

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28 *People's China*, No. 1–2, Vol. IV, Peking 1951, p. 27.

The People's Republic of China, relying on friendship and alliance with the USSR, successfully repels all attacks by American imperialists.

The establishment by the Soviet Union and countries of people's democracy of diplomatic and economic relations with the People's Republic of China overturned the plans of US rulers aimed at the international isolation of the young Chinese republic. Currently, the People's Republic of China maintains diplomatic relations with 19 countries: the Soviet Union, Bulgaria, Romania, Hungary, the Korean Democratic People's Republic, Czechoslovakia, Poland, the Mongolian People's Republic, the German Democratic Republic, Albania, the Democratic Republic of Vietnam, India, Burma, Denmark, Sweden, Switzerland, Indonesia, Finland, and Pakistan. In addition, 6 capitalist countries announced their recognition of the People's Republic of China and expressed a desire to establish diplomatic relations with it.

At the proposal of the Soviet Union, the United Nations was forced, contrary to US intrigues, to consider the charges of aggression brought by the People's Republic of China against the US. In vivid speeches by representatives of the USSR and the People's Republic of China in the Security Council and at the UN General Assembly, the aggressive policy of American imperialists in China and the Far East was exposed.

The Chinese people have achieved great success in the struggle against internal counterrevolution, which is inspired and supported by American imperialists. Already during the first year of the republic's existence, the main remnants of the Kuomintang armed forces numbering over 2 million people were routed, and almost the entire territory of mainland China

and a number of islands were liberated from their rule. Currently, the Chinese People's Liberation Army is successfully completing the liquidation of bandit gangs on the country's territory created with funds from American imperialists. Organs of people's power, with the active support of the population, are rounding up spies, saboteurs, and terrorists dispatched by imperialists into the territory of China. A significant contribution to the preservation of peace and security in Asia is the peaceful solution of the issue of reunification with the People's Republic of China of Tibet, which American imperialists intended to use as a bridgehead in their aggression. Thanks to the wise peace-loving policy of the Central People's Government of the People's Republic of China, the intrigues of the imperialists were thwarted. In accordance with the agreement concluded in May 1951 between the Central People's Government of China and the Tibetan government, troops of the People's Liberation Army entered Tibet and were enthusiastically met by the Tibetan people. The People's Liberation Army ensures reliable defense of this part of the country from encroachments by American-British imperialists. The peoples of Tibet returned to the family of peoples of the People's Republic of China.

The Chinese people could not remain indifferent witnesses to the bloody intervention of American imperialists in Korea. The People's Republic of China, like the Soviet Union, from the first day of American aggression in Korea called for a peaceful settlement of the Korean issue. However, American imperialists thwarted and are thwarting all proposals aimed at establishing peace in Korea. Considering assistance to the Korean people in their struggle for freedom and independence

their fraternal duty and seeking to prevent the threat of an attack by American imperialists on the People's Republic of China, the Chinese people formed volunteer units that went to help the Korean People's Army. Fighting selflessly against the armed-to-the-teeth interventionist troops, the units of Chinese people's volunteers, together with the Korean People's Army, dealt a series of crushing blows to the enemy. The interventionist troops were thrown back to the area of the 38th parallel, from where they began the invasion.

Striving for a peaceful settlement of the Korean issue, representatives of the command of the Korean People's Army and Chinese people's volunteers are making every effort to conclude truce negotiations, which began back in June 1951, with an agreement. However, facts show that the ruling circles of the US strive to use these negotiations to deceive world public opinion and cover up their aggression. As General Peng Dehuai emphasized in his New Year's message to the Chinese people's volunteers, the American aggressors "tried unsuccessfully to achieve at the negotiating table that aggressive goal which they could not achieve by military means—interference in the internal affairs of the Korean Democratic People's Republic in order to maintain their aggressive positions for waging a further aggressive war."[29]

While American representatives are stalling and disrupting truce negotiations in every possible way, the American command in Korea continuously throws its troops into the offensive, striving to occupy the entire territory of Korea. However, the complete failure of the "summer" and "autumn"

[29] *Pravda*, January 3, 1952.

offensives of the interventionists, in which the American command used huge masses of troops and military equipment, clearly showed that the balance of forces on the front has shifted sharply in favor of the Korean people, whose just struggle is supported by all progressive humanity. All this once again confirms the brilliant instruction of Comrade Stalin that "if England and the United States of America finally reject the peace proposals of the People's Government of China, the war in Korea can end only with the defeat of the interventionists."[30]
The struggle of the Chinese people against imperialist aggression is a valuable contribution to the cause of strengthening peace. The Treaty of Friendship, Alliance, and Mutual Assistance between the Soviet Union and the People's Republic of China is permeated with the aspiration for peace and international cooperation. The main task of this treaty is to prevent the recurrence of aggression and violation of peace by Japan or any other state that would directly or indirectly unite with Japan in acts of aggression.
True to their international obligations, the Soviet Union and the People's Republic of China wage an unremitting struggle against the policy of the ruling circles of the US aimed at reviving Japanese militarism. They insisted and insist on the strict implementation of the basic principles of the Potsdam Declaration, which provides for the demilitarization of Japan and its transformation into a peace-loving, democratic state. They insisted and insist on the conclusion of such a peace treaty with Japan as would eliminate the possibility of the recurrence of Japanese aggression and ensure genuine

[30] I. V. Stalin, *Interview with a "Pravda" Correspondent*. Gospolitizdat, 1951, p. 8.

independence for Japan. The US Government pursues a fundamentally opposite policy on this issue, aimed at reviving Japanese militarism and turning Japan into a military bridgehead of American imperialism in the Far East.

In September 1951, the American-British bloc signed the so-called peace treaty with Japan, and the US, in addition, concluded a military agreement with it, openly embarking on the restoration of Japanese militarism. This separate treaty, of course, has no legal force, for it was signed without the participation of the Soviet Union and the People's Republic of China—two great powers that made the main contribution to the cause of defeating the Japanese imperialists. This shameful treaty was also refused signature by India and Burma—participants in the war against Japan.

The Soviet and Chinese peoples, and with them hundreds of millions of freedom-loving and peace-loving people in all countries, including Japan, greeted the signing of the separate treaty, which serves not the goals of peace, but the goals of war, with deep indignation.

In response to the new vile conspiracy of American imperialists against peace in the Far East, the Soviet and Chinese peoples are further strengthening their friendship and alliance. Comrade Stalin emphasized in his greetings to Chairman of the Central People's Government of China Mao Zedong on September 2, 1951, that "there can be no doubt that the unbreakable friendship of the Soviet Union with the People's Republic of China serves and will serve the cause of

ensuring peace in the Far East against all and sundry aggressors and warmongers."[31]

During the two years that have elapsed since the signing of the Treaty of Friendship, Alliance, and Mutual Assistance between the Soviet Union and the People's Republic of China, economic cooperation between the Soviet and Chinese peoples, based on the principles of equality, consideration of mutual interests, and mutual assistance, has grown stronger.

Carrying out radical democratic, economic, and political transformations in the country, the young People's Republic of China set itself a very complex and difficult task: within 3–5 years, to restore the national economy and push its development forward along the path of industrialization.

The economy of old China, despite the industriousness of the people and the presence of huge natural wealth in the country, was very backward. This was a consequence of the enslavement of the country by foreign imperialists, who hindered its economic and cultural development, and supported and cultivated feudal survivals in it. During the period of domination by the Chiang Kai-shek clique, China's economy fell into decay. Enormous damage to the country's economy was inflicted by the Kuomintang gangs: retreating under the blows of the Liberation Army, they destroyed industrial enterprises, railways, irrigation facilities, and carried away material valuables. On the territory of China liberated from the Kuomintang in 1948 and 1949, all railways and communication facilities were destroyed and inactive; 90% of the metallurgical and engineering industry enterprises, over

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[31] *Pravda*, September 3, 1951.

half of the power plants, and many other industrial enterprises were put out of action.

Due to a sharp reduction in cultivated areas and a drop in crop yields in the final years of the Kuomintang clique's rule, the harvest of food and industrial crops did not exceed 65–75% of the pre-war average level. The speculative financial policy of the Kuomintang clique and the unlimited issuance of paper money caused unprecedented inflation and completely disorganized monetary circulation and trade. The incessant acts of aggression by American imperialists against the People's Republic of China, the economic blockade of the country organized by them, and the subversive activities of American and Kuomintang agents in the rear of people's China—all this complicated the restoration of its national economy. Great difficulties confront the Chinese people in restoring and developing the country's national economy. Utilizing the advantages of the people's democratic system over the capitalist one, and relying on the world-historic experience and fraternal assistance of the Soviet Union, the Chinese people, led by the Communist Party of China, are successfully overcoming these difficulties.

As a result of carrying out agrarian reform in the Chinese countryside based on the liquidation of landlord landownership, China's agriculture is freeing itself from the feudal fetters that restrained it, and conditions are being created for the rapid restoration of agricultural production. On the basis of the confiscation of large industrial enterprises, banks, means of transport and communication belonging to the Japanese invaders, the "four families" clique, and other traitors in China,

a state economic sector has been created, designed to play a leading role in the country's economy.

The people's democratic revolution drew hundreds of millions of people into participation in the socio-political life of the country. In the course of the revolutionary struggle against the imperialists, the big monopolistic and comprador bourgeoisie, and the landlords, a powerful People's Democratic United Front took shape in China. It united workers, peasants, the urban petty bourgeoisie, and the national bourgeoisie of a non-comprador type, as well as up to 40 million people of national minorities. Millions of emigrants—Chinese living in other countries—actively support this united front. The leading role in the united people's front is played by the Chinese working class headed by the Communist Party of China, relying on a firm alliance with the working peasantry.

The victory of the Chinese anti-imperialist, anti-feudal revolution inspired the multi-million masses of the Chinese people and raised their revolutionary-creative forces to an unprecedentedly high level. With the establishment of the people's democratic system, the attitude of workers, peasants, and other working people toward labor changed radically.

A vivid example of this is the active participation of hundreds of millions of citizens of the People's Republic of China in the measures for building a new China, the patriotic labor movement in which over 2 million workers and employees, tens of millions of peasants, and other working people are participating, fighting to increase industrial production and boost agricultural output. The democratic transformations carried out in the People's Republic of China in the interests of the working people further strengthen the unity of the Chinese

people and mobilize their creative forces for building a new life. The main factor ensuring the successful implementation of the economic construction program by the People's Republic of China is the revolutionary energy of the Chinese people directed by the Communist Party of China.

Filled with deep respect for the friendly Chinese people, the Soviet Union renders fraternal, selfless assistance to the People's Republic of China in the swiftest restoration of its economy and the creation of its own powerful heavy and light industry. What a striking contrast the selfless assistance of the Soviet Union to China and the countries of people's democracy in Europe presents compared to the notorious "assistance" rendered by American imperialists to Marshallized and other capitalist countries! US imperialists use every loan they provide for open interference in the internal affairs of other states, deprivation of their sovereignty, their further economic and political enslavement, and the curtailment of national industry within them.

The People's Republic of China acquires machine tools, machines, and other most advanced industrial equipment in the USSR necessary for the restoration and restructuring of its industry. In accordance with the Agreement concluded on February 14, 1950, the Soviet Union granted the People's Republic of China a long-term economic credit in the amount of 300 million US dollars on preferential terms, at an annual rate of 1%. The credit is intended to pay for deliveries of equipment and materials from the USSR, including equipment for power plants, metallurgical and engineering plants, equipment for coal and ore mining mines, railway and other

transport equipment, rails, and other materials for the restoration and development of the national economy.
Great assistance for the People's Republic of China is the provision of the right to repay the credit with deliveries of raw materials and tea at prices determined on the basis of world market prices.
The establishment of trade relations by the People's Republic of China with the Soviet Union and countries of people's democracy dealt a crushing blow to the attempts of American imperialists and their satellites to implement an economic blockade of China. The People's Republic of China has the opportunity to receive all the goods it needs from friendly countries, without any restrictions and at lower prices. Thus, for example, Soviet machinery and industrial equipment cost the People's Republic of China 20 percent and more cheaper than the prices of capitalist countries. At the same time, the People's Republic of China has the opportunity to sell surplus raw materials and other products to the USSR and countries of people's democracy at fair prices. Thanks to this, the balance of China's foreign trade is favorable. Based on genuinely friendly principles, the trade of the People's Republic of China with the Soviet Union and countries of people's democracy is developing rapidly. This is evidenced by the following data:

Specific share of the USSR and countries of people's democracy in the foreign trade of the People's Republic of China (in %)[32]

[32] *Renmin Ribao*, October 5, 1951.

Country	Imports		Exports	
	1950	1951 (Jan–Sept)	1950	1951 (Jan–Sept)
USSR	19.8	44.7	26.6	51.5
Countries of people's democracy	1.4	25.3	3.9	26.4
Capitalist countries	78.8	29.9	69.5	22.1

The People's Republic of China does not refuse trade with capitalist countries, but it firmly adheres to the principle of developing trade only on the basis of equality and mutual benefit. Those capitalist countries that embark on this path are given the opportunity to develop trade with China to the mutual benefit of both sides.

A vivid manifestation of the deep respect of the Soviet Union for the sovereignty of the People's Republic of China and the rights and interests of the Chinese people is the Agreement on the Chinese Changchun Railway, Port Arthur, and Dairen, signed simultaneously with the Treaty of Friendship, Alliance, and Mutual Assistance. This Agreement provides for the gratuitous transfer by the Soviet Government to the Government of the People's Republic of China of all its rights to joint management of the Chinese Changchun Railway with all property belonging to the railway. A special article of the Agreement provides for the withdrawal of Soviet troops from the jointly used naval base of Port Arthur and the transfer of

structures located in this area to the Government of the People's Republic of China.

The Soviet Union gratuitously transferred to the People's Republic of China property in the city of Dairen that was under the temporary administration of the USSR or leased by it, as well as property acquired by Soviet economic organizations from Japanese owners in Manchuria, and all buildings of the former military cantonment in Peking. In total, over 70 industrial enterprises were transferred to the People's Republic of China, among them 44 factories and plants, 20 cultural and educational institutions, over 363 residential buildings, over 100 office buildings and warehouses. All property, as well as enterprises, were in complete working order.

In March–April 1950, Soviet-Chinese agreements were signed on the establishment on a joint basis of three joint-stock companies, two of which—for oil and non-ferrous metal extraction—were in China's Xinjiang province. Xinjiang possesses huge reserves of mineral resources, but their development was very difficult for the young People's Republic of China.

Participating in joint-stock companies, the Soviet Union undertakes the obligation to import necessary industrial equipment, conduct geological surveys, and train working and technical personnel. All extracted products are divided equally between the Soviet Union and the People's Republic of China. Industrial enterprises will be built in Xinjiang, which will contribute to the industrialization of the People's Republic of China. The activities of the joint-stock companies are developing successfully.

The third mixed company created by a special agreement provides for the organization of passenger-cargo airline routes connecting the Soviet Union with the People's Republic of China. Already in August 1950, the Soviet-Chinese aviation company opened three air routes.

The forms of assistance from the Soviet Union to the People's Republic of China are diverse. Significant assistance in the restoration and development of the national economy of the new China is rendered by Soviet specialists sent from the Soviet Union at the request of the Government of the People's Republic of China: engineers, technicians, and skilled workers. "Soviet technical specialists," writes Vice-Chairman of the Central People's Government of China Soong Ching-ling, "brought to China precious experience in solving practical problems of any scale. They brought with them methods based on the highest scientific achievements, rich experience of work for the benefit of the people. Many of them participated in the restoration of the economy after the October Socialist Revolution. All of them participated in the heroic construction of socialism and are participating in the preparation of communism in the USSR. The conditions that we have in China and the obstacles that we have to overcome are already familiar to them and were overcome by them in their time. They treat with the greatest enthusiasm the task assigned to them to help the Chinese people in mastering this experience for the construction of a new China."[33]

As the Chinese press notes, Soviet specialists rendered serious assistance in restoring the railways of China destroyed by the

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[33] *People's China*, No. 9–10, Vol. III, Peking 1951, p. 20.

Kuomintang, and in restoring and developing the metallurgical, coal, electrical, oil, engineering, and other most important branches of China's industry. They help build new plants, mines, and railways. State agriculture and machine-tractor stations achieved great success to a large extent also thanks to the assistance of Soviet specialists.

Characterizing the highly scientific approach of Soviet specialists to solving complex issues, Soong Ching-ling cites a case that took place during the restoration of one of China's largest hydroelectric power stations—Xiaofengman (Northeast China): "The most important part of the work related to the restoration of the power station was the reconstruction of the dams forming the lake—the main source of power energy for the power station. According to the plan, it was intended to finish the dam reconstruction work only in 1951. However, the Soviet technical specialists appointed to this enterprise advised finishing the work by July 15, 1950. They pointed out that according to meteorological observations, very heavy rains would fall in autumn. If the dams are not prepared for such additional load, it is more than likely that they will be seriously damaged and all previously done work will go down the drain. This advice was accepted. Last year in autumn, the water level on the Songhua River was significantly higher than in previous years, but the dam reconstruction work was completed, and normal operation of the power station continued without interruption."[34]

At the initiative of Comrade Mao Zedong, work was widely deployed in the People's Republic of China on the restoration

[34] *People's China*, No. 9–10, Vol. III, Peking 1951, p. 25.

and development of water-protection and irrigation systems, which have major national economic significance. Particular attention was paid to the harnessing of the Huai River, in the area of which 55 million people live and over 1/7 of China's cultivated area is located. The waters of the Huai River often overflowed their banks and flooded adjacent areas. This caused enormous disaster to the people. According to the developed plan, it is necessary to build a large number of reservoirs in the upper reaches of the river, repair and build earth dams of significant length along both banks of its channel, dig several canals, and construct a number of complex structures. Many difficulties arose before the builders. "The assistance of the Soviet specialist, armed with the knowledge of advanced Soviet technology, played a major role in overcoming these difficulties," notes Ye Zengke in the magazine *People's China*. "The application of Soviet methods showed that digging reservoirs takes very little time, whereas under the old methods it took years. Some engineers believed that mountains of cement were necessary to build dams, but the Soviet specialist proved that in some places, cement structures can be replaced by correctly erected earthen fortifications." The application of advanced Soviet methods, the magazine notes, made it possible to significantly reduce the cost of construction on the Huai River and successfully complete its first stage by July 1951, i.e., by the beginning of the rainy season.

The Chinese newspaper *Gongren Ribao* cites the following characteristic example of the assistance of Soviet specialists. One of the restored copper smelting plants at the beginning of its activity experienced a shortage of raw materials, since 4/5 of the copper mines had been rendered unusable by the

retreating Kuomintang troops. The plant had reserves of low-grade ore containing a high percentage of lead impurities, but under existing technical capabilities the plant could not use this ore. They turned to Soviet copper smelters for help. "When Soviet metal smelting methods were introduced at the plant," the newspaper *Gongren Ribao* writes, "then with the same equipment the technological process was restructured so that it became possible to extract copper from ores with lead impurities from 8 to 14%, whereas previously, if lead in the ore exceeded 6%, it was no longer used. The raw material issue was resolved. Then, upon the advice of Soviet copper smelters, furnaces for smelting copper were remodeled. Previously, their lining was changed after each smelting, which required at least 12 hours. Now the furnaces operate without changing the lining for six months."[35]

Many such examples can be cited. Everyone who has to work with Soviet specialists notes that they differ from foreign specialists who flooded China in the past not only by their highly scientific approach, but also by their boldness in solving complex economic and technical issues. Soviet specialists, brought up, like all Soviet people, in the spirit of internationalism and Stalinist friendship of peoples, treat representatives of the Chinese people with whom they work with deep respect and in a comradely manner. Chinese newspapers note that Soviet specialists do not have that arrogance and racial pride characteristic of foreign bourgeois specialists, and that Soviet specialists are distinguished by their

[35] *People's China*, No. 5–6, Vol. IV, Peking 1951, p. 23.

love of labor, modesty, and a passionate desire to pass on their knowledge to Chinese comrades.

By their high moral qualities, Soviet specialists in China won universal love and respect. "Eveywhere in the Northeast," Soong Ching-ling notes, "where Soviet technical specialists and workers work, we saw that work proceeds in an atmosphere of close and harmonious cooperation between them and Chinese workers. Our people call them 'elder brothers'."[36]

Enormous, invaluable assistance to the People's Republic of China in the democratic reorganization of the country, including its economy, is rendered by the experience of political, economic, and cultural construction of the Soviet people accumulated by them over the years of the Soviet state's existence.

"...The experience of economic, cultural construction and construction in other major areas of the Soviet Union," indicated Mao Zedong, "will become an example for the construction of a new China."[37] At the call of their leader Mao Zedong, the Chinese people carefully study the multifaceted experience of the Soviet people and every day more widely and creatively use it to build a new, people's democratic system and prepare conditions for the future transition to building the foundations of socialism.

The experience of the work of Soviet government bodies, trade unions, and other mass people's organizations, economic planning, organization of management and work of state industrial, trade, agricultural, and cooperative enterprises, work methods of Soviet Stakhanovites in various branches of

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36 *People's China*, No. 9–10, Vol. III, Peking 1951, p. 20.

37 *Pravda*, February 18, 1950.

industry, the experience of the Soviet Union in afforestation and construction of irrigation facilities—all this is carefully studied and receives increasingly wide application in the People's Republic of China. Utilizing the experience of the Soviet Union yields significant effect. As the Chinese press notes, thanks to the introduction of Soviet operation methods, the railways of the People's Republic of China now operate with a productivity that could not be dreamed of in Kuomintang China. Soviet methods applied in the steel-making industry could halve steel melting time, and steel refining productivity increased by 35%. The introduction of Soviet coal mining methods made it possible to increase the production of coal mines in Northeast China by 20–30%. As a result of the introduction of Soviet high-speed metal processing methods, the labor productivity of individual workers at engineering plants increased by approximately 400%. And so in every branch of the economy into which the life-giving stream of the Soviet people's experience has poured. Evaluating the enormous significance of the Soviet Union's assistance to the People's Republic of China, the newspaper *Dagongbao* wrote: "One can imagine how difficult a matter the restoration and development of the economy would be for us without the assistance of the Soviet Union! How difficult it would be for us to withstand the blockade by imperialists, especially American ones, resist aggression, and strengthen the security of the young republic! Only with the great assistance of the Soviet Union were we able to achieve brilliant successes."
Relying on the revolutionary creative energy of the 475-million-strong Chinese people, as well as on the multifaceted assistance of their great ally and friend—the USSR, the

People's Republic of China achieved major successes in restoring the national economy.
In a short time, railways of the mainland part of China with a length of over 22,600 km were restored. For the first time in the last 13 years, regular traffic has been organized along all main railway trunk lines. Traffic has been opened on all highways.

Industry has also achieved great successes. The People's Government, sharply reducing administrative expenses, allocated large funds from the state budget to credit industrial enterprises; it provides them with fuel, electricity, raw materials, and orders. First of all, assistance is rendered to state enterprises, but private industrial enterprises also receive significant assistance.
As a result of the successful implementation of state plans, industrial production is gradually approaching the highest level achieved in China in the past; some branches of industry (production of copper, glass, cotton yarn, cotton fabrics, paper) have already surpassed this level. Almost all power plants in the country have resumed work.
The engineering industry is developing. It is beginning to produce complex machines whose production could not even be dreamed of in old, Kuomintang China. In December 1950, the first crawler tractor was built at the Taiyuan plant. Tianjin engineers produced the first trolleybus and a batch of the first diesel motors. Shanghai's electrical industry began producing complex machines and equipment for power plants.
The mining industry is being restored in the Central-South and Southwest administrative districts of China, where the richest

deposits of copper, lead, tin, tungsten, antimony, manganese, and other metals are located.

Light industry is being restored. The textile industry already in 1950 produced 16% more yarn and 7.8% more fabrics than in 1936, on the eve of the Japanese invasion, and as a result of the successful implementation of the 1951 plan, it far surpassed the pre-war level. Rubber industry enterprises yield more tires, inner tubes, and other products than in pre-war years. The silk, wool, tea, paper, sugar, food, tobacco, and other branches of light industry that fell into decay during the years of Kuomintang rule are reviving.

The building materials industry is increasing production: cement, glass, brick and tile, etc.

Simultaneously with the restoration of China's industry, its reconstruction is being carried out: the one-sided direction that imperialists gave to its development in the past is being corrected. Chinese industry is almost completely switching to domestic raw materials, and the nomenclature of manufactured products is changing in accordance with the demands of the national economy. At the same time, industry is being transferred to more modern production technology and techniques, while widely utilizing the achievements of Soviet industry.

The successful progress of the restoration of industry and transport enabled the People's Government to embark on new construction. A 530-kilometer railway is being built that will connect the largest population centers of Sichuan province—Chengdu and Chongqing. In May 1951, the section from Chongqing to Jiangjin with a length of 125 km was put into operation. Railways are also being built in Gansu (Tianshui–

Lanzhou) and Guangxi (Laibin–Zhennanguan) provinces, as well as a number of metallurgical, engineering, and other enterprises.

China's agriculture is also being restored. Organs of people's power render comprehensive assistance to peasants in developing lands taken away from landlords. The State People's Bank provides peasants with long-term and short-term loans for the purchase of draft cattle, agricultural equipment, and mineral fertilizers. The organization of rental stations and the creation of peasant mutual aid groups contribute to the maximum utilization of draft cattle and agricultural equipment. The created 57 model state agricultural farms, equipped with machines purchased in the USSR, laid the beginning for the introduction of advanced agricultural technology into agriculture.

In 1950, a good grain harvest was gathered in China—about 122 million tons. This made it possible to fully satisfy the country's need for food at the expense of domestic production. Over 710 thousand tons of cotton were also gathered. A good harvest was also obtained for other agricultural crops. In 1951, the harvest of grain, cotton, and other industrial crops was higher than in 1950.

Of paramount importance for the national economy, primarily for the restoration and development of agriculture, are the works undertaken by the Central People's Government at the initiative of Mao Zedong to restore and develop water-protection and irrigation facilities. Since the autumn of 1950, the implementation of the three-year irrigation work plan began.

Great successes have been achieved by the People's Republic of China also in the field of improving and strengthening finances and deploying domestic trade turnover.
Cultural cooperation between the Chinese and Soviet peoples is growing stronger every day.
The People's Republic of China inherited a heavy legacy from the Kuomintang in the field of culture and public health. The criminal anti-people policy of the imperialists and the Chiang Kai-shek clique led to about 90% of China's population being illiterate. The few schools and universities, deprived of state support, led a miserable existence and were inaccessible to the children of workers and peasants. Popular literature and national art were neglected and replaced by corrupted pseudo-art widely imported from the US and other capitalist countries. China was a country with almost the highest mortality rate in the world, and epidemic diseases raged in the country.
With the establishment of the people's democratic system, a wide path to science, education, and the flourishing of national literature and art opened before the Chinese people. The Chinese people, under the leadership of the Communist Party of China, embarked on carrying out a cultural revolution in the country aimed at developing and strengthening national, popular, democratic culture. Chinese scientists, writers, public education workers, and art figures widely use the richest experience of cultural construction in the Soviet Union. Many of them come to the Soviet Union for this purpose. An enormous role in strengthening cultural ties between the two fraternal peoples, as well as in studying the experience and achievements of the Soviet Union, is played by the activity of the Sino-Soviet Friendship Society. Currently, this society

numbers about 46 thousand branches uniting over 17 million members. Over the past two years, it has published over 500 titles of books and brochures about the Soviet Union, organized several thousand exhibitions introducing the Chinese people to the achievements of the Soviet Union, etc. The society publishes 74 different periodicals with a total circulation of about 5 million copies, which widely cover the successes of the Soviet people in all areas of economic and cultural life.

The Chinese people have achieved serious success on the cultural front. Enormous attention is paid to public education. In 1951, over 400 thousand secondary and primary schools functioned in the republic, in which over 37 million people studied, as well as about 200 higher educational institutions, in which 128 thousand students studied. Work on the liquidation of illiteracy and primary education of the adult population without interrupting production is acquiring an increasingly wide scope. About 36 million people are currently covered by these forms of study. Based on the experience of the Soviet Union, the People's Government organized various types of short-term schools for training leading personnel in administrative, economic, and cultural fields.

In 1949, the All-China Academy of Sciences was created—the leading scientific center of the People's Republic of China.[38] The most advanced science in the world—Soviet science—exercises a beneficial influence on the development of China's scientific thought. Comrade Stalin's brilliant work "Marxism and Problems of Linguistics" rendered significant assistance to Chinese scientists in correctly defining fundamental issues of

[38] *Guangming Ribao*, January 15, 1952.

the development of the Chinese language. The works of Russian scientists—Pavlov, Michurin, Lysenko, Dokuchaev, and others—not only help direct China's scientific thought along the correct path, but also make it possible to solve a number of practical tasks in agriculture, medicine, industry, etc. Chinese national literature is successfully developing.

The Chinese theater and cinema art have achieved great successes. Soviet cinematography has exerted and continues to exert an enormous influence on the development of Chinese cinema art.

The theater in the People's Republic of China has now become truly a national asset. Young Chinese people's drama has created many talented plays that truthfully reflect the heroic struggle of the Chinese people against imperialists, their labor enthusiasm, and successes in building a new, bright life. Plays by Russian classics and Soviet playwrights enjoy great success with Chinese audiences.

The cause of public health in China has been significantly improved. A successful struggle is being waged against epidemics of plague, cholera, typhoid, and smallpox. In recent years, there has not been a single case of cholera in China; the number of other epidemic diseases has also sharply decreased. The Soviet Union renders all possible assistance to the People's Republic of China in this area.

Soviet people follow the life and struggle of the young People's Republic of China with deep attention and interest, and warmly rejoice at each of its successes together with the Chinese people.

Uniting their forces in a powerful People's Democratic United Front wisely led by the tested Communist Party, the 475-

million-strong Chinese people, relying on the multifaceted assistance of the Soviet people and all progressive humanity, have achieved major successes in building people's democratic China. But these successes are only the first steps on the great path. Many more serious difficulties remain to be overcome by the People's Republic of China. Old reactionary classes offer rabid resistance and conduct subversive work inside the country. Imperialists and their lackeys exert great efforts to strangle the young people's republic and disrupt its forward movement. The country is experiencing many other difficulties that must be overcome for the successful restoration and development of the national economy and for the swiftest cultural construction.

However, the Chinese people, who have clearly convinced themselves of their enormous creative forces over the past years, look forward boldly. They are firmly confident in the correctness of the path along which they are walking under the leadership of the Communist Party of China. Together with the Soviet people and other peace-loving peoples, the Chinese people are intensifying their struggle for peace. A vivid manifestation of the peace-loving nature of the Chinese people, of their ardent desire to win peace for creative labor, is the fact that 223 million adults in China signed the Stockholm Appeal, and about 344 million signed the Appeal of the World Peace Council on the conclusion of a Peace Pact between the five great powers. The Chinese people are further strengthening their friendship and alliance with the great Soviet people.

On the second anniversary of the Soviet-Chinese Treaty, telegrams from Comrade I. V. Stalin and Comrade Mao Zedong were published. Comrade Stalin's telegram to Comrade

Mao Zedong states: "On the occasion of the second anniversary of the signing of the Soviet-Chinese Treaty of Friendship, Alliance, and Mutual Assistance, please accept, Comrade Chairman, my cordial congratulations and wishes for the further strengthening of the alliance and cooperation between the People's Republic of China and the Soviet Union in the interests of the cause of world peace."

Comrade Mao Zedong's telegram to Comrade I. V. Stalin states: "On the occasion of the second anniversary of the signing of the Treaty of Friendship, Alliance, and Mutual Assistance between the People's Republic of China and the Union of Soviet Socialist Republics, allow me, on behalf of the Government of the People's Republic of China and the Chinese people, to express deep gratitude and warm congratulations to the great Soviet people, the Soviet Government, and personally to You.

We are grateful that for two years the Soviet Government and the Soviet people, in the spirit of the Treaty of Friendship, Alliance, and Mutual Assistance between the PRC and the USSR and the Agreements associated with the Treaty, rendered warm and selfless support to the Chinese Government and the Chinese people, which in many ways helped the restoration and development of the national economy and the strengthening of the state of new China.

We welcome the great friendship of the Chinese and Soviet peoples, which grows stronger every day. The mighty alliance between China and the USSR is an invincible force and a reliable guarantee in the struggle against imperialist aggression and for the protection of peace and security in the Far East, and

is also a guarantee of victory in defending the great cause of peace throughout the world.
Long live the unbreakable friendship and unity of the peoples of China and the USSR!"

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S. UDACHIN

ISSUES REGARDING LAND ORGANIZATION IN ENLARGED KOLKHOZES

All land in the Soviet Union belongs to the state and is the common property of the whole people. The Soviet state, exercising control over the land fund of the country, organizes its most complete and correct utilization. This cause is served by the science and practice of socialist land organization, which is an important instrument for implementing the agrarian policy of the Party of Lenin and Stalin.

The concrete content of land organization in the USSR at each stage of socialist construction is determined by the tasks set by the party and government for agriculture and the entire national economy of the country. At present, land organization is focused on implementing the Stalin Plan for the Transformation of Nature, on the organizational and economic strengthening of amalgamated collective farms, and on carrying out work in connection with the great construction projects of communism.

The introduction of the scientific travopolye (grass-field) system of agriculture, which forms the basis of the great Stalin Plan for the Transformation of Nature, requires carrying out a complex of works across vast areas of the Soviet Union. This complex includes the creation of a system of field-protective forest belts, the introduction of grass-field crop and fodder

rotations, the construction of ponds and reservoirs, the organization of agricultural land territory, etc.

An important stage in the development of socialist land organization is the land organization of enlarged collective farms. When small collective farms merge, the land areas assigned to them are united into large land holdings. Thus, after amalgamation, the arable land area per collective farm on average increased in Moscow Region by more than 4 times, and in Kalinin Region by 3–4 times. In many other regions, territories, and republics, after the merger of collective farms, the average sizes of collective farm land areas increased by 2–3 times.

The increase in land areas assigned to enlarged collective farms can be judged, for example, from Urazovsky District, Kursk Region. In this district, 70 small collective farms merged into 22 large ones. Before the merger, the average public land area of one collective farm was 1,003 hectares, and after the merger it increased to 3,190 hectares. Among the former small collective farms, 16 collective farms had less than 500 hectares of public lands, 25 collective farms had from 500 to 1,000 hectares, and only 6 collective farms had more than 2,000 hectares. After amalgamation, the public land area of the overwhelming majority of collective farms ranges from 2,300 to 4,000 hectares, and 5 collective farms have public lands exceeding 4,000 hectares.

The amalgamation of small collective farms not only leads to an increase in the size of the land territory and the enlargement of overall production, but also necessitates a deep and comprehensive reorganization of the collective economy. The merger of small collective farms creates the need to change the

composition and ratio of branches of the economy, restructure production teams, and relocate livestock farms and other production centers. A need arises to revise previously introduced crop rotations in order to create the best conditions for the highly productive use of complex MTS machinery, and the most complete and rational utilization of public lands assigned to collective farms.

The merger of small collective farms has allowed the area of crop rotation arrays to be increased several times over, as can be judged from the following data:

Size of Crop Rotation Areas in Belgorod District, Kursk Region

Types of Crop Rotations	Area before Amalgamation (in ha)	Area after Amalgamation (in ha)
Field crop rotation	474	1,595
Near-farm crop rotation	34	99
Vegetable crop rotation	17	58
Meadow-pasture crop rotation	73	117
Irrigated crop rotation	40	96

The amalgamation of collective farms reduced the previously existing number of crop rotations several times over and significantly increased the area of their fields. Thus, in the collective farms that merged into the Stalin Agricultural Artel in Lopas nsky District, Moscow Region, there were 19 crop rotations before amalgamation. The average size of each field in field crop rotation was 12 hectares, in vegetable rotation — 0.7 hectares, in fodder rotation — 0.9 hectares. After amalgamation and land organization, the total number of crop rotations was reduced to 4, and the average field size in field crop rotation was brought up to 103 hectares, in fodder rotation — to 22 hectares, and in vegetable rotation — to 4 hectares.

Increasing the land arrays of collective farms and the size of crop rotations and fields contributes to a sharp rise in the efficiency of using machines and implements.
Immediately after amalgamation, each collective farm found itself with a significant number of small livestock farms. Economic buildings were scattered across several settlements. There were many crop rotations with small-sized fields. The task of land organization is to more quickly eliminate the fragmentation and dispersion of crop plantings, complete the organization of territory: introduce proper crop rotations and enlarge crop rotation fields, correctly locate field-protective forest plantations, ponds, and reservoirs, encourage the amalgamation of livestock farms, and eliminate everything that prevents the rapid realization of the vast advantages created by the amalgamation of small artels.
Land organization is based on the state plan assignment established for each collective farm, which determines the

specialization and role of the given collective farm in the general plan for the development of agriculture in the district and region.

Land organization is aimed at creating organizational and territorial conditions that contribute to the fulfillment and overfulfillment of state plans by collective farms, the most productive application of complex agricultural machinery, the full and correct utilization of all land and the enhancement of its productivity, and the comprehensive development of the social economy of the collective farm. When carrying out land organization, the prospects for the development of enlarged collective farms are obligatorily taken into account. Land organization is conducted in inseparable connection with the organization of field cultivation, animal husbandry, vegetable growing, and other productive branches of the social economy of collective farms.

During land organization, the economic features of a specific collective farm, as well as natural-historical conditions — soil cover, terrain topography, natural vegetation, water sources, etc. — are comprehensively taken into account. Land organization strives to ensure that means of production invested in land or inseparably linked with it (buildings, roads, ponds, valuable perennial plantations, etc.) are utilized most fully and effectively. At the same time, it is required to provide for new capital expenditures necessary for the further growth and strengthening of collective farm production (construction of production centers, farms, roads, afforestation, irrigation, water supply, development of new lands, etc.) in connection with the increased economic capabilities of enlarged collective farms.

The most important link in collective farm land organization is the drafting of an economically grounded land organization project. The land organization project is compiled on the basis of the state plan assignment and in close alignment with the development of the long-term perspective plan for the collective farm.

The primary indicators for evaluating a land organization project and all land organization as a whole are: unconditional fulfillment of the state plan assignment (sown area, yield, livestock population and productivity, etc.); full and correct utilization of all lands (development of new lands from virgin land, shrublands, marshes, and other unused or little-used plots); enhancement of soil fertility (introduction of the travopolye system of agriculture, anti-erosion measures, land reclamation, agro-forestry reclamation, etc.); increasing labor productivity and the efficiency of using complex machinery (increasing gross yield of agricultural products calculated per capable collective farmer, per work-day, and per unit of land area, improving conditions for using agricultural machines and implements, etc.); and improving cultural and living services for collective farmers (proper layout of collective farm settlements, field camps, livestock farms, and other production centers, etc.).

One of the vital tasks of land organization in enlarged collective farms is the elimination of land fragmentation, enclaves, wedging, and other land-use defects that hinder the proper utilization of land and impede the successful development of collective farm production. Land fragmentation severely reduces the efficiency of agricultural machinery usage, decreases labor productivity, increases

transport costs, and often causes unnecessary capital expenditures on the construction of roads, water installations, economic centers, etc. Wedging and enclaves cause large losses of working time on turns and maneuverings at the ends of field strips, which leads to an extension of field work deadlines and, consequently, to lower crop yields. Suffice it to say that extending the sowing period in southern arid districts by 3–4 days can reduce grain crop yields by 40–50% or even more. In addition, when cultivating irregularly shaped plots, work quality degrades (missed spots, under-seeding, over-seeding, etc.) and machine wear increases.

According to data as of September 1, 1950, in Moscow Region, for example, 1,250 collective farms needed the elimination of land fragmentation, enclaves, wedging, and other land-use defects; in Novgorod, Omsk, and many other regions, more than 60% of collective farms had such defects. During 1951, extensive work was carried out to improve the land use of enlarged collective farms. However, this work is still far from finished.

It is necessary to ensure that each collective farm is allocated a continuous and compact land mass with proper borders. The achievement of this task is facilitated by permission to transfer, in the established manner, small plots of the state forest fund and other land users (up to 100 hectares) enclaved or wedged into collective farm arrays to enlarged collective farms. In resolving these issues, an economic justification for the expediency of transferring a particular plot, conducting land exchanges, and altering borders is provided in each specific case. In doing so, it is specified how much the exchange, plot transfer, and border modification will affect the improvement

of land and tractor-fleet utilization, transport costs, and the overall organization of labor and production of the collective farm as a whole.

Issues of creating rational land use and internal territorial organization can be correctly resolved provided that land organization is carried out not by a selective method, but simultaneously across all collective farms within the zone of activity of a given Machine-Tractor Station (MTS) or administrative district.

After the necessary corrections in land use, each enlarged collective farm that has adopted the Charter of the Agricultural Artel and registered it with the District Executive Committee is issued a State Act for the perpetual and free use of land. In 1950 and 1951, state acts were issued to more than 50,000 enlarged collective farms. In 1952, this work will be completely completed.

The tasks of organizational and economic strengthening of enlarged collective farms require proper internal land organization. The main elements of internal land organization of collective farms are: territorial layout of collective farm settlements and production centers, organization of agricultural land tracts, and organization of the territory of crop rotations, orchards, vineyards, berry fields, hayfields, and pastures.

In some enlarged collective farms, existing production centers can be reconstructed, and new large well-equipped production centers can be created, facilitating maximum mechanization of production processes on livestock farms, in repair shops, storage facilities, etc. Therefore, selecting the proper location for rebuilding existing production centers and creating new ones is of vital importance.

Based on specific economic and natural-historical conditions and prospects for developing the social economy of collective farms, a production center is placed in one or several locations. Livestock farms are placed taking into account the layout of collective farm settlements so as to maximize the use of existing buildings and installations while ensuring convenient connection with fodder grounds, creating the best conditions for organizing collective farmers' labor, and mechanizing labor-intensive processes in livestock husbandry — in particular for water supply, feed preparation, and manure removal and haulage. For a more complete utilization of feed and manure and to reduce transport costs in large collective farms with a high livestock population, it is economically expedient to place sheep and young feeder cattle near the places of roughage and succulent feed production, using existing settlements, field camps, etc.

Experience shows that in the overwhelming majority of cases, livestock farms of enlarged collective farms are located not in one, but in several points. For example, out of 32 collective farms in Lopas nsky District, Moscow Region only in the 'Krasny Putilovets' collective farm are livestock farms concentrated in one single place. In Urazovsky and Belgorodsky districts, Kursk Region, in no collective farm was it possible to centralize livestock farms. Moreover, even farms for individual types of farm animals (and above all dairy-commodity farms) are frequently located not in one point, but in several. Thus, for example, in the same Urazovsky district, in 14 collective farms (out of 22), dairy-commodity farms (MTF) are located in two points: cows and younger calves in one place, and feeder young stock in another. In Belgorodsky

district, in 5 collective farms, MTFs are also located in two points.

For a more rational use of dairy waste and better organization of feed preparation, it is desirable to place pig farms near cattle (dairy) farms. Such placement is widely applied in practice. For example, in 12 collective farms of Urazovsky district, cattle farms and pig farms are located in one point, and in 10 collective farms at a distance of 0.5–2 km from one another. In Belgorodsky district, in 15 collective farms (out of 19), MTFs and pig farms (STF) are concentrated in one point.

A very important issue in collective farm land organization is the organization of agricultural lands and crop rotations, which consists in establishing the composition of lands, types and number of crop rotations, drafting a land transformation and improvement plan, and economically expedient placement of lands and crop rotations. The merger of collective farms significantly expanded the possibility of introducing the most rational system of crop rotations. With an increase in collective farm land area and a better combination of land tracts, favorable conditions are created for specializing crop rotations and placing them on lands more suited to the given type of crops.

Determining the number of crop rotations in enlarged collective farms is a very serious matter; there can be no pattern or cookie-cutter approach here. When deciding on the number of field crop rotations, the size of the collective farm, land-use characteristics, composition and areas of agricultural crops provided for by the state plan assignment, number and location of settlements, number of field-crop brigades of the

collective farm and MTS tractor brigades servicing the given collective farm, soil conditions, etc., are taken into account.
The task of creating a solid fodder base for animal husbandry requires the introduction of fodder crop rotations. In collective farms with commercial livestock farms located in one point (or close to one another), as a rule, a single common near-farm crop rotation is created; quite often it is combined with a vegetable rotation. In collective farms that are not provided with natural fodder grounds, meadow-pasture crop rotations are also introduced. Often, in collective farms with a relatively small livestock population, general fodder crop rotations are organized without setting aside separate near-farm and meadow-pasture crop rotations.
When organizing and locating land tracts in enlarged collective farms, previously introduced crop rotations should be taken into account. Experience shows that in a number of cases it is expedient to preserve certain crop rotations if they correspond to the plan assignment and ensure the highly productive utilization of complex agricultural machinery.
In every enlarged collective farm, when organizing lands, one should strive to expand the area of arable land and other valuable agricultural tracts by reclaiming low-productivity pastures, clearing brushwood, draining swampy areas, and other so-called inconvenient lands. There are many opportunities for this. Thus, in a number of districts, significant land areas are occupied by brushwood, forest clearings, burned areas, etc. In the central and north-western regions of the USSR, over about 7% of the total land area of collective farm land holdings is occupied by these unproductive lands, and in a number of regions significantly more: in Pskov Region —

15%, in Velikie Luki Region — 17%, etc. Enormous areas are occupied by low-productivity natural pastures and hayfields: in the Non-Black Earth Belt — about three-quarters, and in the Urals and Kazakhstan about half of all lands assigned to collective farms. Transformation of land tracts is carried out to raise the level of intensity in utilizing all land. During land transformation, single-type land plots should be combined into large compact arrays with regular configurations in order to create better conditions for utilizing the machine-tractor fleet, organizing field production processes, and increasing labor productivity.

Enlarging arable land arrays and correcting their configuration are of particularly vital importance for collective farms in the Non-Black Earth Belt, where arable lands were frequently fragmented into a large number of tiny plots. For example, in the 'Na leninskom puti' collective farm, Nekouzsky district, Yaroslavl Region, arable land occupied 323 separate plots, including 113 plots up to 1 ha, 177 plots from 1 to 5 ha, 30 plots from 5 to 10 ha, and only 3 plots over 10 ha. Thus, over 95% of the total arable land area was in plots smaller than 10 hectares. A similar picture was frequently observed before amalgamation in collective farms of Vologda, Leningrad, Kalinin, Pskov, Novgorod, and many other regions of the RSFSR, the BSSR, and the Karelo-Finnish SSR. Besides the fact that the plots were too small in area, they had configurations inconvenient for machine cultivation. All this shows how important it is under Non-Black Earth Belt conditions to consolidate small arable plots into large continuous arrays. For this purpose, it is required to clear brushwood, plow up low-productivity pasture and hayfield

plots, drain marshes, etc. In this effort, meadow-reclamation stations equipped with necessary machinery must come to the aid of enlarged collective farms. It is also important that MTS in the Non-Black Earth Belt have equipment for these same purposes.

It was difficult for small collective farms to develop new lands. Large collective farms possess incomparably greater capabilities in this respect. Thus, enlarged collective farms in Kommunistichesky district, Moscow Region, planned over the next five years (1951–1955) to increase arable land area by 6,752 ha, or by 35.3% compared to 1950, by draining marshes, uprooting shrubs, and plowing low-productivity natural pastures and hayfields. As a result, the cultivated area will increase significantly by 1955. In the Kalinin collective farm of the same district, it is envisaged to increase the sown area by 65% by 1955 compared to 1949 through the development of new lands and low-productivity natural fodder grounds. All this will contribute to the development of the public economy of the artel and raise the material well-being of collective farmers.

Along with land development and land transformation, improving land quality is of great national economic importance. In the process of land organization, measures are outlined for the reclamation of agricultural lands. Simultaneously, the issue of proper placement of lands and crop rotations is resolved.

When placing land tracts and crop rotations, the location of collective farm settlements, production centers, the interrelationship of individual economic branches, capital investments and labor expenditures, and the natural properties

of individual parts of the land holding (topography, soils, water sources, etc.) are taken into account.

In order to create conditions for high labor productivity and the effective use of tractors, combines, and other agricultural means of production, flat or gently sloping land arrays should primarily be allocated for field crop rotations.

Sharply pronounced topography exerts a negative effect on machine aggregate productivity, since tractor drawbar power and fuel are unproductively expended on overcoming hill slopes.

An idea of the impact of topography on tractor productivity and fuel consumption is provided by the following data[39]:

Influence of Slope Angle on Tractor Performance and Fuel Consumption

Slope Angle	Decrease in Productivity (%)			Increase in Fuel Consumption (%)		
	2°	4°	6°	2°	4°	6°
Wheeled tractors	3	25	100	4	8	100
Crawler tractors	-	4	10	1	2	8

The table shows that crawler tractors, when working on plots with a 6° slope, decrease productivity by 10%, while fuel consumption increases by 8%. In addition, on plots with

[39] Ya. V. Shestopal and V. N. Antonovsky, Manual on Establishing Fuel Consumption Norms and Productivity for Tractors in Agricultural Work. Moscow, 1936, p. 30.

sharply pronounced topography, soil erosion occurs along with the associated leaching of nutrients.

It is desirable to allocate compact plots with regular configurations for field crop rotations. Low-productivity natural fodder grounds are allocated primarily for meadow-pasture crop rotations. After placing the land tracts, the organization of the territory of each tract and crop rotation is carried out.

The organization of crop rotation territory consists in mutually agreed layout of fields, brigade plots, field road network, field-protective forest belts, water installations, and field camps. This creates the best conditions for the highly productive utilization of complex agricultural machinery, the rapid introduction of a scientific agro-technical system, the proper organization of work of collective farm field-crop brigades and MTS tractor brigades, and the implementation of agro-forestry reclamation measures. The amalgamation of collective farms created favorable conditions for fulfilling all these requirements.

When placing crop rotation fields, it is necessary first of all to ensure their equal size wherever possible. Each field of a crop rotation is positioned relative to the topography with such calculation as to create conditions in arid regions for maximum moisture retention and soil erosion prevention, as well as to ensure the most effective utilization of tractors, combines, and other agricultural machines. Therefore, crop rotation fields and brigade plots are positioned across the slope, i.e., along the contour lines. When plowing across the slope, soil wash-off is 2–2.5 times less than when plowing along the slope. The

direction of plowing directly depends on the layout of crop rotation fields. Plowing across the slope also significantly reduces the negative consequences of topography. Thus, on terrain with a slope of 6–8°, drawbar power loss during plowing across the slope is less than when working along the slope: for wheeled tractors — by 4.5 times, and for crawler tractors — by 17 times. In regions with excessive moisture, long sides of fields and brigade plots may be placed at an angle to the slope, provided that soil wash-off and erosion are prevented.

It is desirable to project each crop rotation field in a single continuous array. The best field shape is an elongated rectangle. Irregular field configuration hinders tractor and machine usage and lowers field work quality. A triangle is a particularly unsatisfactory field shape. Cultivating such plots requires excess idle maneuvers and turns, leading to reduced machine productivity. For instance, when cultivating a triangular plot, idle turns and maneuvers are 2–2.5 times more frequent than on rectangular plots. Plots with short working runs also cause extra turns and maneuvers, unproductively consuming working time.

Thus, when plowing with an 'SKhTZ' tractor pulling a three-bottom plow on a plot measuring 500 x 80 m, maneuvers and turns account for 12.7% of pure working time, whereas when plowing the same aggregate on a plot measuring 2000 x 40 m, it accounts for only 2.4%, i.e., 5 times less.

The layout of fields and brigade plots is performed in close alignment with the placement of field-protective forest belts. In order to create the best conditions for applying agro-techniques, fields should ideally be projected so that separately

cultivated parts of them, including brigade plots, are situated on homogeneous soil varieties requiring identical agro-technical methods for soil cultivation, plant care, fertilizer application, etc. When laying out crop rotation fields, precursor crops are taken into account to ensure an agro-technically and economically proper and rapid transition to introduced crop rotations.

The placement of brigade plots is carried out considering the proper combination of MTS tractor brigade work with collective farm brigades. In some cases, it is expedient to assign entire crop rotation fields to brigades.

One of the vital tasks of internal land organization in collective farms of steppe and forest-steppe regions of the European part of the USSR is the proper design of field-protective forest plantings. When placing field-protective forest belts, it is necessary primarily to take into account the prevailing direction of dry winds (sukhovey) and terrain topography.

In a large socialist agricultural enterprise, proper placement of the road network is of no small importance. When designing roads, one must strive to ensure convenient and shortest routes from the settlement and production center to all crop rotation fields, brigade plots, pasture and hayfield tracts with minimum expenditures on their construction and operation. The internal road network must connect with public roads (district, regional, etc.).

Land organization work also covers the territories of natural fodder grounds. The organization of pasture territory consists in assigning pastures to livestock farms, dividing them into herd and flock plots, and dividing these plots into paddocks for sequential grazing, as well as designing and locating summer

camps, night pens, sheep cotes, water installations, stock drives, etc. On hayfields, brigade plots are allocated and roads and water installations are designed.

The immense economic importance of socialist land organization lies in the fact that land organization in complex with other measures — travopolye crop rotations, forest belts, etc. — contributes to the most complete utilization of land, highly productive utilization of agricultural machinery, and steady rise in agricultural labor productivity.

The 'Borets' Agricultural Artel, Bronnitsky district, Moscow Region, prior to land organization and the introduction of travopolye crop rotations, utilized public lands unsatisfactorily. 30% of the land area assigned to the collective farm consisted of low-productivity natural hayfields and pastures, with part of these lands being waterlogged and completely unsuitable for use. The collective farm undertook land improvement, and by 1948 the arable land area had increased by almost 1/3, while orchard area — as the most valuable and highly profitable land tract — was expanded 2.5 times. Thanks to proper land utilization and proper management of the public artel economy, the collective farm achieved high production indicators. In 1948, for example, per 100 hectares of agricultural land, the collective farm obtained: 1,517 centners of vegetables, 2,236 centners of potatoes, 633 centners of grain, 39,282 liters of milk, 457 kg of meat, 38 kg of wool, and 202,571 rubles in monetary income.

Collective farms named after Kaganovich, Chapaev, 'Bolshevist Banner', and a number of other artels serviced by the Dyominsky MTS in Stalingrad Region carried out land organization, introduced travopolye crop rotations, and planted

protective forest belts along field borders and reservoir banks. As a result, even in climatically unfavorable years, they obtain high and stable crop yields, increase social livestock numbers year after year, raise livestock productivity, and expand other branches of artel economy.

Collective farms in Belgorodsky district, Kursk Region, until recently acutely needed livestock fodder: arable land was used one-sidedly, predominantly for grain crops; over 1,660 hectares of arable land was left fallow; orchards and vegetable gardens were scarce; crop yields obtained by collective farms were low. In 1951, land organization was carried out in the collective farms. The entire territory of the district was thoroughly and comprehensively studied in soil, botanical, and hydro-geological respects, which allowed determining the proper and full utilization of every plot of land. Travopolye field and fodder crop rotations were introduced in all collective farms. Orchard area was doubled, and vegetable area was significantly increased. Collective farm territory is being covered with field-protective forest belts and a whole system of ponds and reservoirs.

All this will allow collective farms to significantly increase production volume, as can be judged from the following data provided for by the five-year plan for developing district collective farms:

Gross Output of Main Types of Production per 100 Hectares of Agricultural Land in Collective Farms of Belgorodsky District, Kursk Region

Types of Output	Unit of Measurement	At Time of Land Organization (1950)	For Year of Crop Rotation Master Plan	Output Growth by 1955 vs 1950 (%)

			(1954/55)	
Grain	centners	296.2	902.8	304.8
Sugar beet	centners	590.3	1,455.6	246.6
Potatoes	centners	44.4	303.8	684.2
Hay	centners	60.0	865.1	1,441.6
Milk	liters	1,884.0	12,492.0	663.0
Wool	kg	15.7	52.7	335.6
Eggs	pieces	854.0	8,031.0	940.4

As can be seen, gross yield of grain crops increases by more than 3 times, sugar beets — by 2.5 times, potatoes — almost 7 times, milk — 6.5 times, etc.

In a number of district collective farms, economic indicators will be significantly higher, as, for example, in the 'Put k kommunizmu' collective farm.

Economic Indicators of the 'Put k Kommunizmu' Collective Farm, Belgorodsky District, Kursk Region

Indicator	Unit of Measurement	In Year of Land Organization (Jan 1, 1951)	For Year of Crop Rotation Master Plan (1954/55)	Growth by 1955 vs 1950 (%)
Sown area	ha	1,359	1,582	116.4
Orchards and mulberry plantations	ha	28	64.4	230.0
Field-protective	ha	12.5	68.4	547.2

and ravine forest belts				
Gross grain yield	centners	5,444	21,164	388.8
Gross sugar beet yield	centners	12,612	25,000	198.3
Delivery of grain to state and MTS payment	centners	3,612	7,146	198.3
Delivery of sugar beet to state	centners	12,612	25,000	198.3
Grain to be distributed per work-days	centners	734	5,100	694.8
Grain distribution per 1 work-day	kg	1.0	5.15	515.0
Livestock population in terms of standard cattle head	head	260	451	173.5
Livestock per 100 ha of agricultural land (standard head)	head	11.9	21.1	177.3

The table shows that as a result of implementing all measures provided for during the land organization process, land utilization in the collective farm will sharply improve. Gross yield of grain crops will increase almost 4 times, and sugar beets — almost 2 times. Deliveries of agricultural products to the state will rise heavily. Grain distribution per work-day will increase 5-fold.

The main task of socialist land organization is to promote in every way the strengthening and development of the collective farm economy, the growth of their public sector, which forms the basis for creating an abundance of products in our country and further elevating the material well-being of the collective farm peasantry.

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EXPANSION OF INTERNATIONAL TRADE AND THE ECONOMIC DEVELOPMENT OF UNDERDEVELOPED COUNTRIES

One of the tasks of the United Nations, according to its Charter, is to promote higher standards of living, full employment, and conditions of economic and social progress and development with a view to creating conditions of stability and well-being necessary for peaceful and friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples (Article 55).

Similar tasks are recorded in the charters of the so-called intergovernmental specialized agencies attached to the United Nations, created under Articles 57 and 63 of the UN Charter. Thus, for example, the Constitution of the Food and Agriculture Organization (FAO) provides as one of the objectives of the member organizations 'raising levels of nutrition and standards of living of the populations under their jurisdiction.' In this connection, the functions of FAO include providing technical assistance to countries at their request, as well as sending appropriate missions to these countries to assist them.

Article 1 of the Articles of Agreement of the International Bank for Reconstruction and Development also states that one of its tasks is 'to assist in the reconstruction and development of

territories of members by facilitating the investment of capital for productive purposes... as well as encouraging the development of productive facilities and resources in less developed countries.'

Such countries should include the weakly industrialized countries of South and Southeast Asia, the Middle and Near East, Africa, and Latin America. The economy of these countries, as a rule, is developed in a one-sided manner and is characterized by the production of one or several types of food products, agricultural or mineral raw materials; national industry here is either completely absent or extremely weakly developed; the living standard of the population, lacking sufficient food, clothing, and housing, is very low and steadily declining. At the same time, these countries occupy vast territories with large populations and possess rich natural resources. In a number of cases, they are the most important, and sometimes even monopoly, suppliers of raw materials and food: rubber (Indonesia, Ceylon, Malaya), jute (India, Pakistan), tin (Malaya, Indonesia, Bolivia), sugar (Cuba), coffee (Brazil and Central American countries), etc. However, such an advantageous position of underdeveloped countries at first glance leads to very negative results due to their economic weakness, as they become objects of exploitation by strong capitalist powers, and the dependence of their economy on the fluctuating conjuncture of raw material markets—which is often determined by measures of a far from commercial nature —is extraordinarily intensified.

UN bodies have spent a lot of time and effort considering issues of economic assistance to underdeveloped countries, but

the results achieved in their work do not compensate for the time spent discussing these issues. It must be stated frankly that these results turned out to be meager.

Back in 1948, the third session of the UN General Assembly adopted a resolution on the need for assistance to the economic development of underdeveloped countries and allocated about 300 thousand dollars from the UN budget for preliminary expenses for providing technical assistance to these countries. Talks about economic assistance to underdeveloped countries intensified in UN bodies especially after US President Truman proclaimed the so-called 'Point Four' of his inaugural address delivered in January 1949. This 'Point Four' of the American president's program, as is well known, was also dedicated to issues of 'assistance' to underdeveloped countries.

At a meeting of the UN Economic and Social Council in March 1949, the Soviet representative stated that the USSR's point of view on the issue of economic assistance to weak countries and territories comes down to the following:

1. The Soviet Union stands for providing broad economic assistance to underdeveloped countries and territories, provided that this assistance contributes to their national development toward independence, as provided for in the UN Charter.

2. Economic assistance must contribute to the development of the internal resources of these countries and territories, the development of their national industry and agriculture.

3. Economic assistance must not be conditioned on demands for political, economic, or military privileges for the countries providing the assistance.

Subsequently, the UN Economic and Social Council essentially withdrew itself from issues of providing economic assistance to weak countries, limiting its concern only to issues of technical assistance, which, of course, has an incomparably narrower character and can in no way replace the broad economic assistance required by underdeveloped countries. Here, too, the delegates of the USSR, together with representatives of the people's democracies, had to wage a major struggle against opponents of the principle of national sovereignty and industrial development of weak countries to which technical assistance should extend, in order to protect the interests of these countries as far as possible.

Thus, in particular, at the insistence of the Soviet delegation, the Economic and Social Council decided that technical assistance should have as its goal assisting underdeveloped countries in achieving economic and political independence through the development of their industry, agriculture, and ensuring a higher level of economic and social well-being for the population. The Council also adopted another Soviet proposal stipulating that experts sent to underdeveloped countries should not engage in any other activity there except that directly related to the provision of technical assistance, and their functions in these cases must be agreed upon with the governments of the countries receiving assistance.

The Economic and Social Council also approved amendments by the Polish delegation on respecting national sovereignty and state legislation of receiving countries, and on providing assistance on a non-discriminatory basis. It also accepted a proposal by the delegation of the Byelorussian SSR that the provision of information by countries requesting technical assistance should be limited only to those issues that are directly relevant to applications for technical assistance.

Thus, as a result of the initiative and perseverance of representatives of the USSR and the people's democracies, the provision of technical assistance to economically underdeveloped countries requesting such assistance has been surrounded through the United Nations by certain conditions that to some extent guarantee the rights and interests of these countries.

The question of economic assistance to weak countries has been left to the discretion of individual states possessing the necessary monetary funds and material resources, as well as the International Bank for Reconstruction and Development—the only one among the corresponding intergovernmental agencies possessing real funds for investment. Thereby, economically underdeveloped countries are placed in an unequal, subordinate position in negotiations with the majority of their counterparties, an advantage which the latter have not failed to exploit.

For providing technical assistance to weak countries, the United Nations has very modest funds, the main bulk of which, moreover, it transfers to the disposal of specialized agencies.

Thus, in particular, during the eighteen-month period from July 1, 1950, to December 31, 1951, various member countries of the United Nations allocated only 20 million dollars to the UN fund for the so-called 'expanded program of technical assistance', of which more than 70% was transferred to FAO, the International Labour Organization, UNESCO, etc. These funds are spent on paying for experts provided for consultations by the United Nations and intergovernmental agencies, on granting scholarships for technical training of citizens of those countries requesting technical assistance, on organizing local training courses for technical specialists, and similar measures.

This kind of activity could also yield some positive effect, although, of course, absolutely insufficient in light of the enormous needs of economically underdeveloped countries, if it were carried out properly. In this respect, the practice of such specialized UN agencies as FAO and the International Labour Organization appears particularly unsatisfactory. FAO sent numerous missions to survey the state of agriculture in Latin America, Asia, and the Mediterranean basin. Apart from purely technical advice, for example on methods of plant pest control, the recommendations of these missions were aimed at orienting the agriculture of the surveyed countries toward the production of crops that do not compete with American export goods, in particular wheat and cotton. With such a biased approach, weakly developed countries naturally cannot expect effective assistance from the UN and its specialized agencies.

The situation takes an even more serious turn, however, when it comes to economic assistance proper, in this case

through the International Bank for Reconstruction and Development. From the beginning of its operations in 1946 through 1951, the bank made decisions to grant loans totaling only 1,207 million dollars, including 395 million dollars to countries that can be classed as economically weak, of which only 174 million dollars was actually used as of January 1, 1952. Under the guise of checking the commercial expediency of investments, the bank undertakes highly fastidious surveys of the economic and political situation of the country applying for assistance, often in violation of the sovereignty of that country demands from it a series of administrative and legislative measures, and ultimately provides a loan on very burdensome financial terms (averaging around 4% per annum) for the construction of specific objects approved by the US, which plays a leading role in the affairs of the bank. The International Bank for Reconstruction and Development grants loans almost exclusively for the construction of power plants and transport development in loan-receiving countries in order to increase their production of raw materials and other strategic materials, which are then exported to the United States.

Truman's so-called 'new program' ('Point Four') faded before it could bloom. As its author once said, it was supposed to 'make available to underdeveloped areas the benefits of American store of technical knowledge' and foster American capital investment 'in areas needing development.' In reality, this program boiled down to allocating insignificant funds for 'technical assistance', leaving open the question of providing weak countries with capital and material resources for the purposes of broad economic construction, which could truly

ensure employment and raise the living standard of the broad masses of the population residing in South and Southeast Asia, the Pacific Basin, Africa, and Latin America. For the 1950/51 fiscal year, the US Congress appropriated only 14.5 million dollars for 'aid' under 'Point Four', most of which was spent on paying American officials sent to countries receiving 'aid' under this program. For 1951/52, only 13 million dollars was allocated in the US as a contribution to the UN fund for the 'expanded program of technical assistance'.

American ruling circles made it a condition for granting funds for 'technical assistance' under 'Point Four' that receiving countries conclude special agreements with the US. In doing so, the latter made every effort to ensure for themselves not only full information on the economic situation of recipient countries, but also mineral exploration wherever they had not secured this right through other agreements. Thus, for example, under a 'technical assistance' agreement with Nepal, the US obtained agreement 'for the immediate conduct of a survey of the country's mineral resources', and a corresponding American mission headed to Nepal.

Such 'technical assistance' agreements play the role of auxiliary, preliminary measures designed to pave the way for direct American capital investments in countries that are objects of such 'assistance', as well as for loans from the US Export-Import Bank. The magazine of major American industrialists and bankers, Business Week, viewing Truman's 'Point Four' program as a continuation of the 'Marshall Plan', wrote in May 1949 that its operation should be calculated for a longer period, roughly 50 years. As the main methods for

implementing the Truman program, the magazine listed loans from the International Bank for Reconstruction and Development and the Export-Import Bank in Washington, private investments, and the expansion of the American strategic raw materials stockpiling program—playing a by no means secondary role—which should result in increased production of raw materials in underdeveloped countries and their export to the US.

As for American private investments, even prior to this they were directed in significant amounts to economically underdeveloped countries. These capital investments carry a specific character and are directed almost exclusively toward expanding US oil enterprises in Venezuela and certain other Latin American countries, as well as in Middle and Near Eastern countries—Saudi Arabia, Kuwait, and Iraq. Such investments in no way contribute to the economic development of these countries or the social progress of their populations, but lead merely to the squandering of their national wealth.

In other, so to speak, 'untested' underdeveloped countries or regions, capital is either not invested at all, or invested in extremely insignificant amounts, preceded by a whole series of preliminary conditions. Characteristic in this respect is the so-called 'International Code of Fair Treatment for Foreign Investments' adopted in 1949 at the 12th Congress of the International Chamber of Commerce, granting them, in essence, unlimited rights and guarantees in economically underdeveloped countries. The main mass of the population of such countries falls within the British Empire. The British countries of Southeast Asia are suppliers of the most important

raw materials required by British industry, and one of the sources of dollar inflows into the British Treasury. At the same time, nowhere in the world do poverty, famine, and population mortality reach such appalling proportions as in India and neighboring underdeveloped countries. Thus, for example, according to the FAO annual report for 1951, with an average minimum human nutritional standard of 2,800–3,000 calories per day, nutrition in India was 1,600, in Indonesia 1,950, and in Indochina 1,560 calories.

The ruling circles of England, alarmed by the growth of national self-awareness and the liberation struggle of the peoples of Asia and the Far East, alongside measures of direct military intervention, are trying to divert the attention of these peoples with promises of aid for the economic development of countries in this region. A significant role in this British policy is also played by England's desire to prevent the strengthening of American positions here. As a result of these efforts, the so-called 'Plan for Cooperative Economic Development in South and Southeast Asia', known as the 'Colombo Plan', appeared, which British propaganda attempts to present as a kind of 'generous contribution of England to the cause of assisting economically underdeveloped countries.'

However, an analysis of the 'Colombo Plan' immediately reveals not only its bias, but also its unreality and extreme limitation. The 'Colombo Plan', designed for six years, covers India, Pakistan, Ceylon, Malaya, and British possessions in North Borneo, providing for the expenditure of 1,868 million pounds sterling, which amounts to less than 2 dollars per person per year. In reality, however, these sums are neither at

the disposal of the countries covered by this 'plan', nor at the disposal of its initiating countries. Of the total planned expenditure of 1,868 million pounds sterling, imports account for 1,084 million pounds sterling, or 58% of the total, with more or less real funds for implementing the import program consisting of the sterling balances of these countries in the amount of about 250 million pounds sterling, which England promises to unblock. In addition, it is intended to obtain approximately 100 million pounds sterling in credits from Canada, Australia, New Zealand, and England itself (in the latter case to pay for imports of materials and equipment into Malaya and North Borneo). All other funds required under the 'Colombo Plan', including to a significant extent local currency, remain without any real backing.

The 'Colombo Plan' not only sets more than modest tasks in terms of raising the economic level of the countries covered by this 'plan', but above all lays no material foundation for ensuring genuine economic independence for these countries. It is projected that after the implementation of the 'Colombo Plan', sown areas in these countries should increase by only 3.5%, grain production by 6 million tons, and power plant capacity by 1.1 million kW. This at best will merely preserve the existing destitute standard of living of the population and holds out no hopes for its improvement.

The 'Colombo Plan' provides mainly for the development of agriculture within the above limits and transport in the interests of increasing exports of jute, cotton, rubber, and other raw materials. No more than 10% of total capital investments is proposed to be directed into industry, and predominantly light

industry at that. The question of developing heavy industry as a means of achieving genuine economic...

...and political independence for the countries of Southeast Asia is not even posed by the 'Colombo Plan'. Its entire objective is to consolidate the role of these countries as suppliers of cheap raw materials and sales markets for products of British industry.

From the above, it is clearly visible that the 'economic assistance' provided by the United States of America, England, and their partners aims not at creating a solid foundation for the national economy of weak and underdeveloped countries, but merely at stepping up the extraction and production of strategic raw materials and supplies in them for export to the states providing 'assistance' and building up huge strategic raw material reserves. Countries that are the object of this 'assistance' are denied supplies of industrial equipment, machine tools, and machinery vital for the development of their national economy, since such supplies would contribute to establishing their economic independence and political sovereignty and would inevitably exacerbate competitive struggle in markets even further. Such 'assistance', naturally, cannot promote the economic and social progress of weakly developed countries, but on the contrary retards the development of their productive forces, increases their dependence on major capitalist powers, leaves them in the position of agrarian and raw-material appendages to the economy of these powers, and jeopardizes even the current destitute living standard of the population of underdeveloped countries.

To the Soviet Union, absorbed in grand tasks of peaceful construction, by its very nature such goals as keeping underdeveloped countries in the position of backward, agrarian-raw material appendages of major industrial states and pumping raw materials out of these countries are completely alien. Being a firm and principled advocate of the right of all peoples to national self-determination, the Soviet Union has always sought in every way to promote the development of the productive forces of underdeveloped countries, the rational utilization of their natural wealth, and their attainment of economic independence and political sovereignty. The mutual relations of the Soviet Union with all other countries are based on the Lenin-Stalin principle of the equality of large and small nations and mutual respect for national sovereignty. The Soviet Government firmly adheres to this principle and never departs from it.

A vivid testimony to the beneficial influence of close economic relations with the USSR on the development of productive forces of other nations is the success of economic and cultural construction in the European people's democracies, most of which were in the recent past agrarian countries. Trade treaties of the Soviet Union with the people's democracies, concluded on the basis of equality and mutual benefit, ensure USSR assistance to the independent and free development of the economy of these countries that have embarked on the path of accelerated industrialization. Deliveries of Soviet equipment, including a highly diverse assortment of the most advanced modern technology, enabled the people's democracies to rapidly heal the wounds inflicted by war and

fascist occupation, significantly exceed pre-war production levels, and advance the cause of industrialization far ahead.

The Soviet Union is a mighty industrial power. On the basis of the latest achievements of science and technology, complex modern machine tools, machines, equipment, instruments, devices, etc., are produced at its plants. Suffice it to say that in 1951 alone, the engineering industry of the USSR created about 500 major new types and models of machinery and mechanisms.

There is no type of equipment, machine tools, or machinery, even the most complex, that could not be produced at enterprises of the USSR. Soviet hoisting-and-transport, textile, printing equipment and machines, trucks and passenger cars, optics, all kinds of instruments, etc., have been demonstrated at numerous international exhibitions and earned universal acclaim. In the coal mines of the Soviet Union, coal combines and the latest cutter-loaders—the most productive in the world—operate faultlessly. For example, a coal combine with a capacity of up to 60 tons per hour simultaneously undercuts, breaks down, and loads up to 85% of coal in seams from 0.8 to 1.5 meters thick. Soviet boiler and turbine construction has leaped far forward; new types of powerful steam turbines and high-pressure boilers, hydroturbines, and hydrogenerators have been created. The Soviet machine-tool industry has mastered about 150 new types of high-productivity metal-cutting machine tools and forging-and-pressing machines. New types of equipment have been released for light, food, and other branches of industry and transport. Powerful suction dredges and excavators, single-bucket

walking and multi-bucket excavators, powerful concrete mixers for automated concrete plants, 25-ton trucks, and other high-productivity mechanisms are widely used in the USSR in the construction of canals, hydroelectric complexes, highways, and railways.

The agriculture of the Soviet Union, alongside already mastered types of tractors, grain combines, complex threshers, soil-cultivating, sowing, harvesting, and other agricultural machines, receives ever new types of such machinery and implements that contribute to the further mechanization of agricultural work. In addition, a number of new machines have been manufactured for feed harvesting mechanization, as well as for protective afforestation work.

All this top-quality production can be exported to countries needing it for the development of their national economy.

Visitors to the Soviet pavilion at the Bombay International Industrial Exhibition in 1952 saw firsthand the richness and high level of Soviet technology. Machine tools, which according to the director of the Bombay Industrial Institute have no equal, crawler tractors, electric excavators, coal combines, and equipment for light industry, cotton harvesters, mowers, grain-cleaning machines, fabrics of the finest finish and coloring, first-class wheat, and a host of other goods, machines, and instruments evoked the admiration of guests at the Soviet pavilion. 'This is an exhibition of a new world,' the Indian newspaper Crossroads wrote of the Soviet pavilion. 'The lie about the "Iron Curtain" has been exposed.'

The pavilions of the People's Republic of China, Hungary, and Czechoslovakia also enjoyed great success at the exhibition.

At the 8th session of the Economic Commission for Asia and the Far East (ECAFE), held in February 1952 in Rangoon (Burma), the Soviet representative, in furtherance and supplementation of the proposal submitted by the Soviet delegation at the conference on trade promotion in Asia and the Far East in Singapore in October 1951, made a statement on the trade of the Soviet Union with Asian countries.

The USSR representative declared the possibility of supplying Asian and Far Eastern countries from the Soviet Union on mutually beneficial terms with machine tools, power and electrical equipment (including power plants), transport equipment, locomotives, railcars, mining industry equipment, textile and footwear factory equipment, and machinery for other branches of light industry, agricultural machinery and implements, and other machines required by Asian and Far Eastern countries for their industrialization and agricultural development, as well as cement, timber, fertilizers, grain, and consumer goods in exchange for raw materials and consumer goods produced in these countries and of interest to the Soviet Union—rubber, jute, shellac, tin, spices, tea, cinchona bark, etc. The Soviet representative stated that the USSR is ready to consider proposals from Asian and Far Eastern countries on concluding trade agreements and compensation transactions on the basis of mutual benefit.

When at the above-mentioned conference in Singapore the Soviet representative made a statement regarding the

development of trade between the USSR and Asian countries, propaganda hostile to the Soviet Union clumsily tried to portray this performance as a simple maneuver lacking any real basis. But it is not for nothing that they say lies have short legs. The entire history of economic relations between the USSR and the European people's democracies and the People's Republic of China, the selfless assistance rendered by the Soviet Union in restoring and further developing the national economy of these countries, refutes the falsity of such assertions better than any words. As Liu Shaoqi, Vice Chairman of the Central People's Government of the People's Republic of China, stated: 'The trade terms put forward by the Soviet Union are also from start to finish friendly and selfless. No capitalist countries can offer such terms. This serves as a concrete manifestation of the spirit of internationalism inherent in the Soviet people.'

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PRINCIPLES OF EQUALITY IN THE TRADE OF THE USSR AND THE PEOPLE'S DEMOCRACIES

The friendship of peoples, contribute to maintaining and strengthening peace and general security, promote the utilization of industrial capacities and an increase in employment in Western countries, and raise the living standard of millions of people; it corresponds to the interests of industrial and commercial circles of all countries, cooperative, and trade union organizations. This explains the great attention from industrialists, merchants, financiers, academic economists, cooperative, and trade union figures throughout the world to the International Economic Conference convened on April 3–10, 1952, in Moscow.

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Comprehensive close cooperation established between the USSR and European countries of people's democracy represents a model of new mutual relations among equal, free, and independent peoples—relations based on the Lenin-Stalin principle of equality of large and small nations, non-interference of one state in the internal affairs of another state, and mutual respect for territorial integrity and national sovereignty.

At the foundation of economic relations between the USSR and people's democratic countries lies not fierce competitive struggle, not a policy of dictate and subordination of the weak to the strong, not the flouting of national

independence, but genuine equality of parties, mutual benefit, and honest, selfless mutual assistance.

The forms of economic cooperation between the Soviet Union and people's democratic countries are highly diverse. They include: foreign trade, joint exploration and utilization of natural resources, provision of credits and loans, organization of joint-stock companies and joint chambers of commerce on a parity basis, technical mutual assistance, scientific and technical cooperation and exchange of technical and production experience, cooperation in personnel training, organization of exhibitions, etc.

At the foundation of all these forms of economic cooperation among free and equal peoples lies the fraternal assistance of the Soviet Union as the most developed state. From the very first days of the liberation of Central and Southeastern European countries from fascist slavery, the Soviet Union, itself experiencing difficulties associated with the consequences of the war, rendered huge and varied assistance to these countries in restoring their economies destroyed by war and Hitlerite plunder. Even during the war, on October 20, 1944, the first agreement was concluded between the USSR and free Poland, under which the Soviet Government immediately delivered flour, petroleum products, coal, and other goods urgently needed by the liberated regions of Poland. The Soviet Union also helped the Polish Republic revive Warsaw, launch power plants, put into operation a radiotelegraph network, restore bridges, etc. The Soviet Union delivered a significant amount of food to the People's Republic of Bulgaria in the first year of its existence, as well as valuable

raw materials that enabled it to launch textile and other enterprises. Soviet supply deliveries to Hungary under the 1945 trade agreement satisfied its requirements for iron ore by 40%, coke by 50%, and nickel and gasoline by 100%, etc. Characterizing Soviet assistance to Hungary rendered immediately after its liberation, Ernő Gerő, Vice-Chairman of the Council of Ministers of the Hungarian People's Republic, wrote:

"Deliveries of food products from the Soviet Union, at a time when our country had neither production nor an organized supply system, and all railways and transport were in a state of ruin, saved the 1.5 million population of Budapest from starvation. The Soviet Army helped restore the bridges across the Danube and Tisza blown up by the fascists. We received the first raw materials necessary to launch our industry from the USSR."

Subsequently, the assistance of the Soviet Union to the people's democratic countries expanded and deepened year by year, and now encompasses various branches of the national economies of these countries. The Minister of Foreign Trade of the Romanian People's Republic noted that "there is no branch in the Romanian national economy in which this daily assistance of the Soviet Union is not felt at every step."

In the post-war period, the Soviet people achieved a further rise in their national economy and now have even greater opportunities to strengthen assistance to other peoples. The Soviet Union, in rendering material assistance to the people's democratic countries, does not demand any political,

economic, or military-strategic concessions from them. Assistance from the Soviet Union always serves as a source of multiplying strength and strengthening the economic and political independence of peoples.

The main factors in the successful economic development of the people's democratic countries, in addition to their internal measures and national efforts, are the versatile assistance of the USSR, as well as their mutual economic cooperation and mutual aid. In an exceptionally short time, the people's democratic countries managed to heal the heavy wounds of war, restore their industry, agriculture, and transport, and far exceed pre-war levels in major economic indicators, as well as raise the material well-being and cultural living standard of the population. By the end of 1951, the pre-war level of industrial production was exceeded in Czechoslovakia almost two times, in Romania more than two times, in Poland and Hungary almost three times, in Bulgaria more than three times, and in Albania more than four times.

The most important link in the system of economic relations between the USSR and the people's democratic countries is their close trade ties.

Before the Second World War, the foreign trade of Central and Southeastern European countries was one of the main channels through which strong Western powers, exploiting the dependence of these countries on foreign markets, subordinated them and hindered the development of their national economies. After the war, the situation changed radically. The foreign trade of the people's democratic

countries with the Soviet Union and among themselves is a powerful tool promoting the growth of their productive forces, the rise of their national economy, and the strengthening of their economic self-reliance and political independence. The inviolable law of this trade is the principle of equality and mutual benefit.

Goods turnover between the people's democratic countries and the Soviet Union grows rapidly from year to year. The foreign trade turnover of the USSR in the post-war years increased significantly and already in 1949 in terms of physical volume exceeded the pre-war level by more than double. The share of the people's democratic countries in the USSR's trade turnover in the same year accounted for about two-thirds. In subsequent years, trade turnover between the Soviet Union and people's democratic countries consistently increased.

Mutual deliveries of goods between the USSR and the Polish Republic for the period 1948–1952, established by the Soviet-Polish agreement of January 26, 1948, were increased in 1949 by 35% compared to the level of annual deliveries provided for by the aforementioned five-year agreement. In 1950, total goods turnover between the USSR and Poland, including deliveries of goods and equipment made by the Soviet Union under credit agreements, was increased by 34% compared to 1949. On June 29, 1950, a Soviet-Polish protocol was signed under which the volume of goods turnover between both countries was again increased for the remaining last two years of the January 26, 1948 agreement. Simultaneously, an agreement on mutual deliveries of goods for the period 1953–1958 was signed, also providing for further growth in Soviet-

Polish trade turnover between both countries for the remaining last two years of the January 26, 1948 agreement. The average annual trade turnover between the USSR and the Polish Republic planned for 1951–1958 was increased by more than 60% compared to the average annual trade turnover actually achieved in 1948–1950. In the post-war period, Soviet-Polish trade turnover increased five times.

The five-year economic agreement concluded on November 3, 1950, between the USSR and the Czechoslovak Republic outlines a significant increase in mutual commodity deliveries for 1951–1955. The average annual Soviet-Czechoslovak trade turnover during this period will increase by more than 50% compared to the average annual trade turnover of 1948–1950. The long-term agreement signed on August 24, 1951, between the USSR and the Romanian People's Republic on deliveries of industrial equipment and technical assistance to Romania, as well as on the further development of trade turnover between the USSR and Romania, provides for an increase in average annual Soviet-Romanian trade turnover in 1952–1955 by more than 50% compared to the average annual trade turnover of 1948–1951. A significant increase in Soviet-Hungarian trade turnover for the period 1952–1955 is outlined by the long-term agreement on mutual commodity deliveries signed on January 23, 1952, between the USSR and the Hungarian People's Republic. Soviet-Bulgarian trade turnover is also steadily growing. In 1950, it was increased by more than 20% compared to the trade turnover of 1949, and in 1951 it grew even more.

The Soviet Union concluded agreements on deliveries of goods for 1952 with the people's democratic countries. Striving for further development of mutual trade, the parties provided in these agreements for a significant increase in trade turnover compared to 1951.

The share of the Soviet Union in the foreign trade turnover of the people's democratic countries is continuously increasing. Before the Second World War, trade turnover between the USSR and the countries of Central and Southeastern Europe was very insignificant, and the share of the USSR in the total foreign trade turnover of Poland, Czechoslovakia, Bulgaria, Hungary, Romania, and Albania did not even reach 1%. The volume of trade turnover among these countries themselves was also small and developed very weakly. The situation changed decisively in the post-war period. Goods turnover of the people's democratic countries both among themselves and with the USSR increased many times over. At present, the Soviet Union holds first place in the foreign trade turnover of the people's democratic countries, the volume of which has exceeded the pre-war level many times over. The share of the USSR and the people's democratic countries in Czechoslovakia's foreign trade turnover reached 60.5% in 1951 compared to 45.5% in 1949; in Bulgaria's foreign trade turnover, the share of the USSR and the people's democratic countries exceeds 80%. The USSR and the people's democratic countries in 1950 accounted for 56.6% of Hungary's imports and 66% of its exports. In 1951, this share increased even further.

The major part of Soviet exports to the people's democratic countries consists of industrial equipment for plants, factories, power stations, and other industrial projects being constructed there. Deliveries from the USSR of most valuable industrial equipment, machine tools, machinery, and raw materials, carried out under both trade and credit agreements, are of immense importance for the accelerated industrialization of the people's democratic states. The latest industrial equipment and valuable raw materials received from the Soviet Union help the people's democratic countries strengthen and develop their own production re-arming the entire national economy on the basis of advanced technology. In turn, deliveries of goods from the people's democratic countries to the USSR serve as an additional source for accelerating the execution of Soviet national economic plans.

The rise of the peaceful economy of the Soviet Union enabled it not only to steadily expand exports of individual types of equipment to the people's democratic countries, but also to supply them with complete equipment for whole industrial plants. The USSR supplies these countries with entire industrial combines, plants, factories, power stations, and other industrial structures. This is of immense importance for accelerating the pace of industrialization in the people's democratic countries. On this matter, the Bulgarian newspaper Rabotnichesko Delo wrote: "Never before in the history of nations has there been an instance where one country provided another with entire new plants, power stations, industrial and agricultural and other machinery, even though it needed them itself."

Industrial equipment supplied from the Soviet Union, as well as Soviet scientific and technical assistance, were of decisive importance in creating a new metallurgical base and other important branches of industry in Poland. The pride of the Bulgarian people—the recently commissioned Comrade Stalin Nitrogen Fertilizer Combine—is equipped with Soviet machinery. Deliveries of equipment and industrial raw materials to Romania from the Soviet Union contributed to creating its own large-scale machine-building industry, which forms the basis of the country's industrialization. Industrial enterprises put into operation in post-war years in the People's Republic of Albania are almost entirely equipped with Soviet machinery. The head of government of the People's Republic of Albania, Enver Hoxha, summing up the results of the major achievements of the Albanian people in restoring and developing the country's national economy, wrote: "...Our industry is expanding and strengthening at the expense of enterprises equipped with first-class Soviet machinery. Such are the Stalin Textile Combine, a powerful sugar factory, the Lenin Hydroelectric Station, a cotton ginning plant, a woodworking combine, and other enterprises that have already gone into operation."

In the early post-war years, trade agreements between the USSR and the people's democratic countries were concluded for a period of no more than one year. Recently, they have been replaced by long-term, multi-year trade agreements. Such agreements, concluded by the USSR with Poland, Czechoslovakia, Hungary, Romania, the German Democratic Republic, and the Mongolian People's Republic, establishing

quotas of mutual commodity deliveries for a period of 4–6 years, organize and expand trade turnover between these countries even further, making it possible to plan this trade turnover for a number of years ahead and link it closely with overall national economic plans. At present, when the European people's democratic republics have adopted and are successfully implementing five-year and six-year plans for developing their national economies, long-term trade agreements with the USSR are of exceptionally vital importance to them, as they guarantee an uninterrupted and steadily increasing inflow of material resources necessary to fulfill planned assignments. Long-term trade agreements concluded by the Soviet Union with the people's democratic countries impart even greater stability to the foreign trade relations of these countries and are a highly important factor in strengthening their planned economies.

Trade agreements of the USSR with the people's democratic countries are based on the principle of equality of value in mutual commodity deliveries, observed over six-month periods of operation of these agreements. During each six-month period, the value of deliveries of goods from one side may exceed the value of deliveries of goods from the other side; however, by the end of each six-month period of operation of the trade agreement, mutual deliveries must be balanced. If by the end of the year any party has not leveled out the lag in its deliveries, it is given an additional three-month period to do so.

Mutual deliveries of goods between the USSR and the people's democratic countries are carried out at fair prices

established by mutual agreement, with a uniform principle applied for goods of both contracting parties when determining prices, thereby eliminating any non-equivalence in mutual trade turnover.

Foreign trade policy, like the foreign policy of the USSR and the people's democratic countries as a whole, knows no opportunistic approach to international obligations, no arbitrary, unilateral alteration or cancellation of treaties and agreements or their individual articles. These states in their foreign policy strictly adhere to the principle of exact compliance with signed treaties and agreements, including, naturally, trade agreements. The fidelity of the Soviet Union and the people's democratic countries to their obligations, as well as exact and conscientious fulfillment of them, belong to the fundamental principles of mutual relations among these states. This principle, firmly established in the practice of trade relations of the USSR and the people's democratic countries, is of immense importance, as it guarantees the parties timely receipt of necessary equipment, raw materials, and other goods whose delivery is stipulated by trade agreements. Firm confidence in receiving on time the goods needed for the national economy further strengthens the planned economy of these countries.

Trade agreements with the Soviet Union provide the people's democratic countries with a vast and stable market for selling their products. Firm assurance of a sales market removes a series of serious problems usually confronting exporters, especially exporters from small capitalist countries

that cannot secure such markets by force and are therefore forced at best to sell their goods for next to nothing.

The established system of payments for mutual commodity deliveries of the Soviet Union and the people's democratic countries corresponds to the interests of the contracting parties and promotes the development of trade turnover between them. All accounts opened by banks of the contracting parties for making payments on trade turnover and expenses associated with trade turnover are kept in rubles—the most solid and stable currency in the world. Recalculation into rubles of the currency of the other contracting party is carried out at an agreed exchange rate.

The stability of foreign trade relations of the people's democratic countries with the Soviet Union is ensured by state national economic plans, and trade agreements performed exactly and on time in terms of quantitative and qualitative indicators. Foreign trade with the Soviet Union serves as a reliable shield protecting the economy of the people's democratic republics from cyclical fluctuations of the capitalist market, currency and stock exchange manipulations, etc.

During the period 1945–1951, the Soviet Union granted loans and credits to Czechoslovakia, Poland, Romania, Bulgaria, Albania, and the People's Republic of China. The most widespread form of credit agreements concluded by the Soviet Union with these countries consists of agreements on deliveries of industrial equipment from the USSR on credit and agreements on commodity credit. Deliveries from the USSR to the people's democratic countries on credit of industrial

equipment, raw materials, and other goods serve for these countries as a substantial addition to the goods they receive from the USSR under trade agreements.

Loans and credits are granted by the Soviet Union to the people's democratic countries on favorable terms regarding timeframes, interest rates, and repayment. Thus, for example, in 1948 the Soviet Union granted Poland a medium-term credit of up to $450 million to cover deliveries from the USSR in 1948–1956 of industrial equipment, in particular for a large new metallurgical plant, power equipment, equipment for chemical plants (nitrogen fertilizers, soda, carbide, etc.), as well as equipment for metalworking, textile, and other branches of industry, and equipment for the reconstruction of cities and ports. Under the Soviet-Chinese credit agreement of February 14, 1950, which in its structure and form basically coincides with credit agreements concluded by the USSR with European people's democratic countries, the Soviet Union granted the People's Republic of China a long-term economic credit at 1% per annum for use over 5 years to pay for deliveries from the USSR of equipment and materials, including equipment for power plants, metallurgical and machine-building plants, equipment for coal and ore mining, railway and other transport equipment, rails, and other products necessary to restore and develop China's national economy. Repayment of this credit will be made over 10 years in equal annual installments.

One of the important forms of economic cooperation between the USSR and the people's democratic countries is mutual scientific and technical assistance, primarily scientific

and technical assistance rendered by the Soviet Union. This assistance is vitally necessary for the people's democratic countries, given the grand scope of their industrial construction, as well as the fact that most of these countries were in the past backward, agrarian countries.

Technical assistance rendered by the Soviet Union to the people's democratic countries is broad and varied. At the request of the governments of these countries, Soviet specialists conduct survey and research work on site, as well as develop blueprints and designs for the construction of major plants and factories, power stations, mines, and other industrial facilities, introducing into these new projects the most advanced achievements of science and technology. Soviet engineers and technicians render assistance in construction, installation, and startup of new enterprises, as well as in mastering production and introducing the latest progressive methods of labor.

The Soviet Union renders assistance to the people's democratic countries by gratuitously transferring to them licenses, drawings, and other technical documentation, as well as accepting engineers and workers from these countries for training at Soviet enterprises. Centers for disseminating advanced experience in labor organization and correct leadership and management of modern enterprises are the joint-stock companies created in Hungary, Romania, and other countries on a parity basis and operating on the basis of genuine friendly fellowship and observance of mutual interests. A school for engineers, technicians, and workers of the people's democratic countries is also provided by those

enterprises that, at the request of the respective governments, are built by Soviet engineers, technicians, and highly qualified workers from complete sets of equipment supplied from the USSR. The rich experience of Soviet production innovators is becoming increasingly widespread in the people's democratic countries, whose technical and production personnel are rapidly raising their technical level.

The mutual exchange of scientific and technical experience between the USSR and the people's democratic countries is carried out on the basis of long-term agreements on scientific and technical cooperation. The USSR has concluded such agreements with Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, as well as with the German Democratic Republic. In these agreements, the contracting parties undertake to mutually promote the development of cooperation in the scientific and technical field through the exchange of relevant information, as well as through the exchange of experience in industrial production. The agreements provide for the creation of joint commissions of 5 members from each side. These commissions are assigned the development of measures to carry out the tasks set by agreements on scientific and technical cooperation, and the submission of relevant recommendations to their governments. Meetings of the commissions take place at least twice a year alternately in the capitals of the contracting parties. Agreements on scientific and technical cooperation are concluded for a period of 5 years with the right of automatic renewal for subsequent 5-year periods. Broad mutual utilization of scientific and technical experience helps the

parties accelerate the pace of development of industry and agriculture.

In all people's democratic countries, immense peaceful economic construction is taking place. The working people of the people's democratic republics have achieved major successes in building a new life, carrying out extensive plans for national economic reconstruction, industrialization, electrification of their countries, mechanization of agriculture, and construction of new cities and villages. The most important aid in the rapid development of the national economy and industrialization of these countries consists of timely and regular deliveries of the latest industrial equipment, machine tools and machinery, raw materials, fuel, and food from the Soviet Union, as well as the provision of credits and loans, and the rendering of technical assistance. The economic cooperation of the people's democratic countries with the USSR and among themselves is one of the key factors in developing the national economy of these countries and further improving the situation of their population.

The national industry of the people's democratic countries is mastering year by year ever newer types of industrial products of decisive importance for the industrialization of these countries. Thus, in Romania, the production of special steels, steel cables, powerful engines, improved machine tools, hydraulic presses, turbogenerators, transformers, and tractors has been set up for the first time. Serial production of oil equipment and large mechanical units is carried out. In 1951, Romanian industry, with the help of the Soviet Union, mastered the production of new types of machinery for the

coal, oil, and construction industries, combines, crawler tractors, mechanical elevator installations, ball bearings, etc. In Poland, a series of new branches of industry has been created that did not exist in old gentry Poland, namely: production of heavy and special machine tools, tractors, trucks, seagoing vessels, synthetic materials, and modern artificial fiber. Poland now has a developed production of industrial equipment for metallurgical, coal, chemical, paper, and other branches of industry. In 1951, in Poland, with the help of the Soviet Union, production of coal combines, coal-cutting machines, new types of metalworking machine tools, equipment for the oil industry, etc., was mastered.

Bulgaria has achieved serious successes in mastering new branches of industry. In particular, it mastered the production of lathes, planers, and grinding machines, compressors, gas generators, transformers, and created its own machine-building, shipbuilding, chemical, and electrical industries, etc. In 1951 Bulgarian machine-building enterprises mastered and introduced into production over 100 types of new machines. Major achievements in the vital cause of mastering new types of industrial products were also made by other people's democratic countries.

The growth of industrial production is accompanied in the people's democratic countries by a fundamental improvement in the material and living conditions of the population. In these countries, unemployment has been eliminated forever, and hundreds of thousands of new workers join their industries every year. In 1951, the number of workers and employees engaged in industry increased compared to 1950 in Poland by

almost 12% and in Czechoslovakia by 4%; in Hungary, the number of workers and employees grew by 109,000, and in Romania by 210,000. In 1951, the real wages of workers and employees in the people's democratic countries continued to rise steadily. In Hungary, the wage fund increased in 1951 by 22.4% compared to 1950. The purchasing power of the population is growing. As a result of this, in Poland in 1951 total retail trade turnover grew by 11% compared to 1950, and turnover in state and cooperative retail trade by almost 25%. In Czechoslovakia in 1951, more was sold to the population than in 1950: butter by 23%, lard by 2.6%, artificial fats and sugar by 8%, tea by 19%, candy by 20%, vegetables by 26%, etc. In Romania, the quantity of industrial goods sold to the population increased over the same period by 22.3%. In the spring of 1950, rationing for industrial goods was abolished in Bulgaria, and in February 1952 rationing was completely abolished in Hungary with a transition to free trade. In all people's democratic countries, prices for consumer goods are reduced, and the living standard of the population has left pre-war levels far behind.

The economic and political successes of the European people's democratic countries and the consolidation of their state system clearly demonstrate to the whole world what can be achieved by relying on friendly cooperation with the Soviet Union and its assistance, and how, while preserving economic self-reliance and political independence, it is possible to ensure the rapid development of the economy and the improvement of the living conditions of the population.

Questions of Economics, No.3, 1952.

Editorial

FOR THE COMPREHENSIVE DEVELOPMENT OF INTERNATIONAL ECONOMIC COOPERATION

Document on the International Economic Conference

On April 3, the International Economic Conference opens in Moscow. Industrialists, merchants, economists, engineers, trade union and cooperative figures from dozens of countries—people of the most diverse political views and beliefs, but united by a single aspiration: to promote international economic cooperation and the development of trade and other economic ties between states—are converging on the capital of the Soviet Union. The Soviet economic public welcomes the International Economic Conference, the work of which will be aimed at finding means that promote peaceful cooperation between various countries and various economic and social systems.

Active preparations for the International Economic Conference have been underway for more than 5 months. National preparatory committees for participation in the conference were established in France, England, Italy, Austria, the Scandinavian countries, Czechoslovakia, Bulgaria, Japan, India, Pakistan, Iran, Argentina, Colombia, and many other countries.

The goals and prospects of this conference were and remain the subject of comprehensive discussion in the world economic and general press of various orientations. The universal

attention of the world public surrounding the International Economic Conference, opening in a few days, irrefutably testifies to the vital importance of the tasks facing it.

The upcoming conference is an economic conference. Its participants are gathering not for political and ideological disputes, not for discussions on the respective merits of various socio-economic systems, and not to impose certain views on these systems upon one another. They leave political problems aside. The conference is convened exclusively on a businesslike basis for a practical exchange of experience and the development of concrete proposals on what can and must be done to promote the development of cooperation between countries, regardless of differences in their socio-economic systems, by identifying the possibilities for expanding trade and other international economic ties, and improving living conditions on this basis. In accordance with this objective of the conference, its agenda has been formulated, featuring a single question: "Exploring the possibility of improving people's living conditions through the peaceful cooperation of various countries and various systems, through the development of economic ties between all countries."

At the center of attention of the participants of the International Economic Conference will be a comprehensive and free review of the current situation in the field of world trade and assistance in eliminating existing difficulties in this area, clarifying the ways and means leading to the expansion of international trade ties and to the reduction of economic difficulties currently experienced by many countries.

The conference will examine how the development of normal trade relations between countries and an increase in the volume of foreign trade can contribute to the expansion of national production, increased employment, and income mitigation. In particular, the conference will consider issues regarding the possibility of deploying trade between East and West, between economically developed and underdeveloped countries, as well as any other proposals that may be submitted by conference participants in accordance with its agenda.

The International Economic Conference is not convened by governmental bodies. The sole body responsible for its preparation and holding is the International Initiative Committee, which was formed in Copenhagen on October 27–28, 1951, by representatives of various circles and various countries. The conference will create a full and unrestricted opportunity for a wide and free exchange of views, with the decision that the conference will not adopt any resolutions binding its participants, but will limit itself to adopting recommendations. It is also intended to promote the establishment of business ties between representatives of trade and industrial circles of various countries.

The Preparatory Commission of the International Initiative Committee for the convocation of the International Economic Conference at its meeting held in Copenhagen on February 10–12, 1952, took into account comments received from representatives of national preparatory committees of individual countries on the inexpediency of submitting special reports at the conference from groups of countries, as previously assumed, and decided to discuss the item on the

agenda not on the basis of one or several reports from groups of countries, but on the basis of speeches by all willing participants of the conference. In addition to plenary meetings, sections will be organized at the conference on individual problems, for example: the development of international trade, assistance to the development of trade with economically underdeveloped countries, international economic cooperation for the purpose of solving social problems, etc. Such a format for holding the conference will undoubtedly provide an opportunity for a broader circle of participants to speak and discuss the issues of interest to them more concretely.

The Soviet Preparatory Committee for the convocation of the International Economic Conference, formed on the initiative of the USSR Chamber of Commerce, a number of Soviet industrial and commercial organizations, the Central Union of Consumer Societies of the USSR, the Central Council of Trade Unions of the USSR, the Institute of Economics of the Academy of Sciences of the USSR, and Soviet scientific and economic circles, stated in its statement that conference participants during their stay in the USSR will be provided with the necessary assistance and hospitality and that they will have the opportunity, if desired, to establish contact with representatives of Soviet trade, industrial, and cooperative organizations.

Great and responsible are the tasks facing the International Economic Conference, and noble is its goal. Millions of people in all parts of the world await from it the resolution of long-overdue questions of vital importance. They hope that the participants of the conference, in an atmosphere of businesslike

cooperation, will develop a concrete program for the comprehensive deployment of trade and other economic ties between countries and thereby help ease tensions in international relations, improve the conditions for equal and mutually beneficial exchange of material values between nations, restore as much as possible the state of national economies in many states, increase the production of consumer goods in them, increase population employment, and thus eliminate one of the important causes of the decline in people's living standards.

World trade, like other economic ties between peoples and states, is currently in a state of profound disarray.

World War II was a terrible disaster. It not only claimed millions of human lives, caused incredible deprivation and suffering to the broadest masses of people in all countries, and led to colossal destruction of material and spiritual values created by the labor of many generations, as well as the destruction of thousands of cities and villages, factories, plants, and cultural institutions. At the same time, the war radically disrupted world economic ties that had been taking shape for decades, undermined international trade, caused a sharp contraction of civilian production and an increase in imbalances in the economy of many belligerent countries, deepened the disruption of credit-monetary and financial systems in these countries, and exacerbated internal inflationary processes.

More than six and a half years have passed since the end of this most bloody and destructive war in the history of human

society. Has the heavy legacy left by the war been liquidated, have the wounds inflicted by it on the economy and population of most countries of the world been healed? With a feeling of deep regret, one has to give a negative answer to this question. It must be stated that the main economic consequences of the Second World War have not been overcome to this day and are affecting the living standards of many peoples extremely painfully. One of the most striking pieces of evidence of this is the current state of international trade.

It is universally recognized that in modern conditions no nation can develop without foreign trade. V. I. Lenin pointed out at the end of the last century that "one cannot imagine a capitalist nation without foreign trade, and indeed there is no such nation"[40].

The development of human society and its productive forces in the 19th and early 20th centuries clearly convinces us that foreign trade played an outstanding role in the industrial progress of many states, large and small, in the development of their industry, agriculture, and transport. England, for example, which V. I. Lenin called the most "trading" country in the world, achieved outstanding success in the development of its national economy by the end of the last century, mainly due to the fact that it conducted extensive trade operations with all parts of the world. The same applies to Belgium, whose economic prosperity by the beginning of the 20th century was largely due to a significant turn of trade ties with the rest of the world for this small country. The rapid industrial development

40 *V. I. Lenin, Works, Vol. 3, p. 43.*

of the United States of America in the second half of the last century also went parallel with the increase in foreign trade turnovers, which grew from 80–90 million dollars at the beginning of the 19th century to almost 2.3 billion dollars in 1900. In general, the turnover of world trade for 1860–1913 increased more than 5.5 times and amounted to 64.6 billion modern dollars on the eve of the First World War.

Before the world economic crisis of 1929–1933 and especially before the First World War, there was a tendency for the physical volume of international trade to increase faster than production. Thus, according to League of Nations calculations cited in the book by American economist Ethel Dietrich "World Trade", the physical volume of world trade between 1881–1885 and 1909–1913 increased annually by 3.2%, and world production by approximately 2.7%. After the First World War, the development of this tendency slowed down, and in some years was even replaced by the opposite tendency. Prohibitive tariffs, currency blocs, dumping, etc., began to acquire increasing importance in the competitive struggle between individual countries for markets. However, between 1913 and 1929, the physical volume of world trade increased annually by 1.5%, and world production by 1.7%, and in 1925–1929, trade in raw materials increased annually by 3.6% and industrial products by 7.2%, with a corresponding increase in the production of these goods of only 2.7% and 6.7%[41].

The world economic crisis of 1929–1933 and then the Second World War led international trade to stagnation and decline.

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[41] *Ethel V. Dietrich, World Trade. V/o "Mezhdunarodnaya Kniga", Moscow, 1947, p. 17.*

The progressive development of foreign trade relations between nations, which characterized the 19th century and the beginning of the 20th century, was replaced by a backward movement. "The intensification of the struggle for foreign markets, the destruction of the last remnants of free trade, prohibitive customs duties, trade war, currency war, dumping, and many other similar measures," J. V. Stalin said in early 1934, "demonstrating extreme nationalism in economic policy, have exacerbated relations between countries to the utmost...". The disintegration of international economic cooperation intensified not only as a result of the introduction of quota systems, licensing systems, and other import and currency restrictions, but also in connection with the formation in the world arena of regional economic blocs: the Balkan and Little Entente, Ottawa and Pan-American, the activity of which expanded, the so-called Oslo bloc and Ushua bloc. In their most naked form, attempts to create a closed autarkic national economy were undertaken by fascist states[42].

As a result of all this, the pernicious consequences of the world economic crisis on international trade were not overcome right up to the very beginning of the Second World War. In 1938, the physical volume of world trade increased compared to 1913 by only 11–12%, whereas the world's population increased over these years by more than 22%. These data show that on the eve of the Second World War, international trade turnover per capita was lower than a quarter of a century ago, on the eve of the First World War.

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42 *J. V. Stalin, Works, Vol. 13, p. 291.*

In the first post-war years, international goods turnover was restored and developed, and already in 1947, in terms of its physical volume, it approached the pre-war level. Some hope appeared for world trade to emerge from the stagnation in which it had lingered before the war. However, this hope was not destined to be fulfilled.

In recent years, the disruption of trade relations between countries has deepened even further. The most important symptoms of the disruption of international trade can be listed as follows: a drop in the volume of foreign trade (in constant prices) per capita compared to the pre-war level and a progressive lag in the movement of the physical volume of exports index from the dynamics of the industrial production index; the destruction of the last remnants of free trade, manifested in the intensification of restrictions, bans, and discriminations in the field of foreign trade policy, in the ever-wider spread of super-protectionism and tendencies toward autarky; economically unjustified violation of the main flows of world commodity exchange, which is in flagrant contradiction with the long-established international division of labor; the rupture of traditional trade and other economic ties between East and West; the change in the geographical direction and commodity structure of foreign trade of Western countries and the displacement from their trade turnover of the most important civilian consumption goods (food and industrial goods for the population, means of production and raw materials for peaceful production) by armaments, military-strategic raw materials and supplies, and equipment for the production of instruments of destruction.

Let us examine in more detail some of the indicators of the disruption of international trade in the current post-war period and the main causes that gave rise to it. Let us turn first to the factual side of the matter.

The physical volume of world trade per capita is currently at a lower level than that achieved over 20 years ago, in 1929, and exceeds the 1913 level by only 8–10%, although a number of large countries have not even reached this level. The growth of foreign trade in constant prices fell from 20% in 1947 to an average of 5% per year in 1948–1949. At the same time, it should be borne in mind that only in 1948, according to United Nations data, the population increased by almost 10% compared to 1938.

An even more striking picture is obtained by comparing the dynamics of industrial production and export indices. Over the 14 years from 1937 to 1950, exports of the countries of the capitalist world lagged behind their industrial production by more than 20%, although the latter has also been in a state of stagnation in these countries for a long time. If we take into account the significant underloading of enterprises in these countries, the actual gap between the physical volume of exports and industrial production capacities in them will be even greater.

History has labored not a little to ensure the progressive development of the tendency towards the internationalization of methods of production and exchange, towards the elimination of national isolation, towards the economic rapprochement of peoples. As a result, the most diverse

peoples have found themselves bound, as J. V. Stalin says, "by the ties of the international division of labor and comprehensive mutual dependence". One of the most important instruments of the economic rapprochement of peoples and the satisfaction of their primary vital needs has always been foreign trade. Today, the fetters in which international trade has been shackled have largely deprived it of the ability to play this role destined for it by the course of history. The historically established international division of labor, traditional trade and other economic ties between various nations have been most unceremoniously flouted and violated. Numerous facts confirm this[43].

First of all, it should be pointed out that abnormal situation that currently the main world cargo flows are moving along two parallel, actually closed and almost isolated world markets from each other. One of them consists of the countries of North, Central, and South America, Western Europe, the Near and Middle East, some countries of the Far East (except China), as well as economically underdeveloped colonial and dependent countries. The other market, formed as a result of and after the Second World War, includes the USSR, the People's Republic of China, the People's Democratic countries of Central and Southeastern Europe (Poland, Czechoslovakia, Bulgaria, Hungary, Romania, Albania), the German Democratic Republic, the Mongolian People's Republic, and the Korean Democratic People's Republic. While trade within the first of the listed groups of countries develops in the direction briefly characterized above, the goods turnover within

43 *J. V. Stalin, Works, Vol. 5, p. 181.*

the second of the listed groups of countries grows from year to year. Thus, already in 1949, the foreign trade turnover of the Soviet Union in terms of its physical volume more than doubled the pre-war level and continues to increase at a rapid pace. Trade and other economic ties of the USSR with the people's democratic countries are rapidly increasing, their specific weight in the Soviet foreign trade turnover amounting to about two-thirds in the same year. Soviet-Polish goods turnover, for example, increased 5 times in the post-war period.

World trade is currently conducted through two separate channels, within two artificially severed groups of countries. As for trade relations between these two groups named above, contrary to elementary economic expediency, they have been radically shaken and actually ruptured. Thus, over the past five years, starting from 1946, Soviet-American trade turnover has decreased more than 6 times, and the share of the USSR, the European countries of people's democracy, and the People's Republic of China in US exports fell from 11.6% in 1946 to practically zero in 1951[44].

Violations of natural and traditional ties between the countries of Eastern and Western Europe affect the living standards of peoples most painfully. European countries previously accounted for about two-thirds of all European foreign trade. In the post-war period, and especially in 1948–1951, the volume of goods turnover between the western part of Europe and its eastern part sharply decreased, and in 1950 it was more than 2.5 times lower than the 1938 level. The physical volume index

[44] *Statistical Abstract of the United States 1940; Foreign Commerce Weekly.*

of imports of Western European countries from Eastern European countries (1938 = 100) fell to 28 in 1950, and the physical volume index of their exports to Eastern European countries (1938 = 100) fell to 63 in 1950[45].

The violation of the international division of labor and the disruption of world economic ties is even deeper. This also manifests itself in the substantial change that has occurred in the volume, structure, and geographical direction of foreign trade within the Western market itself, in the fact that the movement of commodity flow in this market does not occur freely, but also along various relatively poorly contacting blocs and combinations of countries. It is sufficient to point out in this regard at least the presence of the dollar and sterling zones, the European Payments Union, the Latin American bloc, various customs unions like Benelux and the long-planned Fritalux, groups of countries united under the shadow of the "Schuman Plan", etc. All these groupings and blocs are separated from each other by rather difficult barriers. In each of this complex and in individual countries, customs and currency obstacles are multiplying more and more, export and import licensing and quota systems are expanding, and discriminatory import and export duties are intensifying. All this means in fact the complete refusal of many countries from free trade, from the application of the long-established and proven principle of most-favored-nation treatment.

After the start of the Korean events in June 1950 and the forced militarization of Western countries, substantial changes

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[45] *Economic Bulletin for Europe, United Nations, 1951. Second Quarter, Geneva, October 1951.*

occurred in the commodity structure of their trade. Weapons, strategic raw materials, and equipment for military factories and closely related enterprises are increasingly displacing civilian products from goods turnover, especially food (meat, butter, coffee, tea, etc.), mass industrial consumer goods (cotton and woolen fabrics, footwear, etc.), and means of production for civil branches of industry.

The intensification of the one-sided nature of the foreign trade of Western countries, a sharp increase in the specific weight of military-purpose goods in it led to some growth in their foreign trade turnover, which, having reached its maximum level by the end of 1950, could not rise to it throughout 1951[46].

Seeking to concentrate large strategic reserves in their hands, the United States significantly increased imports of rubber, ores and concentrates, ferrous metals, chemicals, and other types of strategic materials, and reduced the share of lumber, leather raw materials, furs, coffee, tobacco, and some other goods in its imports. At the same time, in 1951, the US exported tanks, airplanes, artillery pieces, and other armaments abroad for 1.5 billion dollars, which is about 11% of the total amount of American exports, and intends to bring arms exports to 6.3 billion dollars in the 1951/52 fiscal year. Simultaneously, the share of civilian goods in US exports dropped noticeably.

The same picture is observed in the foreign trade of England, France, Italy, Western Germany, Belgium, and many other countries. At the same time, for the purpose of accumulating strategic reserves, a number of major states introduced strict

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46 *Monthly Bulletin of Statistics. United Nations, August 1950, November 1951.*

licensing and other rigid restrictions on the export of certain scarce types of raw materials and metals. The specific weight of textile and garment products, as well as footwear, in the total export of finished goods from the 11 largest capitalist countries fell from 30% in 1929 to 20% in 1950. Cargo flows of raw materials from overseas countries of the sterling zone to Western Europe and the USA, from one Western European country to another, from Western Europe to the sterling zone countries and the USA, from Latin America to the USA, etc., increased.

The artificially created "raw material hunger" contributed to the rapid growth of prices for goods circulating in world trade starting from mid-1950. The world trade price index (1937 = 100) increased in 1949 to 211 and in 1951 to 225, and in a number of cases, prices for scarce raw materials and supplies now exceed the pre-war level by 7 or more times.

Such are some of the figures, facts, and provisions characterizing the current disastrous state of international trade. It is not surprising that in this atmosphere of profound disruption of world economic ties, the thought of the broadest strata of the population, representatives of business trade and industrial circles, economists, figures of the trade union and cooperative movement is turned to clarifying the causes of this highly abnormal situation and finding ways to overcome it, for the comprehensive development of international economic cooperation based on the principle of equality and mutual benefit is one of the necessary and most important conditions for economic progress, the rapprochement of peoples, and the improvement of their material situation.

What caused the crisis in modern economic ties between peoples and states? Why is international trade in the post-war world not a source of economic progress and the well-being of peoples? This is a question worrying millions of people in all countries, regardless of their position in society and political views.

Even the detractors and opponents of the Soviet Union cannot deny its invariable readiness from the very first day of its existence to expand and strengthen business and trade ties with all countries on condition of respect for national sovereignty and recognition of the legitimate interests of the parties, observance of the principle of non-interference in internal affairs and honest fulfillment of obligations assumed, on the basis of equality and mutual benefit. It is impossible to cite a single measure of the Soviet government that prohibited or even in the slightest degree restricted the trade of the USSR with other countries, regardless of what socio-economic system they adhere to.

J. V. Stalin has repeatedly stated with all certainty that the Soviet Union proceeds from the fact of the inevitable coexistence for a long period of two systems—socialism and capitalism—and firmly adheres to the course of loyal, peace-loving relations with all those states that show a desire for friendly cooperation subject to the observance of the principles of reciprocity and fulfillment of obligations undertaken.

J. V. Stalin says: "Our foreign policy is clear. It is a policy of preserving peace and strengthening trade relations with all countries... Whoever wants peace and seeks business ties with

us will always find support from us". This instruction determines the character and direction of the foreign policy of the USSR and its component part—Soviet foreign trade policy —aimed at strengthening peace and the security of peoples, at the comprehensive development of international cooperation[47].

Soviet people consider the path of peaceful competition with capitalism quite acceptable and strive for the establishment and expansion of friendly relations between the peoples of all countries. "In our people, there is a great desire to participate in peaceful competition between states and social systems, in which individual peoples could not only reveal their internal capabilities, but also establish closer and more versatile cooperation with each other"[48].

Defining the real basis for agreements between the USSR and capitalist countries, J. V. Stalin said almost a quarter of a century ago that "export and import are the most suitable soil for such agreements". This proposition fully retains its force and significance today. In the post-war period, the Soviet Union, continuing to firmly pursue the course of strengthening international economic cooperation, has undertaken numerous new steps to develop trade and financial relations with all countries ready to respond with reciprocity and conscientiously fulfill obligations assumed. The government of the USSR has concluded trade treaties and agreements with Poland, Czechoslovakia, Bulgaria, Romania, Hungary, Albania, the People's Republic of China, the German Democratic Republic,

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47 *J. V. Stalin, Works, Vol. 13, p. 305.*

48 *V. M. Molotov. Questions of Foreign Policy. Speeches and Statements. Gospolitizdat, 1948, p. 267.*

England, France, Italy, Belgium, the Netherlands, Sweden, Norway, Denmark, Finland, Switzerland, and a number of other countries[49].

On the initiative of the Soviet Union, the Committee on the Development of Trade was created under the UN Economic Commission for Europe, and the Soviet Government invariably supported all measures proposed within the framework of this commission aimed at restoring and developing mutually beneficial trade between Eastern and Western Europe. At the sessions of the Economic Commission for Asia and the Far East held in Singapore in October 1951 and in Rangoon in February 1952, the Soviet representative stated the possibilities of supplying industrial, consumer, and raw material goods of an extensive nomenclature to the countries of Asia and the Far East from the USSR, and stated that the Soviet Union is ready to consider proposals of these countries on the conclusion of trade agreements and compensation deals on the basis of mutual benefit. Similar steps to expand business trade and financial ties with Western countries were also undertaken by the governments of the European countries of people's democracy, the German Democratic Republic, and the People's Republic of China.

The Soviet Union and the people's democratic countries in Europe and Asia, comprehensively deploying multilateral economic and cultural ties with each other based on the Lenin-Stalin principle of equality of large and small nations, friendly cooperation, fraternal mutual assistance, economic

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[49] *J. V. Stalin. Works, Vol. 10, p. 123.*

independence, and political independence of free and sovereign peoples, have achieved serious successes in the development of national economies and raising the material well-being of the population. However, they by no means seek to limit their trade and other economic relations only to this circle of countries. The USSR and states friendly to it are convinced and principled opponents of closed trade conducted through two isolated channels from each other, and convinced supporters of free multilateral trade on the basis of equality and mutual benefit.

The USSR, the People's Republic of China, and the European countries of people's democracy have always shown and show readiness to develop trade relations with England, France, the United States of America, and other Western states. They are interested in selling surplus products of their production on external markets—bread and fodder grain, food, timber, coal, oil products, ores and some metals, fertilizers, furs, machinery and equipment, and other most important goods—which the industry and agriculture of Western countries acutely need, and in importing, in exchange for their products, overseas textile and leather raw materials, rubber, some non-ferrous metals, colonial products, industrial equipment from industrial Western countries, which feel a strong need to realize these goods on external markets.

More than 34 years of experience in the foreign economic policy of the Soviet state, as well as the practical measures of the people's democratic countries in Europe and Asia to deploy trade with other countries, convincingly show that even with the existing difference in socio-economic systems, the broad

development of international trade ties is entirely possible. This has been proved theoretically and practically. The reduction of foreign trade between the Soviet Union and the people's democratic countries, on the one hand, and the United States of America and the capitalist countries of Europe, on the other, does not stem at all from the difference in their social and state systems. Speaking about the fact that the USSR now has incomparably more opportunities for business ties with capitalist countries, L. P. Beria in a report on the 34th anniversary of the Great October Socialist Revolution stated: "We are not averse to significantly expanding business cooperation on the basis of mutual benefit with the USA, England, France, and other bourgeois countries of both the West and the East. It is not the fault of the Soviet Union if the ruling circles of these countries, to the detriment of the interests of their states, embarked on the path of undermining and curtailing economic ties with the USSR"[50].

So why have international economic relations fallen into a state of profound disarray? Every thoughtful person wishing to seriously understand this issue and get an answer to it is forced to turn their gaze overseas, whence they increasingly with regret hear talk of "economic war," "economic blockade," "discriminatory measures" in the interests of what is called "national defense" there. "The United States has approached viewing East-West trade as an element of economic war," the well-informed newspaper The New York Times wrote on July 22, 1951. The economic blockade to which the United States of

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[50] *L. P. Beria, 34th Anniversary of the Great October Socialist Revolution, Gospolitizdat, 1951, p. 25.*

America and following them the states of Western Europe subjected the Soviet Union, China, and the European people's democratic countries; the tension of the international situation caused by the violation by a number of Western countries of their international obligations, in particular and first of all those assumed at the Potsdam Conference; the militarization of the economy of these countries and the continuous decrease in the solvent demand of the population in them—these are the factors that appear to every unbiased person to be the main causes of the deterioration of economic relations between peoples. It looks as though the economic interests of countries and peoples have been betrayed in favor of military-political considerations. Otherwise, the transition of certain powers in peacetime to the reckless policy of economic war and blockade cannot be assessed.

Not to be unsubstantiated, let us recall the main milestones of the Western course towards economic war and trade boycott of the East, limiting ourselves only to 1951. Unilateral termination by the United States of trade treaties and agreements with the USSR, Poland, Hungary, Romania, Bulgaria. The "consent" of participants in the Geneva Tariff Agreement to release the USA from their obligations towards Czechoslovakia, meaning, as the Associated Press agency noted, the actual cessation of US-Czechoslovak trade. The introduction in the USA of increased customs duties on goods imported from the USSR and people's democratic countries. The ban on the import of certain types of furs from the Soviet Union, China, and Poland into the USA. Approval by the US Congress in June 1951 of the "Kem Amendment," and in

October of the same year replacing it with the broader "Battle Act," aimed at the complete cessation of Western trade with the East and threatening deprivation of American "aid" to those US ally countries that do not obey this law. The introduction by the United States of America, England, France, Belgium, Holland, and a number of other countries of an embargo on the export of goods to the People's Republic of China and the Korean Democratic People's Republic. The ban by England on the export of more than 250 types of goods to the Soviet Union and people's democratic countries, most of which have no military significance. The introduction by the British government of a ban on license-free export of rubber from England and Malaya to all countries except the USA and the countries of the British Empire. The ban by Western Germany on the export of engineering and metallurgical products to the USSR and people's democratic countries without licenses. Licensing of exports to Eastern European countries of engineering and metallurgical industry products even by Switzerland, which has long considered a policy of neutrality as its tradition.

This is a far from complete list of discriminatory measures of Western countries, characterizing their course towards the complete suppression of economic ties with the East.

The question arises: whose interests suffer more from economic war: the blocking or blocked countries? There is no doubt that the discriminatory measures listed above were aimed at slowing down the economic development of the USSR, China, and the countries of Central and Southeastern Europe, and undermining their economy. However, the steady rise in the economy and material well-being of the population of these

countries visually shows that these measures have not yielded any practically perceptible effect. And they could not yield such an effect, because the Soviet Union, the People's Republic of China, and the European people's democratic countries are invulnerable to economic blockade, representing such a combination of states that possesses first-class, modern industry equipped with the latest technology, highly developed agriculture, inexhaustible natural wealth, and vast sales markets. The aggregate resources of this group of states are so great and diverse that they fully ensure the satisfaction of domestic needs and the steady rise of industry and agriculture of these friendly countries. The planned, crisis-free economy of this complex of countries does not depend on periodic cyclical fluctuations and shocks of the capitalist market and is not subject to the pernicious impact of economic blockade. Facts show that these countries depend to an incomparably lesser degree on economic ties with the West than the West depends on trade with them.

Thus, the blocking countries have voluntarily fallen into a state of self-blockade, economic self-isolation, from which they have nothing good to expect. This policy further exacerbates the extremely complex problem of markets for Western countries, leads to an increase in the underloading of the industrial production apparatus, and consequently to a further growth of armies of the unemployed, increased impoverishment of the masses, and a decrease in their purchasing power. This policy of disrupting normal international cooperation also inevitably leads to a reduction in

the commodity resources of Western countries. It causes them incomparably greater damage than to the East.

First of all and most painfully, Western European countries feel the rupture of natural, traditional trade ties with the East. If we analyze their losses caused by the disruption of the centuries-old international division of labor, they should primarily include: the deprivation of the most important and most profitable sources of raw materials and food and markets for means of production and industrial products; the intensification of the dollar deficit, shortages of gold and currency reserves, and the deepening of currency chaos; the aggravation of competition in markets, exacerbating their already very significant economic difficulties.

Before the Second World War, Western European countries satisfied their import needs for timber by 35–60%, wheat and eggs by 20%, fodder grain by 18%, sugar by 10%, and tobacco by 7% through imports from Eastern Europe. In the post-war years, imports of these goods from Eastern Europe to Western European countries sharply decreased. Compared to pre-war levels, it fell: for timber by more than 4.5 times, wheat and sugar by 4 times, eggs by 3 times, meat by more than 2 times, and tobacco by 13 times[51].

Such an inexplicable reduction by Western European states of imports from countries that are their natural trade counterparts results in a rapid reduction of their commodity resources—food for the population and raw materials for industry.

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[51] *Economic Bulletin for Europe, United Nations 1951. Second Quarter. Geneva, October 1951.*

In order to at least partially make up for these losses, Western European countries find themselves forced to make purchases of relevant goods overseas, in the United States and other countries of the dollar zone. This is connected not only with an ugly and irrational change in the geographical direction of cargo flows, but also with new economic losses for importing countries.

Western European countries bear triple losses from importing goods from the USA, overpaying on inflated prices, overpaying for freight due to the jacked-up freight rates, and diverting a large amount of sea transport to these irrational shipments.

In trade with the USSR and the people's democratic countries, there is not and cannot be a dollar problem for Western Europe —one of its most acute economic problems. The commodity structure of foreign trade of these two parts of a single continent varies greatly, and they are not competitors in markets. Scientific considerations lead to the conclusion that Western European countries are doubly interested in developing trade with Eastern European countries, since such trade would help them reduce, if not completely eliminate, the dollar shortage and, in addition, ensure the receipt of products they need on the basis of clearing and barter operations. By refusing such trade, Western European countries act only to their own detriment and show that they do not wish to reckon with scientific considerations.

As opposed to this trade, trade between Western European states and the USA and other countries with dollar currencies exacerbates the crisis of their trade and payment balances,

increases inflation in them, and disrupts credit-monetary and financial systems. The USA and industrially developed countries of Western Europe are competitors in external markets. The structure of their foreign trade coincides in many goods. The United States is not interested in many export goods of Western European countries, and the latter have less and less opportunity to cover growing imports from the USA by exporting goods to the USA. This explains the unprecedented fact that in just 3.5 years—from 1948 to July 1951—the total passive balance of foreign trade balances of Western European countries amounted to a giant sum—22 billion dollars. In 1951 alone, the deficit of these countries in relation to the USA and Canada amounted to 2.2 billion dollars, and England ended the same year with a foreign trade deficit of 1.2 billion pounds sterling, which is 3.5 times higher than its deficit in 1950. Needless to say, by covering the foreign trade deficit, Western European countries are finally exhausting their gold and dollar reserves.

Having embarked on the path of rupturing trade relations with the USSR and the people's democratic countries imposed on them, Western European states are also deprived of a stable and vast market that is not subject to pernicious cyclical impacts. "...Our country," J. V. Stalin said, "represents the greatest market for the import of equipment, and capitalist countries need to sell precisely this kind of products". This was said in 1927. Since then, the Soviet Union has turned into a major industrial power that not only produces all types and kinds of machines, machine tools, and equipment, but itself exports them in considerable quantities to external markets.

However, at present, many categories of Western European and American machines and equipment types, various technical innovations created in Western countries with highly developed industries, are of undoubted interest to the rapidly developing economy of the Soviet Union. The countries of Central and Southeastern Europe, which have embarked on the path of accelerated industrialization and mechanization of agriculture, as well as the People's Republic of China, are particularly strongly interested in imported machines and industrial equipment[52].

Impartial data from official statistics show that industrial products have always occupied a leading place in exports from Western European countries. Thus, the specific weight of finished goods in England's exports is 88%, France's 55%, Belgium's up to 70%, Germany (Western)'s 72%, etc. One of the main consumers of this products was previously Eastern Europe. Excluding this region causes irreparable damage to the Western European economy, sharply exacerbates the competition of Western countries in markets, and thereby creates the soil for intensifying the struggle of conflicting interests between these countries.

As a result of this, facts such as extremely uneven development of exports and the entire volume of foreign trade in different countries are in plain view. While the USA and Canada, for example, increased their foreign trade turnover by almost 2 times compared to the pre-war level in 1950, the volume of foreign trade of Western European countries increased by only

52 *J. V. Stalin, Works, Vol. 10, p. 289.*

13%. In 1950, pre-war export volumes were not achieved in many states. Such countries include Belgium, Sweden, Germany (Western), Ireland, India, Brazil, Japan, etc. According to the American magazine United States News & World Report, for the first half of 1951 compared to 1950, England's exports increased by only 14%, Germany (Western) by 56%, and Japan by 61%. "Germany and Japan," the magazine writes, "cut off in connection with the cold war from their pre-war markets in Eastern Europe and China, are now flooding markets that England once considered its own." And indeed, Japan has already overtaken England in the export of textile goods and invaded the countries of the sterling zone—England's natural market. This is a natural consequence of the fact that Japan was forced to break traditional trade relations with neighboring China and directed its export products to the markets of British countries.

Such are some of the causes and consequences of the violation of normal conditions of international economic cooperation. It is perfectly obvious that such an absurd situation cannot continue for long. It is necessary to find ways to restore and develop comprehensive world trade on terms of equality and mutual benefit. Numerous representatives of trade and industrial circles of the West, understanding that international goods exchange must develop not along the paths of economic blockade and isolation, trade boycott, and discrimination, but along the paths of equal and mutually beneficial cooperation of continents and countries, have already come to this conclusion. This is demanded by the vital interests of peoples. That is why business circles of many countries pin high hopes on the

International Economic Conference, which will seek ways and means for world trade to emerge from the impasse into which it has now been driven for reasons known to all.

The direct connection between the comprehensive development of international economic cooperation and the improvement of people's living conditions is quite obvious. There is no doubt that the violation of normal trade relations affects the vital interests of all countries and, as shown above, especially strongly the countries of Western Europe, causing a number of painful phenomena in their economy and the deterioration of living and working conditions of the population. The question of improving people's living conditions in the countries of the Western world is perhaps the most important and pressing question of all modern times.

The militarization of the economy of Western countries uglily deforms foreign trade, disrupts economic ties between nations, the exchange of raw materials and industrial products, and hinders technical progress and international business cooperation. From militarization and its natural companions—the intensification of inflation, the growth of prices and taxes, unemployment—not only workers, peasants, and employees suffer in the countries of Western Europe, America, and Asia, but also many thousands of small and medium industrialists and traders, and even large entrepreneurs in the sphere of civilian production. It is no secret to anyone that enterprises producing civilian goods, as a result of the militarization of the economy and the disruption of free commodity exchange, are deprived of the scarce raw materials and other materials necessary for production, labor force, credits, etc., and the

owners of these enterprises suffer bankruptcy and ruin. The contraction of civilian production inevitably causes an increase in the underloading of industrial production capacities, the mass closure of enterprises, and the deprivation of work of hundreds of thousands and millions of able-bodied people.

Western European countries, as a result of the policy of militarization imposed on them and the actual rupture of trade ties with the USSR, China, and European people's democratic states, have fallen into a vicious circle. Having lost the food they previously received from Eastern Europe, they began to purchase it in the dollar zone, which led to a sharp increase in the deficit of their trade balances. Then, for the purpose of currency economy, they began to introduce various import restrictions, from which the working population of these countries suffers most, since these restrictions apply primarily to food acutely necessary for it. Thus, France, in the words of its former Prime Minister Faure, intends to reduce imports already in the first half of 1952 by 170 million dollars, and England by 500 million pounds sterling per year, of which 130 million pounds sterling falls on food imports. Such a policy causes a drop in per capita imports from 1913 to 1950 (in England by 13%) and a decrease in consumption. For example, in England, per capita meat consumption in 1951 was 40% lower than the average in 1934–1938, bacon and ham respectively lower by 29%, butter by 40%, tea by 23%, sugar by 16%, dried fruits by 28%, rice by 38%, etc. A similar situation exists in other Western countries.

Trade with the USSR and friendly countries will not only provide the population of capitalist countries with necessary

food and industry with many types of raw materials, but will also load the latter with mutually beneficial orders. At the same time, it is well known that the Soviet Union always honestly and steadily fulfills obligations assumed, including payments for products ordered and delivered to it. "The Russians fulfill their contracts, which cannot be said of everyone we trade with," said the then British Minister Webb in 1931. All this is of great importance from the point of view of increasing employment of the population in Western countries, in most of which unemployment has acquired threatening proportions. It is enough to recall some facts from the past to be convinced of this.

During the world economic crisis in 1930, the Soviet Union was the only one of 38 countries that not only did not reduce, but even increased the volume of trade with the United States of America. The Soviet Union then occupied second place, and in 1931 first place, in American exports of industrial equipment. In 1931, the USA exported to the Soviet Union 74% of all its exports of foundry equipment, 70% of crushing equipment, 68% of forging equipment, 67% of agricultural machinery, 65% of machine tools, etc. Millions of American workers were then provided with work thanks to Soviet orders.

It is well known that trade with the Soviet Union was always beneficial to America from the point of view of the active balance of its trade. Thus, for example, only over 5 years from 1926 to 1931, the US active balance in trade with the Soviet Union amounted to almost 400 million dollars. The American weekly National Guardian wrote that "the American embargo on trade with Russia, Eastern Europe, and the new China costs

the jobs of three million American workers who would have work if trade between East and West were resumed."

Great interest in expanding economic ties with the Soviet Union, the People's Republic of China, and the European countries of people's democracy is shown in economically underdeveloped countries. Trade with them would contribute to the supply of industrial equipment, machine tools, and machinery of a wide nomenclature acutely needed by backward countries, which they are practically deprived of the opportunity to acquire.

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A. SOKOLOVSKY, V. MNATSAKANOVA

NEW FORMS OF COMPETITION TO REDUCE PRODUCTION COSTS

The year 1951 was marked by new successes of the nationwide socialist competition. Under the leadership of the party of Lenin and Stalin, the Soviet people achieved glorious victories in the struggle for the further upswing of the country's national economy, for raising the material well-being and cultural level of the working people.

First-class machinery with which all branches of our national economy are equipped, and the presence of qualified cadres of workers and employees have created conditions for the further improvement of qualitative work indicators. Competition has been raised to a new, higher stage. A most important feature of socialist competition now consists in the fact that its participants, not satisfied with the quantitative results of their work, strive in every way to improve qualitative indicators as well. It is precisely this that is evidenced by the movement that has widely unfolded in recent times in our country for high labor productivity and better utilization of equipment, for raising quality and reducing production costs, for the most economical expenditure of raw materials, supplies, fuel, and electric energy.

In the course of competition, new forms of popular initiative are born. In 1951, initiators of glorious patriotic undertakings were many advanced workers of industry, transport, and agriculture. Stakhanovites of the Moscow "Burevestnik"

Footwear Factory Maria Levchenko, Grigory Mukhanov, and shop accountant Praskovya Zavadskaya, and weaver of the Krasnoznamenskaya Technical Fabric Factory Anna Fedoseeva came forward with a proposal to organize competition for reducing production costs on each production operation.
Turners of the Lublin Foundry and Mechanical Plant Antonina Zhandarova and Olga Agafonova initiated competition for the excellent execution of each production operation. A group of workers and engineering-technical personnel of Uralmashzavod, the Sverdlovsk "Pnevmostroymashina" Plant, and the Kirov Plant in Leningrad initiated the complex generalization of Stakhanovites' experience and the creation of Creative Friendship Brigades consisting of workers, engineers, technicians, and scientific workers. The goal of these brigades is the mass introduction of the advanced workers' experience.
Blacksmiths of the Gorky Automobile Plant named after V. M. Molotov initiated competition to reduce labor intensity of each production operation. At the beginning of 1952, at the Moscow Automobile Plant named after Stalin, socialist competition unfolded for reducing metal expenditures on each article.
Having successfully fulfilled the state plan of the first half of 1951, the collective of the Moscow Order of Lenin "Burevestnik" Footwear Factory, in a letter addressed to Comrade I. V. Stalin, assumed obligations: to fulfill the 1951 plan ahead of schedule by December 12, to output 330 thousand pairs of shoes above the assignment, including 205 thousand pairs through material savings.
At the end of July 1951, on the initiative of the party organization, a production-technical conference on material economy was held at the factory. Participants of the conference

uncovered a number of shortcomings in the organization of socialist competition for material economy and outlined ways for the successful fulfillment of assumed obligations. In order to mobilize the entire factory collective for uncovering internal production reserves, production meetings were held in all shops.

At a joint production meeting of the collectives of cutting shop No. 7 and sewing shop No. 4, Communist Stakhanovite of the cutting shop M. Levchenko introduced a proposal to initiate socialist competition for reducing production costs on each production operation. She recommended that each worker study what the cost of his production operation is composed of and try to reduce it. Comrade Levchenko assumed the obligation to save 34 thousand rubles over the year through improving all production indicators of her work.

The proposal of M. Levchenko was supported by Komsomol member of sewing shop No. 4, Stakhanovite laster G. Mukhanov, who called upon workers of sewing shops to preserve and multiply the economies achieved in the cutting shop. Entering socialist competition for reducing costs on each operation, he obligated himself to save 9,500 rubles over the year through the frugal expenditure of main and auxiliary materials, raising labor productivity, and improving the quality of operation execution. He calculated that frugal material expenditure will yield 4 rub. 08 kop. of savings per shift. On each pair of first-grade shoes produced above plan by grade, 1 rub. 51 kop. of savings can be obtained. During the lasting of each above-plan pair of shoes, the economy amounts to 3 kop. On the lasting of every 100 pairs of shoes, Comrade Mukhanov obligated himself to save no less than 2 rubles. Accountant of

sewing shop No. 4 Comrade Zavadskaya called upon economists and accounting workers of the factory to join the socialist competition for the timely communication of planned production costs of a production operation to workers and to organize accounting of obligation fulfillment.

The movement initiated on the initiative of M. Levchenko and G. Mukhanov assumed ever greater scope with each passing day. By August 15, 1951, at the "Burevestnik" Factory already over a thousand workers had opened personal accounts of participant in socialist competition for reducing costs on each operation.

Maria Levchenko assumed the obligation to fulfill the plan for August 1951 at 190%, save 7 thousand sq. dm of leather goods, and reduce product cost solely through plan overfulfillment by 337 rubles, and in total to save 7.4 thousand rubles for August. Having applied the through-cutting method, which allowed cutting out six sets instead of five established by norm from the same amount of leather, and also as a result of labor productivity plan overfulfillment, Comrade Levchenko saved 3.9 thousand rubles in two weeks of August. Among her followers in cutting shop No. 7, the greatest economies were achieved by cutters: S. A. Paygankov — 3,612 rubles, M. M. Tyurkina — 2,643 rubles, L. A. Pronina — 2,437 rubles, V. T. Chaynikov — 2,085 rubles, etc.

Party, trade union, and other public organizations of the factory supported the valuable initiative of the innovators and adopted a series of measures for its dissemination. Meetings were held in all shops at which the почин (undertaking) of production innovators was discussed. Many workers right there at meetings adopted concrete obligations to reduce costs of

operations performed by them. Thus, for example, in cutting shop No. 7 about 200 workers, having joined socialist competition, obligated themselves in August 1951 to save 426.1 thousand rubles, including through frugal expenditure of leather goods — 410.2 thousand rubles and through plan overfulfillment — 15.9 thousand rubles.

Workers of sewing shop No. 4 obligated themselves to save 9.6 thousand rubles in August 1951, including through output plan overfulfillment — 5.5 thousand rubles, economy of hardware/furnishings — 1.8 thousand rubles, and above-plan output of first-grade shoes — 2.3 thousand rubles. Mechanics of the garment group of shop No. 13 assumed the obligation to perform equipment repairs only at "excellent" and save 900 rubles on machine repairs. The collective of the electrical shop obligated himself to raise the power factor (cosine "phi") by one hundredth compared to the plan, which will reduce electric energy expenditure and yield an economy totaling 2.5 thousand rubles. The collective of shop No. 16 adopted the obligation to reduce the cost of one ton of steam by 2 rub. 89 kop.

Engineering-technical personnel and employees also joined the socialist competition. Thus, for example, a rationalizer brigade consisting of engineers M. A. Zaslavsky, L. M. Zavelgelsky, and G. Z. Sheydina developed and introduced into production a new bottom mix. The application of the new mix will reduce footwear cost and yield tens of thousands of rubles in savings.

Master of shop No. 12 Comrade Belyaev developed and introduced into production a multi-tooth cutter for slicing knives for heel-milling machines and ratchet bars for screw machines, which will yield an annual economy of 1,100 rubles solely through labor productivity growth.

As a result, the factory collective overfulfilled obligations assumed for August 1951. Through cost reduction on each operation, 448.6 thousand rubles were saved, including 270 thousand rubles through rational cutting and frugal leather expenditure, 123 thousand rubles through reduction of shop expenses and raising product grading against the planned assignment. On the whole across the factory, the cost of manufactured products was reduced compared to the previous year by 6.3% instead of 5.2% according to plan.

Maria Levchenko in August 1951 saved 9.74 thousand rubles from cost reduction, of which 9.48 thousand rubles were through rational cutting, and 261 rubles through plan overfulfillment. Grigory Mukhanov saved 662 rubles (such an indicator on the lasting operation was achieved for the first time). Among followers of innovators, the best results in cost reduction on their operations were achieved by cutter Pronina, who saved 4.5 thousand rubles, and sewing shop worker Bukhanov (performing the sole-nailing operation), who saved 3,538 rubles.

A valuable initiative was displayed by the youth-Komsomol brigade of the footwear lasting section of shop No. 1, headed by brigade leader Komsomol member A. Frolov, which began the struggle for comprehensive material economy. In two weeks of September, the brigade saved machine tacks No. 10 — 1 kg 150 g, machine tacks No. 8 — 4 kg 250 g, hand tacks No. 11 — 3 kg 306 g, solvents — 56 kg 80 g.

By September 15, 1951, the factory collective achieved new successes. Workers of stamping shop No. 8, who gave the obligation to save materials totaling 7.6 thousand rubles, conserved them by 39.4 thousand rubles. The greatest

economies were achieved by stamping workers Comrade Manin — 8.4 thousand rubles and Comrade Povarchuk — 7.8 thousand rubles.

In the struggle to reduce costs on each operation, correct organization of operational planning and production accounting is of immense significance. At the "Burevestnik" Factory, accounting is decentralized. The number of accounting workers for each shop is determined depending on the degree of complexity of accounting for the production process, and their total number at the factory is not increased. Workers of the planning-production department and accounting department, on the basis of generalizing innovators' experience, developed an instruction for compiling planned cost by production operations. Forms of accounting for socialist obligations were established, in which shop cost for each production operation is determined in accordance with the approved shop plan per 100 pairs of output and is given in the following consolidated articles: wages, materials, shop expenses.

For cutting and sewing shops, by virtue of their production features, planned cost by operations is established in the following manner: the cost of cut footwear upper sets for the main operation of cutters is determined per 100 pairs of each cutting style by articles: wages, materials, shop expenses. Evaluation of material cost per 100 sets of cuttings of a given style is performed according to the weighted average planned price of each group (youth cowhide/yuft, chrome) and type (calfskin/opoyok, yearling/vyrostok, etc.) of leather goods. Considering that the cutting of shoes of different styles and models is performed by a single cutter, the planned assignment

for cutting production is established in decimeters, based on the quantity and assortment specified in the cutting card.
For the stamping department of the stamping shop, cost is determined by each part (sole, insole, counter, etc.). For the processing department of the stamping shop, cost by operations is established analogously to how it is done for sewing shops.
The planned cost of each production operation is communicated to workers according to the following form:

Planned Production Cost of Operation "Lasting Uppers on Last"

Planned Cost Items	Planned Norm per 100 pairs	Amount (Rub. / Kop.)
1. Wages by piece-rates	-	7-00
2. Materials: Machine tacks No. 8	658.90 g	0.23
3. Shop expenses and time-rate wages	-	39.50
Total	-	46-73
What needs to be known regarding cost reduction on your operation:	a) on each pair of products produced above plan, savings are obtained on shop expenses. b) with material savings of 1%, the cost of 100 pairs of products is reduced by	0.30 rub. 0.65 rub.

On the basis of such calculation of planned cost of one or another operation, each worker determines his obligation for cost reduction on his operation. Let us assume that with a daily planned assignment of 200 pairs of shoes, a Stakhanovite obligates himself to produce on average 250 pairs daily, and for the month 6,500 pairs, or monthly give an above-plan assignment of 1,300 pairs. In doing so, he saves on shop expenses 1.75 rubles per day, conserves materials per every 100 pairs by 61 kop., and on his entire assumed obligation by 1.52 rubles.

In addition, he obligates himself to output first-grade shoes one pair per day more than stipulated by the plan. Economy from plan overfulfillment by grading will amount to 5 rubles per day.

Economy for a given operation on shop expenses from above-plan output of one pair of shoes will equal 3.5 kop., and the cost of hardware/furnishings per 100 pairs of shoes — 20.30 rubles. The worker, however, gave the obligation to save 30% of material cost on 100 pairs of shoes, i.e., 20.30 * 0.30 = 61 kop. Let us calculate monthly savings along the following consolidated articles (at 26 working days per month):

• Economy on shop expenses due to above-plan product output: 3.5 kop. * 50 * 26 = 45 rub. 50 kop.

• Material savings: 61 kop. * 2.5 * 26 = 39 rub. 65 kop.

• Economy from plan overfulfillment by grading: 500 rub. * 26 = 130 rub. 00 kop.

Total savings on cost reduction on his operation: 215 rub. 15 kop.

Accounting for fulfillment of socialist obligations for cost reduction on each operation in cutting and stamping shops is performed daily in physical and monetary indicators. In sewing shops, the name and quantity of materials actually saved or overconsumed by each worker are determined by the shop accounting department according to accounting data on material expenditure in physical and monetary expression. Upon expiration of the month, summaries of material savings or overconsumption are drawn in workers' personal ledger cards. Results are entered into the socialist competition summary. In doing so, for each production operation the worker's factual output is compared with his planned assignment for the reporting period and recorded in his personal account.

Results of socialist competition are determined on the basis of data on worker fulfillment of the production plan in comparison with the obligation assumed by him separately. In doing so, economies achieved from cost reduction on shop expenses, materials, and from above-plan output of first-grade products are taken into account. Factors depending on the worker (material overconsumption, losses from defective work, plan underfulfillment, etc.) influencing the increase in production cost are also taken into consideration. No later than the 5th day of the month following the reporting month, each competition participant is handed his personal account, filled out according to corresponding indicators on the basis of the socialist competition summary. In shops no later than the 6th day of each month, placards are posted with indicators of obligation fulfillment by each competition participant. The course of socialist competition is widely covered in the factory

newspaper "Burevestnik". Results of each shop's work are discussed at all-shop production meetings of workers, engineering-technical personnel, and employees.

If one or another factory worker has not fulfilled assumed obligations, permitted losses, or cost overruns, shop management establishes the reason why this occurred, provides him with necessary assistance, and takes measures to raise his qualification, eliminate factors causing non-fulfillment of obligations, etc.

Systematic and everyday control over the course of socialist obligation fulfillment promotes the further unfolding of the movement for cost reduction on each production operation.

At the beginning of October 1951, at the "Burevestnik" Factory the majority of workers participated in competition for reducing costs on each production operation. In September alone, over 700 thousand rubles were saved. One of the most important sources of savings was above-plan output of top-grade products. Below we cite data on obligation fulfillment by shops:

Shop Name	Obligation (in rubles)	Fulfillment (in rubles)
Sewing No. 6	17,151	15,233
No. 9	500	46,787
Cutting No. 7	70,286	732,108
Sewing No. 5	38,437	51,148
No. 2	8,804	10,977
Stamping No. 8	39,429	111,326

Chief Mechanic Department	7,614	7,650

Analysis of this table's data showed that the collective of sewing shop No. 6 achieved savings of 17,151 rubles through ahead-of-schedule plan fulfillment at 112.8%, output of 1,350 pairs of model shoes above plan, and increasing output of first-grade shoes.

Workers of cutting shop No. 7 fulfilled the plan at 118.1%, saved 707,647 sq. dm of leather, reduced output of non-first-grade cuttings to 1.4% against a limit of 1.5%, and yielded over half a million rubles in savings.

The vanguard role in socialist competition belongs to Communists and Komsomols. Thus, for example, Communist cutter Comrade Botchkova saved 7 thousand rubles, of which 94 rubles were through plan overfulfillment and 6,876 rubles through economy of 5,637 sq. dm of leather goods. Communist nailer of shop No. 5 Comrade Kidyaev saved 1.8 thousand rubles. He fulfilled the output norm at 185.8% and gave 97.7% first-grade shoes. Over 8 thousand rubles were saved by Communist cutter Comrade Lebedeva.

At the beginning of October 1951, the factory-plant trade union committee conferred the title "Excellent Quality Brigade" upon 20 production brigades. First place was taken by the brigade of Comrade Abasyeva, which fulfilled the assignment at 112.9% and saved 16.2 thousand rubles.

As a result of unfolded socialist competition for cost reduction, the production program of the third quarter of 1951 was also overfulfilled. For August, September, and October, the finished product production plan was fulfilled at 106.7%, labor productivity rose by 6.9%, 1,887 thousand sq. dm of upper

leather and over 14 tons of heavy leather goods were saved, from which 78 thousand pairs of high-quality shoes were manufactured. Economy from above-plan cost reduction amounted to 1,625 thousand rubles. For work in the third quarter of 1951, the factory collective, based on results of nationwide socialist competition, was awarded the Banner of the Council of Ministers of the USSR.

On December 4, 1951, the collective of the "Burevestnik" Factory fulfilled the annual plan of 1951 ahead of schedule. Workers' assumed obligations for economy of upper and heavy leather goods were significantly overfulfilled. Over 240 thousand pairs of shoes were manufactured from saved materials. Above-plan savings increased month by month. If in August over 448.6 thousand rubles were saved from cost reduction, then in September — 708 thousand, in October — 726 thousand, in November — 800 thousand rubles.

M. I. Levchenko, G. V. Mukhanov, P. P. Zavadskaya, initiators of socialist competition for cost reduction on each operation, were awarded the high title of Stalin Prize laureate for 1951.

At the Krasnoznamenskaya Technical Fabric Factory, weaver Anna Fedoseeva initiated competition for reducing production costs on each production operation. The proposal of A. Fedoseeva was warmly supported by party and trade union organizations and all factory workers. The entire collective joined the struggle to reduce production costs. Engineering-technical personnel conducted mass explanatory work among workers regarding ways to reduce costs. In the shops, short-term six-month Stakhanov schools were organized, where workers study issues of product cost reduction. In the third quarter of 1951, 600 workers studied in these schools. Each

competition participant has a personal economy account in which his obligations for fulfilling output norms, output of excellent-quality products, and economy of raw materials and auxiliary supplies are recorded. Obligation fulfillment is accounted for in physical and monetary expression for each month, as well as cumulatively from the beginning of the year. The personal economy account is filled out in two copies: one of them is kept in the shop calculation office and the other with the worker, so that he can always monitor the results of his work.

In 1951, A. Fedoseeva assumed the obligation to fulfill the output norm at 130%, output only first-grade fabric, and save 1,670 rubles. How the economy achieved by her is composed is evident from the indicators of her personal account for 8 months of 1951 (see table on page 106).

Personal Account of Economy of Raw Materials, Auxiliary Supplies as a Result of Overfulfilling Output Norms and Improving Product Quality by A. G. Fedoseeva

Month	Output of first-grade fabric (%)	Raw material economy in kg	Total economy from beginning of the year (in rubles and kop.)
January	100	9.95	890-12
February	100	9.68	887-68
March	100	9.34	884-56
April	100	9.35	884-64
May	100	8.13	573-62
June	100	10.35	893-74

July	100	8.87	80-27
August	100	2.18	7-19 (cumulative total: 1,327-94)

From the table it is evident that for 8 months A. Fedoseeva already had on her personal account 1,328 rubles of savings obtained through frugal expenditure of raw materials, auxiliary supplies, overfulfillment of output norms, and output of excellent-quality products. This sum was composed of 615 rubles obtained from reducing yarn waste/droppings, 437 rubles from economy of auxiliary supplies, and 276 rubles from output norm overfulfillment.

Comrade Fedoseeva managed to achieve fulfillment of assumed obligations as a result of raising labor productivity, the struggle for high fabric quality, frugal and economical expenditure of raw materials, excellent care of machines ensuring reduction of waste and increased output.
All factory weavers joined the struggle for economical material expenditure. For example, each weaver expends on average up to 200 pieces of yarn bobbins per shift. If when charging each shuttle the weaver saves 0.5 m, the total economy per shift will constitute 100 m of yarn from each machine. Auxiliary supplies are also expended frugally.
In the struggle to reduce costs on each production operation, a major role was played by the introduction of engineer Kovalev's method. Best work methods of individual Stakhanovites were studied, such as charging and changing the shuttle according to weaver A. Fedoseeva's method, eliminating warp thread breakage according to weaver

Sakharova's method, who performed this operation in 25 seconds instead of 29 seconds by norm, etc. In total, 10 best work methods were selected and taught to all weavers. As a result of transferring Stakhanovite work experience, duration of weavers' work operations was reduced by 21%, efficiency coefficient of weaving looms rose by 2.3%, equipment productivity rose by 5.5% compared to 1950, and labor productivity increased by 3.9%.

Competition by professions assumed wide scope. In order to win the title "best weaver", "best spooler/winder", etc., a brigade must output no less than 99.5% first-grade products, and individual workers 100%, fulfill medium-progressive output norms, keep equipment in excellent condition and ensure its effective utilization, achieve above-plan material savings, fulfill socialist obligation for above-plan cost reduction, implement complex plans for better equipment utilization, master advanced work methods, and observe labor discipline.

At brigade and shop meetings, results of worker socialist competition for cost reduction are monthly discussed and summarized, which are then approved by the factory-plant trade union committee. The established order of discussing and summarizing competition results provides the opportunity to monthly review individual obligations and better utilize all reserves for further product cost reduction.

In the third quarter of 1951, the weaver brigade led by assistant master V. P. Frolov, for fulfilling output norms at 121.3%, fabric output at 99.5% first-grade, saving 305.7 kg of raw materials, and reducing product cost by 3,189 rubles, was conferred the title "Excellent Quality and High Productivity

Brigade" by order of the Minister of Light Industry, awarded honorary certificates, and issued prizes.
In the third quarter of 1951, already 61 brigades participated in competition for product cost reduction. As a result of the widely unfolded competition, the collective of the Krasnoznamenskaya Technical Fabric Factory for 9 months of 1951 gave the country 647 thousand rubles of above-plan savings obtained from cost reduction, output 99.52% first-grade products, and saved 60.7 tons of raw materials.
The third quarter plan for gross output was fulfilled by the factory at 105.8%, for labor productivity at 109.3%, for productive equipment utilization at 104.7%.
A. G. Fedoseeva — initiator of socialist competition for cost reduction on each operation — was awarded the high title of Stalin Prize laureate for 1951.
In mid-September 1951, in development of the initiative of Maria Levchenko, Grigory Mukhanov, and Anna Fedoseeva, at the Lublin Foundry and Mechanical Plant named after Kaganovich, on the initiative of Antonina Zhandarova and Olga Agafonova, a new Stakhanovite movement unfolded for the excellent execution of each production operation.
Turners of the mechanical shop MM. Zhandarova and Agafonova, working on turning a car coupler screw, drew attention to the fact that blacksmiths, giving them forgings with larger allowances than stipulated by standard, thereby reduce their labor productivity. Workers of the forging shop, in turn, complained that in foundry shops due to insufficiently dense mold packing, incorrect manufacture of earth mixtures, and in individual cases due to careless flask joining, pours, blockages, and distortion of part dimensions were permitted, which

increased labor intensity on subsequent operations and frequently caused defective work.

Analysis of these shortcomings led A. Zhandarova and O. Agafonova to the idea of coming forward with a proposal to start socialist competition for the excellent execution of each production operation on the basis of mutual control, in order to eliminate defective work, increase product output, reduce its cost and labor intensity.

The new patriotic movement rapidly engulfed all plant shops. As of October 1, 1951, there were 984 participants in competition for excellent execution of production operations, and as of November 1 — 2,094.

The development of the movement for excellent execution of each production operation required restructuring the work of the technical control department. A transition was accomplished from selective technical control to control of all parts after each operation, with a definite grade being given each time. If a part corresponds to the drawing, the controller gives a satisfactory grade, and for a cleanly and well-processed part, with strict observance of all technical conditions — an excellent grade.

Engineering-technical personnel also joined the competition for excellent execution of each production operation. They improve technology and rationalize production processes. Thus, steel foundry technologist Comrade Rozov developed a new gating system, application of which made it possible to eliminate defective work when casting certain parts. In the steel foundry shop now entire brigades work without defective work. Thus, for example, the molder brigade of MM.

Smetankina and Drokin began receiving an excellent grade for each production operation.

Good results were achieved by the collective of the iron foundry shop, which in October 1951 yielded several tens of thousands of rubles in savings.

Technologists of the mechanical shop MM. Ershov, Galashin, and Gusev developed and introduced new devices for centering coupler screw parts and for milling other parts, allowing reduction of inter-operation time and improvement of processing quality. As a result of this, the mechanical shop reduced defective work from 0.1% in September to 0.02% in October 1951, and 136 workers in October output products of exclusively excellent quality. Already in September the plant collective increased gross product output by 2.3%, achieved labor productivity growth of 6%, reduced product cost by 2.5%, and curtailed losses from defective work by 15% compared to summary data for the preceding 8 months. In October the plan was also significantly overfulfilled, labor productivity amounted to 107%, and product cost decreased by 10.9%.

Widespread dissemination of A. Zhandarova's and O. Agafonova's initiative will provide the opportunity to save from defect reduction up to 2.5 million rubles solely across foundry shops and up to 3 million rubles per year across the plant as a whole.

A. P. Zhandarova and O. P. Agafonova — initiators of socialist competition for excellent execution of each production operation — were awarded the high title of Stalin Prize laureate for 1951.

Innovators at Uralmashzavod and the Sverdlovsk "Pnevmostroymashina" Plant, struggling for high qualitative production indicators, introduced a proposal to unfold socialist competition for complex generalization and introduction of advanced Stakhanovite experience. Initiators of this patriotic undertaking were technologist A. Pozdeev, blacksmith T. Oleynikov (Uralmashzavod), turners V. Protasov, V. Kireev, K. Dvorny, I. Grebenshchikov, master V. Glazyrin, technologist A. Serov, economist B. Bykov ("Pnevmostroymashina" Plant).

Developing further engineer Kovalev's method, they proposed generalizing Stakhanovites' best achievements in the domain of raising labor productivity, reducing product costs, improving quality, economy of raw materials and supplies, more rational utilization of equipment and production spaces.

In the reverse shop of the "Pnevmostroymashina" Plant, the work experience of 18 turners was studied and generalized, as a result of which the most productive work methods were determined. It turned out that the best results in tool economy and lathe capacity utilization were achieved by Comrade Kireev, of high processing quality indicators — Comrade Kungurov, and of best workstation organization — Comrade Kuznetsov.

On the basis of advanced workers' experience (turners and millers), descriptions of complexes of the most perfect labor methods, methods of material economy, etc., were compiled. Thus, for example, in the description of Stakhanovite Comrade Mitin's work experience, it is noted that Comrade Mitin, when processing a part made of expensive steel, reduced the

allowance by 8 mm compared to that indicated in drawings. This will allow him to save 200 kg of steel.

At Uralmashzavod, on the proposal of technologist A. Pozdeev and blacksmith T. Oleynikov, methodological cards with descriptions of the technological process for manufacturing the most typical parts were compiled. The new technology was based on Stakhanovite work methods yielding the best production indicators.

Comrade Oleynikov's brigade, working on a five-ton hammer, manufactured a complex part — a barrel for a drilling rig. The blank of this part was square in shape, and it had to be re-forged into round. They did not dare use a round-section blank because during its cutting large burrs formed. Blacksmiths MM. Maley and Oleynikov proposed a billet-cutting method that produces no burrs, which makes it possible to avoid one intermediate heating of blanks in the furnace.

Technologist Comrade Pozdeev proposed combining forging with yet another operation — making squeezes/indentations of the middle of the rod (prior to this they were machined in mechanical shops). Introduction of the new technology made it possible to shorten the manufacturing time of the drilling machine barrel by 9 minutes, save 20 kg of metal and 4,500 cubic meters of gas per each blank. Blacksmith Comrade Oleynikov's brigade raised equipment utilization coefficient to 90%.

A new rotor ring forging technology was also introduced — instead of 4 heats, the operation began to be performed in 2 heats. This yields savings per each ring: metal 100 kg, nominal fuel 37.5 kg, and shortens processing time by 6 minutes. Solely on forging rotor wheels for the drilling rig, 21.5 tons of alloy

steel and over 6.8 tons of fuel were saved, and labor expenditures were reduced by 25%.

In the steel-foundry shop, introduction of complex Stakhanovite technology in two core-maker brigades and in molders' and mold-assembly brigades of MM. Artemyeva, Kargopolova, Silkina, and Gachegov yielded the opportunity to save 600 cubic meters of molding and filler mixture, 27 tons of cast steel, 112 thousand cubic meters of gas, and 1.5 tons of construction nails per year. Labor expenditures decreased by more than 3 thousand norm-hours.

Already the first results of complex introduction of Stakhanovite experience showed what a major economic effect the application of innovators' proposals yields in production. In the reverse shop at the "Pnevmostroymashina" Plant, the cost of the main part was reduced by 10%, defective work halved, product output increased by 30%, and high labor productivity achieved. The shop received the title "Shop of Collective Stakhanovite Work".

At Uralmashzavod, Comrade Oleynikov's brigade in January 1952 achieved the following results: the monthly program was fulfilled at 154%; 2,400 kg of metal and much fuel were saved; labor productivity rose by 14%. In January the brigade manufactured almost all parts for oil-drilling rigs and excavators of exclusively excellent quality.

Socialist competition for reducing article labor intensity on each production operation, initiated in December 1951 at the Gorky Automobile Plant named after Molotov on the initiative of blacksmiths F. Kataev and A. Zagorny, uncovers new ways to diminish labor expenditures on product manufacture, improve its quality, and reduce costs.

Blacksmiths F. Kataev and A. Zagorny, having studied labor intensity of each operation, proposed organizing the workstation in a new way. On their initiative, a mechanized conveyor was installed for feeding blanks from the heating furnace to the forging machine, which made it possible to reduce labor intensity of this operation by almost half, release one heater from each brigade, and increase output up to 125%. On the initiative of innovators, the manufacturing technology of other forgings was reviewed. A valuable proposal on reducing labor expenditures for manufacturing a gear and two other parts was submitted by the brigade of blacksmith Sh. Gaynetdinov. Labor intensity of these articles was reduced by 25–27%. The brigade of V. Dolgathev, working on brake pedal stamping, previously performed this operation on one hammer and two presses. Now, with the application of a conveyor and combination of two operations — trimming and straightening pedals into a single pass — the labor intensity of manufacturing this part was reduced by 20%, one press freed, and output increased by 25%.

Blacksmith shop Stakhanovites F. Kataev, A. Zagorny, V. Dolgathev, I. Kuznetsov, Sh. Gaynetdinov, and others, in cooperation with engineering-technical personnel, developed a complex plan of organizational-technical measures for reducing labor intensity. Implementation of these measures reduced labor intensity of manufacturing various automobile parts from 5 to 30%. Implementation of the technical measures plan solely on stamping 63 automobile parts allowed reducing labor expenditures by 39 thousand working hours per year. Economy obtained from reducing costs of these parts totaled over 2 million rubles.

At the end of 1951, at the Kirov Plant in Leningrad a new movement arose for creating complex creative friendship brigades. Its initiator was miller E. Savich. He transitioned to high-speed milling back in 1947. By changing the sharpening angle of the hard-alloy milling cutter and replacing the machine motor with a more powerful one, he achieved an increase in cutting speed from 21 to 180–190 m per minute, fulfilling the output norm at 8,000%.

Achieved successes led the Stakhanovite to the thought of the possibility of applying high-speed milling on a mass scale. To fulfill this task, a creative complex brigade was created. Its composition included: deputy shop head for production preparation K. Rusinovich, chief technologist department designer A. Fedorov, cutting laboratory engineer M. Goldberg, shop technologist N. Vorobyov, and M. I. Kalinin Polytechnic Institute associate professor A. Shchegolev.

All measures are implemented according to an outlined plan. The name of the part transferred to high-speed processing, machine power, scope of its modernization are determined in advance, tools and devices are designed and manufactured, cutting regimes are determined. Functions among brigade members were distributed in the following manner: Comrade Rusinovich headed technical leadership of the brigade, Comrade Fedorov developed manufacturing technology for new hard-alloy tools, Comrade Goldberg monitored tool utilization and choice of cutting regimes, Comrade Vorobyov developed new technological processes of high-speed processing, associate professor Shchegolev helped utilize cutting theory more broadly for practical solution of tasks facing the brigade.

The complex brigade set itself the goal of transferring no less than 90% of milling machines to high processing speeds. As a result of work conducted, 80 size-types of newest-design milling cutters, 40 various machine devices were created and introduced into production, and 40 milling machines modernized. Out of the total number of 200 milling operations, 160 were transferred to high-speed methods. All this made it possible to raise miller labor productivity by 2–3 times compared to the previous level. 11 milling machines were transferred to other shop sections. Economy achieved as a result of the brigade's creative work totals 4,130 thousand rubles.

E. F. Savich for radical improvements in production work methods was awarded the high title of Stalin Prize laureate for 1951.

At the beginning of 1952, Komsomols and youth of the Moscow Automobile Plant named after Stalin unfolded competition for all-out metal economy on each part, on each operation. They assumed socialist obligations for metal economy, indicating concrete ways of their fulfillment. Komsomol-youth brigades of blacksmiths V. Kokoshka, N. Ivanova, N. Aleksandrova, V. Shhukina, jointly with technologists I. Elagin, P. Apleonov, and V. Kirillov, obligated themselves to save 476 tons of metal over 1952 through introducing a number of design-technological measures, utilizing waste, reducing defective work and other production losses.

Blacksmith brigade leader V. Kokoshka proposed reducing the blank length of the cardan shaft fork flange for the "ZIS-150" automobile by 5 mm and weight by 150 g. Introduction of this

proposal will yield the opportunity to save 30 tons of metal per year. Utilizing waste from the flange and manufacturing small parts from them will additionally yield an economy of 20 tons of metal. N. Aleksandrova's brigade, having improved die rolling grooves, will save no less than 42 tons of metal per year.

Technologist of the same shop I. Elagin proposed changing manufacturing technology for front wheel oil seal rings of the "ZIS-150" heavy truck. Until now, rings were made on a forging machine from round-shaped bars, with very large metal waste in the form of a cutoff weighing 2.5 kg. In the blank shop when cutting bars, large cutoffs weighing 5–6 kg were also obtained, which went to waste. I. Elagin proposed not taking metal from the warehouse, but stamping from strip cutoffs of such thickness as rings, and punching rings from these strips. Annual economy in this case should amount to 110 tons of metal. Having improved production technology for two more automobile parts, I. Elagin will manage to achieve an economy of 178 tons of metal per year.

The creative collective of young rationalizers and inventors of the press shop consisting of I. Burov, Yu. Nazarov, A. Kedrov, and A. Smirnov, through reducing metal and material expenditure, lowering part processing labor intensity, technology changes, and other improvements, managed to achieve over the past two years an economy of 417 tons of ferrous metal, 659 kg of paint and varnish materials, and 4,970 minutes of working time. Having joined competition for reducing metal expenditure on each article, they assumed the obligation to conserve no less than 350 tons of metal in 1952.

On the proposal of press shop young rationalizers, muffler

design will be improved, and new driving gear stamping technology introduced, which will allow fulfilling their assumed obligation.

The brigade of spring-resilient shop cutters, headed by A. Seliverstov, is conducting a number of measures to reduce waste when cutting spring leaves and obligated itself to conserve 96 tons of metal in 1952.

Designers and testers of the chief designer department Komsomols N. Alekseev, P. Zasorin, Yu. Panchenko, V. Molotilov, and others, jointly with technologists and Stakhanovites, decided to develop and introduce in 1952 new designs of parts and units with the aim of raising their strength while simultaneously reducing metal expenditure. Thus, automobile rear axle housing is scheduled to be manufactured via stamping instead of casting, non-ferrous metal replaced by steel and plastics, etc. All this will provide the opportunity to conserve no less than 1,700 tons of ferrous and 90 tons of non-ferrous metal.

Patriotic undertakings of production innovators are directed towards involving all workers in the movement for cost reduction and raising profitability, provide the opportunity to uncover new reserves for raising labor productivity, promote increasing output of high-quality products with the least expenditure of material means and labor. These are new methods of struggle for output of high-quality products, for a further upswing in production culture, for mass introduction of newest achievements of Soviet science and technology on the basis of creative friendship between science and production workers, for the complete liquidation of defective work.

Excellent execution of each production operation is achieved

through collective control and mutual control of workers over production operations performed by them.
At all enterprises, organizers of competition are party, Komsomol, and trade union organizations, which quickly picked up the patriotic initiative of innovators. Communists by personal example and all means of Bolshevik agitation mobilize enterprise collectives for the further unfolding of socialist competition.

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E. Manevich

WAGES AND THEIR ORGANIZATION UNDER SOCIALISM

In accordance with the two forms of socialist property in the USSR, payment according to work takes either the form of wages (in state enterprises and institutions) or the form of income distribution by workdays (in cooperative-collective farm enterprises).

However, regardless of the two forms of property, a single principle of socialism applies to all working people, which, as Comrade Stalin teaches, "consists in the fact that in socialist society everyone works according to their ability and receives consumer goods not according to their needs, but according to the work they have performed for society"[53].

Workers and employees of state enterprises and institutions receive wages for their labor.

Wages under socialism differ radically and fundamentally from wages under capitalism, which represent a transformed form of the value (price) of labor power. Under socialism, labor power is not a commodity, is neither sold nor bought, and has no value. In socialist society, all citizens, being collective owners of the means of production, are at the same time workers. Wages in the USSR represent a completely new economic category that arose on the basis of socialist relations of production.

Wages in the USSR represent that part of the national income which is distributed by the socialist state in a planned manner in

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53 J. Stalin, Problems of Leninism, 11th ed., p. 495.

monetary form among workers and employees according to the quantity and quality of labor expended by them.

Under socialism, wages are the most important instrument in the hands of the socialist state for the social organization of labor and production, and a powerful incentive to labor.

The socialist state carries out differentiation of wage rates depending on its complexity, qualification, arduousness, and conditions. Complex, skilled labor creates in a unit of time products larger in quantity and better in quality than simple, unskilled labor. In order to provide material incentives for working people in their strive for continuous qualification improvement, as well as general and specialized education, the state establishes payment depending on the degree of employee qualification.

The Party and the Government waged a decisive struggle against the Mensheviks, Trotskyites, Bukharinites, and other enemies of the people who sought to introduce wage leveling and completely eliminate the difference in payment for skilled and unskilled, heavy and light labor.

V. I. Lenin and I. V. Stalin, exposing the attempts of the enemies of the people to justify petty-bourgeois wage equalization by referring to "equality," showed that by equality Marxism understands not the division of all goods equally, nor equalization in the sphere of personal needs and everyday life, but the abolition of classes. Comrade Stalin pointed out that by equality Marxism understands: "a) equal liberation of all working people from exploitation after capitalists have been overthrown and expropriated; b) equal abolition for all of private ownership of the means of production after they have been transferred to the ownership of the whole society; c) equal duty of all to work according to their abilities and equal right of all working people to receive for this according to their work (socialist society); d) equal duty of all to work according

to their abilities and equal right of all working people to receive for this according to their needs (communist society). At the same time, Marxism proceeds from the fact that tastes and needs of people are not and cannot be identical or equal in quality or quantity, either in the period of socialism or in the period of communism.

Here is the Marxist understanding of equality. Marxism has recognized no other equality and recognizes no other"[54].

Using monetary wages as the most important instrument of the social organization of labor, the socialist state plans and regulates the distribution of social labor among various branches of the national economy and among various regions of the country.

The conscious utilization of the law of value in organizing payment according to labor finds its expression in the fact that the socialist state, by establishing in a planned manner, on the one hand, the level of wages, and on the other hand, the prices of consumer goods and services, realizes the link between the measure of labor and the measure of consumption. Every participant in socialist production has the opportunity to purchase necessary goods and pay for services in accordance with the quantity and quality of labor expended by them in the social economy. This establishes a strict dependence between the quantity and quality of labor expended by the worker and the quantity and quality of material wealth placed at their disposal. Consequently, wages under socialism create a material incentive for participants in social production to increase labor productivity and improve all qualitative performance indicators of socialist enterprises.

The overthrow of the exploiters and the victory of the socialist mode of production give rise to a new attitude of people toward labor. Labor gradually becomes a necessity for every conscious member of socialist society. Completely new social incentives for

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[54] I. V. Stalin, Works, vol. 13, p. 355.

labor arise, which are impossible under any other system. A vivid manifestation of this new attitude toward labor is the continuous development of socialist emulation.

Lenin and Stalin teach that in the first phase of communism, when society has not yet reached a high level of development of productive forces upon which it would be possible to provide all citizens with material goods according to their needs, when two forms of ownership still exist, essential differences between town and country, between mental and physical labor have not been eliminated, and high communist consciousness of the majority of citizens has not yet been achieved, it is necessary, alongside social incentives for labor, to use as fully and comprehensively as possible the personal material interest of all working people in raising social production.

Emphasizing the importance of personal material interest for building the new society, V. I. Lenin wrote in the article "On the Fourth Anniversary of the October Revolution": "Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, on personal interest, on personal incentive, on business accounting, work to build first solid bridges leading in a small-peasant country... to socialism; otherwise you will not reach communism, otherwise you will not lead tens upon tens of millions of people to communism. That is what life has told us. That is what the objective course of the revolution's development has told us"[55].

I. V. Stalin teaches that it is necessary to fully utilize people's personal material interest in labor, and then under our socialist economic conditions there will be no limit to the growth of production. "Socialism cannot abstract itself from individual

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[55] V. I. Lenin, Works, vol. 33, p. 36.

interests," says Comrade Stalin. "Only socialist society can provide the fullest satisfaction to these personal interests"[56].

Under socialism, full harmony of public and personal interests is ensured. All working people are accustomed to putting public interests above personal ones. In order to develop socialist production, the Soviet state extensively uses both social and personal incentives for labor.

The Party of Lenin-Stalin and the Soviet State, implementing in practice the principle of payment according to labor and using the personal material interest of working people for the development of productive forces, throughout the entire existence of Soviet power have paid great attention to questions of workers' and employees' wages, primarily as the most important tool of socialist labor organization.

With the help of wages, the socialist state achieves a steady rise in social and individual labor productivity and a planned increase in the material and cultural standard of living of workers and employees.

Wages in socialist society, being one of the factors in raising labor productivity, are at the same time closely linked with all other factors affecting the growth of labor productivity.

One of the serious factors in labor productivity growth is the availability of skilled personnel. A major role in training skilled personnel and raising their skill levels is played by the proper organization of wages. The state establishes the highest wages for skilled workers (mental and physical labor) and constructs the wage grade system in such a way as to materially encourage workers to advance from lower categories to higher ones. In order to interest skilled workers, foremen, team leaders, and shop heads in training

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[56] J. Stalin, Problems of Leninism, 10th ed., p. 602.

and raising the qualifications of workers directly on the job, the government establishes differentiated rates of remuneration depending on the character and conditions of work (highest rates in underground work and work involving harmful labor conditions), the training method (individual instruction is paid higher than team instruction), and the number of trainees. As a result of upgrading their qualifications, workers receive higher wages, as skilled labor is paid at higher rates. Furthermore, skilled workers usually significantly fulfill and exceed established norms and ensure high labor productivity.

Proper organization of wages, along with other methods of influence (education and coercion), plays a major role in strengthening labor discipline, reducing labor turnover and absenteeism, and in tightening and rationally using working time. Comrade Stalin, analyzing the causes of labor turnover during the first Five-Year Plan, pointed out that they lay "in the improper organization of wages, in the improper tariff system, in 'leftist' wage equalization"[57]. Following the directives of Comrade Stalin, the Party and Government carried out extensive work to eliminate wage leveling and, consequently, to remove the main cause of labor turnover.

Wages are closely linked with such a factor of increasing labor productivity as the organization of labor. Creating personal material interest among workers and engineering-technical staff in introducing and mastering progressive output norms, in improving the division of labor and deployment of manpower, in rationalizing workplaces, and in summarizing and disseminating the best experience of Stakhanovites, etc., is of primary importance in the struggle for advanced forms of labor organization.

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[57] I. V. Stalin, Works, vol. 13, p. 56.

A major role is played by wages in improving the organization of production. Practice shows that at those enterprises where material incentives exist for saving raw materials, fuel, and electricity, for reducing and completely eliminating defects and downtime, and where the introduction of flow production methods and rhythmic work is encouraged, high labor productivity is achieved, profitable operation of the enterprise is ensured, and cost accounting becomes a truly effective management method.

Material incentives for working people are of great importance for technical progress, the introduction of new equipment, mechanization, automation, and electrification of labor, scientific organization of technological processes, and for deploying a struggle for better utilization of machinery. Workers of a socialist enterprise, receiving wages in accordance with the quantity and quality of labor, are personally interested in the smooth operation of equipment, in the introduction of new machines and mechanisms (including so-called "small-scale mechanization"), and in introducing new inventions and rationalization proposals into production, because this eases working conditions, reduces downtime, increases output, and consequently increases earnings. In addition, workers receive extra remuneration as inventors and rationalizers. Engineering and technical staff are no less materially interested in better utilizing available machinery and implementing rationalization proposals; their bonus system is tied to the qualitative performance indicators of the shop or enterprise, and for inventions and rationalization proposals they, like workers, receive monetary rewards corresponding to the economic effect realized by the enterprise.

In direct connection with material interest and proper wage organization is another factor in raising labor productivity: the development of socialist emulation. The expansion of piecework wages, the establishment of diverse bonus systems for leading workers, and monetary bonuses for enterprise collectives—winners

in all-Union socialist emulation—play a huge role in the widespread adoption of new forms of socialist emulation. "Without the development of the monetary economy and the associated strengthening of the role of wages," said Comrade V. M. Molotov, "and especially progressive-piecework payment for labor, we would not have had such rapid development of the Stakhanovite movement"[58].

Thus, almost all factors upon which the growth of labor productivity depends are connected to one degree or another with material incentives, with wages. Wages are inseparably bound up with the problem of raising labor productivity.

Wages in the USSR and, in general, personal material interest of working people in developing production are inseparably linked with the liquidation of private ownership of the means of production, the abolition of exploitation of man by man, and ensuring full correspondence between relations of production and the character of productive forces. Without these conditions, all kinds of attempts by capitalists and their hired academic lackeys to achieve the so-called "community of interests of workers and employers" are futile and unsuccessful. Despite the introduction of dozens of different wage systems ("profit sharing," "group bonuses," stock distribution, Taylor system, etc.), capitalists fail to interest workers in raising production, because no wage system can eliminate the antagonistic contradiction between labor and capital.

The socialist state plans faster growth rates for labor productivity compared to wage growth rates. The entire organization of wages is subordinated to this task of promoting labor productivity growth in every possible way.

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58 V. M. Molotov, The Plan and Our Tasks. Partizdat, 1936, p. 11.

When studying the organization of wages in the USSR, it is necessary to consider three interconnected elements: the tariff system, labor norming, and forms of wages.

By means of the tariff system, the socialist state carries out planning and differentiation of wages depending on working conditions, form of payment, qualifications of work and workers, importance of the industry and enterprise, geographical location of the enterprise, etc. The tariff system ultimately determines how correctly wages of various groups of workers are differentiated, how the principle of payment according to the quality of labor expended is observed in a given industry or enterprise, and how qualifications and working conditions (arduousness, harmfulness) are taken into account.

Wage planning in general, and through the tariff system in particular, is possible and necessary only under a planned socialist economy. Under capitalism, wages of various categories of workers employed in different industries and regions of the country are established spontaneously based on the operation of the law of value. The presence of a tariff system is one of the important advantages of the socialist economy over the capitalist economy. Through the mechanism of worker job grading, the socialist state has the opportunity to construct wages taking into account the tasks facing the national economy at any given moment, and to promptly and quickly eliminate individual shortcomings in worker wage organization.

The Party and Government have always paid great attention to the proper structure of the tariff system. In his historic speech at the conference of business executives in 1931, Comrade Stalin sharply criticized equalizers who constructed the tariff system without taking into account the difference between skilled and unskilled labor, between heavy and light labor: "...Whoever constructs a tariff system now on the 'principles' of equalization, without taking into account

the difference between skilled labor and unskilled labor, breaks with Marxism, breaks with Leninism"[59].

The basis of the tariff system in most branches of socialist industry consists of tariff rates, tariff scales, and tariff-qualification handbooks.

Tariff rates determine the level of workers' pay per hour or per day. The Soviet Government, consistently implementing the socialist principle of distribution according to work and pursuing a policy of prioritizing rewards for those working in key branches of the national economy, establishes higher tariff rates for workers in the coal, metallurgical, oil, and machine-building industries compared to other industries. "Workers in the coal industry," said Comrade L. P. Beria, "occupy first place in wages among workers in other industries. As a result, we have permanent skilled mining personnel ensuring the successful development of the coal industry"[60].

Higher tariff rates are established for workers of those enterprises located in major industrial centers, as well as in remote areas of the country with severe natural conditions. Differentiated tariff rates depending on the geographical location of enterprises are provided by the Soviet Government for almost all branches of industry.

For proper organization of wages in accordance with the quality of labor, the Soviet state implements a broad system of tariff rate differentiation within each enterprise. For this purpose, depending on working conditions, several hourly rates of the 1st category are established. Tariff rates of all other categories are determined using tariff scales. The size of the hourly tariff rate for a worker of any qualification depends on the size of the 1st category

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[59] I. V. Stalin, Works, vol. 13, p. 57.

[60] L. P. Beria, 34th Anniversary of the Great October Socialist Revolution. Gospolitizdat, 1951, p. 9.

hourly rate and their tariff category coefficient, i.e., on the category (qualification) of the work performed, or (in cases where under labor legislation the worker is paid according to average earnings) on the qualification grade assigned to them. Thus, the tariff system in most industrial sectors is built taking into account the main indicator of labor quality—worker qualification. In addition, at every socialist enterprise, 1st category tariff rates are differentiated depending on working conditions, wage forms, and the importance of particular worker groups in the enterprise, shop, or section production process.

At most machine-building enterprises, 4 to 6 tariff rates are currently in effect. For example, in the automotive industry, hourly tariff rates are established for time-rate workers in cold operations, pieceworkers in cold operations and time-workers in hot operations, pieceworkers in hot operations, on automatic, semi-automatic machines and mass-flow production shops, and for pieceworkers in hot operations in foundry, forge, and heat-treatment shops. At some enterprises, a special rate is established for pieceworkers in particularly heavy and harmful operations.

Tariff scales serve to establish proper wage relationships between different types of work. By means of tariff scales, wage differentiation depending on worker qualifications is achieved.

A tariff scale consists of a specific number of categories and corresponding category coefficients. When constructing tariff scales and establishing category tariff coefficients, two decisive factors are taken into account: the nature of the given production (variety, complexity of work, and qualification composition of workers) and the necessity of coefficient progression from lower to higher categories to materially encourage workers to upgrade their qualifications. A mandatory condition is strict adherence to the wage fund size established by the government.

The number of categories and the size of inter-category gaps depend on the specific features and tasks facing a particular branch of industry. For example, in the metallurgical industry the tariff scale consists of 10 and 12 categories, in machine-building of 8, in the chemical industry of 7 categories, etc.

The third element of the tariff system consists of tariff-qualification handbooks, which represent a list of various jobs performed in a given branch of production, with an evaluation of their complexity, accuracy, and responsibility. Using qualification handbooks, workers and individual jobs are assigned to different categories of the tariff scale depending on the qualification required to perform the job. These handbooks contain detailed job specifications for all typical jobs in a given industry, and specify the requirements placed on the worker (skills, knowledge, techniques, accuracy, ability to organize the workplace, etc.).

The basis of constructing tariff-qualification handbooks is the socialist principle of payment according to work. Therefore, a tariff category is assigned to a worker depending on the qualification required from them to perform a given specific job, as well as on the conditions under which that job must be performed.

One of the main tasks of the tariff-qualification handbook is to stimulate the continuous improvement and perfection of worker qualifications and the expansion of their knowledge. This is achieved by placing higher demands on workers of medium and high qualifications: they must participate in machine setup, equipment repair, be able to read drawings and machine diagrams, etc. A worker of a corresponding category must not only be able to perform all work assigned to that category and lower categories, but also ensure high quality of produced output. As workers move from lower to higher categories, requirements for corresponding qualifications increase.

The centralized system of wage planning, despite some complexity, makes it possible to avoid violations of wage planning policy and allows establishing higher wages for leading industries, enterprises, and occupations. Centralized wage planning makes it possible to take into account economic features of regions, their national-economic importance, the living standard of working people, etc.

One of the most important conditions for proper wage organization in socialist enterprises is the scientific setting of labor norms. Only on the basis of progressive technical norms is it possible to introduce economically effective wage systems that stimulate labor productivity growth. Technical norming plays a huge role in intra-plant planning and in the development of socialist emulation. "Without technical norms," says Comrade Stalin, "a planned economy is impossible. Technical norms are also needed in order to pull backward masses up to the advanced level. Technical norms are a great regulating force that organizes broad masses of workers around advanced elements of the working class in production"[61].

Over the years of Soviet power, two main, mutually complementary methods of labor norming have developed in socialist industry: the analytical-calculation method and the observation method. Under both methods, norms are established on the basis of careful and deep study of individual elements of the technological process (transitions, techniques, movements).

Determining technical norms for machine time is carried out by the analytical-calculation method. For this purpose, the following are used: machine data sheet (indicating kinematic parameters, operating capabilities, wear degree, power consumption, process changes), standards, tables, charts, and nomograms. The calculation method is

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61 I. Stalin, Problems of Leninism, 11th ed., p. 502.

applied either independently or in combination with the observation method.

The observation method of norming is carried out through two interconnected ways of studying workplace time expenditure—time study (chronocarting) and workday photography.

Currently, the primary task of economic and trade union organizations is the radical improvement of technical norm-setting work. To solve this task, it is necessary to improve the training of technical norming specialists, increase the publication of unified inter-departmental norm handbooks, primarily for cross-industry occupations, and eliminate existing shortcomings in the tariff system of wages.

In all socialist enterprises, so-called empirically-statistical norms must be replaced by technically grounded progressive output norms. "As long as empirical-statistical output norms predominate, one cannot seriously speak of fully eliminating wage leveling to the end"[62]. Without technically grounded norms, it is impossible to introduce economically effective piecework wage systems that stimulate higher labor productivity and lower production costs.

In socialist industry, two main forms of wages are used: piecework and time-rate. Both, in turn, are subdivided into several different systems.

The primary form of wages in USSR industry is piecework, which best answers the socialist principle of payment according to the quantity and quality of labor.

The piecework form of payment has several advantages over time-rate payment, under which payment is made in accordance with

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[62] N. M. Shvernik, On the Work of Trade Union Organizations in Fulfilling the National Economic Plan for 1941. Gospolitizdat, 1941, p. 23.

the amount of time worked and qualification, rather than for the actual number of product units produced.

Piecework pay increases the worker's personal interest in raising socialist labor productivity: the individual earnings of a worker under this form of payment depend directly on the success of their work.

The piecework form of wage payment under socialist economic conditions promotes all-around worker development. Thanks to piecework pay, workers have a material interest in acquiring a deeper understanding and mastery of machine operations, rationalizing their work techniques, and elevating their level of general and specialized education.

Piecework wages contribute to improving labor organization and overall production. Any disruptions in technological processes (interruptions in supplying workplaces with raw materials, fuel, power, tools, etc.) are reflected in work results: output decreases and, consequently, individual worker wages drop. This plays a significant role in causing workers to demand that management immediately eliminate all such defects and actively participate themselves in preventing and rapidly clearing downtime. Thus, piecework pay heightens worker interest in the job performed, and in the rational, full utilization of equipment, tools, and materials.

Under socialist labor organization, piecework wages are one of the prerequisites for broad development of socialist emulation, as they are based on clear quantitative and qualitative indicators of items produced per unit of time.

Under piecework payment in socialist conditions, personal interests of the worker (individual wage growth) are most fully combined and aligned with the social interests of socialist society (growth of labor productivity, reduction of production costs). Thereby, working people are educated in the spirit of an honest,

conscientious attitude toward labor for the good of their Motherland, and in the spirit of subordinating personal interests to the interests of society as a whole.

Developing the principle of material incentives for workers to raise labor productivity requires further widespread introduction of piecework wages. The absolute majority of workers at every enterprise can be transferred to this form of payment. The introduction of piecework pay must be preceded by thorough preparatory work: progressive, technically grounded time or output norms must be established for work to be paid by piece rates; accounting of output, time spent, and defect rates (with attribution of fault) must be organized; strict procedure for issuing individual work orders to workers prior to task commencement must be instituted; workplace organization must be improved, equipment assigned to workers, and uninterrupted supply of raw materials, supplies, and tools ensured.

The most widespread system in USSR industry is the individual straight unlimited piecework wage system, under which payment for each unit of product is made at the same rate, regardless of the degree of fulfillment or overfulfillment of the established norm. The piece rate in this case is determined by dividing the pieceworker's tariff rate by the established output norm, or (if a time norm is set for the work) by multiplying the tariff rate by the time norm.

Under the piecework-progressive system, worker payment is made according to several rates that progressively increase depending on the degree of overfulfillment of established output norms. The piecework-progressive system, even more than straight piecework, stimulates higher labor productivity. Essential prerequisites for introducing the piecework-progressive system include: availability of technically grounded progressive norms, exemplary accounting, and preliminary calculation (justification) of

its economic effectiveness. Under the piecework-progressive system, accounting of time worked, output, worker wages, progressive bonus amounts, cost reduction, and savings achieved from applying this system must above all be guaranteed.

Proper organization of the piecework-progressive wage system yields a large economic effect: it most fully stimulates labor productivity growth and contributes to lowering production costs compared to other wage systems.

In USSR industry, other systems of piecework wages are also applied: piecework-bonus, indirect piecework, etc.

In a significant portion of socialist industrial enterprises, the time-rate form is applied, under which payment is made depending on actual time spent on work and worker qualification. Wage organization under the time-rate form allows accounting for only certain qualitative aspects of labor (qualification, working conditions). However, it does not provide a direct link between final work results of a given employee and their wages, and insufficiently stimulates worker effort toward raising individual productivity and improving other qualitative section or shop performance indicators.

Therefore, in socialist industry, the time-rate form of wages is applied only to jobs where norm-setting and accounting are extremely difficult, as well as in cases where by the nature of production it is economically impractical to transfer workers to piecework, such as technical control department personnel, workers manufacturing complex unique instruments, apparatuses, models, etc.

The time-rate form of wages is divided in practice into two systems: straight time-rate and time-rate bonus.

In socialist industry, the time-rate bonus system has gained widespread acceptance, combining time pay with bonuses. The time-rate bonus system possesses substantial advantages over straight

time-rate pay. Worker wage size under straight time-rate pay depends on the tariff rate assigned according to qualification and time worked. Under the time-rate bonus system, earnings depend not only on time worked and qualification, but also on specific quantitative and qualitative labor results. Therefore, the time-rate bonus system significantly strengthens personal material interest of workers in work success and creates greater opportunities for identifying and rewarding outstanding workers.

The time-rate bonus system is applied mainly for auxiliary and maintenance workers engaged in machinery and equipment repair and servicing, instructors and setup men, intra-shop and intra-plant transport workers, workers serving heat and power facilities, as well as production workers performing non-normable tasks.

Under this system, time-rate workers receive bonuses depending on the performance results of the sections, shops, and workers they serve, on time savings (for reducing or eliminating equipment and worker downtime, for accident-free operation of machines, units, shops), on savings of material assets (raw materials, supplies, fuel, electricity), on reducing production defects, etc.

Remuneration of managerial, engineering-technical staff, and office employees in state enterprises and institutions is carried out according to monthly base salaries. Planning and differentiation of base salaries for engineering-technical staff and employees is carried out by the socialist state in a centralized manner, proceeding from the same principles on which worker tariff rates are planned. In addition, salary levels for managerial, engineering-technical staff, and employees depend on working conditions and volume of work in a given section (number of workers, volume of output), technological complexity, and the importance of the enterprise in the industry or national economy. In certain industrial sectors and institutions, salary determination also takes into account educational background, training, and length of service.

In all branches of industry, managerial, engineering-technical staff, and employees receive, in addition to base salaries, bonuses depending on quantitative and qualitative results of their work. In accordance with the bonus system in force in industry since 1946, bonuses are paid provided that managerial and engineering-technical staff achieve fulfillment or overfulfillment of the production output plan, and fulfill plans for cost reduction, product assortment, and quality. Bonus amounts are established depending on the importance of the industry and enterprise, the role of specific personnel in plan fulfillment, and overfulfillment indicators.

As a result of widespread adoption of these bonus systems, personal material interest of engineering and technical personnel in fulfilling and exceeding plans, lowering costs, and producing high-quality output increased significantly, playing a major role in the successful implementation of the post-war Five-Year Plan and the 1951 state plan for the development of the USSR national economy.

Wages received by workers and employees of Soviet state enterprises and institutions in accordance with the quantity and quality of labor expended constitute the main and primary source of their income.

Socialist distribution according to work provides for full implementation of the Marxist-Leninist principle of "equal pay for equal work." This means that in the USSR payment for labor expended in accordance with its quantity and quality does not depend on age, gender, race, or nationality of working people.

The wage level under socialism depends primarily on the degree of development of productive forces, and on the quantity and quality of material wealth produced by the national economy. Under socialism, continuous and unimpeded growth and development of productive forces takes place, and production is conducted in the interests of the people, ensuring a steady and consistent rise in the

material and cultural standard of living of working people. This forms the basis for the fact that under socialism raising the welfare of working people is an economic law.

"Unlike the capitalist economic system," said Comrade G. M. Malenkov, "socialism is unthinkable—and this constitutes the law of its development—without daily concern of the state for raising the material welfare and cultural level of the working people"[63].

The real wage level of workers and employees is established by the state depending on specific political and economic tasks facing a given stage of socialist construction. Proceeding from these tasks, the state establishes a specific ratio between the consumption fund and the accumulation fund. In socialist society, the contradiction between consumption and accumulation is eliminated. Working people are deeply interested in the continuous growth of both the consumption fund and the accumulation fund. Growth of the accumulation fund means accelerating the development rate of productive forces of socialist society and growing production of means of production and consumer goods, ensuring the country's economic independence, defense capability, and rise in working people's welfare.

The Soviet state establishes a ratio between the consumption fund and accumulation fund that ensures, on the one hand, sufficiently high rates of expanded socialist reproduction, and on the other hand, real wage growth for workers and employees as one of the most important conditions for expanded reproduction of labor power—the most valuable capital of socialist society.

In the report of the Central Statistical Administration under the USSR Council of Ministers "On the Results of the Fulfillment of the State Plan for the Development of the National Economy of the USSR in 1951," it is indicated that USSR national income in 1951

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[63] G. M. Malenkov, 32nd Anniversary of the Great October Socialist Revolution. Gospolitizdat, 1949, p. 11.

grew compared to 1950, in comparable prices, by 12%. At the same time, working people received, as in the previous year, about three-quarters of the national income to satisfy their personal material and cultural needs, while the remaining part of the national income remained at the disposal of the state, collective farms, and cooperative organizations for expanding socialist production and for other state and public needs.

The socialist state increases real wages by implementing a policy of steady price reductions on food and consumer goods, raising monetary wages, systematically increasing state expenditure on social and cultural measures, etc.

In contrast to capitalist countries, where in post-war years further absolute and relative impoverishment of working people takes place, in the USSR real wages consistently and steadily rise. Thus, in the post-war years the Soviet Government carried out four price reductions on mass consumer goods. As a result, the USSR population saved over 800 billion rubles from price reductions in state, cooperative, and collective farm trade.

At the same time, systematic growth of workers' and employees' monetary wages is carried out in the USSR. This post-war growth occurred in connection with wage increases in 1946 for low- and medium-paid workers and employees, with wage additions for pieceworkers included in their tariff rates. Since many workers significantly exceed output norms, their previous rates effectively increased 1.5 to 2 times. Monetary wage growth also occurred because the Soviet Government established length-of-service payments for workers, managerial, and engineering-technical staff employed in key industrial sectors—coal, metallurgy, chemical, etc. In post-war years, new bonus systems for quantitative and qualitative labor results gained widespread use, as well as bonus payments from the director's fund and All-Union socialist emulation funds. All this led to significant monetary wage growth for workers and employees.

For example, average earnings of a worker at the Dnepropetrovsk Plant named after V. M. Molotov increased during the five-year plan by more than 1.5 times. Monthly earnings for two-thirds of workers at this plant range from 1 thousand to 4 thousand rubles. Average monthly worker earnings at the Moscow Machine Tool Plant named after S. Ordzhonikidze grew compared to 1940 by more than two times. Even higher wages are received by workers in the coal, metallurgical, and oil industries.

Unlike capitalist countries, worker income in the USSR is not limited to wages. Besides wages, a major role in raising working people's welfare in the USSR is played by constantly increasing state expenditure on social and cultural measures, i.e., appropriations for education, healthcare, social insurance benefits and payments, free and discounted passes to sanatoriums, rest homes, and childcare facilities, paid annual and maternity leave, social security pensions, and allowances for mothers of large families and single mothers. All these expenditures totaled 524.5 billion rubles in 1946–1950, and 125 billion rubles in 1951. In the 1952 state budget, 26.2% of all budget expenditures are allocated to social and cultural measures, or 2.3% more than funds allocated for state defense. These state expenditures on social and cultural measures increase actual income of workers and employees in the USSR by more than one-third.

As a result of systematic price reductions on consumer goods, significant growth in monetary wages of workers and employees, and increases in various state payments and benefits, real wages have grown year after year in the post-war period. Thus, in 1948 real wages increased compared to 1947 by more than 2 times. In 1950, total income of workers, employees, and peasants grew compared to 1940, in comparable prices, by 62%, and in 1951 compared to 1950 by another 10%. In connection with this, real wages and national consumption have now far exceeded the pre-war level.

In 1950, sales to the population in state and cooperative stores (excluding sales from local resources) were higher than in pre-war 1940: meat and meat products by 38%, fish products by 51%, butter by 59%, vegetable oil and other fats by 67%, sugar by 33%, footwear by 39%, cotton, wool, silk, and linen fabrics by 47%. Sales of cultural and household goods to the population increased significantly. In 1950, sales were higher than before the war: watches 3.3 times, radios 6 times, bicycles 2.9 times, sewing machines almost 3 times, motorcycles 16 times, etc.

Successful fulfillment of the state plan for national economic development and real wage growth in 1951 allowed for another substantial increase in working people's consumption. During 1951, the population purchased 15% more goods in state and cooperative trade than in 1950 (in comparable prices), including: meat and meat products 32% more, sausage products 29%, butter 10%, vegetable oil 40%, milk and dairy products 35%, eggs 20%, sugar 29%, fruit 33%, garments 14%, leather footwear 11%, furniture 50%, etc.

When comparing real wages of Soviet workers and employees with real wages of working people in capitalist countries, it is necessary, in addition to the indicated factors, to take into account the fact that unemployment has been completely and forever eliminated in the USSR. Every worker's family in the USSR is freed from the fear of unemployment and has on average a significantly smaller number of dependents per worker than in capitalist countries. Furthermore, in the USSR working people spend 4 to 6 times less on rent and utility services.

With the further development of our country's productive forces and the growth of social labor productivity, real wages of workers and employees will rise even higher. The successful execution of Stalinist five-year plans for national economic development and the construction of the great works of communism ensure an unprecedented rise in working people's welfare. In 5–6

years, our country will receive from irrigated and reclaimed lands alone enough grain, sugar beets, vegetables, fruit, and livestock products to supply 100 million people.

Such growth in industrial and agricultural production under the socialist economic system will allow multi-fold price reductions on all food products and consumer goods and, consequently, significantly raise the welfare of workers, employees, and collective farmers.

Unlike the capitalist economy, the main goal of which is obtaining maximum profit, the primary goal of socialist production is satisfying the constantly growing material and cultural needs of all society. Consequently, under socialism, development of production for the sake of obtaining profit is excluded. Production development in the USSR, as I. V. Stalin points out, "is subordinated not to the principle of competition and ensuring capitalist profit, but to the principle of planned guidance and systematic raising of the material and cultural level of working people." On the other hand, the systematic rise in working people's welfare and growth of their needs (purchasing power), "being a constantly growing source of production expansion, guarantees working people against overproduction crises, growing unemployment, and poverty"[64].

Thus, wages in socialist society play a huge role in the development of production. With their help, the state exercises control over the measure of labor and the measure of consumption, systematically distributes manpower among various branches and regions of the country, raises labor productivity, achieves fulfillment and overfulfillment of production plans, and raises the material and cultural standard of living of workers and employees.

Questions of Economics, No.4, 1952.

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64 I. V. Stalin, Works, vol. 12, p. 321.

AN IMPORTANT STEP TOWARDS THE EXPANSION OF INTERNATIONAL TRADE

(On the Results of the International Economic Conference)

On April 3–12, 1952, the International Economic Conference was held in Moscow. As is known, this conference was convened upon the proposal of the International Initiative Committee, formed on October 28, 1951, in Copenhagen, consisting of industrialists, financiers, economists, representatives of foreign trade organizations, and trade union and cooperative representatives from 20 countries, with the aim of investigating "the possibility of improving people's living conditions through peaceful cooperation between different countries and different systems, through the development of economic ties."[65]

Thus, the Conference was attended by representatives of various social circles, people of various political views and convictions, arriving from countries with differing socio-economic systems. The

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65 *The Conference that has just concluded was the broadest and most representative of all international economic conferences ever held. For the first time in history, so many prominent representatives of the business world—industrialists, merchants, economists, engineers, trade union and cooperative leaders, editors of economic journals and newspapers, etc.—gathered together to jointly examine common problems of interest to all of them. The International Economic Conference was attended by 471 people from 49 countries, namely: Australia, Austria, Albania, Argentina, Belgium, Burma, Bulgaria, Brazil, Great Britain, Hungary, Venezuela, Vietnam, the German Democratic Republic, Holland, Greece, Denmark, Egypt, West Germany, Israel, India, Indonesia, Iran, Iceland, Italy, Canada, the People's Republic of China, Cyprus, the Korean Democratic People's Republic, Cuba, Lebanon, Luxembourg, Mexico, the Mongolian People's Republic, Norway, Pakistan, Paraguay, Poland, Romania, the United States of America, the Union of Soviet Socialist Republics, Uruguay, Finland, France, Ceylon, Czechoslovakia, Chile, Switzerland, Sweden, and Japan.*

number of delegates, together with the experts accompanying them, exceeded 520 people, which significantly exceeded the initial estimates of the International Initiative Committee, which had assumed that 450 people would participate in the Conference. The delegates to the Conference were predominantly representatives of the business world. They established close contact with each other and concluded major trade deals. The Conference was broadly represented by various economic circles from both highly industrialized states and countries lagging behind in their economic development—in particular, from the engineering, timber, textile, leather, and other industrial sectors. Well-known economists and major specialists on international trade issues, as well as leaders of trade union organizations who are well aware of the disastrous plight of the working population in many countries, took an active part in the Conference. Their competence largely helped the Conference to discuss important issues of international economic cooperation usefully for the cause.

Such a broad composition of participants in the International Economic Conference was due to the great social significance of the problems subject to its review—on the expansion of world trade and other forms of economic ties between countries and the improvement of people's living conditions on this basis. The most diverse strata of the population of all countries have a vital interest in the restoration and all-out development of international economic cooperation based on equality and mutual benefit. That is why the idea of convening the International Economic Conference met with great interest and active support throughout the world among trade and industrial circles, trade union, scientific, and public figures and organizations, and the Conference itself attracted unflagging attention from public opinion in all countries. This also explains the indisputable success of the International Economic Conference and the fruitfulness of the results of its work.

The Conference was economic in nature. Its participants did not engage in political debates or ideological disputes. At the very first plenary session, adopting the Rules of Procedure of the Conference, they decided that "any discussions on the comparative advantages of various economic and social systems are excluded." Business people who gathered in Moscow from all corners of the globe devoted their efforts to the consideration and resolution of pressing economic issues concerning millions of people: how to expand the international exchange of material goods, and how the development of normal trade relations between countries and an increase in the volume of foreign trade can contribute to the expansion of national production, increased employment, and the reduction of the cost of living. The unanimity of the Conference participants, despite differences in their social standing and political views, in resolving this complex set of practical questions was a vivid demonstration of the desire to rescue world trade from the dead end into which it has now been driven, and in this way to alleviate the plight of the masses of people who are forced in many countries to drag out a wretched, semi-starved existence.

The expansion of international trade is a pressing vital need. A broad and free, frank and unhindered exchange of views revealed the firm will of the Conference participants to restore and comprehensively develop international economic cooperation, and to eliminate barriers artificially erected in the way of developing trade ties between countries. This same spirit of unanimity permeates the documents adopted by the Conference on the last day of its work—at the plenary session on April 12: the Communiqué on the International Economic Conference in Moscow, the Appeal of the International Economic Conference to the General Assembly of the United Nations, and on the establishment of a Committee for the Promotion of International Trade.

The work of the Conference proceeded in the form of plenary sessions, where cardinal issues subject to discussion were raised in the course of an interesting and substantive general discussion, and in the form of three sections, where more comprehensive and detailed consideration was given to major specific problems directly related to the agenda. The following sections (working groups) were organized: on the development of international trade, on issues of international economic cooperation for the resolution of social problems, and on the problems of under-developed countries. This organizational form of the Conference provided an opportunity for a broader circle of participants to speak out, to discuss in more detail the issues of interest to each of them, and not only to express their views on the principles of a possible revival of international goods exchange, but also to specifically characterize the contribution that their represented country can make to the comprehensive expansion of foreign trade and other international economic ties.

The International Economic Conference comprehensively reviewed the current state of world trade and established that "the deterioration of international relations, especially intensified in recent years, has increased artificial obstacles hindering trade between countries. Traditional trade ties between countries have been disrupted, the geographical spheres of trade have been limited, and exchange between East and West has been sharply disrupted."[66]

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[66] *To characterize the deep disorder in which international trade relations currently find themselves, it should be noted that the volume of world trade as a whole in 1950, according to UN Statistical Office data, was only slightly above the level of 1928, which belongs to a favorable economic period, and in a number of countries did not even reach this level. If we also take into account that during this time the world population, also according to data published by the UN, increased from approximately 1.9 billion to 2.4 billion people, or by almost 25%, the modern volume of international trade per capita is at a level approximately 12% lower than in 1928. In 1950, England, Austria, and some other countries still had not reached the pre-war level in physical volume of imports, and Sweden, Belgium, Luxembourg, Ireland, Italy, Germany (Western), India, Brazil, and a number of other countries in*

If in the immediate aftermath of the Second World War international trade was successfully restored and developed, in subsequent years (1948–1950) the growth of the foreign trade turnover of Western countries halted, and over these years it remained at almost the same level. Over the past 3–4 years, conditions for the development of world trade have deteriorated sharply, and it is falling into ever-greater disarray. This circumstance could not fail to arouse alarm among industrial-commercial and scientific-economic circles, and trade union and cooperative organizations of Western countries, which are seriously concerned about the unfavorable consequences for the economic interests and living conditions of the population of these countries caused by the intensification of various kinds of artificial restrictions, discriminations, and prohibitions in the field of international trade. Such concern was expressed at the Conference by representatives of France, Italy, Brazil, Argentina, India, Pakistan, and many other countries. Indian delegate Gyan Chand, for example, stated: "The elimination of trade barriers and restrictions, the cessation of harmful trade measures of all kinds are necessary, of course, if we want to use trade as a means of mutual aid rather than as an instrument in the struggle of powers for power."[67]

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physical volume of exports. Japan's foreign trade turnover also lagged behind the pre-war level.

[67] *The slight increase in international trade that occurred in 1951 is temporary and unstable, since it is mainly connected with supplies of armaments and military materials and was caused predominantly by military-inflationary price growth. The militarization of the economy of the Atlantic Pact countries, as was irrefutably proven at the International Economic Conference, leads to a further rapid deepening of the disorder in world trade, to the displacement from it of means of production and other goods necessary for the development of civil production, as well as items of popular consumption, by means of destruction and extermination, military-strategic raw materials, and equipment for military and closely related plants. Thus, in 1950, deliveries of armaments accounted for about 14% of the total value of imports of Western European countries from the USA, and in 1951 these deliveries were already equal to almost 40% of the total amount of American exports to Western Europe.*

The entry into world goods turnover of production from peaceful industries has not yet reached the scale of the pre-war period. Numerous official data indicate that in 1950 the volume of international trade for a significant number of mass consumer goods was lower than in pre-war years, in particular: meat by 54%, animal fats by 21%, rice by 10%, cotton fabrics by 21%, etc. World trade in certain types of raw materials also lagged behind the pre-war level in 1950, for example: cotton by 14%, lumber and hard coal by 30%, iron ore by 28%, pig iron by 25%, etc.

Footnote / Note (Page 7):

The subordination of the foreign trade of Western countries to military goals leads to a number of abnormal phenomena, meaningless from the standpoint of economic interests. Thus, for example, France, experiencing an acute shortage of steel, found itself forced to export about one-third of all steel smelted in the country abroad in 1951, which led to an increase in the decline of its civil industry. In turn, Austria exports iron and at the same time buys it on the external market at a double price. Reporting this fact at the Conference, the representative of Austria, Prof. I. Dobretsberger, said: "The mechanism of aid from the United States of North America has led to the economic structure of these countries (Western and Central Europe.—Ed.) deviating from its natural basis and being completely switched to meeting the needs of the Western great powers and their armament programs."

As a result, foreign trade is transformed from a means of developing productive forces and economic rapprochement of peoples into its opposite—an instrument for inhibiting the progress of human society, destroying its productive forces, and causing the economic decline of many countries. The fact that the increase in the foreign trade of most Western states in 1951 was of an extremely unhealthy character is evidenced by the circumstance that the physical volume

index of Western Europe's exports decreased compared to the fourth quarter of 1950 by 7% in the first quarter of 1951, by 3% in the second quarter, and by 8% in the third quarter.

Thus, the signs of a new downturn in international trade, clearly evident already throughout 1951, confirm the proposition that forced trade in armaments, military materials, equipment, and military-strategic raw materials is in no way capable of compensating for the contraction of the total volume of international trade turnover caused by the militarization of the capitalist economy and the dropping out of peaceful goods.

The disorder of modern international trade is a consequence of the violation of normal conditions of economic cooperation between countries; the policy of creating artificial obstacles in the path of developing world goods exchange arising from discriminatory restrictions based on non-economic considerations; and the growth of armaments taking place in the USA and other Atlantic Pact countries. Trade discrimination on political grounds represents a policy that hinders the restoration and development of economic ties between East and West. As the majority of speakers at the Conference emphasized, the curtailment of trade relations between Western countries and Eastern countries is one of the most important factors in the current abnormal state of international trade and inflicts enormous damage on the development of the world economy as a whole, especially the economy of Western countries.

At present, international trade is conducted practically along two separate parallel world markets. Trade and other economic ties between the USA, Western Europe, and other countries of the capitalist world, on the one hand, and the USSR, the People's Republic of China, the European countries of people's democracy,

and the German Democratic Republic, on the other hand, have almost completely ceased[68].

The policy of economic war pursued by the main capitalist states against the USSR and other democratic states, combined with the arms race in capitalist countries and the militarization of trade ties between the latter, further narrows their foreign markets, exacerbates the problem of markets as a whole for them, and exerts a pernicious impact on the development of their entire national economy. This finds expression in the intensification of the chronic imbalance of their trade and payment balances, the depletion of their gold and currency reserves, the exacerbation of the currency crisis, sharp instability of exchange rates, and the deepening of inflationary processes, which in turn further intensifies the disorder of international trade. Thus, the deficit in the trade balance of Western European countries for 1946–1950 exceeded 34 billion dollars and in 1951 rose again threateningly[69].

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[68] *It is known that the trade of Western European countries with Eastern European countries is currently almost three times smaller in volume than in the pre-war period. The USA conducts almost no trade with the USSR, the People's Republic of China, and the European countries of people's democracy. In his speech at the International Economic Conference, the General Secretary of the World Federation of Trade Unions, Louis Saillant, reminded that in 1951 the exports of Western European countries to Eastern European countries constituted 2.4% of their total exports compared to 3% in 1950 and 5% in 1949. If in 1938 Western Europe imported 4,400 thousand tons of grain from Eastern European countries, then in 1950—only 1,700 thousand tons, i.e., slightly more than 38% of the pre-war level. Timber imports amounted to 78.6% respectively, meat imports to 50.7%, and egg imports to 62.5%. Thus, the peoples of many Western European countries are deprived of rich sources of primary necessity products. The share of exports to China and Korea in Japan's total export fell from 44% before the war to 14% at present. The sole reason for the contraction of foreign trade is the policy of trade discrimination and economic boycott of the USSR and states friendly to it, which is unilaterally pursued by the USA and the Marshallized and other countries following them, contrary to common sense and their own economic interests.*

[69] *To a significant extent, the disorder of the trade balances of Western European countries is connected with the fact that they severed traditional trade*

Practice has shown that all kinds of artificial attempts undertaken by the governments of Western countries to solve the problem of payment balances through currency devaluation, the introduction of ever-new import restrictions, export subsidies, the creation of regional payment unions, etc., invariably end in failure and lead to a decline in the living standards of the population of these countries, rising prices, and an increase in the armies of the unemployed. One of the numerous testimonies to this is the acute crisis currently being experienced by the European Payments Union.

As representatives of Western European countries, Latin America, Asia, Canada, the USA, and a number of other countries stated at the Conference, the only radical solution to this problem can be the expansion of the geographical sphere of foreign trade, which is currently overly narrowed, the comprehensive and free development of trade ties between all countries, and the liberation of world economic ties from all kinds of discriminatory restrictions.

In contrast to the foreign trade of Western countries, which proceeds in conditions of growing difficulties, trade between the USSR, the People's Republic of China, the people's democratic countries in Europe, the German Democratic Republic, the Mongolian People's

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ties with Eastern European countries that had developed over decades and tied their economy to the economy of the United States, which, as is known, while forcing the export of its goods, does not adhere to the principle of reciprocity, which is an indispensable condition for the healthy development of foreign trade. As a result, the currency situation of individual Western European countries, especially England and France, by the end of 1951 became catastrophic. According to data cited in the speech of French delegate Bernard de Plâ, France's trade deficit rose from 102 billion francs in 1950 to 339 billion francs in 1951. In December 1951, French dollar imports were covered by exports by only 36%. In turn, Finnish representative K. Varis, emphasizing that without an agreement with the USSR calculated for five years, Finland would have been forced to use its small dollar and sterling reserves to purchase wheat, sugar, fodder, fertilizers, petroleum products, and a number of other goods, summarized: "Trade with the East saved Finland from the acute crisis that Western European countries are experiencing."

Republic, and the Korean Democratic People's Republic is continuously expanding simultaneously with the steady development of other forms of economic ties. Close economic cooperation and friendly mutual assistance of free and equal peoples of these states, sincerely striving to help each other in further accelerating the rise of the national economy, are manifested in high growth rates of their mutual goods turnover. Thus, from 1948 to 1950, trade turnover between these countries increased more than twofold, and the prospects for its further growth are undoubtedly favorable. The successful and beneficial economic cooperation of these countries is a serious contribution to the development of international goods turnover and once again shows the whole world what benefit foreign trade based on the principles of equality and mutual benefit, and the honest fulfillment of assumed obligations, can bring to the national economy.

Analysis of the current state of world trade, the causes of its insufficient volume, and the negative impact of the created situation on the economy of many countries did not, however, lead the participants of the International Economic Conference to pessimistic conclusions. As Prof. O. Lange emphasized in his report at the plenary session on the results of the work of the section on the development of international trade, "the most important conclusion emerging from the discussion in the section is the statement of the existence of broad opportunities for increasing the volume of world trade, expanding its geographical sphere, and increasing the assortment of goods that are the subject of trade."

As a result of a wide and free exchange of views, the Conference unanimously established that "the volume of international trade can be significantly increased and that the expansion of trade ties between countries would bring benefits to industrialists, merchants, and farmers. It would lead to better utilization of the economic

resources of all countries and contribute to increased employment and a higher living standard for the broad masses of the population."

The resources and production opportunities available in the world for peaceful goods make it possible to expand international trade on a large scale if broad business ties are established between countries. If world trade per capita were to increase by even 10% over the 1928 level, this would yield an increase in world exports per year of at least 15 billion dollars. Such an expansion of international goods turnover would mean an increase in world export of goods in comparable prices by 25% compared to 1950. At the same time, it is meant that the development of goods turnover will be carried out through an increase in the exchange of food and industrial goods, raw materials, and equipment for peaceful production.

The reality of such a possible growth in international goods turnover was confirmed at the Conference by specific programs for the development of foreign trade set forth in the speeches of representatives of states with a planned, crisis-free economy: the USSR, the People's Republic of China, Poland, Czechoslovakia, Romania, Hungary, Bulgaria, and the German Democratic Republic. These specific programs are based on carefully weighed, thought-out, and realistic possibilities; they rely on the continuously expanding domestic market of these countries, on their rapidly growing economy, on the steady growth of the population's solvent demand, and have all the greater weight and significance because the trade organizations of the USSR, as well as of countries friendly to it, strictly, fully, accurately, and on time fulfill their assumed obligations.

As can be seen from the speech at the Conference by the Chairman of the USSR Chamber of Commerce M. V. Nesterov, Soviet foreign trade organizations could purchase in the countries of Western Europe, America, Southeast Asia, the Middle East, Africa, and

Australia goods usually exported by them and sell to these countries goods of Soviet production of interest to them in such quantities that the total trade turnover of the USSR with the indicated countries over the next 2–3 years would amount to 30–40 billion rubles, or from 10 to 15 billion rubles a year, compared to the post-war maximum turnover of approximately 5 billion rubles achieved in 1948. Such a program of trade development means that as a whole the annual foreign trade turnover of the Soviet Union can increase by one and a half or even two times as early as the next 2–3 years compared to the current turnover of 18 billion rubles a year.

It is noted in the foreign press that the program for the expansion of foreign goods turnover presented by the Soviet Union is capable of exerting an enormous influence on all international trade as a whole.

The goods turnover of the People's Republic of China with capitalist countries, provided that they eliminate artificial barriers, could amount to 15–19 billion rubles over the next 2–3 years, according to incomplete data; the goods turnover of Poland, Czechoslovakia, Hungary, Romania, and Bulgaria combined—25–30 billion rubles over the same time; and the goods turnover of the German Democratic Republic—10–12 billion rubles.

Generalization of these data shows that the USSR, China, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, and the German Democratic Republic combined can increase their foreign trade turnover with capitalist countries by 2.5–3 times compared to the current level in a short period of 2–3 years.

These data once again convincingly show the readiness of the USSR, people's China, European people's democratic countries, and the German Democratic Republic, along with increasing mutual goods turnover, to comprehensively develop trade ties with the capitalist world as well. The delegate of the Soviet Union emphasized that Soviet trade organizations will not refuse to expand ties with trade

and industrial circles of other countries if these relations are based on mutual benefit and the exact fulfillment by the parties of their obligations. At the same time, Soviet trade organizations do not intend to oust anyone from international markets or seek any privileges for themselves. They proceed from the fact that under normal conditions foreign trade is a profitable business for all countries participating in it, allowing more productive use of the economic opportunities created by the international division of labor. International trade can thus serve as an additional factor in the economic development of the countries participating in it.

At present, there has also emerged a desire among certain business circles in a number of Western countries to expand trade with the USSR, the People's Republic of China, the European people's democratic countries, and the German Democratic Republic. Representatives of Western European countries, Asia, America, and other parts of the world spoke about this, in particular, at the Conference. Such proposals met with the support of the delegates of the Soviet Union and the people's democratic countries in Europe and Asia, since the proposed expansion of trade will be carried out on the principles of equality of the parties and mutual benefit, respect for mutual interests, and the inadmissibility of imposing any economic or political requirements, on conditions excluding discrimination in any forms and manifestations.

The statements of Conference participants who arrived from various countries made it possible to state that differences in socio-economic systems are not an obstacle to the expansion of international economic ties based on equality and mutual benefit. Indeed, it has been proved theoretically and practically that even with the existing difference in systems, a broad development of trade ties between them is quite possible.

In Comrade Stalin's Reply to the questions of a group of American newspaper editors published on April 2, 1952, it is stated: "The peaceful coexistence of capitalism and communism is quite possible given a mutual desire to cooperate, a readiness to fulfill obligations undertaken, and observance of the principle of equality and non-interference in the internal affairs of other states."

At the International Economic Conference, as its Communiqué states, "large concrete possibilities for expanding trade between the countries of Western Europe, the USA, Canada, the countries of Latin America, Asia, Africa, the Soviet Union, the People's Republic of China, and the countries of Eastern and Central Europe were revealed."

The Conference participants put forward proposals to increase the volume of foreign trade and named goods that they could sell and buy on mutually beneficial terms.

The speech of the Soviet delegate indicated that if English business circles wish to develop trade with the USSR, Soviet export and import organizations could undertake a substantial expansion of ties with English firms and bring trade turnover to the maximum volume of the pre-war period, which in 1937 amounted to about 2.5 billion rubles in modern prices; that Soviet trade organizations could increase purchases of French goods and sales of Soviet goods to France 5–6 times, bringing trade turnover to a size exceeding the maximum pre-war trade turnover; that broad opportunities exist for the development of Soviet trade with Italy, Holland, Belgium, Sweden, Norway, Denmark, Switzerland, Finland, West Germany, Japan, Latin American countries, Southeast Asia, the Near and Middle East. Great opportunities exist for the development of Soviet-American trade. If American business circles have a desire to develop trade with the USSR, Soviet import organizations could place orders in the USA for various goods in the amount of 4–5

billion rubles with delivery within 2–3 years, although even this does not exhaust the possibilities for a larger expansion of economic ties.

The economic blockade did not prevent the successful fulfillment of national economic plans in the Soviet Union and countries friendly to it, and proved powerless to hinder the rapid build-up of the growth rates of their productive forces. In some cases, on the contrary, it caused an acceleration in the development of new industrial sectors in these countries. Nevertheless, the USSR, the People's Republic of China, and the European people's democratic countries are interested in expanding trade with capitalist countries, as evidenced by the program put forward by them at the Conference to increase goods turnover across a wide range of goods.

At the same time, Western countries, finding themselves in a state of self-blockade and self-isolation, are experiencing the most serious difficulties generated by the actual severance of normal economic ties with states that are their natural and traditional counterparts in trade operations. Undoubtedly, the development of international trade, and especially trade with the East, would contribute to mitigating economic difficulties in Western countries, raising the living standard of their population, utilizing peaceful sectors of their industry suffocating from a lack of orders, ensuring an influx of necessary equipment, machines, raw materials, and food, and weakening the sharpness of the dollar problem.

The International Economic Conference put forward a number of specific proposals pursuing the task of facilitating the conditions of international trade and, in particular, the conclusion of trade transactions in national currency. The Conference showed that exchange transactions, sales and purchases of goods for national currencies, and the execution of settlements for export and import operations through national banks can contribute to the expansion of world trade. Such flexible forms of settlement, successfully practiced

by Soviet trade organizations, create favorable conditions for the development of broad trade relations with the USSR by many countries[70].

As a result of the negotiations that took place, a significant number of deals were concluded between about 170 firms of various countries represented at the Conference. "The commercial negotiations," the Communiqué states, "started at the Conference, are continuing at present, testifying to the fact that among trade figures there is a great desire to use all opportunities to expand foreign trade."

At the International Economic Conference, especially in the speeches of trade union figures, the disastrous plight of the broad masses of the people in Western countries was subjected to detailed discussion. At present, the majority of people live in incredibly difficult conditions. The average life expectancy of more than half of the world's population does not exceed 30 years. Hundreds of millions of people are undernourished and cannot buy even the most essential industrial goods. The official cost-of-living index for the period from July 1950 to December 1951 alone rose in Austria by 47%, in Australia by 43%, in France by 28%, in Japan by 24%, in Argentina by 22%, in England by 13%, in Brazil by 11%, in the USA by 10%, in Pakistan by 9%, etc. The housing issue remains a most acute problem for a significant portion of the working population.

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[70] *Of great importance is the fact that during the period of the Conference's work, representatives of business circles from various countries were able to establish personal contact, discuss issues of interest to them on a broad basis, and conduct commercial negotiations. Specific statements by representatives of various countries regarding what goods they can export and what goods they wish to import were subjected to detailed consideration in six special groups, in which trade opportunities for the following categories of goods were discussed: engineering products, chemicals, minerals, food, grain, and textiles.*

Of the greatest consideration when examining the impact of international trade on people's living conditions is the problem of unemployment. Armies of people deprived of work and means of subsistence are constantly growing in Western countries and have acquired threatening proportions. In Western European countries, even according to official, understated data, in February 1952 the number of solely fully unemployed was 7.6 million against 6.2 million in 1951, not to mention the semi-employed, who are much more numerous, and unemployed agricultural workers. In the USA, Latin America, Japan, India, and other countries, tens of millions of fully and partially unemployed are also counted.

It was convincingly shown at the Conference that the resolution of acute social problems facing a number of countries—employment of the population, provision of housing, food supply—can be greatly facilitated by the all-out development of international goods turnover and the raising of production levels on this basis. "Of course," said the Chairman of the All-Union Central Council of Trade Unions V. V. Kuznetsov in a speech at a meeting of the section on issues of international economic cooperation for the resolution of social problems, "by mere deployment of trade one cannot resolve all the socio-economic problems of interest to working people. Nevertheless, we fully share the opinion expressed at the plenary session and here in the section that the development of trade ties can exert a beneficial impact on the national economy of cooperating countries and contribute to raising the living standard of peoples."

The restoration and expansion of international trade and other economic ties can bring considerable benefit in reducing unemployment and easing the plight of millions of people in capitalist countries. This is vividly evidenced by the fact that the fulfillment of Soviet orders alone will open up the opportunity to provide work within three years for at least 1.5–2 million people. Taking into account family members, this means the opportunity to

provide means of subsistence for about 6 million people. The fulfillment of Soviet orders would provide work for more than 100 thousand unemployed in Italy, more than 100 thousand in France, almost 200 thousand in England, over 100 thousand in West Germany, the same amount in Japan, tens of thousands in Holland, etc., not counting the additional opportunities that the development of trade of these countries with the People's Republic of China, European people's democratic countries, and the German Democratic Republic would create in this regard.

It was also emphasized at the Conference that the policy of the arms race in Western countries has pernicious social consequences for the masses of the people and places a heavy burden on the shoulders of working people. Many delegates spoke out unequivocally for ending the arms race and reducing military expenditures. It is known, for example, that in France, the funds spent on equipping one tank division (100 billion francs) could build 2 thousand schools, or over 300 residential settlements, or 10 hospitals. Funds obtained from the reduction of military allocations could be used to meet the pressing needs of working people—for the construction of housing, hospitals, and schools. Meanwhile, a huge number of illiterates exist not only in countries like Egypt, where they constitute 85% of the population, India—90%, Turkey—79%, British Somaliland—99.85%, but also in more developed countries such as Italy, where 2 million children have no opportunity to go to school, although there are 80 thousand unemployed teachers in the country.

The needs of economically underdeveloped countries and their relations with highly industrialized states were subjected to special analysis at the International Economic Conference. "The Conference considers," the Communiqué states, "that the rapid industrialization of underdeveloped countries and international cooperation for these purposes are extremely necessary and every possible assistance must be rendered to them."

The best form of actual economic assistance to underdeveloped countries is, first of all, the normal development of trade and other economic relations on the basis of mutual benefit, equality, and non-interference in the internal affairs of other countries. Delegates of underdeveloped countries who spoke at the Conference stated that the industrial powers of the West refuse to sell them machines, machine tools, and other equipment. As for Soviet foreign trade organizations, they could supply machines and equipment in the amount of up to 3 billion rubles to the countries of Southeast Asia, the Middle and Near East over the next two to three years[71].

The economic Conference that has just concluded has great international significance. The fruitfulness of the meeting of competent representatives of industrial and commercial circles, economic scientists, trade union and cooperation figures from countries of five continents is unquestionable. This meeting made it possible to clarify the paths for the healthy development of economic cooperation between all countries and the improvement of people's living conditions on this basis; it served to establish business contacts between many firms and contributed to the conclusion of mutually beneficial trade deals.

The Conference revealed the unanimous desire of all its participants to continue and develop the work they have started to expand international trade. In particular, it was deemed desirable to hold another International Economic Conference based on the same principle of economic cooperation between all countries, regardless of their economic and social systems, which guided the International Economic Conference in Moscow. It was also decided to continue

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[71] *The work of the Conference showed that economic progress in underdeveloped countries and their supply of machines and industrial equipment, as well as a mutually beneficial ratio between the prices of raw materials that they export, are of vital importance for the development of international trade and peaceful economic cooperation.*

the exchange of information regarding the export and import opportunities of various countries. To put these proposals into practice, the International Economic Conference established a Committee for the Promotion of International Trade.

The Conference instructed the competent Committee for the Promotion of International Trade elected by it to immediately submit to the General Assembly of the United Nations the Appeal adopted by the International Economic Conference on April 12, 1952. The Appeal puts forward a proposal to the UN General Assembly to convene in the near future a conference of government representatives with the participation of business circles, trade unions, and other public organizations of all countries in order to promote the expansion of international trade on the basis of equality and with due regard for the industrialization needs of underdeveloped countries.

Thus, the International Economic Conference accomplished its goal. Attempts to disrupt it undertaken from across the ocean by those who have no interest in strengthening international cooperation and are betting on a new world conflagration failed ingloriously. The refusal of some trade union leaders of Western countries to participate in the Conference, who thereby merely demonstrated that to the detriment of the interests of working people they openly support the policy of severing economic cooperation between countries, the refusal to issue foreign passports to business people in Japan who intended to participate in the Conference, the difficulties created for the travel to the USSR of delegates from Italy, India, and Pakistan by the authorities of these countries, the false propaganda campaign raised in the USA and a number of other capitalist countries—none of this affected the outcome of the Conference, which should undoubtedly be recognized as successful.

The world press, which followed the Conference with unflagging attention throughout its work, as well as its participants themselves, highly evaluate its results. In the opinion of the Pakistani newspaper *Imroz*, "the work of the Conference will have far-reaching consequences." The Swedish newspaper *Norrskensflamman* wrote: "Everything indicates that the Conference will be one of the significant events of the present time." In turn, the editor of the financial department of the American newspaper *New York World-Telegram and Sun*, Hendershot, believes that the US State Department made a mistake in recommending that American businessmen boycott the Moscow Conference, and calls this "shortsightedness."

The Conference participants appealed to business people of all countries, figures of science and technology, trade unions, and cooperatives, regardless of their views, to support initiatives for the development of trade exchange between countries and the elimination of obstacles hindering this exchange. The Conference expressed confidence that the development of world trade on mutually beneficial terms, on the basis of equality and with due regard for the industrialization needs of underdeveloped countries, will serve the cause of strengthening economic cooperation among peoples and improving people's living conditions.

The International Economic Conference was an important step on the path of expanding international trade and made a serious contribution to the cause of peaceful cooperation between peoples.

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G. SHVARTS

ISSUES REGARDING THE DEVELOPMENT OF CREDIT

The existing system of credit relations in the national economy of the USSR developed as a result of the credit reform of 1930–1931. Over the past more than 20 years, the socialist economy has developed rapidly. Back during the years of the third Stalin five-year plan, the Soviet Union entered the period of gradual transition from socialism to communism. Credit relations of the State Bank with branches of the national economy during these years continuously changed and were perfected. In particular, crediting of trading organizations according to turnover was introduced, and crediting according to turnover was established for certain machine-building enterprises. This strengthened the participation of bank credit in working capital and payment turnover of economic organizations. For the further perfection of credit relations, the determination of the economic nature of various types of loans and their role in socialist expanded reproduction is of essential significance.

After the credit reform of 1930–1931, the classification of bank credits solely by material features of credited objects and their place in the reproduction process has been widely applied in our specialized literature. Credits are distinguished as: 1) for production funds and circulation funds, 2) for seasonal and non-seasonal types of material assets and expenditures, 3) for planned and unplanned stocks of material assets and expenditures. Such a classification insufficiently reflects the

features of the bank's credit relations with enterprises associated with the differing designation and utilization of loans. Meanwhile, an analysis of these relations, alongside taking into account differences in credited objects, is of essential significance for clarifying the role of credit in expanded socialist reproduction.

Considering the question of the content of bank credit, Marx pointed out that depending on its designation, this credit acts as a loan of capital or as a loan of money. If a loan is issued without the client presenting security, then the latter receives "a loan as an addition to his capital, which he hitherto had at his disposal. He receives... not only money, but also money capital. If, on the other hand, he receives a loan granted against the security of paper securities and the like, then this is an advance in the sense that money is given to him under the condition of its repayment. But this is not an advancing of capital... He completes the transaction not because he needs capital — he already has it in his paper securities — but because he needs money. Here, consequently, we have before us a loan of money, not of capital"[72].

Under socialism, there is no loan of capital, since the category of capital is absent; the functions and designation of money have fundamentally changed; enterprises, being common property of the whole people, do not issue or acquire paper securities; bank credit, as a rule, must have material security. State socialist enterprises operate on the basis of economic accounting (khozraschyot) as independent economic links of a unified system of planned national economy. In connection

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[72] K. Marx, Capital, vol. III, 1951, p. 441.

with this, defining the participation of credit in the renewal and expansion of production and commercial activity of economic-accounting enterprises and organizations is of vital importance for clarifying the role of bank credit. From this stems the necessity to distinguish the conditions of formation and movement of constituent elements of enterprises' working capital in the process of the entire circuit of these assets.
Working capital of production enterprises represents the aggregate value of circulating production funds and circulation funds. Circulating funds, in turn, consist of production reserves and work in progress, while circulation funds include finished products, monetary funds, and funds in settlements.
The formation of production reserves and their processing require the advancing of monetary funds. Credits for purchasing raw materials, materials, fuel, etc., allow enterprises to acquire production materials and carry out other production expenditures for which enterprises do not have their own funds. These credits serve as an addition to enterprises' own funds advanced in their productive form. Consequently, they represent a loan of working capital.
Finished products are the result of the production process and must be realized. In connection with this, credit granted to an enterprise secured by finished products located in warehouse or shipped to buyers does not increase the sum of advanced funds, but only accelerates the replacement of the commodity form by monetary form, thereby contributing to the normal renewal of production at the size already achieved by the enterprise, but

not its expansion[73]. In this case, bank credits represent a loan of money. This is confirmed by the fact that in the case of product realization immediately after its exit from production, for example, on the basis of a letter-of-credit form of settlements, the need for credit does not arise.

Thus, the division of credits into loans of working capital and loans of money stems from the circuit of assets and depends on the purposes for which bank credit is issued.

Working capital of economic (procurement, supply, marketing, and trading) organizations servicing the sphere of circulation represents circulation funds. The circuit of assets of these organizations appears in a simpler form: M–C–M. For the first phase, i.e., for purchasing goods or procuring raw materials, as well as for reimbursing circulation costs, working capital is necessary, including credit in the form of loans of working capital, for their utilization creates conditions not only for preserving the former volume of procurements and trade turnover, but also for their expansion. In the second phase of asset circuit, credit secured by goods and raw materials shipped to buyers acts in the form of a loan of money, since it creates conditions for the normal renewal of trade turnover.

Bank credit in the USSR is provided, moreover, in the form of so-called settlement credits, which aim to ensure timely settlement with suppliers of agricultural raw materials, as well as with suppliers of individual types of products under the acceptance form of settlements and in cases where enterprises and economic organizations temporarily lack funds to settle

[73] Reduction of cost and prices, which allows obtaining more output with identical monetary costs, does not change the position that at the expense of a loan of money only the sum of advanced funds is restored.

balances resulting from offsetting mutual claims. Features of settlement credits consist in the fact that these credits are directed towards payment not only for above-normative, but also normative stocks of material assets, as well as towards payment for material assets intended not only for forming stocks, but also for current utilization.

Formally, settlement credits in all cases represent loans of working capital, since their issuance is not linked to presenting security to the bank, and, consequently, here advancing of funds additional to those available at enterprises takes place. In fact, settlement credits can also act as a loan of money — for example, in case the necessity for them is caused by temporary investment of enterprises' own working capital in uncredited by the bank above-normative stocks of finished products or in settlements with buyers, in connection with which settlement credit is used to pay for material assets within norms subject to formation at the expense of own funds. If credit issuance is caused by arrival of material assets above norms or reduction of own working capital, then settlement credit represents loans of working capital.

Differences in the designation of both loan forms are connected with different conditions of formation of their material security. Since the requirement for a loan of money secured by finished products arises due to the necessity for the enterprise to replace its commodity form with monetary form, under a loan of money the formation of material security precedes receipt of the loan by the enterprise. On the contrary, a loan of working capital is not a consequence, but a condition for the formation of material stocks (including commodity stocks of trading organizations) and for production expenditures. From

this it follows that under a loan of money, credit must only correspond to the size of material security, while under a loan of working capital it must actively promote the formation of material security at enterprises.

Differences in designation of the two indicated types of loans in their interconnection with security caused the application of two forms of loan accounts: simple (term) and special.

Crediting via a simple loan account provides for issuance of loans to an enterprise depending on the size of their material security. Crediting via a special loan account is based on issuance of loans for payment of incoming material assets with subsequent comparison of the sum of granted credits with their security. Thus, a simple loan account mainly corresponds to the designation of a loan of money, while a special loan account corresponds to the designation of a loan of working capital (meaning planned loans). An exception is made for credits for work in progress (as an independent object of crediting), which can be issued via simple loan accounts, since payment for expended labor is performed periodically — at stipulated deadlines.

In practice, simple loan accounts are applied also when issuing other planned loans of working capital, in connection with which the existing procedure for issuing loans in a number of cases does not correspond to their designation.

The division of bank credit into loans of money and loans of working capital allows a better understanding of the reasons why the bank, when issuing various credits, differently accounts for and must account for compliance by enterprises with conditions of economic accounting.

In connection with the fact that loans of money only accelerate the return of funds advanced by enterprises, they, as a rule, can be issued (and in fact are issued) even when the financial stability of an enterprise is violated, in particular in the presence of overdue loans, for in this case a loan of money contributes to eliminating financial difficulties and to normal renewal of the production process (and trade turnover). Therefore, for issuing a loan of money it is usually sufficient to make sure of the presence of security and the legality of its formation.

The situation is different with loans of working capital. Since these loans are intended for additional expenditures (to own funds available at the enterprise), issuing loans, as a rule, is linked not only with verification of their necessity, i.e., alignment of expenditures with the plan, but also with evaluation of compliance with conditions of economic accounting as a whole. Therefore, control by the ruble over the activity of enterprises and economic organizations during crediting in the manner of loans of working capital is fuller and broader than under loans of money, and the question of conditions for issuing loans of working capital is significantly more complex in banking practice than the question of conditions for issuing loans of money, requiring special attention.

According to the resolution of the Council of Labor and Defense (STO) of July 23, 1931, the State Bank provides enterprises with short-term credit only for needs associated with financing values in transit, advancing seasonal production processes, accumulating seasonal stocks of raw materials, fuel, production and auxiliary materials, temporary increase of

investments in work in progress, seasonal accumulation of finished goods and commodities, as well as for other temporary needs arising in the course of production and circulation of goods.

By resolution of the STO, the principle of planned regulation of bank credit and own working capital as two constituent parts of working capital necessary for executing the plan of production and circulation of goods was approved, and the targeted character of both sources of working capital formation was established as a mandatory condition for their planned utilization, while the obligatoriness of observing term and returnability of direct bank credit was emphasized. Alongside this, the resolution defined concrete forms of planned regulation of own working capital and bank credit, which reflected a definite stage in the development of the socialist economy and bank crediting.

The transition to crediting objects provided for by the STO resolution of July 23, 1931, as well as endowing enterprises with own working capital, including through conversion of part of indebtedness to the bank, led to the share of credit in working capital of heavy industry significantly decreasing, while the share of own funds accordingly increased. This can be seen from the following data:

Specific Weight of Own Working Capital and Gosbank Credit in Heavy Industry as of January 1, 1932 (in %)[74]

Source	Without conversion	With conversion
Own working	47	81.3

[74] See "Finances of the USSR over 30 Years", Gosfinizdat, Moscow 1947, p. 121.

capital		
Gosbank credit	53	18.7
Total	100	100

Narrowing the objects of bank crediting in heavy industry affected the structure of credit investments as well. As of October 1, 1923, the specific weight of heavy industry (including forestry) in the total sum of short-term credits of the entire credit system was little more than 12%. By October 1, 1929, in connection with growth of production and improvement of the financial position of heavy industry enterprises, its share in credits rose to 25%. As of January 1, 1933, i.e., after conducting the credit reform, the share of heavy industry in credits decreased to 13.3%, despite further development of heavy industry and enhancement of its specific weight in the output of the whole national economy. Heavy industry began to be credited mainly secured by goods shipped to buyers. Alongside this, credits for forming circulating production funds, i.e., loans of working capital, relatively contracted.

With the transition to crediting only seasonal and other temporary (above-normative) stocks of material assets, the role of credit in payment turnover of enterprises and economic organizations also changed.

The payment turnover of an enterprise in the portion pertaining to settlements for material assets develops depending on the utilization of own funds or credit and payment deadlines linked therewith, as well as on the order of settlements with buyers and the moment of release of monetary funds for new payments linked therewith.

Under conditions of a transitional economy, utilization of commercial (trade) credit when purchasing raw materials, goods, etc., reduced the enterprise's need for own working capital. Payment turnover of an enterprise under these conditions was characterized by the following features. Granting trade credit coincided with the moment of purchasing raw materials or selling finished goods, but payment for them was performed upon expiration of the trade credit term. In connection with this, the time of receiving raw materials or realizing goods did not coincide with the moment of payment, and loan repayment deadlines diverged from phases of the enterprise's asset circuit. Since the credit term was established by agreement of the parties, the payment deadline for materials and finished products was conditioned by this agreement under general regulation of terms by state organs. Thus, there was only a tendency of bringing credit terms closer to definite phases of asset circuit, but no direct correspondence between trade credit repayment deadlines and completion dates of individual stages of production and circulation of goods. Receipt of bank credit by enterprises against bills of exchange of buyers of their output led to the necessity of timely repayment of bank loans by them. This created conditions for bank control over the financial position of enterprises. But since the basis of relations between the bank and enterprises in this case was the bill of exchange, bank loan terms were conditioned ultimately by trade credit terms. True, the bank had the opportunity to influence and did influence overall bill of exchange terms and their differentiation regarding state and cooperative enterprises and regarding private firms, but it could not yet directly link enterprise payment deadlines with the

process of production and circulation of goods, which is a necessary condition for bank control over execution of production and financial plans under socialism.

At the same time, bank credit against bills of exchange indirectly served as a source of formation of working capital of buyer enterprises and economic organizations (drawers), regardless of reasons for the emergence of need for these assets.

Thus, the existence of bills of exchange and indirect bank crediting hindered planned regulation of working capital and bank credit, and consequently the exercise of state-wide control over the work of enterprises and economic organizations. It was necessary to transition to direct bank credit. Introduction of direct bank crediting means that payment for raw materials, materials, fuel, etc., is timed to the moment of their arrival, as when using only own funds. At the same time, the enterprise, having received credit, must make a second payment — repay the received credit. The credit repayment term is established by the bank in accordance with the planned term of utilization of credited values in production or product realization. Thereby payment turnover under direct bank crediting is utilized for exercising centralized control by the state through credit over execution of plan assignments by enterprises. When enterprises operate at the expense of own working capital or commercial (trade) credit, such control is absent.

Under direct crediting, payment turnover of enterprises and bank control over their activity are organized differently depending on whether the enterprise uses credit for seasonal stocks of material assets or across the whole turnover of expenditures.

When crediting via simple loan accounts seasonal stocks of material assets and goods shipped to buyers, credit issuance is performed after emergence of objects of crediting, while repayment is timed to the following deadlines: credits for production material stocks — to the moment of sending them to production, credits for goods stocks (finished products) — to the moment of their shipment, credits for goods shipped to buyers — to the moment of completion of the normal document workflow term.

Such order of issuing and repaying credits within planned terms enables the bank not only to control the work of enterprises, but also more rationally (from the point of view of utilizing state monetary reserves and economic accounting) to form their working capital than under commercial crediting. However, here it should be qualified that when crediting seasonal stocks, for the most part only individual types of production materials are covered, and this restricts the scope of bank control. At the same time, organization of payment turnover when crediting only seasonal and other temporary stocks of material assets is incomplete.

If the circuit of enterprise assets is accomplished evenly in exact accordance with plan, then in case of conducting economic activity of the enterprise solely at the expense of own working capital, payment for raw materials, materials, etc., would be performed from monetary funds already available by that moment, since their release necessarily would have to precede expenditures (abstracting for now from possible irregularities in receipt and disbursement of money). If, however, besides own funds the enterprise uses credit for seasonal and other temporary stocks of raw materials,

materials, fuel, etc., via simple loan accounts, then at the moment of payment deadline arrival it may not yet have monetary funds, for the loan is issued by the bank only after receiving documents certifying the presence of above-normative stocks. Thereby the order of crediting stocks of material assets via simple loan accounts does not exclude the possibility of divergence between payment deadline and moment of formation of necessary monetary resources for it. This is explained by non-correspondence between designation of loans of working capital necessary for forming circulating production funds and the applied order of their issuance via simple loan accounts depending on already available funds, as when issuing a loan of money.

Under commercial credit, payment deadline did not coincide with the moment of formation of material stocks, and therefore the order of issuing commodity-backed loans after transfer of material assets to the bank as pledge corresponded to settlement conditions. Applying the same order of loan issuance for purchased material assets after transitioning to direct crediting leads to the possibility of temporary delays in settlements with suppliers even during normal enterprise operation.

Thus, establishing seasonal and other temporary stocks of material assets as objects of crediting allowed transitioning to rational, planned utilization of state-wide resources for forming enterprise working capital, in particular their own working capital, as well as organizing state-wide control through the credit system over the course of executing production and financial plans of enterprises. However, this crediting procedure did not yet fully resolve questions of ensuring

financial maneuverability of enterprises executing plan assignments.

Insufficient participation of credit in working capital of heavy and a number of branches of light industry and in organizing payment turnover of enterprises gives grounds to consider that crediting seasonal and other temporary stocks of material assets represents only a private form of direct bank crediting, which stands in need of significant improvement.

New forms of credit relations that emerged as a result of the credit reform of 1930–1931 required their further development. Development of credit in the form of loans of working capital proceeded along the path of expanding credit relations with non-seasonal branches of economy, changing the procedure for crediting seasonal stocks of material assets, and strengthening the role of bank credit in payment turnover of enterprises regardless of the presence of permanent or seasonal objects of crediting.

Shortcomings of the system of crediting by Gosbank of a number of economic branches through issuing loans of working capital only for seasonal goods stocks, as well as individual unplanned loans, were revealed primarily in trade. Therefore, when preparing the abolition of the card system, the Council of People's Commissars of the USSR as one of the measures issued a resolution on August 16, 1933, on transferring trading organizations to crediting according to trade turnover. The prototype of this crediting order was served by the practice of issuing unplanned loans[75] for payment of individual batches of goods. At the same time, the concept of own working capital norm built from calculation of minimum requirement for them was still preserved. For this purpose, the smallest monthly trade turnover in 1933 was laid as the basis for norm calculation.

As a result, two types of credit were introduced: one directed towards making up shortage of own working capital to bring them to the level of established minimum requirement, the other — towards expanding trade turnover in connection with subsequent growth of its level compared to the month of minimum turnover in 1933.

Further practice showed that such delimitation of working capital insufficiently contributes to enhancing the role of credit in developing trade turnover and strengthening bank control over trade operation.

Therefore, in 1936, a procedure of equity participation of own funds and credit in paying for goods was introduced with

[75] Unplanned credits are understood as credits exceeding the planned sum of crediting, regardless of how they are formalized.

simultaneous utilization of bank credit in the form of special loan accounts for carrying out all settlements for goods. Thus, the task of expanding credit ties along the line of loans of working capital and participation of credit in settlements for goods required not only transitioning from crediting seasonal goods stocks to crediting total turnover of goods for the planned period of their turnability and from the form of simple loan account to the form of special loan account, but also changing the principle of participation of own funds and credit in forming working capital. From 1939, the same principle of crediting was applied in its main features regarding marketing and supply organizations of many industrial branches.

In 1933, in connection with tasks set by the second five-year plan in the domain of developing heavy industry, the question arose of changing the settlement system in ferrous metallurgy with the aim of ensuring timely payment for production shipped to buyers according to orders of Stalsbyt. For this purpose, a system of centralized settlements of Stalsbyt with metallurgical industry at the expense of bank credit during transit shipments of industrial products to consumers according to Stalsbyt orders was introduced. Subsequently, this settlement and crediting procedure was extended to non-ferrous metallurgy, coal, chemical, and coking industries, as well as to refractory and building materials industries.

The question of transferring heavy industry enterprises to crediting according to turnover of material assets arose in 1939. However, practice of crediting machine-building industry enterprises solely for work in progress expenditures and according to finished product turnover proved unsuccessful,

since the moment of issuing a loan of working capital was not linked to arrival and payment deadline of production materials. On the contrary, experience of applying crediting in the form of special loan accounts based on turnover of production materials from the moment of their purchase to shipment of finished products showed the possibility and expediency of applying the principle of crediting according to turnover to industrial enterprises having no seasonal fluctuations in production. Thereby a way was found to expand credit relations of Gosbank with heavy industry on the basis of strengthening the role of credit in working capital and payment turnover of industrial enterprises under full compliance with principles of targeted utilization, term, and returnability of issued credits.

Development of new forms of credit relations through changing the procedure for crediting seasonal stocks of material assets with goals of strengthening the role of credit in organizing settlements manifested most fully in Gosbank's mutual relations with procurement organizations, primarily Zagotzerno.

Prior to credit reform, procurement organizations used two types of credits: blank (advance) for paying for procured products, and commodity-backed under stocks of procured products. These same types of credit were preserved in early years after credit reform. But already in 1932, the bank began issuing individual unplanned loans to Zagotzerno for settlements for products in cases where due to non-payments of buyers or other reasons there were no funds on its settlement account. Unplanned loans were issued also in presence of overdue indebtedness of Zagotzerno to the bank.

With development of planned regulation of production and realization of agricultural products, as well as in connection with raising the role of the ruble after abolition of the card system in 1935, insufficiency of pre-reform crediting practice became apparent.

As a result of this, Gosbank in 1935 transitioned to a new procedure for crediting procurement organizations via special loan accounts, which ensured uninterruptedness of settlements of these organizations with suppliers. On these same accounts, credits for seasonal stocks of raw materials and products are reflected.

Issuance of unplanned loans to Zagotzerno organizations upon buyer non-payments led to the necessity of strengthening the role of credit in Zagotzerno's settlements with its buyers. Therefore in 1932, to main buyers of Zagotzerno the bank also began issuing loans in case there were no funds on their settlement accounts for paying for agricultural products. In 1935, simultaneously with changing the crediting procedure of procurement organizations, guaranteed credit via special loan accounts in settlements of industry processing agricultural raw materials with procurement organizations was introduced. Via special loan account seasonal stocks of raw materials are credited as well. Thus was found a form of ensuring participation of credit, as loans of working capital, in payment turnover of organizations having seasonal accumulations of material assets. At the same time, crediting procurement organizations and industrial enterprises regardless of their financial position represents an exception from general rules of Gosbank, stemming from commodity relations of state organizations with collective farms. Such procedure is not

applied in other cases of crediting seasonal objects when credit is simultaneously utilized also for settlements with suppliers (for example, in state farms).

New forms of credit relations through enhancing the role of credit in enterprise settlements with suppliers regardless of presence of permanent or seasonal objects of crediting received development also in 1932. At the end of 1932, in connection with delay of payments by buyers for products of "Stal" enterprises, Gosbank institutions were instructed to achieve uninterrupted settlements for metal — by providing buyers for this purpose necessary credits. Subsequently, such credits for some time were issued to metallurgical enterprises of South and Urals for their settlements for coal, coke, and ore. In 1934, special credits were introduced for settlements of fishing industry for raw fish. From 1935, payment for wood is performed by all buyer economic organs from special loan accounts opened for these buyers by the bank.

Utilization of bank credit directly in payment turnover represented a transition to new forms of direct crediting, strengthening the role of credit in working capital of enterprises and taking into account both changes in relations between bank and economic organs (transition from indirect to direct crediting) and changes in settlement relations between economic organs in connection with prohibition of commercial credit (immediate payment for goods).

Thus, development of bank credit after conducting credit reform represents a unified process of expanding objects of crediting necessary for developing credits in form of loans of working capital, and overcoming incompleteness of credit participation in organizing payment turnover caused by non-

correspondence between designation of loans of working capital and procedure for their issuance. Changes in bank credit reflected further development of socialist planning of national economy and in particular expansion of production cooperation of industrial enterprises.

Combining on same loan accounts seasonal objects of crediting with utilization of credit for settlements with suppliers cannot be limited to mutual relations of Gosbank with procurement organizations, light and food industry in part of agricultural raw materials, as well as state farms, sugar and timber industry, as takes place at present. Necessity of changing existing practice of crediting seasonal stocks of purchased production materials and goods is dictated by necessity of eliminating non-correspondence between designation of credits as loans of working capital and conditions of their issuance via simple loan accounts. Formally enterprises have right to receive loans issued via simple loan accounts for payment of above-normative stocks of material assets. However main condition for receiving such loan is presenting to bank proof of presence of stocks, which requires no less than two-three days from moment of their formation. At same time loans secured by stocks of unpaid material assets as rule are issued after expiration of payment term. Thereby in practice non-correspondence between conditions of loan issuance and their designation is not yet completely eliminated. Liquidation of this non-correspondence is possible only in case loans of working capital will be issued for payment of credited according to plan values with subsequent adjustment of their sizes depending on actually available stocks. At same time conditions for issuing loans must be such as not to allow their

utilization for reimbursing shortage of own working capital associated with non-fulfillment of plan assignments or with other illegal expenditures, as well as for forming surplus stocks of material assets. Exactly in such direction practice of crediting seasonal stocks of purchased material assets must be revised.

Credits for settlements with suppliers may be in a number of cases unplanned. Under crediting according to turnover, these credits can be unplanned in case: 1) if production materials acquired in accordance with plan arrive unevenly, 2) if production program is overfulfilled, and 3) if funds for participation of enterprise in material payment are temporarily absent. In these cases size of credit can exceed its planned magnitude, and in turnover of enterprise unplanned loans will actually be used. Same loans will be used by enterprises also in case sum of credits received for settlements with suppliers for production materials intended for forming seasonal stocks temporarily exceeds actual growth of above-normative stocks of these materials in connection with their processing. Finally, if enterprise uses only one-time credits for settlements with suppliers, these credits will also be unplanned loans.

With question of developing such settlement credits problem of further development of cashless settlements through offsetting mutual claims is closely linked.

Mutual offset of obligations is such form of cashless settlements under which payments on mutual claims of two or many parties are mutually cleared. Each of them in this case pays or receives only difference between its payments in favor of remaining parties and sums due from them. Thanks to mutual offset of obligations opportunity exists to make

payments with help of sum of money smaller than sum of payments themselves. This significantly accelerates turnover of monetary funds of enterprises and facilitates timely payment by enterprises of their obligations to suppliers. System of offsetting mutual claims represents most advanced form of cashless settlements, having especially great significance under conditions of development of production cooperation of enterprises. Vitality of this system is confirmed by fact that from 1940 to 1951 specific weight of payments conducted via this system in total sum of payments for goods and services passing through Gosbank grew from 11% to 37%.

Difference between enterprise payments and receipts in their favor is settled at expense of either enterprise funds or bank settlement credit. Since as result of offsetting mutual claims significant economy of payment means is achieved, requirement for credits for settlements with suppliers decreases. In connection with this, wider application in settlements between enterprises and economic organizations offset of mutual claims receives, smaller will be sizes of unplanned settlement credits, which is very important both from point of view of planned regulation of working capital and for correct maneuvering with Gosbank credit resources. Alongside this, economic accounting requires such organization of credit relations under which unplanned credits (like planned ones) could not serve as source for covering unproductive expenditures of enterprises.

Features of loans of working capital associated with their designation for payment of incoming material assets cause necessity for certain change in existing procedure for verifying credit security. When in 1931 Gosbank transitioned to crediting

seasonal and other temporary (above-normative) stocks of material assets via simple loan accounts, unified procedure of control over targeted utilization of credits was introduced by comparing indebtedness on loans with above-normative balance of credited values at moment of loan issuance. This did not correspond to nature of loans of working capital, which aim at forming paid material stocks. Transfer of trading and subsequently other organizations to crediting according to turnover of material assets showed also that control over targeted credit utilization by its subsequent (after payment for goods) comparison with security cannot serve as main method of control under crediting according to turnover, since credit is granted to economic organs for purchasing goods and materials necessary for current realization, rather than for forming above-normative stocks. Therefore in given case issuing loans for payment of credited values for planned term of their turnability and verification of participation of own funds in payment for goods and materials became main method of control over activity of economic organs. Verification of credit security by material assets was preserved as additional control over correct loan utilization and for adjusting credit terms in case actual turnability of credited material assets proved faster than planned.

Verification of security of settlement credits by comparing them with above-normative balances of material assets in many cases is generally inapplicable. Firstly, need for settlement credit can arise also in absence of above-normative balances of those material assets for payment of which loan was issued, if shortage of funds for paying for some materials is caused by presence of temporary above-plan stocks of other materials or

by delay of receipt of funds from buyers. Secondly, in connection with short-term nature of settlement credits issued on one-time basis or under crediting of stocks, loans can already be repaid by moment of receiving reporting data of enterprises and economic organizations according to which their material security is verified.

Thus, development of credits in form of loans of working capital makes necessary transition to differentiated methods of control over targeted credit utilization depending on designation and conditions of loan issuance.

Under a loan of money (and loan of working capital for work in progress), control must be exercised by comparing enterprise indebtedness to bank with material loan security both at moment of its issuance and subsequently until loan is completely repaid in same procedure that exists at present.

Under loans of working capital (except those issued for work in progress), primarily targeted utilization of loans must be ensured by directing them towards payment of credited values and expenditures. Subsequent comparison of enterprise indebtedness to bank with presence of stocks of credited values must be conducted regarding those loans issued under crediting according to turnover and under seasonal stocks of material assets. Subsequent verification of security of one-time loans of working capital is not conducted.

In all cases of loan issuance, as indicated above, conditions ensuring interests of strengthening economic accounting must be observed.

Division of credits into loans of money and loans of working capital allows fuller understanding of the role of bank credit in process of socialist expanded reproduction. Being a form of

planned redistribution of temporarily free monetary funds on principles of returnability, bank credit contributes to accelerating turnover of material assets and expanding socialist production.

Credit as a loan of money does not increase sum of funds advanced by enterprise. However, it accelerates for it process of reproduction (production and circulation) at achieved size. Thereby it directly contributes to preserving elevated level of production at enterprises receiving loans, and by this indirectly contributes to utilization of additionally obtained output as means of production or means of consumption for general expansion of reproduction. In addition, during realization of production under acceptance form of settlements at buyer enterprises at expense of credits granted to supplier enterprises secured by shipped goods, additional working capital is created as result of applying established extended (up to 10 days) payment term. Credit as loan of working capital represents for enterprises and economic organizations not only payment means, but also increase of sum of advanced funds. Therefore it directly contributes to accelerating expanded reproduction and plays, consequently, most active role in increasing production and trade turnover.

Heavy industry, with exception of its individual enterprises and production branches, as well as a number of light industry enterprises having no seasonal fluctuations either in production or in material stock movement and credited secured by goods shipped to buyers, receive only loans of money. Expansion of production volume here is accomplished predominantly at expense of own working capital. Only sporadically individual enterprises receive loans of working capital for settlements

with suppliers and upon formation of above-plan stocks of production materials and work in progress.

On the contrary, in agriculture, procurement organizations, industry processing agricultural raw materials, timber industry, water transport, in domain of trade turnover (supply, marketing, and trade), as well as in individual branches and enterprises of heavy industry where by force of production and supply conditions seasonal fluctuations in production expenditures and material stock movement occur, credit acts, besides loan of money, also in form of loan of working capital, contributing by this not only to renewal, but also expansion of production, procurements, and trade turnover.

The foregoing confirms how different is role of bank credit in development of individual enterprises and economic branches depending on their crediting in form of loan of money or loans of working capital.

Continuous growth of industry, especially heavy, increasing role of planned regulation of material-technical supply, and expansion of production cooperation of enterprises require further development and improvement of system of direct bank crediting along line of loans of working capital.

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A. Sazanov

THE ECONOMIC PROGRAM OF THE BOLSHEVIK PARTY ON THE EVE OF OCTOBER
(On the 35th Anniversary of V. I. Lenin's April Theses)

The struggle of the Bolshevik Party for the victory of the socialist revolution in Russia and the establishment of the dictatorship of the proletariat was carried out on a strictly scientific basis. No political party in human history was better prepared for the state leadership of society than the Bolshevik Party. The Bolshevik Party came to power fully armed with the Marxist-Leninist theory of social development. It possessed a clear and definite Leninist-Stalinist strategic plan for building socialism in our country, a precise program for the socialist transformation of Russia. An integral part of this program was the economic platform of the Bolsheviks, put forward by Lenin in his famous April Theses and subsequently developed in the works "The Impending Catastrophe and How to Fight It," "Can the Bolsheviks Retain State Power?" and in other works of Lenin and Stalin, as well as in the decisions of the Seventh (April) All-Russian Conference of the Bolsheviks and the Sixth Party Congress. This economic platform was based on Lenin's theory of the possibility of the victory of socialism in one, individually taken, capitalist country and fully answered the most pressing needs of Russia's economic and political development.

After the February Revolution of 1917, dual power was formed in Russia. Alongside the Soviets of Workers' and Soldiers' Deputies, a new state power arose—the power of the bourgeoisie and

bourgeoisified landlords in the person of the Provisional Government. The Mensheviks and Socialist-Revolutionaries, who had entrenched themselves in the Soviets, taking advantage of the political immaturity of the masses, surrendered the power won by the workers and peasants to the bourgeoisie. The Provisional Government pursued a policy advantageous and pleasing to the bourgeoisie. It continued to wage an imperialist war, exploiting the natural desire of the people to defend the gains of the revolution, deceived the masses with the slogan of a Constituent Assembly that would allegedly solve the questions of land, bread, and peace, and prepared the transition to an open, bloody dictatorship.

The bourgeoisie, having seized power, thought not of restoring the country, but of suppressing the revolutionary movement of the working people. The counter-revolutionary Provisional Bourgeois Government deliberately contributed to economic disintegration, striving to lead the country to economic collapse so that, using disruption and famine, it could deal with the revolutionary workers, peasants, and soldiers. The war amplified the political and economic backwardness of tsarist Russia and increased its dependence on foreign capital. Russia was threatened with the fate of becoming a colony of Western imperialism, losing its freedom and independence. The Mensheviks and Socialist-Revolutionaries, as well as hidden enemies of the party of the type of Kamenev, Rykov, and Pyatakov, dragged the working people toward a bourgeois republic. Together with West European opportunists, they asserted that Russia was not ripe for a socialist revolution. They wanted to confine the great popular revolution within the framework of ordinary bourgeois parliamentarism, attempted to subordinate the interests of the proletariat to the interests of the bourgeoisie, and asserted that the establishment of a bourgeois republic was the only way out to save Russia.

"The revolution needed a mind of extraordinary power to quickly figure out the most complex web of contradictions and unerringly point out to the masses their immediate goal.

It needed a will of extraordinary firmness to lead the masses along the right path to this goal.

Such a giant of thought and will, who absorbed the experience of the revolutionary struggle of the working people of all countries, standing at the height of scientific understanding of the tasks of the proletariat, was Vladimir Ilyich Lenin"[76].

V. I. Lenin arrived in Petrograd on April 3 (16), 1917. The next day he delivered his famous April Theses, which, as Comrade Stalin noted, were of immense importance for the revolution and for the further work of the party. The party, under the new conditions of struggle following the overthrow of tsarism, needed a new orientation. This orientation was given to the party by Lenin's theses.

In Lenin's April Theses, a brilliant plan of party struggle for the transition from the bourgeois-democratic revolution to the socialist revolution was formulated, and a concrete, theoretically grounded program for commencing the transition to the socialist revolution was provided. Lenin, basing himself on a strictly scientific analysis of the international situation and social development of Russia, pointed out to the party and the working class the only correct path to save the country from the impending economic catastrophe and from enslavement by foreign imperialists. This path consisted in the transition to the socialist revolution, in the victory of socialism.

Lenin acted as a true leader of science, possessing the courage and determination to break old traditions and norms when they become obsolete and hinder forward movement, and possessing the skill to create new traditions, new norms, and new guidelines.

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[76] History of the Civil War in the USSR, vol. 1, 1938, p. 90.

Lenin's conclusion that the only salvation for Russia lay in the victory of socialism—a conclusion based on a strictly scientific analysis of the international situation and internal state of Russia—was a major scientific achievement of creative Marxism. Comrade Stalin characterized this conclusion of Lenin as follows:

"Recall the year 1917. On the basis of a scientific analysis of the social development of Russia, on the basis of a scientific analysis of the international situation, Lenin then came to the conclusion that the only way out of the situation was the victory of socialism in Russia. This was a more than unexpected conclusion for many men of science at that time. Plekhanov, one of the outstanding men of science, then spoke of Lenin with contempt, asserting that Lenin was 'delirious'... Everyone and anyone among the men of science then howled against Lenin as against a man destroying science. But Lenin was not afraid to go against the stream, against routine. And Lenin won"[77].

Lenin's orientation toward the victory of socialism in Russia was warmly supported by his faithful friend and comrade-in-arms I. V. Stalin. Speaking at the Sixth Party Congress in defense of Leninist ideas, he said: "The possibility is not excluded that Russia will be the very country that paves the way to socialism... We must discard the obsolete concept that only Europe can show us the way. There exists dogmatic Marxism and creative Marxism. I stand on the ground of the latter"[78].

Opportunists of all countries, traitors to the working class—Kautsky, Hilferding, Trotsky, Bukharin, Mensheviks, and Socialist-Revolutionaries—asserted that the victory of socialism was possible only in those countries where capitalism had reached its highest point

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[77] Speech of Comrade Stalin at the Reception in the Kremlin of Higher Education Workers, May 17, 1938, Gospolitizdat, 1938, p. 5.

[78] I. V. Stalin, Works, vol. 3, pp. 186, 187.

of development and where the proletariat constituted the majority of the population. Lenin developed a new theory of the socialist revolution. He pointed out that the revolution would win where the capitalist front proved weak enough to be broken by the proletariat. "...The Leninist theory of the socialist revolution proceeds from the fact that the socialist revolution will win not necessarily in those countries where capitalism is most developed, but primarily in those countries where the capitalist front is weak, where it is easier for the proletariat to break this front, and where there is at least an average level of development of capitalism"[79].

Russia was a country with an average level of capitalist development and the weakest link in the chain of the world imperialist front. Meanwhile, said Comrade Stalin, a great popular revolution was rising in Russia, headed by the most revolutionary proletariat in the world, which had at its disposal such a serious ally as the revolutionary peasantry of Russia. The Bolshevik Party, led by Lenin and Stalin, boldly led the working people of Russia toward the socialist revolution.

The most important political and revolutionary-practical question raised by Lenin in the April Theses was the question of the Soviets as the state form of the dictatorship of the proletariat. Prior to Lenin, Marxists of all countries believed that a parliamentary republic was the most expedient form of political organization of society during the transition period from capitalism to socialism. Engels, in his critique of the draft Erfurt Program in 1891, pointed out that a democratic republic was the specific form of the dictatorship of the proletariat.

V. I. Lenin, relying on the experience of the Russian revolutions of 1905 and 1917, which brought forward a new form of state organization of society—the Soviets—came to the conclusion

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[79] I. V. Stalin, Works, vol. 1, p. XV.

that the best political form of the dictatorship of the proletariat was not a parliamentary democratic republic, but a Soviet republic.

"Not a parliamentary republic—to return to it from the S.W.S.D. would be a step backward—but a republic of Soviets of Workers', Agricultural Laborers' and Peasants' Deputies throughout the country, from top to bottom"[80].

Evaluating this brilliant theoretical conclusion of Lenin, Comrade Stalin wrote: "What would have happened to the party, to our revolution, to Marxism, if Lenin had faltered before the letter of Marxism and had not dared to replace one of the old propositions of Marxism, formulated by Engels, with a new proposition about a republic of Soviets, corresponding to the new historical situation? The party would have groped in the dark, the Soviets would have been disorganized, we would not have had Soviet power, and Marxist theory would have suffered serious damage. The proletariat would have lost, and the enemies of the proletariat would have won"[81].

The Soviets were a new, fundamentally different, higher, and more democratic type of all preceding democratic institutions of state organization of society. It was precisely the Soviets that served as that political form within the framework of which our country builds communism. Lenin discovered the Soviets as the state form of the dictatorship of the proletariat, but Lenin was never a slave to dogma and repeatedly emphasized that the historical development of proletarian revolutions would yield many new, highly diverse forms of the dictatorship of the proletariat, corresponding to other historical conditions. This foresight of Lenin was brilliantly confirmed by the course of all historical development. Thus, after the Second World War, in the countries of Central and Southeastern Europe, a new

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80 V. I. Lenin, Works, vol. 24, p. 5.

81 History of the CPSU(b). Short Course, p. 341.

form of the dictatorship of the proletariat arose—people's democracy, which most fully corresponds to the historical and national characteristics of these countries that have taken the path to socialism.

As party tasks, Lenin put forward the demand for the immediate convocation of a party congress, for under the new conditions of struggle, following the overthrow of tsarism, it was necessary to give the party a new orientation and unite the party around the tasks of the struggle for the growing over of the bourgeois revolution into a socialist revolution.

Lenin did not call at that time for the immediate overthrow of the Provisional Government, for it still enjoyed the confidence of the Soviets. He sought, through explanatory work among the masses, to win a majority in the Soviets, to change the policy of the Soviets, and through the Soviets to change the composition and policy of the government. "This was an orientation toward the peaceful development of the revolution"[82].

Lenin demanded a revision of the party program. He pointed out the necessity, in connection with the approaching socialist revolution, of including in the program an assessment of imperialism and the era of imperialist wars. This was an extremely important requirement, for an analysis of imperialism enabled Lenin to discover the law of uneven economic and political development of capitalist countries in the era of imperialism and, proceeding from this law, to draw the brilliant conclusion regarding the possibility and necessity of the victory of socialism initially in one, individually taken, capitalist country and the impossibility of such a victory simultaneously in all countries.

Further, Lenin demanded the alteration of a number of points in the political minimum-program, a complete revision of the economic

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82 History of the CPSU(b). Short Course, p. 178.

minimum-program which had become outdated in many places, and a change in the agrarian program.

Lenin also emphasized the need to introduce into the program a provision on the relationship of the party to the state and the demand for a "commune-state," i.e., a state whose prototype was provided by the Paris Commune and whose embodiment Lenin saw in the Soviets.

Lenin called for abandoning the name of Social-Democratic Party, for this name had been soiled and disgraced by the opportunists of the Second International, traitors to socialism. Lenin proposed naming the Bolshevik Party the Communist Party, as Marx and Engels had named their party. Such a name is scientifically correct, for the ultimate goal of the Bolshevik Party is the achievement of communism.

Finally, Lenin demanded in his theses the creation of a new International, the Third, Communist International, free from opportunism and social-chauvinism. The initiative to create such an International was to be taken by the Bolshevik Party.

The economic tasks of the party in the period of transition from the bourgeois revolution to the socialist revolution were set forth by Lenin in the same famous April Theses. Our immediate task is not the "introduction" of socialism, Lenin pointed out, but the immediate transition merely to control by the Soviets over social production and product distribution. The immediate measures of the party were to be the confiscation of all landlord lands and nationalization of all land in the country, the merger of all banks into one national bank and the establishment of control over it by the Soviets, and worker control over social production and product distribution. Lenin regarded these measures as initial steps toward socialism.

Speaking at the April Conference of the Bolshevik Party, Lenin said: "'The revolution is bourgeois, and therefore there is no need to

speak of socialism,' say our opponents. But we shall say, on the contrary: 'since the bourgeoisie cannot find a way out of the existing situation, the revolution goes further.' We must not limit ourselves to democratic phrases, but explain the situation to the masses and point out to them a series of practical measures: to take into their hands the syndicates, to control them through the Soviets of R. and S.D., etc. And all these measures, when implemented, will make Russia stand with one foot in socialism"[83].

Lenin's theses armed the party and the working class with clear goals of struggle and pointed out the paths of the revolution's development. They became the party's fighting program, following which the party won the majority of the working class, united the working people in the battles for socialism, and led them to world-historical victories.

The further development of the Leninist economic program was received in such works of Lenin as "The Impending Catastrophe and How to Fight It," "Can the Bolsheviks Retain State Power?" and in certain other works of Lenin and Stalin, as well as in the decisions of the Sixth Party Congress, which aimed the party toward an armed uprising.

After the July days, the possibilities for the peaceful development of the revolution disappeared. Dual power came to an end. Power concentrated in the hands of the bourgeois Provisional Government, while the Soviets, with their Socialist-Revolutionary and Menshevik leadership, turned into an appendage of the Provisional Government. To implement the program of the Bolshevik Party, an armed uprising was necessary.

Under these conditions, the economic platform of the Bolshevik Party, enriched by the experience of the revolutionary

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83 V. I. Lenin, Works, vol. 24, p. 275.

mass movement, transformed into an integral part of the program of armed uprising and the struggle for the dictatorship of the proletariat.

As a result of the war and the ruinous policy of the bourgeoisie and its Provisional Government, the country experienced severe economic collapse. The following data speak eloquently of this:

Gross Industrial Output[84] (in millions of pre-war rubles):

Industry Branch	**1913**	**1916**	**1917**
Mining and Metallurgical Industry	1,003.9	941.35	528.13
Chemical Industry	37.78	53.55	64.1
Food Products	1,505.8	1,176.0	734.8
Manufacturing			
Cotton Industry	1,090.3	892.55	596.4
Woolen Industry	195.1	187.2	134.4
Silk Industry	49.2	38.9	21.8

Thus, the gross output of the main branches of industry in monetary terms, even compared to the low level of 1916, decreased in 1917 by approximately 25–40%. Pig iron smelting in the first 6 months of 1917 amounted to 98.9 million poods against 231.9 million poods produced in 1916. Iron and steel produced in 1917 amounted to 155.5 million poods against 205.8 million poods in 1916; coal extraction fell in 1917 to 1.74 billion poods against 1.95 billion poods in 1916; oil extraction fell in 1917 to 422 million poods against 492 million poods in 1916.

The state of railway transport also sharply deteriorated. The number of "sick" locomotives increased from 3,382 (16.5% of the locomotive fleet) on January 1 to 5,374 (25.8% of the locomotive fleet) on October 1, 1917. The wagon fleet decreased during this time by 28.8%, or by more than 200 thousand wagons. In October

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[84] See Vestnik Statistiki [Bulletin of Statistics], book XIV, 1923, pp. 152–153.

1917, an average of 16,627 wagons were loaded daily—34% less than in 1916.

Agriculture was also in a state of decline and degradation. Sown area decreased sharply. Yields fell significantly. The livestock population decreased considerably. The supply of food to the cities worsened day by day. At the same time, speculation grew. Famine raged in the country. The Provisional Government preserved land in the hands of the landlords, who under conditions of war and disruption failed to manage their estates. The peasantry, having received no land, openly opposed landlord landownership.

The financial system also suffered a complete collapse. As of January 1, 1917, credit notes in circulation amounted to 9.1 billion rubles, and by October 1, 1917—already to 17.2 billion rubles.

The Provisional Government intensified inflation in every way. During 5 months—from March to July 1917—paper money amounting to 4.5 billion rubles was issued, i.e., three times more than in the whole of 1916. The exchange rate of the ruble fell by 37% during August–October. The purchasing power of the ruble equaled approximately ten pre-war kopecks.

The immense rise in prices caused by disruption, speculation, and money emission reduced the real wages of workers by almost half. On average for 1917, workers' wages amounted to 57.4% relative to 1913. Unemployment grew severely. Capitalists carried out mass lockouts: in March 1917, 74 enterprises with 6.6 thousand workers were closed; in April—55 enterprises with 2.8 thousand workers; in May—108 enterprises with 8.7 thousand workers; in June—125 enterprises with 38.5 thousand workers; in August and September—231 enterprises with 61 thousand workers. The pincers of monstrous economic collapse squeezed the country more and more.

"...After three years of war, the economic situation of Russia," stated the Sixth Congress of the Bolshevik Party, "appears as follows: complete exhaustion in the sphere of productive labor and disorganization of production, all-round breakdown and decay of the transport network, a state of public finances close to final collapse, and, as consequences of all this, a food crisis reaching famine, an absolute shortage of fuel and means of production in general, progressive unemployment, immense impoverishment of the masses, etc. The country is already falling into the abyss of final economic collapse and ruin"[85].

The Sixth Congress of the Bolshevik Party, taking place under the direct leadership of Comrade Stalin, pointed out in its decisions that the main cause of economic collapse in the country was the non-conformity between the state of productive forces and the demands placed by imperialist war. This crisis, intensifying day by day, was amplified by the policy of the bourgeoisie, which sabotaged any work tending toward the regulation of production and management of the country's economic life. Indeed, the bourgeoisie that had come to power thought not of organizing production, but of wringing out maximum profits, striving to enrich itself on war contracts, disruption, and famine.

The only way out of this critical situation, indicated in the congress decisions, was the termination of the war and the organization of production not for war, but for the restoration of the national economy, not in the interests of a handful of financial oligarchs, but in the interests of workers and the poorest peasants. The congress emphasized that this could be carried into life only on condition of the transfer of state power from the hands of the bourgeoisie into the hands of the working people. The congress

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85 The CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC, part 1, Gospolitizdat, 1940, p. 256.

pointed out the necessity of decisive and revolutionary intervention in the sphere of production by the working people for the purpose of its planned regulation. For this, first of all, nationalization and centralization of banking, nationalization of a number of syndicated enterprises—oil, coal, sugar, metallurgical—as well as transport, the establishment of effective worker control over production, and the organization of proper exchange between town and country were necessary. In order to fight financial collapse, the congress indicated the following measures: an immediate halt to further paper money emission, refusal to pay state debts, both foreign and domestic, and transformation of the entire tax system by introducing a property tax. In the field of raising productive forces: proper distribution of manpower, transferring workers from branches and enterprises working for the war to branches and enterprises working for the country's needs.

The Sixth Congress approved the following main points of the economic program: 1) confiscation of landlord land and nationalization of all land in the country; 2) nationalization of banks; 3) nationalization of large-scale industry; 4) worker control over production and distribution. This program pointed out the paths to the economic rebirth of the country and ensured the transition to socialism in the economic sphere.

The struggle against disruption in the country was advanced by the party as a most vital economic task. How is disruption explained? Lenin asked, and answered: by the predatory nature of the capitalists. Lenin explained that bourgeois regulation of the economy consists in securing maximum profits for capitalists at the expense of robbing the working masses. "The bourgeois lie," wrote Lenin, "passing off state-planned measures securing triple, if not tenfold, profits for capitalists as 'control'"[86].

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[86] V. I. Lenin, Works, vol. 25, p. 291.

Lenin showed that the Provisional Government, like the bourgeois governments of Western capitalist countries, "regulates" economic life in such a way that maximum profit is secured for the capitalists. Lenin called for decisively curbing the capitalists. To a handful of industrial magnates who engage only in "clipping coupons" and collecting fabulous profits, who deliberately hinder the country's economic rebirth and amplify economic disruption, Lenin said, a decisive war must be declared, confiscation of their property decreed, and imprisonment meted out for concealing income or reports, for sabotaging production, and for failing to take measures to increase production. Regulation of the country's economic life must begin, Lenin taught, with limiting the boundless and scandalous profits of capitalists and landlords enriching themselves on high prices and war supplies. For this, strict control must be established over large capitalist enterprises, drawing broad masses of working people into this cause.

Lenin demanded: "Call upon independent initiative of democracy, not bureaucracy, of workers and employees, not 'sugar kings'... Appeal to the initiative of workers and employees, convene them immediately to conferences and congresses, hand over to their hands such-and-such a share of profits on condition of creating comprehensive control and increasing production"[87].

Lenin pointed out that the question of economic regulation and control reduces to who controls whom, i.e., which class is controlling and which is controlled. And Lenin called for organizing control over capitalists by the working classes.

Working people, Lenin taught, must take control over the economic life of the country into their hands and, with the help of the Soviets, establish accounting, supervision, and regulation of production and distribution of products, achieve proper distribution

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87 Ibid., pp. 311, 312.

of manpower, eliminate all superfluous expenditure, and introduce strict economy in everything.

To curb the capitalists and organize effective control over the country's economic life, the state had to carry out decisive economic measures. Among the most important of these Lenin considered the following: merger of all banks into one and state control over its operations, or nationalization of banks; nationalization of syndicates, i.e., the largest monopolistic unions of capitalists (sugar, oil, coal, metallurgical syndicates, etc.); abolition of commercial secrecy; compulsory syndication (i.e., compulsory association in unions) of industrialists, merchants, and owners in general; compulsory organization of the population into consumer societies, or encouragement and control over such organization.

In the organization of proletarian control Lenin saw the first steps toward socialism.

Vladimir Ilyich attached great importance to the nationalization of banks. He pointed out that banks represent the centers of modern economic life, the main nerve centers of the entire capitalist system of national economy. "Modern banks," wrote Lenin, "are so closely and inseparably merged with trade (grain and any other) and industry that without 'laying hands' on the banks, absolutely nothing serious, nothing 'revolutionary-democratic' can be done"[88].

[88] V. I. Lenin, Works, vol. 25, p. 305.

Lenin pointed out the necessity of merging all banks into one single state bank, for only such a merger would allow effective control over where and how, from where and at what time "millions and billions are transferred. And only control over the banks, over the center, over the main pivot and basic mechanism of capitalist turnover, would allow organizing in deed, and not in words, control over all economic life, over the production and distribution of major products, organizing that 'regulation of economic life' which otherwise is doomed inevitably to remain a ministerial phrase for deceiving the common people"[89].

Nationalization of banks is the easiest measure. No special preparatory steps on the part of the state are required here. This measure is executable by a single decree, "at one stroke." The economic possibility of such a measure was created by capitalism itself; here there remains only the unification of bookkeeping.

Nationalization of banks was bound inevitably to entail the nationalization of large-scale industry as well, for banks and the largest industrial branches had merged inseparably. Lenin pointed out that one cannot nationalize only banks without taking steps toward creating a state monopoly of commercial and industrial syndicates, without nationalizing these syndicates. Regulation of economic life requires the simultaneous nationalization of both banks and syndicates.

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89 Ibid., p. 306.

Lenin showed that the nationalization of large-scale industry was economically mature and technically fully executable. Large-scale industry in Russia—chiefly oil, sugar, coal, and metallurgical—had been "socialized" on a gigantic scale by the entire preceding development of capitalism. Large capitalist enterprise by its very technical nature is a socialized enterprise, since it works for millions of people and unites through its operations, directly and indirectly, hundreds, thousands, and tens of thousands of families. "Take the sugar syndicate," said Lenin, "or the state railways in Russia, or the oil kings, etc. What is that if not state capitalism? Can one 'leap over' that which already exists?"[90].

Lenin noted that large industrial syndicates represent a ready-made economic apparatus performing a vast amount of accounting and registration work. "Besides the predominantly 'oppressive' apparatus of the standing army, police, and bureaucracy," wrote Lenin, "there is in the modern state an apparatus connected especially closely with banks and syndicates, an apparatus that performs a mass of accounting and registration work, if one may so express it. This apparatus must not and need not be broken up. It must be wrested from subordination to the capitalists; the capitalists with their threads of influence must be cut off, severed, chopped away from it; it must be subordinated to proletarian Soviets; it must be made broader, more all-embracing, more all-popular"[91]. And Lenin pointed out that we possess a "wonderful means" to instantly, at one stroke, tenfold our state apparatus—a means that no capitalist state ever possessed or could possess. This wonderful means is drawing the working people, drawing the poor into the daily work of state administration.

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90 V. I. Lenin, Works, vol. 25, p. 30.

91 V. I. Lenin, Works, vol. 26, p. 81.

The Bolshevik Party and its leaders Lenin and Stalin always linked the victory of the new, socialist system with the independent historical creativity of the working masses. Lenin taught that without drawing new and newer strata of the people into socialist construction, without awakening the activity of broad masses, no revolutionary transformation could even be spoken of. Lenin emphasized that the victory of socialism could be won only with the participation of the majority of the population, the majority of working people in socialist construction.

The most important demand of the Bolshevik Party raising the masses to independent historical creativity was the demand for the introduction of worker control over production. Worker control over production represented the first step toward the mastery of production by the Soviets and toward the complete transfer of factories, plants, mines, railways, and other means of production and transport into state ownership; it was also a most vital step in the transition to planned regulation of the entire national economy. But worker control could fulfill these functions of its only on condition of the transfer of all power to the Soviets, on condition of the establishment of the dictatorship of the proletariat. Only under the dictatorship of the proletariat, Lenin taught, could worker control become truly all-popular, truly all-embracing, and carry out accounting of production and distribution of products in the most precise and conscientious manner.

"One cannot control without power," Lenin taught[92]. Control without power is an empty phrase. If power is in the hands of the bourgeoisie, any participation of workers in "social control," which the Mensheviks and Socialist-Revolutionaries preached, turns into a fiction, into one of the methods of deceiving workers by the bourgeoisie and a form of refined bribery by capitalists of the

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92 V. I. Lenin, Works, vol. 24, p. 124.

aristocratic upper layer of the working class. Only by relying on the state power of the working class, on the dictatorship of the proletariat, could worker control be truly effective and in deed contribute to the country's economic rebirth.

As one of the priority revolutionary-economic measures, the party put forward the demand for the confiscation of landlord lands and nationalization of all land in the country. The resolution of the agrarian question in Russia Lenin linked inseparably with radical revolutionary-democratic transformations, which in the final analysis were to lead Russia to socialism. "...Private ownership of land in Russia cannot be abolished," said Lenin, "and moreover without redemption, without a gigantic economic revolution, without bringing banks under public control, without nationalizing syndicates, without a series of the most ruthless revolutionary measures against capital"[93].

Lenin regarded land nationalization not simply as a measure of a bourgeois revolution, but as a necessary and most vital link in a single chain of proletarian offensive against capital. He emphasized that land nationalization "is necessary also because it is a gigantic blow to private ownership of the means of production. To think that after the abolition of private ownership of land in Russia everything will remain as of old is simply absurd"[94].

The confiscation of landlord lands, abolition of private ownership of land, and transfer of land to the peasants without redemption Lenin considered absolutely impossible without the most decisive, revolutionary measures against the bourgeoisie—"measures which can be carried out only by joining the poorest peasantry to the proletariat, only by nationalizing banks and syndicates"[95].

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93 V. I. Lenin, Works, vol. 25, p. 175.
94 V. I. Lenin, Works, vol. 24, p. 252.
95 V. I. Lenin, Works, vol. 25, p. 154.

In this Leninist formulation of the question is contained the theoretical foundation of the objective necessity of an alliance of the working class with the peasant poor for the struggle for the socialist revolution. Lenin's formulation of the land question cut the ground from under the feet of the Socialist-Revolutionaries, who considered themselves a peasant party, while in deed expressing the interests of the kulaks, freed the working peasants from the influence of the Socialist-Revolutionaries, and pointed out to the peasants the only correct path—the path of a close alliance with the working class.

The Bolshevik Party proposed that peasants spontaneously, by direct action, seize landlord lands and place them at the disposal of regional and local Soviets of Peasants' Deputies. At the same time, the party emphasized that this must occur in an organized revolutionary manner. Lenin also spoke of the necessity of organizing large model farms from confiscated landlord estates, under the control of the Soviets, at public expense.

Advancing revolutionary measures for a radical resolution of the agrarian question in Russia, Lenin pointed out that the party could not stop there. In contrast to the petty-bourgeois policy of the Socialist-Revolutionaries, who covered up with talk about "equalized land tenure," "labor norm," etc. a program for developing kulak farms, Lenin taught: "...The party of the proletariat must explain that the system of small farming under commodity production is unable to deliver humanity from the poverty of the masses and their oppression... We must think about passing to large-scale farming..."[96]. Thus, as early as April 1917, Lenin formulated ideas that subsequently developed into a whole program for organizing large socialist agricultural enterprises, into a program for the socialist transformation of the peasantry.

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[96] V. I. Lenin, Works, vol. 24, pp. 51, 140.

Developing his theses, Lenin also pointed out the necessity for independent organization of the rural poor and farm laborers, for he clearly foresaw the deepening of class differentiation in the countryside and the necessity for a decisive struggle against the kulaks.

The economic program of the Bolshevik Party, put forward in the period of transition from the bourgeois-democratic revolution to the socialist revolution, most fully and comprehensively expressed the objective regularity of Russia's historical development. This regularity lay in the fact that the country in its political and economic development could not move forward without moving toward socialism. "To go forward in 20th century Russia, which has won a republic and democracy by revolutionary means," wrote Lenin, "is impossible without moving toward socialism, without taking steps toward it (steps conditioned and determined by the level of technology and culture; large machine economy cannot be 'introduced' into peasant agriculture, nor can it be abolished in sugar production)"[97].

Lenin repeatedly pointed out that objective prerequisites for building socialism in the form of a developed capitalist industry and heightened concentration and centralization of capital were present in Russia, and the dialectic of history was precisely such that the First World War, extraordinarily accelerating the transformation of monopoly capitalism into state-monopoly capitalism, thereby extraordinarily brought humanity closer to socialism. In the work "The Impending Catastrophe and How to Fight It," Lenin wrote that "state-monopoly capitalism is a complete material preparation for socialism, is its threshold, is that step on the historical ladder

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97 V. I. Lenin, Works, vol. 25, p. 333.

between which (step) and the step called socialism there are no intermediate steps"[98].

Socialism, said Lenin, is the immediate step forward from state-capitalist monopoly. The objective course of development is such that from monopolies (and the war multiplied tenfold their number, role, and significance) one cannot move forward without moving toward socialism. The economic life of the country, and primarily large-scale industry united in monopolies, can, as Lenin pointed out, be directed either in the interests of capitalists and landlords—then it will be a step backward to a reactionary-bureaucratic state, to an imperialist republic—or in the interests of revolutionary democracy—then it is a step toward socialism. There is no middle ground here. To fear moving forward means moving backward.

Lenin and Stalin, the Bolshevik Party, called upon the working people to move precisely forward, toward socialism, and pointed out concrete paths for this movement. The economic program of the Bolshevik Party on the eve of October entirely expressed the needs of society's economic development.

In industry—only the concentration in the hands of the proletarian state of the country's main economic nerves, the banks and monopolistic unions, the liberation of production from subordination to the law of extracting maximum capitalist profit and directing its development toward satisfying society's needs, as well as drawing broad working masses into control and management of production—only all this could save the country from final economic collapse.

In agriculture—only the transfer of land into free and gratuitous use by the peasantry, i.e., the producers themselves, could deliver the country from impending famine.

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98 Ibid.

The party correctly took into account these objective needs of the country's economic development and built its program accordingly.

In the political sphere, historical development proceeded along the path of overthrowing the power of capitalists and landlords and transferring full state power into the hands of the people. "The war created such an immense crisis," wrote Lenin, "so strained the material and moral forces of the people, struck such blows to the entire modern social organization, that humanity found itself faced with a choice: either perish or entrust its destiny to the most revolutionary class for the fastest and most radical transition to a higher mode of production"[99].

Historical development placed former tsarist Russia, as a result of the great popular revolution that occurred within it, in the vanguard of the international revolutionary movement. Revolutionary Russia stood alone against the capitalist world. The objective regularity of social development urgently dictated the necessity of all-round enhancement of the country's economic power. Developing the economic program of the socialist revolution, Lenin drew the brilliant conclusion regarding the necessity not only of catching up with, but also overtaking the advanced capitalist countries in the economic sphere.

"The revolution did this," wrote Lenin, "that in a few months Russia in its political structure caught up with the advanced countries. But that is not enough. The war is implacable; it puts the question with ruthless severity: either perish, or catch up with the advanced countries and overtake them economically as well...

Perish or full steam ahead forward. That is how the question is posed by history"[100].

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99 V. I. Lenin, Works, vol. 25, p. 337.

100 Ibid., p. 338.

Lenin's economic program, formulated in the April Theses and subsequently elaborately developed in further works of Lenin and Stalin, served as the foundation for the economic policy of Soviet power after the victory of the Great October Socialist Revolution. Having won the dictatorship of the proletariat, the Bolshevik Party, led by Lenin and Stalin, launched on the basis of Lenin's economic program a grandiose plan for commencing socialist construction and resolved world-historical tasks of organizing economic life on new, socialist foundations.

The Leninist-Stalinist program for the socialist transformation of Russia represents a greatest contribution to the treasury of Marxism. It points out to the working people of all countries the paths and methods of struggle for socialism, against capitalist slavery. The experience of socialist construction in the USSR possesses immense international significance and is the property of the world proletarian movement. The Leninist-Stalinist plan for organizing socialist construction was widely utilized by communist and workers' parties in the People's Democracies, operating under different historical conditions, characterized by other political and economic features, but carrying out in main and essential features the same path as Soviet Russia.

Lenin's ideas are immortal, for they are true, for they are based on the generalization of vast historical experience and express the most pressing needs of society's material life development, the deepest and most vital interests of working people. The ideas of Lenin and Stalin attract new and newer millions of oppressed in all corners of the globe. No frenzies of imperialists can break the growth of democratic and socialist forces. The history of peoples develops under the sign of the triumph of Leninist ideas. The teaching of Marx, Engels, Lenin, and Stalin master millions and transforms into a great material force remaking the world on new, socialist foundations.

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S. SHCHUROV

THE ELECTRIFICATION OF SOCIALIST AGRICULTURE

The construction of the Stalingrad, Kuibyshev, and Kakhovka hydroelectric power stations, and the Main Turkmen, South Ukrainian, North Crimean, and Volga-Don canals resolves a major complex of national economic tasks of historical significance. The Stalinist construction projects of communism open a new era in the development of the electrification of agriculture in the USSR. Over a vast area surpassing the territory of a number of Western European states, the widespread application of electric energy in agriculture will be ensured, with mobile field-growing processes (electric plowing, etc.) also being electrified.

Electrification is regarded in the USSR not as a narrowly technical problem, but as a task of paramount national economic and political importance, as an integral part of the great Stalinist plan of industrialization, as a mighty means of reorganizing the entire economy of our country, including agriculture, on the basis of the most advanced modern technology. Electrification is an indispensable condition for the elimination of essential differences between town and country, the most important element in creating the material and production base of communism.

Electric energy and advanced technology based on its utilization have become immensely widespread in our industry. At present, all conditions have been created for the widespread

electrification of agriculture. Widespread electrification of agriculture signifies a further step in the technical re-equipment of agricultural production. The technical reconstruction of agriculture, carried out during the years of the pre-war Stalinist five-year plans on the basis of tractors and a system of agricultural machines, fundamentally changed the visage of the Soviet countryside.

The Bolshevik Party and the Soviet Government have always paid great attention to the electrification of agriculture. The inception of rural electrification in our country is associated with the Great October Socialist Revolution. Already in pre-war years, major successes were achieved in the electrification of agriculture in the USSR. On the eve of the war with fascist Germany, the USSR already had about 11,000 rural electrical installations with a total capacity of 275 thousand kW; the annual consumption of electric energy by agriculture amounted to 425 million kWh.

By the beginning of 1941, electric energy was utilized by 10,000 collective farms, 2,500 machine-tractor stations, and many hundreds of state farms.

A particularly stormy upswing was attained by the electrification of agriculture in the USSR in the post-war period. In February 1945, on the initiative of Comrade Stalin, the Government of the USSR adopted a special resolution on the development of rural electrification. It pointed out the important economic significance of agricultural electrification, established planned targets for the electrification of agriculture for 1945, and envisaged a number of essential measures that laid the material and organizational basis for new scales of work in this field. Rural electrical installations commissioned

in 1945 exceeded in capacity by more than 5 times the capacity of power stations put into operation in the pre-war year of 1940. In 1945, collective farms were electrified 3.5 times more, and MTS more than 10 times more than in 1940.

The successes in electrification achieved in 1945 served as the basis for even larger-scale rural electrification works outlined in the first post-war five-year plan. As a result of the implementation of this plan, the capacity of rural power stations alone increased by the end of 1950 by 2.8 times compared to 1940.

Major achievements exist in utilizing electric energy in the production processes of agriculture. The number of electric motors employed in agriculture increases annually. The commissioning of new capacities of rural power stations is also growing. If the commissioning of capacities in 1945 is taken as 100, then in 1946 it stood at 177, in 1947 — 228, in 1948 — 292, in 1949 — 309, in 1950 — 323.

The post-war period is characterized not only by sharply increased scales of rural electrification work. Before the war, as a rule, individual, economically most powerful collective farms were electrified. Throughout the entire country, there were only two or three districts in which the majority of collective farms were electrified. At present, however, there are several hundred districts in which all collective farms, MTS, and state farms without exception utilize electric energy. Entire regions are turning into territories of continuous rural electrification. Sverdlovsk Region as early as 1947, first in the USSR, supplied electric energy to all its agricultural consumers. Close to continuous rural electrification are the

Armenian SSR, Moscow Region, and some other republics and regions of the Soviet Union.

Electricity is widely utilized in threshing, grain cleaning and sorting, for supplying water to livestock farms, for driving feed-preparation machines, for milking cows, shearing sheep, etc.

The presence of 10–15 electric motors on a collective farm makes it possible to apply electric energy in many production processes. In a number of collective farms of our country, there are currently 20 or more electric motors. As an illustration, the following data on the number and utilization of electric motors in advanced electrified collective farms in 1951 can be cited (see table on page 44).

A feature of agricultural electrification up to the present time was that electricity was applied primarily in processes of a stationary character. Whereas in soil cultivation, plant care, and harvesting (plowing, sowing, cultivation, etc.), i.e., processes requiring mobile power, internal combustion engines (thermal tractors) were used instead of electric motors. Meanwhile, the electrification of mobile field-growing processes is of major national economic significance, since a large amount of living labor of collective farmers and the overwhelming share of the energy resources of agriculture are currently expended on servicing these processes.

Number and Utilization of Electric Motors in Advanced Electrified Collective Farms (1951)

Region / Republic	District	Collective Farm Name	Total Motors	Field Growing	Animal Husbandry	Oth S E

Ivanovo Region	Shuysky	Named after Stalin	22	2	14	
	Kineshemsky	"Krasny Oktyabr"	22	2	15	
Kirov Region	Vozhgalsky	"Novy Put"	22	4	14	
Moscow Region	Ramensky	Named after Kaganovich	28	3	21	
	Kimovsky	"Pobeda"	17	2	11	
	Kommunistichesky	Named after Lenin	27	4	18	
	Dmitrovsky	"Voshod Sotsializma"	14	2	10	
	Leninsky	"Yarovoy Kolos"	40	6	28	
Molotov Region	Verkhne-Mullinsky	Named after 17th Party Congress	18	2	12	
Sverdlovsk Region	Beloyarsky	Named after Telman	6	-	5	
	Zaykovsky	"Svoy Trud"	23	2	18	
	Koptelovsky	"Zakalyonny Boets"	16	2	11	
	Achitsky	"Zarya"	26	3	20	
Chelyabinsk Region	Krasnoarmeysky	"Vperyod"	14	2	10	
	Agapovsky	Named after Kaganovich	24	4	16	

Yaroslavl Region	Yaroslavsky	"Gorshikha"	12	1	9	

Labor Expenditures in Collective Farms (Pre-war Period, per 1 Collective Farm Household)

Branches of Economy	Total labor (man-days)	% to total	Stationary processes (man-days)	% to branch
Field growing and meadow cultivation	166.9	47.8	46.7	28.0
Vegetable growing and melon growing	11.4	3.3	3.9	34.2
Gardening and viticulture	3.2	0.9	1.0	31.2
Total crop production	181.5	52.0	50.6	27.8
Productive animal husbandry	84.1	24.0	84.1	100.0
Working livestock	5.5	1.6	-	-
Total animal husbandry	89.6	25.6	84.1	93.9
Construction	9.6	2.7	9.6	100.0

Subsidiary enterprises	41.5	11.9	-	-
Cultural-everyday and administrative institutions	27.1	7.8	-	-
Miscellaneous work	349.3	100.0	144.3	41.2

1 See "Productivity and Utilization of Labor in Collective Farms in the Second Five-Year Plan". Gosplanizdat. M.-L. 1939.

Around 40% of all labor expenditures in collective farm production were expended on servicing mobile processes in plant growing. An analysis of a large number of annual reports of collective farms from various districts of the USSR for the post-war years is convincing that at present, too, on average across the USSR, approximately the same amount of total labor expenditures of collective farmers accounts for servicing plowing, sowing, harrowing, cultivation, and other mobile processes in field growing.

Over 50% of the total capacity of energy resources at the disposal of agriculture (including tractors, combines, heavy trucks, stationary mechanical and electrical motors, and working livestock) also accounts for servicing mobile processes in field growing, about 32% for transport operations, and only 18% for stationary work in field growing, animal husbandry, subsidiary collective farm enterprises, and other branches of agriculture.

An indispensable condition for the widespread utilization of electricity in mobile field-growing processes is the availability

of a workable design of electric units intended for soil cultivation and harvesting, and a sufficient electric power base. The technical advantages of electricity compared to other types of energy and the economic efficiency of electrification based on these advantages are indisputable. However, unlike the transfer to electric drive of stationary machines, the transmission of electric energy to moving implements used for soil cultivation and harvesting is structurally still very complex. In particular, due to a number of features of agricultural production technology, conventional methods of supplying electric current to mobile machines (accumulators or trolley wires) cannot be employed in the field.

Work on designing electric units for soil cultivation and harvesting was begun in our country already in the first years of Soviet power. V. I. Lenin devoted great attention to these works and the first experiments in applying electric plowing. V. I. Lenin personally attended the testing of one of the first designs of a Soviet electric plowing unit, the so-called electric plow, which took place on October 22, 1921, at the Butyrsky farmstead near Moscow. Vladimir Ilyich Lenin, according to eyewitnesses, attentively observed the work of the electric plows, conversed with workers and engineers, and expressed the idea of the necessity of continuing experimental work on electric plowing.

Initially, main attention in the field of designing and testing electric plowing machines was devoted to so-called cable-traction electric plowing units (electric-winch system). A number of electric plowing units of this system operated in the period from 1921 to 1937 in the fields of individual state farms and collective farms of our country, mainly in the zone of

activity of the Kantserovskaya MTS, Zaporozhye Region, and Engels MTS, Saratov Region.

Long-term operating experience of various designs of cable-traction electric plowing units showed that they cannot serve as a technical basis for the widespread application of electric energy in mobile field-growing processes. First of all, these units exceeded in metal-to-output ratio by 4 times a thermal tractor "ChTZ" equal to them in power. Electric units of the winch system could be used only for plowing. Attempts to create trailed implements for harrowing, cultivation, etc., operating on the cable-traction principle did not yield positive results. A shortcoming of the cable-traction system was also the short length of the furrow run, not exceeding 500 m, and even at this distance losses on pulling the idle cable amounted to 10–15% of winch power. Under the cable system, a balancing plow weighing 5–6 tons was employed. Operating such a plow required significant physical effort, so that the plowman's working day could not exceed, as a rule, 4 hours. Thus, the operation of cable-traction electric plowing units was limited to very narrow bounds of effective application. They were suitable only for extraordinarily deep plowing, for trenching work for orchards and vineyards.

Along with the creation of cable-traction electric plowing units, work was also carried out in the Soviet Union on designing self-propelled electric machines for field growing and electric tractors powered by electric energy via a flexible cable. One of the first such designs was the self-propelled electric plow of Soviet engineer Prekht, demonstrated at the Agricultural Exhibition in Moscow in 1923. Several types of electric tractors were developed subsequently by other Soviet scientists

and engineers (Professor Didebulidze, Engineer Krasnov, etc.). However, all these models of electric tractors were insufficiently effective. The main difficulty that designers had to resolve consisted in supplying electric current from a stationary network to an unit moving across the field. Only in 1937 did workers of the All-Union Research Institute for Rural Electrification (VIESKH), Professor P. N. Listov and Engineer V. G. Stetsenko, succeed in creating a workable design of an electric tractor. From 1937 to 1948, VIESKH developed and tested 8 different types and models of electric tractors with cable power supply. Multi-year operational tests of these samples in Engels MTS, Saratov Region, proved the technical advantages and major economic efficiency of this type of traction compared to the electric-winch system.

Thirty "ET-5" electric tractors were dispatched in the spring of 1949 to Rybnovskaya MTS, Ryazan Region, Korsun-Shevchenkovskaya MTS, Kiev Region, and Bazhenovskaya MTS, Sverdlovsk Region, for experimental production operation. In subsequent years, electric tractors were also utilized in other MTS (Yangi-Yul, Uzbek SSR, Kardonikskaya, Stavropol Territory, etc.).

Thus, the first condition necessary for the widespread introduction of electric energy into mobile field-growing processes is successfully being realized. Of course, one must bear in mind that the electric tractor design still requires serious improvements, first of all regarding the perfection of the cable apparatus and the operation of the cable itself.

Another, no less important condition for the widespread application of electric tractors is the availability of a sufficient electric power base. For the electrification of mobile field-

growing processes, significantly greater capacity is required than for stationary production processes of agriculture. Thus, according to calculations made, in districts located in the zone of the Stalingrad Hydroelectric Station, for the electrification of stationary processes per 20 thousand ha of physical arable land, a capacity of 530 kW is necessary, and for the electrification of mobile processes — about 2 thousand kW. Taking into account the sizes of existing MTS, an area of 20 thousand ha of physical arable land per MTS should be recognized as minimal. Thus, for transferring mobile processes in field growing to electric energy and electrifying stationary production processes in collective farms of the zone of activity of one MTS, a power station with a capacity of approximately 2 thousand kW is required. In the pre-war period, rural power stations of such capacity were very few, but in the post-war period their number has grown greatly. Put into operation, for example, are the Kuzmiyaskaya inter-collective-farm hydroelectric station in Ryazan Region, the rural Tiriponskaya hydroelectric station in the Georgian SSR, the Korsun-Shevchenkovskaya hydro station in Kiev Region, and others, the capacity of each of which exceeds 1 thousand kW. An analysis of existing schemes of utilizing local energy resources for the electrification of agriculture shows that already in coming years a significant number of rural hydroelectric power stations with capacities exceeding 1 thousand kW can be constructed.

Particularly favorable are the prospects for utilizing electric energy in mobile field-growing processes in zones of irrigated agriculture adjacent to the giant hydroelectric stations under construction on the Volga, Don, and Dnieper. The application

of electricity for plowing, sowing, harrowing, cultivation, harvesting, etc., can receive particularly wide dissemination in these zones not only because they will possess a large quantity of cheap hydroelectric energy, but also because electrification of field processes can be combined there with the electrification of irrigation itself. This will allow a more complete and rational utilization of electrical installations (grids and substations) necessary both for the electrification of irrigation and for the electrification of mobile field-growing processes, and thereby enhance the economic efficiency of applying electricity. And the economic efficiency, as three years of operational experience of the first batch of electric tractors under real production conditions has shown, is very significant.

The most essential indicators of the economic efficiency of rural electrification are indicators of the impact of electrification on the utilization of agricultural labor, primarily on its productivity. The growth of labor productivity achieved as a result of electrification makes it possible to carry out individual production operations and processes in more compressed deadlines. Electrification not only raises labor productivity, but also lightens labor. Lightening labor is a paramount task inherent in socialist social relations.

A characteristic feature of agricultural production is its seasonality and, consequently, the unevenness of labor expenditures in various periods of the year. The impact of electrification on smoothing out seasonal fluctuations in labor expenditures is also an important indicator of its efficiency. Electrification contributes to the further mechanization of

agricultural production, the introduction of automation, and the development of rational machine systems in agriculture. Electrification demands from agricultural workers an elevation of their knowledge and qualification level and thereby promotes the process of smoothing out essential differences between physical and mental labor.

The direct, immediate effect of applying electricity in agriculture is expressed not only in the positive impact on labor conditions and indicators, but also in a more rational utilization of means of production. Electrification gives the opportunity to utilize local energy resources instead of imported fuel, especially liquid fuel. The application of electric energy in field processes reduces the requirement for live draft and motor transport necessary for hauling fuel, water, etc.

Furthermore, electrification impacts the growth of crop yields and the improvement of agricultural product quality. Electrification makes it possible to strengthen the guiding influence of the socialist state on collective farm production both through expanding the functions of machine-tractor stations and through state energy organizations.

Electrification exerts an indirect influence through a number of mediating factors on almost all sides of agricultural production, although to varying degrees. This influence in most cases cannot be determined in quantitative indicators, since for the most part one cannot demarcate the influence of electrification and other factors.

Available operational experience of electric tractors allows concretely determining the economic efficiency of their application. As noted above, electric tractors operated during the last three years in a number of MTS located in various

zones of the Soviet Union. To evaluate operating indicators of electric tractors, we cite mainly data on Rybnovskaya, Bazhenovskaya, and Korsun-Shevchenkovskaya MTS, where electric tractors operated during all three years and had a major specific weight (about 23% by power) in the total tractor fleet. In total over three years, electric tractors in these MTS performed over 60 thousand ha in terms of soft plowing, with a wide range of mobile field-growing processes being covered, including spring plowing, fallow tillage, fallow cultivation, stubble peeling, harrowing, discing, virgin land breaking, brushland plowing, winter crop plowing, grain sowing, straw harvesting, potato planting and harvesting, etc.

In order to give a correct assessment of the economic efficiency of electric tractors, their operating indicators are mainly compared with operating indicators in the same MTS and on the same processes of thermal crawler tractors of the "STZ-NATI" brand, which by type and power are analogous to "ET-5" electric tractors. The manufactured series of electric tractors had certain technical characteristics differing from "STZ-NATI" tractors. These differences are not fundamentally connected with the electric tractor design; therefore, for comparability of indicators, appropriate corrections have been introduced into factual data on electric tractor work.

The primary and indisputable advantage of employing electric tractors compared to thermal tractors is the economy of liquid fuel, since the electrification of mobile field-growing processes is carried out mainly on the basis of utilizing energy from hydroelectric power stations. The economy of petroleum products averages 18 kg per 1 ha of soft plowing. Electric energy consumption per 1 ha of soft plowing equals on average

45 kWh. In other words, every kilowatt-hour of electric energy expended on electrifying field-growing processes yields an economy of 0.4 kg of petroleum products.

In irrigated agriculture of the zones of the great Stalinist construction projects of communism, it is planned to carry out the electrification of field processes on an area of several million hectares, which will yield an annual economy of petroleum products amounting to hundreds of thousands of tons. If the employment of electric tractors compared to thermal tractors had no other advantages besides the economy of liquid fuel, even in the presence of only this single indicator, the immense national economic significance of electrifying field work should be recognized.

An essential advantage of the electric tractor is the lightening of labor and the improvement of working conditions for servicing personnel. When utilizing an electric tractor, one does not have to expend significant physical efforts as is necessary when operating a thermal tractor, in particular during its starting. The electric tractor does not need refueling with petroleum products and water, has no exhaust gases, and provides good illumination during night work. Positive properties of the electric tractor — uniformity of running and high overload capacity, which guarantees uniform depth and quality of plowing regardless of the degree of soil specific resistance. From available data on individual experimental plots where soil cultivation was conducted in parallel by thermal and electric tractors, it can be concluded that the employment of electric tractors increases agricultural crop yields.

The productivity of the "ET-5" electric tractor (if adjustment is made for the speed difference between the "STZ-NATI" and "ET-5" tractors) across all three MTS where electric tractors operated amounted in 1951 per one electric tractor to 7.8 ha of soft plowing, and per "STZ-NATI" tractor — 7.7 ha per one shift. Regarding the electric tractor, the exploitation of which is only just beginning to be mastered, it is important to note that its productivity is steadily increasing: in 1951 the shift productivity of the "ET-5" electric tractor increased by 20% compared to 1949.

Indicators of working time utilization during work on an electric tractor and on an "STZ-NATI" tractor are also nearly analogous. The following table characterizes working time utilization per shift during fallow tillage in Rybnovskaya MTS in 1949 (% to total):

Working Time Utilization per Shift during Fallow Tillage (Rybnovskaya MTS, 1949)

Indicator	Electric Tractor "ET-5"	Thermal Tractor "STZ-NATI"
Entire work	69.8	71.4
Including main work	53.9	47.8
Downtime, including:	30.2	28.6
a) for technical reasons	11.7	18.3
b) for organizational reasons	12.0	7.4

c) for labor reasons	2.8	2.4
Total	100.0	100.0

The specific weight of time falling to main work is higher for the electric tractor than for the thermal one, although these data refer to 1949, i.e., the first year of electric tractor operation. In 1950 in the same MTS and for the same process (fallow tillage), the specific weight of electric tractor work in total time expenditures already amounted to 73.2%, including main work — 63.4%. On the whole across all types of operations, the specific weight of main work in total time expenditures fluctuates for individual MTS for electric tractors from 45.1 to 50.8%, and for "STZ-NATI" tractors — from 48.0 to 48.6%.

The growth of labor productivity, as noted above, is one of the most important consequences of utilizing electric energy in agricultural production processes. The application of electricity in grain cleaning and sorting raises labor productivity by 2–3 times, in feed preparation — by 2 times, in cow milking — by 5–10 times, in sheep shearing — by 3 times, etc. Such growth of labor productivity during electrification of various stationary processes is explained mainly by the fact that prior to electrification they were carried out manually or with the aid of simplest machines utilizing, as a rule, manual or horse drive.

The situation is different when it is a question of electrifying mobile field-growing processes, since the electric tractor here is called upon to replace the thermal tractor — a machine technically very advanced. The electric tractor utilizes for now the same trailed implements (plows, seeders, etc.) that operate when employing a thermal tractor. As a result of utilizing thermal tractors and the system of working machines associated with them, agricultural labor productivity already before the war had increased greatly, as evidenced by the following data[101]:

Labor Expenditures on Cereal Crops (per 1 ha of sowing)

Period / Category	Man-days per 1 ha
In individual peasant households in 1922–1925	20.8
In collective farms in 1933	12.3
In collective farms in 1937	10.5

If, however, we consider only that type of work on which electric tractors are currently employed, it turns out that the reduction of labor expenditures due to the widespread application of thermal tractors is even more significant:

Labor Expenditures on Soil Cultivation and Plant Care (per 1 ha of cereal sowing)

Period / Category	Man-days per 1 ha
In individual peasant households	6.5

[101] "Productivity and Utilization of Labor in Collective Farms in the Second Five-Year Plan", p. 4.

In collective farms in 1933	4.5
In collective farms in 1937	3.5

Thus, the employment of thermal tractors already before the war reduced labor expenditures per 1 ha of cereal crop sowing on the whole by almost 2 times.

The application of the first batches of electric tractors, which structurally and in their technical parameters are still close to thermal tractors and utilize for now the same working implements as thermal tractors, cannot yield such an increase in labor productivity as the application of electric energy yields in various stationary processes of agriculture.
Factual labor productivity when employing electric and thermal tractors is characterized by the following data on labor expenditures of various categories of workers (in man-days per 100 ha of soft plowing):

Labor Expenditures by Worker Categories (per 100 ha of soft plowing)

Worker Category	Electric Tractor "ET-5"	Thermal Tractor "STZ-NATI"
Tractor drivers, hitchers, brigade leaders, and their assistants	31.0	33.1
Recorders and fuel-tenders	2.3	5.0
Watchmen and cooks	3.9	4.1
Water and fuel	-	8.7

haulers		
Electricians	5.6	-
Total	42.8	50.9

As we see, when operating an electric tractor, labor expenditures of recorders and fuel-tenders are reduced by more than half, the need for water and fuel haulers is completely eliminated, but instead a need arises for a new category of workers — electricians. On the whole, labor productivity when utilizing an electric tractor is almost 16% higher than when operating an "STZ-NATI" thermal tractor.

The rise in labor productivity achieved at present as a result of employing electric tractors is not the limit. Further improvement of electric tractor designs, accumulation of operating experience, creation of new designs and systems of working machines specially adapted for work with electric tractors — all this will undoubtedly entail further growth of labor productivity. It should be noted at the same time that raising labor productivity on mobile field-growing processes even by 16% has major national economic significance, since these processes currently absorb about 45% of all labor expenditures in collective farm production as a whole. In other words, the employment of electric tractors, even with the labor productivity growth that they currently provide, allows obtaining almost 7% economy of annual labor expenditures across collective farm production as a whole. This reduction of labor expenditures falls upon the period of greatest tension in the labor balance of agriculture.

Comparative cost of work by direct expenditures per 1 ha of soft plowing is characterized by the following data (in rubles):

Comparative Cost of Work by Direct Expenditures (per 1 ha of soft plowing)

Expenditure Element	Electric Tractor "ET-5"	Thermal Tractor "STZ-NATI"
Fuel and lubricants	1.2	11.8
Electric energy	13.8	-
Wages	5.8	3.2
Repairs	6.8	6.6
Total direct expenditures	27.6	21.6

It should be noted that the cited cost indicators of work bear a somewhat conditional character. First of all, no special tariff for electric energy was established for electric tractors, and the latter was paid for at an average of 30 kop. per kWh. In the zones of great construction projects, where mass employment of electric tractors with power supply from powerful hydroelectric stations is planned, the selling cost of electric energy will, of course, be significantly lower. Tariff changes are reflected in the sums of expenditure for electric tractor operation in the following manner (per 1 ha of soft plowing, in rubles):

Impact of Electric Energy Tariffs on Operating Costs

Tariff Rate	Electric Energy Cost	Total Direct Expenditures

20 kop. per kWh	9.2	23.0
15 kop. per kWh	6.9	20.7
10 kop. per kWh	4.6	18.4
5 kop. per kWh	2.3	16.1

Thus, at an electric energy cost of 15 kop. per 1 kWh, the cost of work (by direct expenditures) of electric tractors will be lower under present conditions as well than that of thermal tractors.

Furthermore, direct expenditures do not reflect expenses on wages of servicing personnel and on maintaining live draft engaged in hauling fuel and water for thermal tractors. These expenditures (in physical indicators) amount to about 10 man-days and 12.5 horse-days per 100 ha of soft plowing. On the other hand, the cited data insufficiently reflect increased capital investments in structures necessary for electric tractor work, since in MTS depreciation of electric tractors is not accrued, and actual expenses on major overhaul of electric tractors are little indicative due to the short exploitation period of the latter. If we conditionally include depreciation in the cost calculation, as well as calculate expenditures for delivering fuel and water, then expenditures per 1 ha of soft plowing will amount to (in rubles):

Full Calculated Cost per 1 ha of Soft Plowing

Expenditure Element	Electric Tractor "ET-5"	Thermal Tractor "STZ-NATI"
Fuel and lubricants	1.2	11.8

Electric energy	13.8	-
Wages of production workers	5.8	3.2
Current repairs and technical maintenance	5.7	3.3
Depreciation	13.0	5.4
Fuel delivery	-	3.0
Total expenditures	39.5	26.7

As can be seen from the table, depreciation deductions for electric tractors are significantly higher than for thermal tractors. This is connected with the fact that electric tractors require a number of additional structures and equipment, namely: field electrical grids (about 5 km per 1 tractor), a mobile transformer substation, and cable. True, electric tractors do not need fuel storage facilities, but the cost of the latter calculated per 1 tractor is significantly lower than the cost of grids, substation, and cable. A reduction of depreciation deductions can be achieved first of all through utilizing electrical structures necessary for electric tractors, as well as for electrifying other production processes of agriculture. Expenses on wages for production workers servicing electric tractors are still somewhat higher than wages for workers employed on thermal tractors. This excess is explained by expenses on paying electricians servicing substations and grids. Complex utilization of these structures will reduce expenses under this article as well. Comprehensive utilization of electrical structures is of paramount importance not only for

improving economic indicators of electric tractor employment. Field electrical grids and substations constructed for electric tractor work create, in particular, favorable conditions for electrifying irrigation precisely in that part of the work connected with distributing water on the fields themselves. These works even under conditions of electromechanized water supply for irrigation require huge labor expenditures. Mechanization of watering agricultural crops directly is one of the greatest tasks associated with mastering irrigated agriculture in zones of the great construction projects of communism, and it can be successfully resolved under complex combination of electrifying mobile field-growing processes with electrifying irrigation (electric sprinkling units, etc.).

The economic efficiency of employing electric tractors will undoubtedly rise in the course of their exploitation, improvement of conditions, and organizational forms of their utilization. In this regard, an important role must be played by the creation of special electric-machine-tractor stations. The question of organizing the first six EMTS, including two in 1952 in the irrigated agriculture zone of Rostov Region, has already been resolved.

Electric-machine-tractor stations, concentrating in their hands electric tractors with a set of working machines for soil cultivation, plant care, and harvesting, as well as electrical structures (substations and grids) ensuring electrification not only of field production processes, but also of on-farm production needs in collective farms, and subsequently also electrification of irrigation, will allow not only raising agricultural electrification to a new, higher stage, but will also

strengthen the guiding impact of the state on collective farm production.

The immense significance of EMTS in improving technical and economic indicators of rural electrical installation work consists in the fact that they can ensure complex utilization of electrical structures for electrifying a wide range of production processes and thereby greatly raise the economic efficiency of applying electricity in agriculture.

It is also extremely important that with the creation of EMTS, the organizational gap currently existing between tractor energy concentrated in the hands of MTS and electric energy under the jurisdiction of organizations of the Selélektro system or directly of collective farms themselves is eliminated. As is known, MTS are currently not directly connected with agricultural electrification work. This hinders the introduction of electric energy into collective farm production, depriving them of the opportunity to most effectively utilize the newest advanced technology, the embodiment of which is electrification.

Electric-machine-tractor stations are an important step along the path of creating new organizational forms of agricultural enterprises corresponding to the material and production base necessary for building a communist society.

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V. Venzher

ISSUES OF COMPREHENSIVE MECHANIZATION OF USSR AGRICULTURE

The material and technical base of socialist agriculture, necessary for the development of crop farming and animal husbandry, is constantly being improved and strengthened. In the last three years alone (1949–1951), socialist industry supplied agriculture with more than 467 thousand tractors (in terms of 15-horsepower units), 128 thousand grain harvester combines, including 64 thousand self-propelled ones, 205 thousand trucks, and over 5,300 thousand tractor-drawn implements and other agricultural machines.

The movement of socialist agriculture along the path of further technical progress is directly conditioned by the economic law of the necessary conformity of production relations to the character of productive forces. The scope of application of machinery in the USSR, both in industry and in agriculture, is unlimited. In a society where the main purpose of machinery is to save and ease labor, where everyone is guaranteed the right to work by the Constitution, where the introduction of new machines displaces no one from production but contributes to the further growth of labor productivity —in such a society, people demonstrate an enormous interest in the use of machinery, very willingly master their operation, and strive to put them into service with maximum benefit for society.

The decisive prerequisite for the technical re-equipment of agricultural production was the collectivization of peasant farms. "The great significance of collective farms consists precisely in the

fact," says Comrade Stalin, "that they represent the main base for the application of machinery and tractors in agriculture..."[102].

As a result of the successful and consistent implementation of the Stalin plan for the country's industrialization, conditions were created for the mechanization of agriculture and for placing agricultural production on a modern material and technical base corresponding to the new collective-farm system in the countryside. Supplying agriculture with first-class equipment was one of the most vital levers for the socialist transformation of the countryside on collective principles.

Already by the end of the second pre-war Stalin five-year plan, the reconstruction of socialist farming on the basis of new, modern equipment was in the main completed. "Our farming," said Comrade Stalin at the 18th Party Congress in 1939, "is therefore not only the largest-scale and most mechanized, and hence the most marketable farming, but also the most equipped with modern machinery than the farming of any other country"[103].

Next on the agenda was the task of comprehensive mechanization of agriculture. The 18th Party Congress resolved:

"To complete in the third five-year plan the comprehensive mechanization of agricultural works. To ensure full satisfaction of agriculture's needs for trailed implements according to the availability and types of the tractor fleet. To broadly introduce advanced agrotechnics with scientific utilization of the extensive practical experience of agricultural innovators. To pay special attention to the mechanization of labor-intensive processes of animal husbandry on state farms and collective-farm livestock sections. To broadly deploy the construction of small collective-farm

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102 J. V. Stalin, Works, vol. 12, p. 165.

103 J. Stalin, Problems of Leninism, 11th ed., p. 582.

hydroelectric stations, wind-power, and gas-generator electric installations operating on local fuel"[104].

Comprehensive mechanization of agricultural production is a major national economic task. Not only in former capitalist Russia with its backward agriculture, but also in modern capitalist countries, the fact noted by V. I. Lenin at the beginning of the 20th century still holds true: that capitalist farming as a whole, by the state of its productive forces, continues to remain at the "manufacture" stage of development, i.e., manual labor remains predominant. In this is expressed the law inherent in capitalism of agriculture lagging behind the rates of development and technical level of industrial production. In the most developed capitalist country—the USA—agriculture possesses a fleet of modern machines: tractors, combines, etc. But tractors are used there on no more than 1/3 of American farms. About 27% of American farms have neither tractors nor draft animals; they are forced to resort to renting draft power, which leads to the enslavement of small farmers, their impoverishment, and ruin. Almost 11% of American farms have only one horse or one mule[105].

Capitalism is characterized by the wastefulness of productive forces. Ruthlessly exploiting the working masses of mother countries, colonies, and dependent countries in pursuit of maximum profit, monopoly capital condemns the majority of the population of capitalist and dependent countries to extreme poverty, exhausts, drains, and undermines the physical and spiritual forces of the working masses. The system of monopoly capitalism is inherently characterized by the destruction of material wealth and vast resources, especially during periods of crises and imperialist wars. Applied to agriculture and to the issue under consideration, this is expressed in the complete disorganization of agricultural machine

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104 The CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC, part II, 1941, p. 735.

105 Farm Implement News, July 10, 1950.

building in capitalist countries. Competition between capitalist firms producing agricultural machinery and implements leads to an excessive multi-brand variety of machines, preventing the interchangeability of spare parts and individual components; thus, the owner of a machine is forced to buy spare parts only from the given firm, and so on. Moreover, the production of machinery and implements in capitalist farming answers to the predatory mode of agriculture inherent in capitalism (shallow-plowing implements, etc.).

The socialist social system is characterized by the economical expenditure of material wealth, a thrifty attitude toward productive forces, and the law of socialist society is the steady rise in the material and cultural standard of living of the working people based on the all-round development of social production. To save labor and maximize its easing—on this rests technical progress in the USSR. In socialist agricultural production, this is expressed in the unification and universalization of machinery and implements used in agriculture, and in the creation of a fleet of combined machines.

Unification of agricultural machines is a huge advantage of socialist production. Within each group of agricultural machines designed for the same operational purpose, only machine types that best answer their purpose are manufactured. This yields savings of social labor both in the production of machines and in their operation and repair.

Capitalist farming is characterized by narrow specialization of individual farms and entire regions, their monoculture, which is also reflected in technical progress. The overwhelming majority of machines used in capitalist farming are narrowly specialized machines.

Socialist agricultural enterprises are characterized by multi-faceted economic development, and agricultural regions—by the

comprehensive development of branches. This creates the necessary material conditions for the broad universalization of machines and implements, and also contributes to a more productive use of machines, as it extends their operational period during the season.

Combined machines have achieved the widest distribution in socialist agriculture. The principle of combining agricultural machines is based on the simultaneous combination of a number of operations permitted by agrotechnical conditions. In this process, significant savings in time, labor, and materials expended on agricultural operations are achieved, and the quality of work performed is enhanced. The greatest number of work types is performed by harvesting combines. Thus, a modern grain harvester combine simultaneously, in a specific sequence, performs mowing, threshing, grain cleaning, separate collection and stacking of straw and chaff.

The large scale of agricultural production in the USSR creates favorable conditions for the application of wide-cut machines and implements. The use of these machines exerts a huge influence on increasing agricultural labor productivity, as it reduces the number of workers engaged in corresponding operations, improves work quality, and lowers material costs.

The use of self-propelled agricultural machines possessing high productivity, maneuverability, and a high engine power utilization factor is acquiring ever greater scope. Of special importance is the development of rural electrification. The number of rural electric installations currently reaches several tens of thousands, their total capacity exceeding one million kilowatts. The number of electric motors used in the countryside is continuously increasing. In every electrified collective farm, there are no fewer than 15–20 electric motors. The length of high-voltage and low-voltage rural electric networks is growing rapidly. Over 60% of all electric energy

consumed in the countryside is used for production purposes, mainly in performing stationary operations.

Machine-Tractor Stations are the most vital lever of state leadership of collective farms. The MTS plays a decisive role in introducing comprehensive mechanization into socialist agriculture.

The most essential feature of building the material and technical base of socialist agriculture is that the most vital machines and implements of agricultural production (tractors, combines, a complex set of trailed tractor implements, grain-cleaning machines, etc.) represent state property and are used either directly in large state agricultural enterprises—state farms—or through a broad network of machine-tractor and specialized stations on collective-farm fields. Thus, the largest and at the same time main, decisive part of the material and technical base of socialist agriculture remains state, public property, and therefore in agriculture, as in industry, the state of the material and technical base and the level of its utilization depend primarily on the socialist state.

No less than nine-tenths of all agricultural production is accounted for by collective farms, where all field operations are performed by Machine-Tractor Stations. In addition, the MTS are assigned duties for the mechanization of fodder procurement (fodder harvesting and ensilage), as well as a number of labor-intensive processes in animal husbandry, for example, the operation of electric sheep-shearing units, construction of shaft wells, etc. The main means of mechanizing work on livestock farms are acquired and operated directly by collective farms. But on this sector too, the MTS fulfill a responsible role in installing equipment and rendering technical assistance to collective farms in using all means of mechanization. In regions of range and seasonal livestock farming, specialized machine-livestock stations are created, the network of which is growing continuously. Thus, during 1950–1951, 27 machine-livestock stations were created in Kazakhstan. The network

of other specialized MTS—meadow-reclamation, forest-protection—is expanding. In many MTS, machine-reclamation detachments are organized. MTS are supplied with machinery for operations in constructing ponds and reservoirs, dams and canals, carrying out the new irrigation system, grading roads, etc.

In 1951, machine-tractor and specialized stations performed over two-thirds of all field operations on collective farms; almost all plowing and three-quarters of sowing were done by tractors; over 60% of the total grain area was harvested by combines. In the main grain regions of the country, the grain area harvested by combines constituted 85–95% of all harvested areas. In the country, there are already many such regions where almost all field work on collective farms is performed by MTS machines. Thus, on Kuban collective farms in 1951, the level of mechanization in plowing and sowing reached 99%, mechanized harvesting of grain and millet—92%, and sunflower—99.9%. The same level of field work mechanization was achieved on collective farms in the south of Ukraine, Siberia, and the Volga region. At present, there are quite a few MTS that perform all field operations based on tractorization in the collective farms they serve, and where, consequently, the mechanization of field work has been fully realized. Below are data on the mechanization of field operations on collective farms served by the Sovietskaya MTS of Krasnodar Krai:

Work Performed by Tractors (in %):

Type of Work	**1948**	**1949**	**1950**	**1951**
All field operations including:	91.5	95.8	98.2	99.1
Stubble skimming	100.0	100.0	100.0	100.0
Fall plowing	99.1	99.5	100.0	100.0
Plowing and cultivation of fallows	100.0	100.0	100.0	100.0
Spring plowing	99.2	99.5	99.8	99.8
Pre-sowing cultivation	100.0	100.0	100.0	100.0

Spring sowing	92.3	94.6	96.4	98.5
Winter sowing	99.0	99.5	100.0	100.0
Cultivation of inter-row crops	98.2	99.6	100.0	100.0
Combine harvesting of grain and sunflower	80.4	85.2	97.1	98.3

The Sovietskaya MTS serves three enlarged collective farms with a total arable area of 24 thousand hectares. The table shows that during the last four years, the mechanization of all field operations was in the main completed on collective farms served by the Sovietskaya MTS. At the same time, the volume of tractor operations of this MTS over the indicated period increased from 65 thousand to 87 thousand hectares of soft plowing, i.e., by more than 30 percent. The level of mechanization of work associated with cleaning, sorting, and loading grain lags somewhat behind. Machine-Tractor Stations are taking measures to fully mechanize threshing floors and thus ensure the comprehensive mechanization of this type of work as well.

The volume of tractor work across the country as a whole performed by MTS on collective farms is growing year by year, and in 1951 it was almost 70% higher than in 1940. According to Central Statistical Administration data, the average increase in the volume of tractor work over three years (1949–1951) was 18–19%. Calculations show that at such rates and with the further growth of agricultural technical equipment, the comprehensive mechanization of field work can be fully implemented in our country in the coming years.

For this, firstly, socialist industry must accelerate the mass production of machines that have successfully passed tests, especially harvesting machines and combines for various crops, meadow-reclamation, earth-moving, complex grain-cleaning

machines, conveyors, etc. It is also necessary to improve and accelerate the design of new machines for mechanizing labor-intensive operations in crop farming and livestock breeding. Secondly, the work of machine-tractor stations must be improved, ensuring an even higher-productivity utilization of the machine fleet. Thirdly, advanced experience of the best agricultural equipment operators, renowned masters of mechanical field cultivation, and masters of high yields must be utilized more broadly, as well as advanced experience in mechanizing labor-intensive operations on livestock farms.

The resolution of the main task in agriculture—a significant increase in the yield of all agricultural crops, a rapid increase in the public livestock population with a simultaneous significant rise in its productivity—requires immense attention to the comprehensive mechanization of agriculture. Precisely on the basis of widespread introduction of mechanization into all branches of agriculture will an increase in agricultural labor productivity, further development of all agricultural branches, and an increase in the country's production of agricultural crops and livestock products be ensured.

Such MTS as, for example, Sovietskaya of Krasnodar Krai, which have basically already ensured the comprehensive mechanization of field crop farming while observing all agrotechnical requirements and applying new methods (deep plowing, crosswise or narrow-row sowing, etc.), increase yields year after year and ensure the fulfillment of planned targets both for gross grain harvest and for the development of public animal husbandry.

In accordance with the decision adopted by the government, the evaluation of the performance of each MTS must be given primarily on the basis of how that MTS ensures the fulfillment of state plans and tasks for crop yields.

Let us compare the main state plan targets received by the Sovietskaya MTS and data on their fulfillment. It is known that in agricultural production, average multi-year data smoothing out the effect of accidental circumstances reflect more accurately and fully the process of agricultural development, revealing what has been achieved firmly and what expresses an established development trend. Below we present summary data for the last four years (1948–1951) according to available indicators for the Sovietskaya MTS:

Indicator	Value
State plan for tractor work (in thousand ha of soft plowing)	264.4
MTS obligations under contracts with collective farms:	
total (in thousand ha of soft plowing)	264.4
in % of state plan target	100.0
Fulfillment of tractor work plan:	
total (in thousand ha of soft plowing)	301.7
in % of state plan target	114.1
in % of contract obligations with collective farms	114.1
Gross harvest target according to state plan crop yield:	
all grain crops (in thousand centners)	952.2
sunflower (in thousand centners)	131.8
Gross harvest (actual):	
all grain crops (in thousand centners)	963.3
in % of plan	101.1
sunflower (in thousand centners)	129.8
in % of plan	98.5

These indicators show that the Sovietskaya MTS conducts a persistent struggle for the fulfillment of state plan targets. It fully fulfills state plan targets for tractor work under contracts with collective farms, ensuring overfulfillment of the plan for these operations (by 14.1% over 4 years). Crop yields on collective farms in the zone of this MTS actually correspond to the state plan. The Sovietskaya MTS harvested 11 thousand centners more grain than planned, but slightly underfulfilled the plan target for sunflower

harvest. Over four years, an average of 16.7 centners per hectare was harvested instead of 17.4 under the plan.

Successes in crop production also condition the growth rates of public livestock population. The Three-Year Plan for the development of public productive animal husbandry on collective farms served by the Sovietskaya MTS was completed ahead of schedule. Below are the corresponding data as of October 1, 1951 (in % of plan):

Collective Farm / Area Zone	**Cattle**	**Pigs**	**Sheep**	**Total Livestock (in terms of cattle units)**
Three-Year Plan 1949–1951 (Target)	100.0	100.0	100.0	100.0
Mandatory minimum livestock end of 1953:				
Zhdanov Collective Farm	101.4	111.3	124.2	108.4
Molotov Collective Farm	103.0	118.5	157.2	122.0
Lenin Collective Farm	131.4	103.6	101.4	137.5
Entire zone of Sovietskaya MTS	127.1	117.8	89.8	132.3
Fulfillment of 3-Year Plan (End 1951):				
Zhdanov Collective Farm	95.4	113.7	105.5	102.6
Molotov Collective Farm	113.2	177.4	126.0	118.6
Lenin Collective Farm	107.3	140.5	124.8	121.0
Entire zone of Sovietskaya MTS	96.8	143.0	116.3	113.8

All collective farms in the zone of the Sovietskaya MTS as of October 1, 1951 overfulfilled the Three-Year Plan for the development of public productive livestock for each type of stock,

and as a whole for the entire herd (in terms of cattle units)—by 21%. Moreover, for the herd as a whole (in terms of cattle units), collective farms of the zone overfulfilled by 13.8% the state mandatory minimum livestock population established for the end of 1953, i.e., more than 2 years ahead of deadline.

Thus, the Sovietskaya MTS in its struggle to solve the main task in agriculture achieved decisive successes in increasing crop yields and expanding the public livestock population. It remains to achieve a significant rise in livestock productivity, which can be ensured only on the basis of developing the mechanization of labor-intensive work in animal husbandry, in particular fodder procurement.

Machine-tractor and specialized stations significantly expanded the scope of their activities in 1951 and achieved known successes in applying new agrotechnical methods and mechanizing a number of vital operations. MTS in 1951 skimmed stubble on 6.6 million ha more than in 1950, performed tractor hay harvesting on an area 8.1 million ha larger than in 1950. MTS conducted crosswise sowing of grain crops in 1951 on an area of over 5 million ha and applied deep plowing on an area of over 15 million ha, broadly utilizing the square-cluster method of sowing cultivated crops.

The state plan for agricultural development for 1952 outlined further expansion of MTS production activities. The volume of tractor work was increased by 38.5 million ha compared to 1951, and in 1952 will amount to over 423 million ha (in terms of soft plowing). The level of mechanization in spring sowing rises to 78%, winter sowing to 88%, and all sowing operations to 82%; combine harvesting of grain up to 72% and sunflower up to 90%; sugar beet digging up to 90%. Flax pulling will be mechanized by 57%, hay mowing by 41%, and fodder ensilage by 58%. The role of MTS in animal husbandry development is significantly enhanced. MTS must strengthen the mechanization of fodder procurement and labor-

intensive processes on livestock farms, as well as expand technical assistance to collective farms in installing equipment, organizing its use, and carrying out production construction.

All this requires further improvement in the activities of machine-tractor and specialized stations to ensure unconditional fulfillment by collective farms of planned targets for crop yields and fodder production for public animal husbandry needs, eliminating serious shortcomings in the use of tractors and agricultural machines, and improving machine repair and technical maintenance. The movement of agricultural equipment operators for high yields, high-productivity machine utilization, and economical expenditure of funds (fuel, spare parts, repair materials, etc.) has acquired a mass character in recent years.

Broad strata of agricultural workers from all regions, oblasts, krais, and republics are joining in resolving the tasks of comprehensive agricultural mechanization as a practical task of the coming years. Six hundred sixty-eight enlarged collective farms of the Kuban undertook obligations to complete in the main within the next 2–3 years the comprehensive mechanization and ensure high and stable yields: winter wheat no less than 26 centners per hectare, spring wheat 20 centners, sunflower 20 centners, corn 27 centners, rice 40 centners, etc.; in animal husbandry, to achieve an average milk yield per cow of no less than 2,100 kg, and wool clip per fine-wooled sheep of no less than 4.6 kg.

Initiators of the movement for rapid implementation of comprehensive mechanization in the Kuban, grain growers of Kurganinsky District, undertook the obligation to fulfill ahead of schedule targets for comprehensive mechanization and within two years (1952 and 1953) fully mechanize plowing, harrowing, sowing, cultivation, harvesting of grain, corn, sunflower, castor bean, kenaf, rice, and tobacco planting; fully mechanize cleaning, weighing, and

drying of grain; mechanize by 75% the loading of grain into trucks; construct cemented or asphalted platforms at every threshing floor.

In 1952, agricultural workers of Kurganinsky District engaged in the struggle for a winter wheat yield (the district's main crop) of no less than 28 centners per hectare from the entire area and no less than 33 centners per hectare from an area of 3,500 hectares.

The Soviet system and collectivization of agriculture created all conditions for overcoming the former lag of agricultural production mechanization behind industrial mechanization. But conducting the mechanization of all vital processes of agricultural production in all its branches required a certain amount of time. First of all, it was necessary to resolve a number of complex technical tasks in designing a variety of working machines of completely new types never previously used. The war interrupted the fulfillment of this task. Only by the end of the first post-war Stalin five-year plan, after the successful completion of restoring the economy undermined by the temporary occupation of a number of vital regions of the country, was it possible to broadly deploy work on creating a system of machines for comprehensive mechanization of agriculture. At present, comprehensive mechanization is being introduced into all branches of USSR agriculture.

In crop farming, four main stages of production processes should be distinguished: 1) soil cultivation; 2) sowing or planting; 3) plant care; 4) harvesting. In turn, each of these stages is subdivided into a number of separate partial operations of vital importance, the number and character of which depend on the agrotechnics of cultivating individual crops. Different crops or groups of crops require different soil cultivation, different methods of sowing, and plant care; harvesting is conducted at different times and by different methods. In cultivating each crop or group of crops, an appropriate system of machines is required that fully meets all agrotechnical requirements.

The essence of comprehensive mechanization in crop farming consists in the consistent performance through machinery of all partial operations at every stage of the production process. For example, at the stage of soil cultivation and preparation for sowing by means of mechanical traction, stubble skimming, plowing, harrowing, cultivation, fertilizer application, and other operations must be carried out; at the stage of sowing operations, a number of responsible partial operations: seed or planting material preparation, transport to the field, delivery to seeders or planting machines, etc. All this presupposes the creation of a variety of working machines.

At the stage of plant care under comprehensive mechanization, inter-row cultivation (usually several times), plant feeding, chiseling (deep loosening), and in irrigated farming areas repeated watering of plots, pest control of agricultural plants, etc., are performed with machinery. All this is also possible only with a large number of diverse working machines. For comprehensive continuous harvesting, a large fleet of working machines is required, the most complex of which are for industrial crops.

Since stages of the production process in crop farming for each crop or group of crops proceed sequentially, agricultural working machines in crop farming are divided into soil-cultivating, sowing, harvesting, and others. A number of working machines are used for preparatory and auxiliary work: land reclamation work, irrigation, snow retention, fertilizer application, etc. All this shows how complex the task of introducing comprehensive mechanization into crop farming is, and what level of technical equipment it requires.

As we have already noted, each crop or group of crops must correspond to its own specific system of machines. However, this does not exclude the fact that the same working machines in many cases can be used in cultivating different crops, especially soil-cultivating and sowing machines: plows, seeders, harrows, continuous cultivators, etc. Part of these machines is more or less

universal, broadly applied in cultivating the most diverse crops. But even in this group of machines, narrowly specialized machines occur: a seeder designed for sowing a single crop, planting machines, a trench plow, and other special plows, etc. Harvesting machines and mechanisms exhibit the greatest differences; these are the most specialized machines. However, even among this group of machines, universal units exist, for example, the grain harvester combine, which is applied not only in harvesting grain crops, but with relatively simple attachments is also used in harvesting a number of other valuable crops: sunflower, soybean, coriander, mustard, millet, grass seeders, etc.

Consequently, in creating a system of agricultural machines designed to complete the comprehensive mechanization of agriculture, one must take into account the need for mechanization of all partial operations in cultivating each crop and thus ensure the possibility of selecting an appropriate set of diverse working machines.

"...A system of machinery, properly so called, does not take the place of an isolated independent machine until the object of labor goes through a connected series of detail processes, which are performed by an integrated chain of diverse machines complementary to each other"[106]. In this Marxist understanding, the creation of a system of machines in socialist farming has in the main already been accomplished. All the most vital and labor-intensive processes in soil cultivation and sowing, plant care, and harvesting are performed in our country on the basis of modern, first-class equipment—with the help of tractors, combines, and other complex agricultural machines and implements. In 1951, about 70% of all field operations on collective farms were performed by tractors and

[106] K. Marx, Capital, vol. 1, 1951, p. 385.

machines of MTS[107]. These data testify to the absolute predominant role of mechanized, machine labor over non-mechanized or insufficiently mechanized labor. If we consider all connected partial operations that must be conducted in crop farming observing the requirements of Soviet agronomic science, and relate them to those operations already carried out on the basis of available working machines driven by a mechanical engine, the resulting ratio yields the degree of machine availability in crop farming on the basis of a mechanical engine. This availability at present, according to available data, constitutes no less than 75% of partial processes. Thus, three-quarters of partial operations in crop farming can already now be performed by working machines on the basis of a mechanical engine. Mechanizing the remaining 25% of partial operations is essentially the task of perfecting the system of machines widely used at present.

Marx points out that a system of machinery "is the more perfect, the more continuous the total process it performs, i.e., the less interruption there is when raw material passes from its first phase to its last phase, consequently the more the mechanism and the less the hand of man propels it from one phase of production to another"[108]. Perfection of the system of machines in socialist agriculture is carried out precisely in this direction.

The task of introducing comprehensive mechanization into crop farming consists, firstly, in ensuring the distribution of the existing system of machines across all zones and agricultural regions of the country, thereby eliminating existing zonal differences in mechanization levels between South and North, between grain and

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[107] Naturally, in agricultural production live draft power will always play a role, especially for individual types of work, e.g., servicing internal transport needs. But the decisive place in agriculture already belongs to the mechanical engine, and its importance will continuously grow.

[108] K. Marx, Capital, vol. I, 1951, pp. 386–387.

industrial crop regions, between dry and irrigated farming areas, between drought-prone regions and regions of sufficient or excess moisture, etc. Secondly, the task of comprehensive mechanization in crop farming consists in gradually mechanizing still unmechanized partial processes of farming. It should not be thought, however, that the final moment of comprehensive mechanization in farming will be the mechanization of the very last partial operation. Such a time will undoubtedly arrive, but at the present stage, introducing comprehensive mechanization must be understood as realizing in a given farm, district, oblast, or zone mechanization on the basis of a mechanical engine of the overwhelming majority of partial processes, and the most vital and labor-intensive ones at that. Precisely in this way is the task currently set, for example, in the Kuban. Thirdly, the task of comprehensive mechanization in crop farming consists in perfecting the existing fleet of diverse working machines and mechanical engines used in agriculture, achieving their higher productivity, and consequently greater economy and efficiency. This applies primarily to those working machines that are not yet free of significant technical shortcomings. However, this task, as a constant and general one, extends beyond the framework of immediate practical measures for introducing comprehensive mechanization.

In the comprehensive mechanization of labor-intensive work in animal husbandry, four main production processes should be distinguished: 1) fodder procurement (fodder harvesting and ensilage); 2) fodder preparation; 3) livestock care; 4) obtaining product output. Each of the indicated processes is, in turn, subdivided into a number of separate partial operations.

Calculations show that the degree of machine availability for all partial labor processes in animal husbandry constitutes even now no less than 70% of the total number of partial operations in this branch of agriculture. Consequently, it can be considered that the

system of machines for mechanizing labor-intensive processes in animal husbandry has also in the main been created. However, industry still manufactures an insufficient quantity of working machines for mechanizing labor-intensive work on livestock farms. Collective farms are slow in mastering these machines and do not use them to full capacity.

In animal husbandry, unlike crop farming, four main production processes do not follow one another sequentially. Livestock care is carried out continuously; fodder preparation for certain animal species is continuous (for pigs, cows under barn and summer-camp housing), for others—during the barn period; output is often obtained throughout the year (milk) and only in individual cases (sheep shearing) once or twice a year. Only fodder procurement—fodder harvesting and ensilage—is performed during specific agricultural periods.

In animal husbandry, as in crop farming, the labor period and production time do not coincide. But while in crop farming the main mass of labor is expended during the field work season across vast land tracts, in animal husbandry labor expenditures are distributed more evenly throughout the year, and operations are performed by approximately the same number of workers, mainly at farms.

This essential difference, conditioning special features in the mechanization of labor-intensive work in animal husbandry, requires a different form of organizing the power base of production.

Mechanization of the most vital processes and application of a system of machines in crop farming are carried out mainly on the basis of a mobile engine—thermal tractors—and in the future will also be introduced on the basis of tractors equipped with electric motors (electric tractors) receiving energy from a central power station. Relatively minor significance in crop farming attaches to

stationary operations: grain sorting and cleaning, primary flax processing, agricultural product drying, etc.

Mechanization of the most vital labor-intensive processes in animal husbandry is carried out mainly on the basis of a stationary engine (electric, gas-generator, steam, wind-power), continuously driving a whole system of diverse working machines on a livestock farm: machines for water supply, fodder preparation, fodder transport, cleaning livestock yards of manure, cow milking, etc. The engine that best meets conditions for mechanizing livestock farms is the electric motor (with group or individual drive) receiving energy from a single power plant. Only in fodder procurement are mobile engines necessary and applicable—thermal tractors or electric tractors. Broad application of the electric motor for mechanizing labor-intensive work on livestock farms must undoubtedly be combined with the use of engines operating on local fuel (gas-generator and steam plants) or utilizing wind energy (wind engines).

On the whole, the system of machines for realizing comprehensive mechanization of crop farming and animal husbandry is based mainly on combining two types of energy—mechanical and electrical[109]. At different stages of agricultural production development, these two types of energy are utilized in different proportions. Mechanization of agriculture began on the basis of tractors, primarily in mobile farming processes. Initially, tractors were used almost exclusively in field operations. In stationary operations, they were rarely applied. At present, electric energy is being introduced ever wider into agricultural production, used mainly in stationary operations, especially on livestock farms. Gradually, a process of distributing operations by types of energy takes place. Mobile operations are carried out on the basis of tractors

[109] The question of using thermal energy, which is of enormous importance in plant and animal development and thus plays a special biological role, is subject to consideration in a special article.

with internal combustion engines, stationary operations—on the basis of electricity and various mechanical installations: gas-generator, wind-power, and steam. As rural electrification develops, new power stations are constructed, and existing capacities increase, electricity will achieve mass application in mobile operations as well. Currently, the use of electric tractors is of an experimental-demonstration nature. In the future, proportions of mechanical and electrical energy application in agriculture will change, electricity playing a decisive role and mechanical energy playing a smaller role. Already now, Soviet agricultural engineering must take into account the need to create working machines designed for using both mechanical and electrical energy.

In perfecting the system of machines for comprehensive mechanization of crop farming and animal husbandry during the post-war years, our agricultural machine building achieved huge successes.

The tractor fleet changed substantially. It was replenished with machines of more perfected designs and operational capabilities. The main engine type is becoming the tractor with a diesel engine and crawler tracks. By 1951, the power of the tractor fleet of MTS alone (excluding state farms) increased 1.5-fold compared to 1940, crawler tractor power growing more than two-fold, and diesel tractor power more than seven-fold.

A tractor with a diesel engine operating on crawler tracks at increased speeds is distinguished by high economy and productivity.

Socialist agriculture possesses a tractor fleet meeting in the main the tasks of comprehensive mechanization of all agricultural branches, taking into account climatic, soil, and other features of individual economic regions of the country. Along with this, electric tractors of original Soviet design are being gradually mastered and introduced into production.

During post-war years, a fleet of diverse, previously unused harvesting machines was created. Sugar beet, flax, and potato harvester combines were designed, tested, and accepted for mass production. Complex tasks in mechanizing cotton harvesting were also resolved. Today, our agriculture possesses a whole series of machines, including self-propelled ones, for harvesting irrigated and non-irrigated cotton crops, harvesting unopened bolls (kurak), and clearing fields of cotton stalks (guza-paya). Complex flax threshers, flax pullers with binder attachments, and other harvesting machines of various types and purposes were accepted into production and successfully applied. Tests of harvesters for bast fiber crops are conducted successfully. Creating a system of harvesting machines for vital technical, fodder crops, and potatoes is a greatest achievement of Soviet agricultural machine building. Until recently, harvesting technical and certain other crops presented the greatest difficulties and required vast expenditures of manual labor. The absence of harvesting machines led to protracted harvesting times, increased losses, etc.

Grain harvester combines were radically improved. Replacing old-type grain combines came combines of more perfected designs —'Stalinets-6', self-propelled combine 'S-4'. New combine types possess higher capacity, improved threshing units, and harvesting apparatus. The combine 'Stalinets-8', designed for harvesting high-yielding plots giving 30–35 centners and more per hectare, passes tests successfully.

The fleet of soil-cultivating, sowing, planting, sorting, and cleaning machines, as well as drying installations, was expanded and updated. Cotton cleaners, cotton drying plants, machines for sorting grass seeds, etc., are being introduced.

Machines for performing various land reclamation, especially labor-intensive operations, received wide development.

A system of machines for mechanizing labor-intensive work in animal husbandry was developed and introduced into production, primarily machines for fodder procurement. At present, industry is expanding the production of machines and implements for comprehensive mechanization of all work in hay harvesting and fodder ensilage. The use of self-propelled, mounted, and trailed tractor mowers, tractor side and dump rakes, sweep rakes, pickup-stackers, sweep stackers, and other machines and implements makes it possible to mechanize hay harvesting starting from mowing up to stacking and baling hay. Introduction in the near future of silage and corn harvester combines[110] will ensure the full mechanization of fodder ensilage.

On livestock farms, complex machines and mechanisms are applied for mechanizing fodder preparation (fodder grinders and fodder steamers), water supply and automatic watering, intra-farm transport, cow milking, sheep shearing, digging shaft wells, silage trenches, etc.

In connection with measures for implementing the great Stalin plan for the transformation of nature, the machine fleet of state farms and MTS is replenished not only with special machines for afforestation, but also with machines for constructing ponds and reservoirs, and road building.

In the post-war period, agricultural machine building industry began manufacturing over 150 new types of high-productivity machines allowing broader mechanization of agricultural production processes. Especially widely used are machines in inter-row and inter-cluster cultivation of crops and harvesting of those row crops that until recently were harvested mainly by hand.

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[110] The corn harvester combine, while harvesting ears and mowing stalks, simultaneously chops the stalks and yields a finished mass for silage.

The number of mechanized work types in agriculture doubled compared to 1940. Before the war, MTS on collective farms performed up to 90 types of various operations on mechanical traction, mainly in crop farming, whereas now over 170, not only in crop farming, but also in other branches of agriculture—animal husbandry, afforestation, pond and reservoir construction, etc. A process of completing the technical revolution across all socialist agricultural production, in all its branches and links, takes place. Rapid accumulation of diverse working machines for covering mechanization of an ever larger number of partial operations in crop farming and animal husbandry and transition to comprehensive mechanization in all agricultural production goes on.

In the future, this will lead to eliminating essential differences in technical equipment levels between industry and agriculture. Agricultural labor in the relatively near future will become labor fully mechanized, labor in managing and regulating machines. Only those differences between industrial and agricultural labor will remain that are determined by special features of agriculture as a branch of the national economy where land acts as the main means of production and where production is connected with living organisms.

At present, in addition to 150 types of new agricultural machines already mastered and widely used, about three hundred new machine designs are being developed for comprehensive mechanization of agriculture. Annually, comprehensive testing of new machines for various purposes is conducted, experimental samples of which are verified in conditions of different zones of the country. In 1950, tests of over 1,000 samples of machines of new types and designs were conducted.

In 1951, testing was passed by over 1,200 such machines, including over 400 samples of new machines manufactured by plants of the Ministry of Agricultural Machine Building. Many of these machines are now introduced into production, others are structurally

improved. In 1951, over 30 machine designs were recommended for production in pilot batches or large-series production.

Vital changes in the development of productive forces of socialist agriculture take place as a result of implementing measures under the Stalin plan for the transformation of nature.

Field-protective forest plantations, afforestation of watersheds, ravines, and gullies, sand fixation, forest planting along riverbanks and reservoirs, introduction and mastery of the travopolye system of farming—all this changes climatic conditions, elevates farming culture, revives natural fertility and creates economic soil fertility, ensures high and stable crop yields, forms a firm fodder base for boosting public animal husbandry and raising its productivity, and leads to multi-faceted development of collective farm economy.

At the same time, capital investments (perennial plantings, construction of ponds and reservoirs, irrigation and land reclamation, etc.) implemented according to the nature transformation plan raise the level of agricultural intensification and introduce huge changes into the state of its productive forces.

The new level of productive forces of socialist agriculture could not fail to bring to life new phenomena in the organization of agricultural production. Technical progress created conditions under which a mass movement for voluntary merger of relatively small collective farms into larger collective farms became possible. In the process of merging small collective farms, both enlargement of farms and further growth of the material-production base occurred simultaneously, securing the possibility of implementing vital measures in nature transformation, mastering the travopolye farming system, boosting public productive animal husbandry, and developing rural electrification.

As a result of enlargement, the number of collective farms in the country decreased more than two-fold, while average farm sizes

increased. At present across the country as a whole, one collective farm accounts on average for 2.5 times more arable land and 3 to 4 times more public livestock than in 1950.

One of the essential features of socialist agriculture is the possibility and necessity of its transition at a certain stage of development and technical equipment to an even larger-scale production, to an even higher degree of concentration of means of production and collective labor. At a certain stage, collective farm enlargement becomes an economic necessity, since insufficient farm sizes would hinder further introduction of modern equipment and its high-productivity utilization in the interest of further raising agricultural labor productivity.

High technical equipment of machine-tractor stations served as that real material base owing to which collective farm enlargement at a new level of concentration of means of production and labor became fully achievable. Machine-Tractor Stations reached such a stage of development when they could assume servicing of all collective farms without exception and proceed to introducing comprehensive mechanization into all branches of agriculture.

The economic necessity of collective farm enlargement was determined primarily by technical progress, while the very merger of collective farms became the most vital prerequisite for building in the countryside a material and technical base corresponding to the period of transition from socialism to communism.

Machine-Tractor Stations served at this stage of collective-farm construction as an important lever for transferring collective farms to a higher stage of production and labor concentration, and consequently as a lever for their further organizational and economic strengthening.

In socialist agriculture, vital prerequisites for carrying out comprehensive mechanization of all its branches have been created.

In the main, a system of machines answering tasks of comprehensive agricultural mechanization has been created. Enlargement of small collective farms has occurred. Rural electrification has received broad development. One thousand six hundred new machine-tractor and specialized stations have been organized. In total, there are now 8,680 MTS in the country.

Machine-Tractor Stations are the leading force of socialist agriculture. Their technical equipment grows continuously, and production activities expand constantly. MTS, as the main material and technical base for raising collective-farm labor productivity, increasing agricultural production volume, and creating an abundance of agricultural products in the country, successfully resolve the task of all-round mechanization of all branches of collective-farm social economy, and on this basis, further organizational and economic strengthening of enlarged collective farms.

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I. Shatalov

TURKEY — A STAGING GROUND OF AMERICAN IMPERIALISM IN THE NEAR EAST

American imperialists, together with reactionary Turkish ruling circles, are intensively transforming Turkey into a staging ground for war against the USSR and the countries of people's democracy, into a base for suppressing the national liberation movement of the peoples of Near Eastern countries. The Turkish government has placed the country's territory at the complete disposal of the American imperialists. Turkey's internal life is controlled and directed by the US Ambassador to Turkey, George McGhee, the head of the mission for implementing the "Marshall Plan" in Turkey, Russell Dorr, and the head of the US military mission, General Arnold. Turkey unfailingly supports all foreign policy adventures of the US ruling circles; in particular, Turkey, alone among all Near Eastern countries, provided its troops to support American aggression in Korea.

The inglorious end of the Turkish brigade, which lost a third of its strength in Korea in its very first battle, did not prevent the Ankara adventurers from continuing their policy of subservience to the American imperialists. In 1951, the Turkish government renewed the composition of its brigade in Korea three times. Currently, a new contingent of 3,500 soldiers is being prepared for dispatch to Korea. According to calculations by American generals, the cost of maintaining a Turkish soldier is 5.5 times less than that of an American soldier. Therefore, American imperialists are particularly interested in using Turkish soldiers as cannon fodder for their bloody adventures. The Pentagon is currently nurturing plans to increase the numerical strength of the Turkish army to 2 million men.

Wall Street monopolists seek to use Turkey as the core of a new aggressive bloc they are piecing together in the Near and Middle East. Turkish reaction openly advocates unleashing an aggressive war against the USSR and other countries of the democratic camp, actively preparing to fulfill the role of gendarme for the US-British imperialists in the Near and Middle East.

American imperialists, even during the years of the Second World War, nurtured plans to use Turkey as a springboard for their expansion in the countries of the Near and Middle East and in the Balkans. As early as 1941, the US provided Turkey with large quantities of weapons and military equipment under Lend-Lease. And this was despite the fact that the Turkish government openly assisted Hitlerite Germany by supplying strategic raw materials and food. In addition, significant sums were granted to the Turkish government for the reconstruction of airfields, the purchase of naval vessels, railway equipment, and other military materials. In total, these sums amounted to 90 million dollars.[111]

After the proclamation of the "Truman Doctrine," American imperialism openly moved to a policy of unrestrained expansion in the countries of the Near and Middle East—primarily in Greece and Turkey—aimed at transforming these countries into US colonies and a staging ground of American imperialism for war against the USSR and the countries of people's democracy. In accordance with the "Truman Doctrine," proclaimed on March 12, 1947, US military assistance to Turkey for the period from July 1, 1947, to June 30, 1949, amounted to 175 million dollars. These credits were distributed as follows (in thousands of dollars)[112]:

- Land forces: 89,000
- Air forces: 52,025

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111 *"Statistical Abstract of the United States", 1951, p. 822.*

112 *"Istanbul", Oct 29, 1949.*

- Naval forces: 23,975
- Road construction: 5,000
- Arsenal construction: 5,000
- Total: 175,000

At the bidding of American imperialists, Turkish ruling circles steadily increase budget expenditures for the rearmament of the country. As even the reactionary Turkish press has been repeatedly forced to admit, American "aid" under the "Marshall Plan" was also used mainly for military purposes. According to a statement by the head of the American military mission in Turkey, General Arnold, for the period from 1947 to 1951 the US provided Turkey with all kinds of armaments, equipment, and other forms of military aid in the total amount of over 1 billion dollars (more than 2.8 billion Turkish liras). During the same period, under pressure from American imperialists, the Turkish government annually spent about 60% of the state budget on military purposes. From 1947 to 1951, about 3 billion Turkish liras were spent on military purposes through the state budget alone.

The total sum spent on Turkey's rearmament exceeds 5.8 billion Turkish liras (more than 2 billion dollars), which is almost 4 times greater than the total state budget expenditure for 1951 (1,487.2 million liras). These funds, enormous for a country like Turkey, were spent on the construction and re-equipment of ports, airfields, strategic railways and highways, on arming and retraining the Turkish army, and on maintaining the bloated apparatus of the American military mission. In connection with the termination of the "Marshall Plan" at the beginning of this year, an agreement was signed between the Turkish government and the American mission on extending the provision of so-called "economic aid." This aid will also be subordinated to military plans.

American imperialists are turning Turkish ports into their naval bases and using Turkey's navy as an integral part of their own fleet. The ports of Alexandretta, Mersin, Inebolu, Amasra, Izmir, Istanbul, Samsun, and others are being hurriedly re-equipped. The International Bank for Reconstruction and Development, controlled by American monopolies, provided Turkey with a credit of 12.5 million dollars to re-equip ports; in addition, the Turkish government allocated 76 million liras under the state budget for these works. The work is directed by American military specialists.

The scale of reconstruction of old military ports and construction of new ones far exceeds the needs of the Turkish navy and is clearly calculated for the use of these ports by the American fleet. The American command has already obtained from the Turkish government the transformation of the port of Alexandretta into a "free zone," that is, essentially turning over this port to the American navy for uncontrolled use. The reactionary Istanbul newspaper *République* (Aug 10, 1951) wrote directly that this port would be used "as a supply and repair base for ships of the American navy."

Simultaneously, American imperialists are intensively turning Turkey into their "land aircraft carrier" in the Near East. As early as June 1947, the Ministry of Communications of Turkey signed an agreement with the American firms Westinghouse and Veif for the construction of military airfields in Ankara, Istanbul, and Adana. For this purpose, the American firms granted the Ministry of Communications of Turkey a credit of 4.45 million dollars. In addition, 45 million liras of budget funds were invested in this construction[113]. In the regions of Eastern and Western Anatolia, large airfields designed for long-range aircraft are being built. Commenting on the intensive construction of airfields on Turkish territory, the French newspaper *Combat* in August 1951 frankly

113 *"Tanin", June 18, 1947.*

wrote that "thanks to its geographical location, Turkey controls the passage through the Dardanelles, and its internal mountain plateaus form ideal airfields for aviation threatening the industrial Urals." During his stay in Turkey in February 1951, US Secretary of the Air Force Finletter reached an agreement with the Turkish government on the use of Turkish airfields as bases for American bombers.

Simultaneously, Turkey is being covered with a network of military-strategic roads. Road construction is conducted mainly in sparsely populated areas of Eastern Anatolia, near the borders of the Soviet Union. By the end of 1951, the construction of a road network of 18 thousand km was completed (the entire program for constructing military-strategic roads is 23 thousand km). Even according to clearly understated official data, over 150 million Turkish liras were spent on road construction in Turkey over 3 years (1948–1950). Construction is directed by American specialists.

The Turkish army has effectively passed under the subordination of the US Department of Defense. A large number of permanent and temporary American military missions, experts, and inspectors are operating in Turkey. Thus, in May 1947, a mission led by General Oliver arrived in Turkey "to study the country's military needs." In December 1947, this mission was replaced by a permanent American mission led by General McBride, consisting of three groups: land forces, air, and naval forces. The size of this military mission has now reached 1,200 people. Currently, this mission is headed by General Arnold.

US military missions direct the training of the Turkish army, draw up plans for the construction of strategic roads and facilities, monitor their execution, and carry out topographic surveys of the country's territory, especially regions bordering the USSR. The domination of the American military in Turkey has become so obvious that even the newspaper of the fascist Yalman, *Vatan* (Aug

29, 1951), was forced to admit: "The Americans are effectively occupying Turkey in an indirect manner."

American imperialists plan to use the Turkish army to suppress the national liberation movement of the peoples of the Near and Middle East, who are speaking out ever more decisively against imperialist oppression. In mid-October 1951, a secret meeting was held in Ankara under the chairmanship of General Bradley, at which issues related to operational plans for creating a so-called "Middle East Command" were considered. At this meeting, as reported by the French newspaper *Action*, a decision was made to use the Turkish army to suppress the national liberation movement throughout the Near and Middle East.

Recently Turkey, together with Greece, was officially included in the aggressive North Atlantic bloc. "...The invitation of Turkey into the Atlantic bloc—Turkey, moreover, having no relation to the Atlantic—" it was noted in the statement of the Soviet Government to the Government of Turkey, "can mean nothing other than the striving of imperialist states to use Turkish territory to create military bases near the borders of the Soviet Union for aggressive purposes."[114] The militarization of Turkey, which intensified as a result of the country's involvement in the aggressive North Atlantic bloc, is accompanied by unbridled war hysteria, with the help of which Ankara ruling circles strive to justify huge expenditures on armaments and the aggressive war against the USSR and the countries of people's democracy being prepared by them together with American imperialists. Reactionary journalists, "scholars," statesmen, and the Turkish military are engaged in propaganda for a new war and its advance justification. In doing so, Turkish reaction puts into play the entire arsenal of means and methods borrowed from across the ocean. War hysteria builds up day by day, increasing

114 *"Pravda", Nov 4, 1951.*

to monstrous proportions during periods when it is necessary to push laws through the Majlis on new huge military allocations.

The seasoned politician and rabid fascist Yalçın day in and day out preaches in the newspaper Ulus a preventive war against the USSR, advocates the creation of a strong revanchist army in West Germany, and calls on the Turkish people to make sacrifices for the sake of strengthening the country's "defense." Another zealous preacher of a new war, Abidin Daver, on the pages of the newspaper Cumhuriyet calls for using the atomic bomb against the USSR. American imperialists pander to the propaganda of reactionary Pan-Turkism, using it as a means to further fan war psychosis in Turkey.

American imperialists intensify their propaganda in Turkey aimed at convincing the Turkish people of the superiority of the "American way of life," American "culture," and the "necessity" of the dominance of this "super-nation" over the whole world. American literature, journals, cinema, and radio spread lies in Turkey about the so-called "American way of life." English journalist John Husing, who visited Turkey at the beginning of 1951, wrote: "Arriving in Ankara or Istanbul with countless American cars on the streets, American magazines on newsstands, American films on screen, and American speech so frequently heard in hotel lobbies, one might think that one is in the Midwest (in the United States.—I. Sh.) rather than in the Near East."

The military-strategic expansion of American imperialism in Turkey is closely linked to its economic expansion. All kinds of credits provided to Turkey by American imperialists—direct military credits, "aid" under the "Marshall Plan," "technical assistance" under "Point Four of the Truman Program"—serve not only the goals of preparing a new world war, but also transforming Turkey into an agrarian-raw material appendage of the USA. These credits also contribute to the intensified penetration of American capital into

Turkey. Wall Street monopolists capture ever-new key positions in the Turkish economy, intensify their foreign trade expansion in Turkey, and seize control of the Turkish market. All this became possible as a result of the anti-popular policy of Turkish ruling circles.

American monopolists, using the US government as a leverage tool, obtained significant privileges from the Turkish government: a reduction in the value of the Turkish lira relative to the dollar, and a reduction of customs duties on goods imported from the US. On September 7, 1946, on instructions from Washington, the Turkish government devalued the Turkish lira. The exchange rate of the American dollar was raised from 1.3 to 2.8 Turkish liras. This inflicted colossal damage on the Turkish economy. American monopolies obtained the opportunity to buy up for a song and export from Turkey the most important types of strategic raw materials and food products.

Simultaneously, the Turkish government abolished the payment of export duties and certain import restrictions. Turkish exporters were thereby placed in a worse position compared to American importers. Shortly after the decree of September 7, 1946, was issued, the Turkish government raised customs tariff rates; however, this increase in no way affected goods imported from the US. Thus, the new legislative act of the Turkish government significantly improved the position of American importers compared to Western European ones.

But American monopolies did not stop at this and demanded ever-new privileges. In May 1948, the Turkish government carried out a partial reduction of customs tariff rates specifically for goods imported from the US. Thus, the servile subservience of Turkish ruling circles to American imperialists led to American monopolies

establishing their dominance over the Turkish market even before Turkey joined the "Marshall Plan."

After 1948, Turkey's foreign trade was regulated by general provisions dictated by US ruling circles to all countries belonging to the so-called "European Economic Cooperation." In 1950–1951, the Turkish government, on orders from Washington, carried out a "partial" exemption of foreign trade from customs control. This "partial" exemption led to 75% of Turkey's foreign trade turnover falling completely outside the control of Turkish customs authorities by the end of 1951. All these measures of the Turkish government completely undermined Turkey's customs autonomy, contributed to establishing the uncontrolled dominance of American monopolies on the Turkish market, and strengthened their positions in the struggle against competitors, primarily British monopoly capital.

British monopolies, squeezed by the Americans everywhere on world markets, attempted to intercept the Turkish market by taking advantage of Turkey's lack of dollar assets. In individual years they managed to significantly increase their imports into Turkey, and in 1948 and 1951 even took first place in Turkish imports. However, this did not change the general situation: American monopolies over 6 post-war years (1946–1951) controlled on average about 25–30% of Turkish imports.

American imports into Turkey in value terms increased from 15.7 million Turkish liras in 1938 to 196.2 million Turkish liras in 1950. The US share of Turkish imports over the same period increased from 10.5% to 24.5%, and in some post-war years exceeded 30%.

Significant was the growth of Turkey's foreign trade operations with West Germany, which in 1951 took first place in the country's total foreign trade turnover (over 25%). West Germany, which in 1947 imported goods worth only 0.18 million liras (0.03% of total

Turkish imports), in 1951 imported goods into Turkey in the amount of 265.7 million liras (23.9% of total imports). West Germany has even greater weight in Turkish exports, where it has occupied first place since 1949. Exports from Turkey to West Germany increased from 0.9 million liras in 1947 (0.15% of total exports) to 234.3 million liras in 1951 (26.6% of total exports). The restoration of Turkey's old trade ties with West German firms began in 1948 with the direct assistance of American occupation authorities in West Germany. Moreover, a certain portion of American turnover with Turkey goes through West Germany.

Currently West German capital, which has old and strong ties with Turkish reactionary circles, is expanding trade more and more and, as in pre-war times, strives to capture the greater part of Turkey's foreign trade turnover (in 1938, Germany accounted for 45% of the country's total turnover). Further penetration of West German firms into Turkish markets (as well as into the markets of other Near Eastern states) will significantly intensify the imperialist struggle for sales markets and sources of raw materials. The extraordinary activity of West German capital in the countries of the Near and Middle East, which they develop clearly with the consent of American imperialists, suggests that US ruling circles temporarily granted West German capital a certain freedom in the countries of this region in exchange for its unconditional adherence to their aggressive plans.

The structure of US foreign trade turnover with Turkey is typical of the trade of an underdeveloped, dependent country with a major imperialist power. The US exports from Turkey primarily raw materials and agricultural products: chromium and copper ore, tobacco, opium, licorice root, hazelnuts and walnuts, raw hides, wool, etc. Cotton and wool fabrics and yarn, vehicles, chemical goods, dressed leather, plastic and glass products, paper, etc., are imported into Turkey from the US. In recent years, equipment for

mines, road-building equipment and machinery, military materials and gear have been imported into Turkey in large quantities.

The American program for the rearmament of Turkey also contributes to increasing imports from the US into Turkey. This policy of American imperialists is a vivid illustration of the words of V. I. Lenin: "The most common thing: the condition of a loan is set as spending part of it on the purchase of products of the lending country, especially on items of armament, on ships, etc... The export of capital abroad becomes a means to encourage the export of commodities abroad."[115]

The ever-growing import of American goods into the Turkish market led to a growing deficit in Turkey's foreign trade balance. This deficit in 1948 reached 219.1 million Turkish liras, i.e., almost 40% of Turkish exports. Despite the intensified extraction of strategic raw materials and other goods from Turkey, the deficit of Turkey's foreign trade balance amounted in 1949 to 118.7 million liras, and in 1951—234.1 million liras. Almost 89% of Turkey's foreign trade balance deficit over 4 years (1947–1950) was accounted for by the US and Britain. The largest deficit arises as a result of foreign trade operations with the US. Over the indicated 4 years alone, the US accounted for 60% of Turkey's entire foreign trade balance deficit.

American foreign trade expansion was one of the most important means of the economic and financial enslavement of Turkey, which was combined with political enslavement of the country and its transformation into a staging ground for Washington war hawkers. Foreign trade expansion preceded other forms and methods of economic penetration by US imperialists into Turkey. American monopolists did not limit themselves to establishing their dominance

115 *V. I. Lenin. Works, vol. 22, pp. 231–232.*

over the Turkish market. They obtained serious concessions from the Turkish government that opened access for American capital into the country's economy.

Under pressure from American imperialists, the Turkish government back in 1947 issued Decree No. 13 "on the protection of Turkish currency." In accordance with this decree, it assumed the obligation to guarantee foreign capitalists the safety of capital invested by them in the Turkish economy, and granted them the right to freely export from Turkey both profits on invested capital and the capital itself. The Turkish government went even further: it allowed (contrary to the 1927 law "on the encouragement of industry," which has officially not been repealed to this day) the creation in the country of mixed companies in which more than 50% of the capital belongs to foreigners. On these terms, various "mixed" companies were created and continue to be created in Turkey, under the signboard of which foreign, primarily American, monopoly capital operates. American monopolies such as Chase National Bank, Dillon Read & Co., Standard Oil Co., General Electric, and others are taking into their hands more and more the extraction of valuable strategic raw materials—chromium, copper, coal, manganese—as well as strengthening control over the most important branches of Turkish industry: metallurgical, cement, chemical, and electrical engineering.

In 1948, the Turkish government permitted the creation of the mixed company General Electric Türk Anonim Ortaklığı, 60% of whose capital belongs to the American firm General Electric. The remaining 40% of shares are distributed between the Turkish Business Bank (İş Bankası)—25%, and the Turkish firm Vehbi Koç —15%.[116] The company was created for the construction and operation of an electric lamp plant in Istanbul. On the same terms, in

116 *"Ulus", Aug 28, 1948.*

August 1949, an agreement was signed for the construction of a cement plant in Çanakkale. The American firm Squibb in August 1950 received permission to build a factory in Istanbul for the production of medical equipment and medicines, the products of which it intends to market not only in Turkey but also in other countries of the Near East[117]. The Ford firm, in addition to the auto assembly plant built in Istanbul back in 1930, plans the construction of a new plant in Halkınpınar (Izmir region), which, as reported by the newspaper *Ticaret* (June 9, 1950), will also produce engines.

Wall Street monopolists pay special attention to developing deposits of oil, chromium and copper ores, and expanding coal production. Openly conducting preparations for a new world war, American imperialists are creating reserves of strategic raw materials. For this purpose, at the end of 1950, a proposal was made to the Turkish government to expand the production of raw materials, primarily chromium, and increase its export to the US to create "joint" reserves of strategic materials. An agreement was signed between the Administration for implementing the "Marshall Plan" in Turkey and the Turkish company Bilgin Maden Limited Şirketi, under which it is planned to expand the mining of chromium ore in mines in the Alexandretta and Maraş regions. To purchase equipment, the company was granted a credit of 304 thousand Turkish liras.[118]

Huge sums were provided under the "Marshall Plan" for expanding the Zonguldak coal basin. Work on expanding the basin is conducted by American "specialists" from Koppers & Company, controlled by the American Mellon financial group. Through this company, the Mellon group strives to finally take the Zonguldak coal basin into its own hands. Investing capital in the extraction of the

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117 *"Cumhuriyet", Sept 29, 1950.*

118 *"Cumhuriyet", Apr 3, 1950.*

most important types of strategic raw materials, American imperialists expect to further increase the export of valuable raw materials from Turkey.

Already almost 400 thousand tons of chromium ore are exported annually from Turkey—about 25% of world export. Export of copper ore from Turkey in 1951 amounted to almost 15 thousand tons against 1.9 thousand tons in 1938.

Most of the chromium and copper ores exported from Turkey are sent either directly to the US or to military plants of American firms in West Germany and Austria. Having established control over the export of strategic raw materials from Turkey, Wall Street monopolists make huge profits on this. Not to mention the profits obtained by them on price differences, American exporters of chromium and copper ores made about 14 million Turkish liras over 4 years (1947–1950) on fraudulent operations involving the falsification of the metal content in the ore alone.

Along with private American firms and companies operating in Turkey, the International Bank for Reconstruction and Development, representing, as is known, the interests of American monopolies, developed intensive activity in this country. Credits granted by this bank to Turkey are unfailingly conditioned by the presentation of demands to the Turkish government for new privileges for American monopolists. In 1950, the International Bank invested 9 million dollars in the creation of the so-called Industrial Development Bank of Turkey (50% of capital). The remaining 50% of capital, or 25 million Turkish liras, was contributed equally by the Turkish government and 18 private Turkish financial and industrial organizations[119]. Thus, the controlling stake of the newly created

119 *"Ulus", Oct 20, 1950.*

bank is in the hands of the International Bank for Reconstruction and Development.

The goals of creating the bank can be judged by the second clause of its statute, which reads that the bank will "encourage the penetration of foreign (read: American.—I. Sh.) and local capital into the Turkish industry under construction."[120] The American Norman Tucker was appointed General Manager of the bank. It is quite understandable that American imperialists, having become masters of the new bank, expect with its help to finally and cheaply take Turkish industry into their hands. The creation of this bank is a new step on the path of subordinating Turkey to American monopolies.

In 1951, the International Bank for Reconstruction and Development achieved new concessions from the Turkish government. On January 12, 1951, the Majlis approved a "guarantee agreement" concluded between this bank and the Turkish government. In his speech during the discussion of the agreement, Turkish Minister of Finance Polatkan stated that "the bank will play a primary role in creating and developing foreign industry in Turkey and in finding fields of application for foreign capital, which will flow into Turkey without fear. The government will not interfere in the work of the bank in Turkey." This statement by the Minister of Finance testifies to the fact that the International Bank for Reconstruction and Development received monopoly control over American capital investments in Turkey.

In August 1951, the Turkish government issued a new law "on the encouragement of foreign capital." By this act, it finally turned over national industry and the country's natural wealth into the hands of American capital.

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120 *"Sicili ticaret gazetesi", June 2, 1950.*

Both private American capital investments and credits granted to Turkey by the US government are aimed at transforming Turkey into an agrarian-raw material appendage of the US war economy. This is evidenced by the distribution of credits under the "Marshall Plan," the total sum of which for the period from July 1, 1948, to June 30, 1951, according to *Survey of Current Business* (November 1951), amounted to 259 million dollars.

Over 30% of the funds provided over this period were spent on measures related to intensifying the extraction of strategic raw materials from Turkey—expanding coal mining, increasing the development of chromium and copper ores, oil, manganese, and a number of other military-strategic materials. The remaining credits were spent on the construction of military-strategic roads, expanding military production, etc. At the same time, over the entire period of the "Marshall Plan" in Turkey (over three years), not a single dollar was spent on developing peaceful sectors of Turkish industry. The fact of Turkey's transformation into a supplier of strategic raw materials and food for the aggressive bloc led by American imperialists was frankly confirmed by former Minister of State of Turkey Cemal Seyit Barlas. He noted that as a result of joining the "Marshall Plan," Turkey "will be able to supply Europe with many raw materials such as cotton, hard coal, iron, chromium, copper, lead, antimony, as well as many food products—wheat, oilseeds, barley, etc."[121]

The imperialist expansion of the US in Turkey and the anti-popular policy of Turkish ruling circles led to unprecedented disorder in the country's economy, causing the decline of an already weak national industry, a huge foreign trade deficit, growth in the balance of payments deficit, an increase in the budget deficit, contraction of gold reserves, and inflation. American expansion

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121 *"Ulus", Jan 1, 1950.*

significantly worsened the already difficult situation of the working population.

The increase in foreign trade and balance of payments deficits, along with growing budget expenditures on armaments, undermined the country's finances. The budget deficit in the 1951/52 financial year reached 235.3 million Turkish liras, and the expenditure part of the budget exceeded 1.5 billion liras.

Striving to shift the main burden of military expenditures onto the shoulders of working people, the Turkish government pursues a policy of inflation, increasing the amount of money in circulation more and more. Money circulation in the country grew from 213 million liras in 1938 to 1,233 million liras in November 1951. The value of the paper lira is systematically falling. The state debt increased from 533.4 million liras in 1938 to 2,148 million liras in 1949. By the end of 1951, the total amount of state debt exceeded 3 billion Turkish liras. Foreign debts constitute over 30% of it, to cover which the Turkish government sold more than half of its available gold reserves abroad. The country's gold reserve, according to data from the bulletin of the Central Bank of Turkey, contracted from 236.9 tons in 1946 to 133 tons at the end of 1951.

The foreign trade expansion of American monopolies in Turkey inflicted heavy damage on Turkish industry. The consequence was a contraction of industrial production and the mass closure of manufacturing enterprises. As early as October 1948, the Turkish press was forced to sound the alarm and ask the government to restrict the import of American goods. According to data cited in the journal Konjonktür, the manufacturing production index fell from 147.8 in 1947 to 139.8 in 1948. In subsequent years, when mass closures of enterprises occurred, production in manufacturing dropped even more sharply. The textile industry suffered most of all from American competition.

The consequences of the arms race and militarization of the country fall as an unbearable burden on the shoulders of Turkey's working population. In the country there are currently several hundred thousand partially and fully unemployed people. If one takes into account unemployment among farm laborers, it turns out that the number of fully and partially unemployed in Turkey is about 2 million people. The unemployed and their families are doomed to hunger and poverty.

The situation of employed workers is little better. Their working day is lengthened, and their real wages are continuously reduced as a result of enormous price increases and inflation. "The labor of Turkish workers is paid like slave labor," wrote the Istanbul newspaper *Gerçek*, "they, like slaves, depend on the whim of their bosses." Indeed, the wages of even a skilled worker are 5–6 times below the subsistence minimum.

The wholesale price index in Istanbul for essential consumer goods in March 1951 was (1938 = 100):

- Groceries: 407
- Fruits: 631
- Meat, butter, cheese, etc.: 478
- Fabrics: 577
- Imported goods: 594

Prices continue to rise steadily. The general index of wholesale prices is currently 5.5 times higher than in 1938. In September–December 1951 alone, retail prices for food products rose on average by 16–20%. "High prices grow with every passing day," wrote the newspaper *Ulus* (Dec 26, 1951). "A product that you can buy today for 10 liras, after 3–5 days you will not buy even for 12–14 liras. Food prices are growing particularly fast. Life is becoming harder and harder." Thus is the economic situation in the country

characterized by such a pro-American and pro-fascist newspaper as *Ulus*.

Even in the report of a special committee of the Majlis that investigated the condition of Turkish workers, there is an admission that the situation of workers has become even harder than the position of the population in the Middle Ages. A worker is forced to work 19 hours for one or two liras. Women and children of 8–10 years old, working under particularly severe conditions, receive even less.

Turkish peasants live in truly horrific conditions. 77% of cultivated land belongs to landlords and kulaks, whose farms constitute only 13.6% of all farms. Over 2 million peasant farms (61% of all farms) own only 23% of cultivated land. The average plot size in this group of farms does not exceed 2 hectares. 800 thousand peasant farms (over 25% of all farms) are completely landless. Landless and small-land peasants are forced to rent land from landlords and kulaks on onerous terms. The process of land deprivation among peasants continues. This is facilitated by rising taxes resulting from militarization (the government is preparing a bill to increase the land tax by 200%) and growing impoverishment of peasants as a result of their ruthless robbery by landlords and usurers.

Peasants groan under the yoke of semi-feudal slavery. They do not possess even primitive agricultural implements. High prices for artificial fertilizers make them completely inaccessible to peasants. To this day, Turkish peasants cultivate the land with a primitive wooden plow—the *karasapan*. For every 3 peasant farms there is one wagon, and for 100 farms—11 plows.

As a result of brutal exploitation and ruthless robbery by landlords and kulaks, peasants in most regions of the country, especially in winter and spring months, starve. Mortality among peasants is very high. "There is no person here who is over 40 years

old," writes a correspondent of the newspaper *Akşam* who made a trip through villages of Anatolia. "People die before reaching this age... The population lives

in terrible economic and social conditions. Care for people's health is absent, and they are doomed to poverty, hunger, and disease."

The policy pursued by American imperialists and Ankara reactionaries of turning Turkey into a US military staging ground in the Near and Middle East is accompanied by a rampage of fascist terror in the country. The so-called Democratic Party, which came to power in the country as a result of the elections of May 14, 1950, changed nothing in the anti-popular course of internal and foreign policy of the Republican People's Party. What is more, it intensifies the country's subordination to American imperialists, obediently following their aggressive plans. In internal policy, the government of the Democratic Party jealously guards the interests of the big bourgeoisie, landlords, and compradors, steering a course toward the fascisization of the country and ruthless suppression of the people's resistance.

Turkish reaction, which banned the activities of the Communist Party almost 30 years ago, dispersed other democratic organizations as well. At the end of 1951, after ten months of discussion in the Majlis, a monstrous law introducing the death penalty for communists was passed. With the help of this law, Ankara war hawkers seek to deal with all progressive-minded Turks and suppress all opposition to their criminal plans.

Following in the footsteps of their overseas masters, Turkish obscurantists carried out a purge of the state apparatus of "unreliable" persons. In the Turkish state apparatus, the tone is set by seasoned fascists who in the past actively collaborated with Hitlerite intelligence.

Closing down newspapers in Turkey is a common occurrence. The slightest manifestation on the pages of the press of dissatisfaction with the anti-popular policy of the Turkish government is brutally suppressed. Thus, for example, in August 1950, in connection with protests against sending troops to Korea, the newspapers *Yeni Baştan*, *Hür Marko-Paş*a, *Nazım Hikmet*, as well as the journals *Barış* and *Hür Gençlik*, were closed down. Editors of these publications were brought to trial simply for publishing articles protesting against subordinating Turkey to the aggressive plans of American imperialists.

The government ruthlessly suppresses the movement in defense of peace. Leaders of the *Society of Peace Supporters*, headed by the society's president *Behice Boran*, were sentenced to long prison terms. The number of prisoners in Turkish dungeons is so great that Turkey lacks prisons. In connection with this, the Ministry of Justice developed a "ten-year plan for prison construction" in June 1951, and meanwhile as a "temporary measure" uses stores, theaters, mosques, etc., as prisons. However, no repressions can suppress the growing dissatisfaction of the people with the anti-popular, treacherous policy of Turkish ruling circles.

Despite the fact that strikes in Turkey are prohibited, the strike movement has intensified over the last 2 years. Even the Turkish press cannot conceal this. In 1951, workers at Ankara slaughterhouses struck, demanding compliance with the law on the 8-hour workday, as well as workers at textile enterprises in Istanbul, coal miners of the Ereğli-Zonguldak coal basin, and workers at a number of other enterprises, demanding wage increases, shorter working hours, overtime pay, and improved working conditions. On March 21, 1952, 2,000 taxi drivers struck in Ankara. About 100 drivers were arrested by the police.

The struggle of Turkish peasants for land is growing and widening. In the second half of 1949, in 22 vilayets of the country, 323 cases were registered

of seizures of landlord lands, arson of grain barns, and theft of livestock. The peasant movement, which still has a spontaneous character, is gradually taking on more organized forms: peasants act jointly across several villages and offer stubborn resistance to gendarmerie and military units sent against them. In April–May 1951, in the vilayet of Konya, genuine uprisings of hungry peasants took place. In one of the clashes with troops in this area, over a thousand peasants took part. In another clash with police in the vilayet of Denizli, 300 peasants participated.

The newspaper *Cumhuriyet* anxiously reported that clashes of peasants with troops and police "are taking on the character of real battles." In April 1952, peasants of the Mehman community seized the land of the landlord Reccan Taner, destroyed the estate, and broke his tractors and other agricultural inventory.

The protest movement against the anti-popular policy of the reactionary ruling clique is widening among other strata of working people as well, especially among the advanced Turkish intelligentsia and students. Newspapers report arrests of university and school professors and teachers, lawyers, civil servants, and students. Currently, police are busy studying the handwriting of all students at the Atatürk Lyceum in Ankara, seeking to identify the authors of leaflets and slogans that appeared on the lyceum's walls. Leaflets with calls for peace and exposure of American imperialists are copied by hand and widely distributed among the people, who read them greedily. In these leaflets, advanced people of Turkey tell the people about the treacherous policy of the country's ruling circles and the predatory plans of American imperialists, calling the people to fight for freedom and the independence of their homeland.

The struggle of Turkish workers, peasants, and other strata of working people to improve their material condition is combined with the movement in defense of peace. The ruling circles of the country failed to break the Turkish people's will for peace and national independence. Peace supporters are forced to conduct the struggle for peace under difficult underground conditions. The journal *Barış Yolu* ("Path to Peace") is published illegally. Signatures under the Appeal of the World Peace Council are gathered illegally. In 22 cities of the country, protest demonstrations against sending troops to Korea were conducted. "Sons of the Turkish people do not want to shed their blood in Korea!"—under this slogan the Turkish Turkish people conduct the struggle for peace, against Turkey's participation in the aggressive plans of American imperialists.

Along with workers, peasants, and the progressive intelligentsia, broad strata of the petty and middle bourgeoisie, ruined as a result of the influx of American goods into the country, are joining the struggle for peace and against the treacherous policy of subordinating the country to American imperialists.

The movement of broad strata of the Turkish people in defense of peace is already hindering the implementation of the criminal plans of American imperialists and their Turkish servants aimed at turning Turkey into an American staging ground in the Near and Middle East. This struggle is growing and widening, merging with the movement of peace supporters worldwide against the criminal designs of the instigators of a new war.

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M. Kolganov

ON THE QUESTION OF THE USE OF COMMODITY-MONEY INSTRUMENTS IN THE FIRST YEARS OF SOVIET POWER

Commodity production and commodity turnover in socialist society differ radically from commodity production and commodity turnover in capitalist society. The basis of the radical change in the character of commodity relations of socialist society is the liquidation of private capitalist ownership and the system of exploitation of man by man, and the replacement of private ownership of the implements and means of production by socialist ownership in its two forms — state and cooperative-collective farm.

Socialist socialization of production in the USSR became possible as a result of the victory of the Great October Socialist Revolution and the establishment of the dictatorship of the proletariat. The first measure of Soviet power in the sphere of property relations was the nationalization of land. The nationalization of land carried out in the course of the October Revolution went far beyond the framework of a bourgeois-democratic measure. Under the nationalization of land as a bourgeois-democratic measure, the implementation of which Marxists considered possible in a bourgeois society, the land passes into the ownership of the bourgeois state, or, what is the same thing, into the ownership of the bourgeois class. "For the capitalist mode of production it is only necessary that land should not be common property, that it should confront the working class as a means of

production not belonging to it, and this purpose is fully achieved if the land becomes state property and the state, consequently, receives ground rent"[122]. Consequently, under the nationalization of land in a bourgeois society, the separation of the proletariat from the means of production is preserved.

In contrast to this, the nationalization of land carried out in the course of the October Revolution meant the transfer of all land in the country, its mineral resources, as well as forests and waters into the ownership of the socialist state. It was carried out, as Comrade Stalin teaches, not only in the struggle against landlords, but also in the struggle against the kulaks. As a result of the decree on land, all natural wealth became state socialist property, the property of the whole people. Under the decree of November 8, 1917, landlord property in land was abolished immediately without any compensation. The order of land use established by the socialist state was as follows: all subsoil of the earth, ore, oil, coal, salt, etc., as well as forests and waters of nationwide importance, passed into the exclusive use of the state; the fund of agricultural lands was transferred for use to agricultural communes, partnerships, rural communities, individual families, and persons engaged in agriculture.

The nationalization of land by a capitalist state not only cannot be directed against capitalism, but, on the contrary, is carried out in the interests of an even faster development of capitalism. It does not

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[122] Karl Marx, Theories of Surplus Value, Vol. II, Part I. Partizdat, 1936, p. 138.

mean the withdrawal of land from capitalist commercial turnover; on the contrary, with free leasing of land from the state, land is drawn into commercial turnover even more strongly. In contrast to this, the nationalization of land carried out in the course of the October Revolution was a prerequisite for the liquidation of capitalist production relations and the creation of socialist relations in agriculture. As a result of the socialist nationalization of land, the latter ceased to be a commodity. Thereby, capitalist commodity relations associated with the purchase, sale, and mortgaging of land were liquidated.

A decisive role in the liquidation of bourgeois ownership of the implements and means of production in our country and the formation of socialist ownership, and consequently in changing the character of commodity relations, was played by the nationalization during the October Revolution of large-scale capitalist industry, banks, transport, and foreign trade. Nationalized factories and plants, railway and water transport became the inalienable property of the socialist state, i.e., nationwide property, and thereby ceased to be objects of commodity turnover. The socialist nationalization of industry and banks, which liquidated large-scale capitalist property and laid the foundations for the development of the socialist economic system, thereby laid the foundations for the development of commodity production of a special kind, which is commodity production of the epoch of socialism.

Having concentrated all commanding heights in the national economy in its hands, the socialist state directed the development of

the economic life of the country along the path of socialism. However, private ownership of the means of production was not and could not be fully destroyed at that time. The socialist revolution initially expropriates only large-scale capitalist property and does not set, cannot set itself the task of immediate abolition of all private ownership of the means of production. The socialist revolution does not expropriate the private property of the huge class of small commodity producers — peasants and artisans, based on personal labor. Insofar as private ownership of small commodity producers is preserved, the base for the revival and existence of capitalist property is preserved. In this process, naturally, commodity relations between private owners are also preserved. But alongside them, on the basis of the alliance (*smychka*) of state socialist economy with small-commodity peasant economy, commodity relations different from them arise between socialist industry and the small-commodity countryside.

In V. I. Lenin's work "The Immediate Tasks of the Soviet Government," published in the first half of 1918, the beginnings of the New Economic Policy were elaborated. However, the Civil War that began in the second half of 1918 demanded from the young Soviet Republic the tension of all its forces, the mobilization of all its resources. The socialist state was a fortress besieged from all sides, possessing extremely meager material resources. Therefore, under the conditions of the Civil War, the Soviet state was forced to resort to the policy of War Communism. "War Communism," Comrade Stalin points out, "is a policy forced by military conditions and

intervention on the dictatorship of the proletariat, calculated to establish direct product exchange between town and country not through the market, but bypassing the market, mainly by measures of an extra-economic and partly military order, and having as its goal to organize such distribution of products as could ensure the supply of revolutionary armies at the front and workers in the rear"[123].

By the end of 1918, the Soviet state monopolized the supply of the population with all mass consumption items. On November 21, 1918, the Council of People's Commissars issued a decree on the organization of supplying the population with all products and personal and household items; private trade in them was prohibited. The main source of supplying cities and the population of consuming regions with agricultural products was to be state procurements. Peasants were obligated to surrender all grain surpluses to the state at fixed prices (decrees "On the Dictatorship of the People's Commissariat of Food" of May 9, 1918, and "On Surplus Appropriation" of January 11, 1919). The supply of the countryside with industrial goods was carried out either in the form of issuing industrial goods in kind, mainly to the poorest peasantry, or in the form of direct exchange of industrial goods for agricultural products.

All food arriving from the countryside in the order of procurements, exchange for industrial goods, natural tax, and direct seizure of grain from the kulaks was concentrated at the disposal of the organs of the People's Commissariat of Food (*Narkomprod*). All consumer goods

[123] J. V. Stalin, Works., Vol. 11, p. 146.

produced by industry and intended for supplying the population also came to the disposal of Narkomprod. The distribution of products among the population was carried out predominantly free of charge, in the order of issuing established rations — at first through a network of retail Soviet and cooperative shops, and subsequently mainly through cooperatives (after the decree of March 16, 1919, on consumer communes). Money wages also existed, but their proportion was continuously decreasing. While in the first half of 1917 100% of the wages of workers and employees were paid in monetary form, and in the second half of 1917 — 93.8%, in the first quarter of 1921 the proportion of monetary wages constituted only 6.8%[124]. At the end of 1920, decrees were issued on the free distribution of food products and mass consumption items to the population. In 1921, rent and utility payments were abolished for workers and employees, as well as members of their families.

Private trade continued to exist only in the form of an illegal market. Since Narkomprod organs could provide approximately half of the grain consumed by the city, the other half had to be bought or bartered from bag-men (*meshochniki*). In 1918, Narkomprod organs delivered 53 million poods of grain, and bag-men — 68.4 million poods[125].

Formally, commodity-money relations were not abolished. Narkomprod paid for the output of industrial enterprises at

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[124] See Prof. Z. V. Atlas, *Essays on the History of Money Circulation in the USSR (1917–1925)*. Gosfinizdat, 1940, p. 98.

[125] See V. I. Lenin, *Works*, Vol. 30, p. 91.

established state prices coming into its disposal, and food received from the countryside. The supply of the population with products in a certain part was also carried out at fixed state prices. Factually, however, all distribution relations acquired a natural character.

In the sphere of economic management, the period of War Communism is characterized by *Glavkism* (chief committee administration). Enterprises worked according to orders of the chief committees (*glavki*), and all their output came to the disposal of the glavki. The distribution of this output was carried out in a strictly centralized manner. On the other hand, enterprises were supplied with raw materials and supplies also in the order of direct, free distribution. The management of state industrial production was carried out fully through a system of centralized administrative relations, without using commodity-money instruments.

Whatever shortcomings this management system had, its creation under the conditions of fierce Civil War should be considered a greatest constructive feat of the working class. For the first time in human history, centralized, planned management of social production was organized on the basis of the socialization of the means of production.

Although during the period of War Communism trade was replaced by natural distribution, even then it was clear that money could not be eliminated immediately. In the party program adopted in 1919, it was pointed out that "in the initial period of transition from capitalism to communism, while communist production and

distribution of products are not yet fully organized, the abolition of money appears impossible"[126].

From the first days of its existence, the Soviet state engaged closely in the organization of finances. On the very first day after the victory of the October Revolution, the State Bank was seized. In December 1917, the nationalization of private banks was carried out. Among other major measures in the field of finance carried out by the Soviet government were: the annulment of tsarist loans (February 3, 1918), suspension of payments on coupons and dividends, introduction of state social insurance and social security for all working people, and monopolization of all insurance business.

On the basis of merging the State Bank and nationalized capitalist commercial banks, the People's Bank was created. The nationalization of banks had enormous significance in implementing workers' control. Private banks, executing the will of capitalists, hindered the issuance of money from current accounts to enterprises under workers' control and enabled enterprise owners to secretly withdraw large sums of money from these accounts. As a result, enterprises under workers' control were deprived of financial resources and were increasingly forced to turn to the State Bank for help. The nationalization of banks struck a heavy blow at the capitalists' sabotage of workers' control.

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[126] "CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC", Part 1, Gospolitizdat, 1940, p. 293.

The concentration of all banking in the hands of the state also facilitated the nationalization of industry. Nationalized enterprises received financial support from the bank. Control over bank lending to enterprises was transferred to the hands of the Central Accounting and Loan Committee, which included representatives of the All-Russian Central Executive Committee (CEC), Supreme Council of National Economy (VSNKh), Gosbank, All-Russian Council of Trade Unions, and Commissariats. An order was issued requiring the bourgeoisie to keep all its money in the bank. At the same time, withdrawals from current accounts for consumer needs of enterprise owners were restricted to small amounts. Banks became in the hands of the proletarian state an instrument for the socialist socialization of production. The nationalization of banks was one of the first steps in organizing state management of the country's economy. "In the field of economic management of the country, the most characteristic feature is the removal from the hands of the bourgeoisie of the main nerve of the economic life of the bourgeoisie — the banks. Banks were removed from the hands of the bourgeoisie, the latter was left, so to speak, without a soul"[127].

The state budget was put at the service of the socialist socialization of production and management of the national economy. In this period, all enterprises experienced serious financial difficulties and were forced to resort to the help of the state budget. Gradually, the state budget became the most important source of financing state enterprises. State expenditures in the first months of the revolution

[127] J. V. Stalin, *Works*, Vol. 4, pp. 384–385.

were covered partially from sums seized in the State Bank and private banks, but mainly through the issue of paper money based on individual government decrees. Utilizing the breathing space after the conclusion of the Brest-Litovsk Peace, Soviet power began the struggle to reduce emissions and strengthen the ruble. The Soviet government proceeded closely to prepare a monetary reform. But its measures were disrupted by the Civil War and intervention.

Another source of financing state enterprises was the State Bank. Lending carried out by the State Bank, due to the necessity under conditions of severe economic ruin to support the activity of state enterprises, gradually also acquired the character of financing, for enterprises, lacking monetary funds, did not return the credits received. Funds allocated by the bank were only formally considered credit, but factually were indefinite loans.

In order to eliminate such parallelism in financing, which led to uncontrolled expenditure of state funds, on August 19, 1918, by decision of the Council of People's Commissars (SNK), lending by the State Bank to enterprises under the jurisdiction of VSNKh was discontinued. The latter were transferred to budget-estimate financing. However, in 1918 not all enterprises were entirely transferred to budget-estimate financing; alongside them existed enterprises possessing their own working capital and having current accounts in the bank. On March 4, 1919, SNK adopted a decree on transferring all state enterprises to budget-estimate financing. After the implementation of this measure, the form of credit became redundant and fell away. The People's Bank continued to lend only

to cooperative procurements. But after the transformation of cooperative organizations into distribution organs of Narkomprod, the credit functions of the People's Bank in this area also ceased. The People's Bank became a cash-settlement organ between enterprises and institutions. Along with this, it was assigned the function of monitoring the expenditure of funds allocated by the budget according to estimates[128].

As early as October 1918, the State Bank was assigned the function of cash execution of the budget. In order to create a unified settlement and cash apparatus, the Sovnarkom by decree of April 10, 1919, decided to merge the People's Bank with savings banks. Since the functions of the People's Bank were reduced to distributing bank notes allocated by the budget, branches of the bank during 1919 were merged with local finance departments. On January 19, 1920, the People's Bank was liquidated. As a result, the entire financial system was unified, i.e., merged with the budget, which was a logical consequence of the ongoing centralization in production management. But the state budget also continued to become increasingly naturalized. Settlements between state enterprises were made cashless, by means of accounting entries, and were only formally monetary in character. Since almost all industrial enterprises now belonged to a single owner — the socialist state — the transfer of products by some enterprises to others did not mean purchase and sale, or alienation of goods from the hands of one

[128] See Prof. V. P. Dyachenko, *Soviet Finances in the First Phase of Development of the Socialist State. Part One. 1917–1925*. Chapter Three. Gosfinizdat, 1947.

owner into the hands of another owner. Money was used here merely as a form of accounting, a form of verification and control over the activity of enterprises. However, the naturalization of economic ties severely hampered even such use of money within the state sector of the national economy. Money also ceased to serve turnover between state industry and the population, since commodity turnover was replaced by direct distribution of products. A significant part of industrial output went free of charge for the needs of the army. In 1919/20, up to 40% of cotton fabrics and from 70 to 100% of other types of fabrics, up to 90% of men's footwear, 60% of sugar, and 100% of tobacco were transferred for army needs[129]. But even that part of output which went to satisfy the needs of the population was also realized, as is known, predominantly without the medium of money. As a result, industry received almost no monetary income from the sale of its output.

However, the need for money not only did not fall away, but, on the contrary, a money famine was constantly felt. Industrial enterprises that received no money from the sale of their output needed money in all cases when they had to purchase raw materials and supplies from private individuals. This need for money continued to exist throughout the Civil War period. Only by decree of July 15, 1920, was the purchase of products on the free market by enterprises prohibited. Further, enterprises needed money to pay wages, for it was impossible to fully provide workers and employees with state

[129] See G. M. Krzhizhanovsky, *Ten Years of Economic Construction of the USSR. 1917–1927*. Moscow 1928, p. 67.

supplies in kind. To give workers and employees the opportunity to acquire goods from private persons, the state maintained monetary wages alongside wages in kind. Finally, Narkomprod needed money for procurements of agricultural products, and the military department for paying monetary allowances to military personnel, etc.

All these needs for money the state could satisfy only through issuing new money, since under natural supplies and natural taxes, money flowed into state cash desks in negligible amounts. Consequently, the quantity of money in circulation continuously grew, and money depreciated more and more. Depreciated money could not be successfully used for calculation, settlements, or determining the profitability and unprofitability of enterprises. Therefore, in October 1920, Sovnarkom formed an interdepartmental commission on liquidating mutual settlements between state enterprises. Simultaneously with the introduction of free distribution of products in 1920/21, Sovnarkom gave instructions to the People's Commissariat of Finance (*Narkomfin*) to carry out the liquidation of mutual settlements.

The experience of socialist construction in the first years of Soviet power clearly shows that the use of commodity-money instruments in organizing the management of state socialist enterprises was inseparably linked with commodity relations between the socialist and small-commodity sectors of the economy. With the liquidation during the period of War Communism of commodity relations between state socialist and peasant economies, it also became

impossible to use commodity-money instruments in organizing the management of state enterprises. On the other hand, with the transition to the New Economic Policy, the restoration of commodity relations between town and country inevitably required transferring state enterprises to cost accounting (*khoszraschot*), liquidating natural supplies, and restoring monetary accounting and settlements.

It would be completely incorrect, however, to consider that this first period of the existence of Soviet power (1917–1920) has no essential significance in the development of the Soviet commodity economy, as is done, for example, by Ya. A. Kronrod[130]. On the contrary, this period occupies an important place in the history of commodity-money relations in the USSR. Precisely in the period 1917–1920, the dictatorship of the proletariat and the socialist state took shape and strengthened; the expropriation of expropriators was carried out; the state socialist economic system was created as the leading sector in the country's economy; and the apparatus of state management and economic guidance was established. Thereby in this period, the foundations for the development of the socialist economic system were laid and the foundations of capitalist commodity relations were undermined, and consequently, the foundations for the development of commodity production of a special kind were laid.

In the period of the Civil War, the question of using commodity relations as an instrument for organizing socialist production and distribution was not and could not be posed with us. Under

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[130] See *Izvestiya Akademii Nauk SSSR. Otdeleniye Ekonomiki i Prava*, No. 1 and No. 5, 1951.

conditions of Civil War and ruin, rigid centralization in production management and natural distribution were inevitable. Therefore, posing the question of using commodity relations was impossible at that time, and a whole series of temporary measures leading to the naturalization of economic relations had to be resorted to. During War Communism, Soviet power factually took from the peasants, as Lenin wrote, all surpluses and sometimes even not surpluses, but part of the food necessary for the peasant, taking it to cover expenses for the army and for the maintenance of workers, taking it mostly on credit, for paper money. Otherwise it could not defeat the landlords and capitalists in a ruined small-peasant country. This was a temporary and forced measure.

But the main and fundamental work carried out in the period 1917–1920 in the field of constructive work was the nationalization of industry, the creation of a state-socialist economic system and the apparatus for managing the country's economy. Only relying on economic commanding heights and possessing an apparatus for managing the economy could Soviet power subsequently master commodity relations and use them as an instrument for fighting capitalist elements and building a socialist economy. Consequently, analyzing the question of changing the nature of commodity production in socialist society, we can by no means consider it out of connection with the first period of the existence of Soviet power — 1917–1920.

With the end of the Civil War and the transition to a peaceful economy, it became completely obvious that the further construction

of socialist society and the restoration of the national economy could not be carried out without commodity production and circulation, without trade.

The question of commodity relations arose in the first place in connection with establishing ties between the socialist town and the small-commodity countryside. The state-socialist economic system created in the preceding period represented only one of the sectors of the national economy, alongside which existed other sectors, namely: small-commodity, private-capitalist, state-capitalist, and patriarchal. In this structure, the small-commodity sector was dominant in agriculture. The system of production organization and distribution operating during War Communism led to the detachment of socialist industry from the small-peasant countryside. Small-peasant economy, based on private ownership of isolated producers, by its very nature could not exist and develop without commodity relations. However, the economic methods applied during War Communism excluded commodity relations.

The situation in the country by the end of the Civil War was extremely difficult. Total agricultural output in 1920 constituted only about half of pre-war output, and large-scale industrial output — about one-seventh. Transport was destroyed. A shortage of the most necessary products was felt in the country. The plan for restoring the national economy adopted by the party consisted in raising agriculture first, establishing relations between socialist industry and small-commodity agriculture, and on this basis moving the development of industry forward.

But it was impossible to raise agriculture except by creating an interest in the small producer in improving his personal economy, and to establish relations between socialist industry and small-peasant agriculture except by organizing commodity turnover between town and country. Thus, in solving the tasks of restoring the national economy in a peaceful period, the necessity of commodity turnover emerged with complete clarity. The development of commodity production and commodity turnover under conditions of small-commodity private production meant an inevitable revival of capitalism. But given the socialist state's control over commanding heights in the country's economy, and after the creation of a state apparatus for managing the country in the period 1917–1920, such a temporary revival of capitalism could not be especially dangerous for socialist construction. Proceeding from this, Lenin demanded every possible development of commodity turnover. He wrote: "Develop turnover in every way and at all costs, not fearing capitalism, for the limits for it are set with us (by the expropriation of landlords and bourgeoisie in the economy, and worker-peasant power in politics) sufficiently narrow, sufficiently 'moderate'"[131]. To create an interest among the peasantry in raising agriculture, the Soviet government replaced surplus appropriation in March 1921 with a food tax. The natural food tax was smaller in volume than surplus appropriation. The amount of the tax was published before spring sowing. Everything remaining above the tax came to the complete disposal of the peasants.

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[131] V. I. Lenin, Works., Vol. 32, p. 331.

Relations between industry and agriculture were initially planned to be built on the basis of direct natural exchange of state industry products for agricultural products through the state and cooperative apparatus. The organization of exchange was outlined in the following form: the state creates a centralized fund of mass consumption items from industrial output, coming to the disposal of Narkomprod, which through the network of *Centrosoyuz* should exchange it for agricultural products. In addition to this centralized fund at each enterprise, in accordance with the decree of April 7, 1921, on natural bonuses to workers, special funds were allocated from output produced for exchange. Enterprises producing means of production were permitted to organize the production of mass consumption items for exchange purposes. Part of the "exchange fund" was distributed within personal consumption (natural wages) among workers, while another part came to the disposal of the cooperative association of workers of the given enterprise and was intended for organized exchange for agricultural products[132].

In practice, however, product exchange turned into purchase and sale, i.e., trade. The experience of organizing product exchange showed that it was impossible to do without a universal equivalent, without money. Generalizing the experience of organizing product exchange, Lenin said: "A whole series of decrees and decisions, a huge quantity of articles, all propaganda, all legislation since the spring of 1921 was adapted to raising product exchange. What was

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[132] For details on this, see Prof. Z. V. Atlas, *Essays on the History of Money Circulation in the USSR (1917–1925)*, Chapter Six.

contained in this concept? What was, if one may so express it, the plan of construction presupposed by this concept? It was presupposed to exchange in a more or less socialist way throughout the state industrial products for agricultural products, and by this product exchange to restore large-scale industry as the sole basis of socialist organization. What turned out? It turned out — now you all know this perfectly well from practice, but it is also visible from our entire press — that product exchange failed: failed in the sense that it turned into purchase and sale"[133].

For the organization of the socialist restructuring of the country, it was necessary to retreat even further back from the methods of War Communism, to take a new step toward recognizing the necessity of trade and money circulation. "Now we find ourselves in conditions where we must move a little further back, not only to state capitalism, but also to state regulation of trade and money circulation"[134].

Thus commodity, trade ties were established between socialist industry and the small-commodity countryside. But this was not a simple restoration of commodity relations destroyed during the revolution. Commodity relations established in the NEP period differed from capitalist commodity relations in that they were primarily relations between the state socialist economy that took shape during 1917–1920 as a result of huge organizational work of the Bolshevik Party, and the small-commodity peasant economy.

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133 V. I. Lenin, *Works.*, Vol. 33, p. 72.

134 Ibid., p. 73.

Pointing out the difference between commodity relations in the NEP period and commodity relations in capitalist society, Lenin wrote: "...The product of a socialist factory exchanged for peasant food is not a commodity in the political-economic sense, in any case not only a commodity, no longer a commodity, ceases to be a commodity..."[135].

In the NEP period, a retreat took place not simply back to free trade, but to trade and money circulation regulated by the socialist state, which concentrated all commanding heights in its hands and possessed an established economic management apparatus. The transition to trade meant that the socialist state replaced direct administrative regulation methods of the peasant economy with indirect, more flexible methods matching the nature of small-peasant economy.

Following the establishment of trade ties between town and country, commodity-money instruments began to be used ever more widely in organizing the management of state enterprises. The establishment of commodity relations demanded from the socialist state transferring industrial enterprises from state supplies and budget-estimate financing to self-sufficiency. The 11th Party Conference pointed out that "cost accounting must lie at the foundation of conducting all state industry." Each enterprise transferred to cost accounting in principle had to cover its expenses with its income. This, of course,

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[135] V. I. Lenin, *Works.*, Vol. 32, p. 362.

did not exclude state assistance (subsidies) to individual enterprises, primarily heavy industry enterprises.

The transfer of enterprises to cost accounting occurred gradually. In order to be able to concentrate all efforts and resources on restoring the largest enterprises of essential industrial branches, the state, upon transitioning to NEP, leased a significant part of nationalized small enterprises to cooperative organizations and private individuals, and closed part of the small enterprises. Enterprises remaining in the hands of the state were divided by Sovnarkom decree of October 27, 1921, into two groups: those remaining on state supply and those transferred to cost accounting, with the right to sell their output at market prices. In early 1922, the overwhelming majority of enterprises had already been removed from state supply.

The transfer of enterprises to cost accounting generated a new form of industrial management — trusts. By decision of the Council of Labor and Defense (STO) of August 12, 1921, the largest enterprises were allowed to unite into trusts. On April 10, 1923, a decree on trusts was issued, which finally consolidated this form of management of industrial enterprises transferred to cost accounting. The decree pointed out: "State industrial enterprises to which the state grants independence in carrying out their operations according to the charter approved for each of them, and which act on the principles of commercial calculation for the purpose of making profit, are recognized as state trusts." The chartered capital of trusts was divided into fixed and working assets. Trusts were granted full independence in using their working assets. Fixed assets were

excluded from commodity turnover and could not be applied to extinguish trust liabilities. This ensured the protection of socialist property. Along with trusts, starting from 1922, associations managing the supply of industrial enterprises — syndicates — began to be established.

The transfer of enterprises to cost accounting inevitably had to lead to separating the revenues and expenditures of the state treasury from the revenues and expenditures of enterprises, and to establishing cost-accounting relations between state socialist enterprises. At first, with the introduction of cost accounting, enterprises still remained on budget-estimate financing. Then, as a form of settlement between departments and branches of industry, payment of balances on mutual product deliveries began to be used. But by mid-1923, a system of cash payment for output supplied by state enterprises to all consumers was finally established. Simultaneously, all enterprises except the People's Commissariat of Means of Communication (*NKPS*) were removed from budget-estimate financing.

The establishment of commodity relations and the transfer of enterprises to cost accounting also required the liquidation of the natural form of wages. At the very beginning of introducing cost accounting in 1921, all enterprises removed from state supply were granted the right to sell their output fully at market prices to pay their workers and employees, procure raw materials, fuel, etc. But by selling their output for money, enterprises removed from state supply could pay workers' labor only in monetary form. On the other hand,

the necessity to cover expenses with incomes required accounting for prime costs of production, including wages.

Wages became a form of socialist distribution according to labor. By early 1922, only 8 million people remained on direct state supply (compared to 38 million people in 1921). A new wage tariff scale was introduced with a ratio of extreme categories of 1:8. In the first quarter of 1922, the proportion of monetary wages in total labor remuneration of workers and employees already constituted 77.1%, and in the first quarter of 1923/24 — 92.8%. In 1924, natural labor remuneration was completely liquidated. Monetary wages allowed establishing fuller differentiation in labor remuneration and beginning the transition to piece-work payment[136]. The establishment of commodity relations, cost accounting, and transition to monetary wages required also the restoration of monetary payment for all types of services and consumption items sold to the population.

The denaturalization of economic relations and the transfer on this basis of socialist economic associations and enterprises to cost accounting meant the creation of a more flexible and complex form of managing socialist enterprises based on combining state-administrative management with the use of commodity-money instruments.

Gradually, commodity-money instruments began to be used in all areas of economic life. Monetary taxes were restored. The food tax

[136] See E. L. Manevich, *Wages and Its Forms in Industry of the USSR*. Gosplanizdat, 1951, pp. 62–65.

introduced with the transition to NEP was replaced in 1923 by a unified agricultural tax, combining all forms of natural obligation and taxes collected from peasants. At first, the agricultural tax was collected partially in natural and partially in monetary form, and from 1924 — entirely in monetary form. Along with the monetary tax system, state credit, savings banks, and state insurance were restored.

The denaturalization of economic ties put on the agenda two major problems: carrying out a monetary reform — creating a firm Soviet currency regulated by the state, and organizing short-term lending. To solve both of these questions, it was necessary to organize a center of short-term credit and state regulation of money circulation. Such a center was the State Bank of the USSR, established by session of the All-Russian Central Executive Committee in October 1921. During 1922–1924, the Soviet state conducted a monetary reform, resulting in the creation of a firm currency based on gold backing of the ruble.

Trotskyites and Bukharinites tried to portray the establishment of commodity relations as a surrender of socialism to capitalism, as a transition "from communism in general to bourgeoisness in general"[137]. Lenin and Stalin proceeded from the fact that only the New Economic Policy answered the tasks of the proletariat in the period of transition from capitalism to socialism, that "only it is capable of strengthening the foundations of socialism and bringing

[137] V. I. Lenin, *Works.*, Vol. 32, p. 321.

about its complete victory"[138]. Experience showed that the cause of building socialism requires using trade and money as instruments for creating the foundation of the socialist economy and fighting capitalist elements. Developing Lenin's ideas on using commodities and money in socialist construction, Comrade Stalin pointed out: "The matter is not at all that trade and the monetary system are methods of 'capitalist economy'. The matter is that socialist elements of our economy, fighting capitalist elements, master these methods and weapons of the bourgeoisie to overcome capitalist elements, that they successfully use them against capitalism, successfully use them for building the socialist foundation of our economy. The matter is, therefore, that thanks to the dialectics of our development, the functions and purpose of these instruments of the bourgeoisie change fundamentally, radically, change in favor of socialism, to the detriment of capitalism"[139].

The entire experience of socialist construction from the moment of the end of the Civil War showed that the New Economic Policy was the only correct policy of the proletarian state in the transition period from capitalism to socialism. It was a special policy calculated to permit capitalist elements while retaining commanding heights in the hands of the proletarian state, for the struggle of socialist elements against capitalist ones, for strengthening socialist elements of the economy and their complete victory over capitalist elements.

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138 Ibid.

139 J. V. Stalin, *Works.*, Vol. 7, pp. 369–370.

The New Economic Policy ensured the rapid restoration of the national economy. Simultaneously with the rise of the economy, the growth of socialist elements and the displacement of capitalist elements occurred, and the building of the foundation of the socialist economy was implemented. On the basis of the rise of the national economy and increasing the proportion of the socialist sector in it, throughout the NEP period the strengthening of the planned principle in the economy occurred. The state mastered the market and commodity relations more and more. Concentrating an increasing mass of goods in its hands, the state put them into circulation at planned prices. Simultaneously, cost accounting strengthened as a form of managing state enterprises.

On December 5, 1929, the Central Committee of the VKP(b) adopted a resolution "On the Reorganization of Industrial Management." Upon transitioning to NEP, trusts, i.e., associations of a number of similar enterprises, were made the main cost-accounting link in industrial management. Enterprises included in trusts did not enjoy the rights of cost-accounting units. The director of an enterprise performed all commodity and monetary operations only within a certain sum based on power of attorney received from the trust. Such a system of management organization fully corresponded to the first stage of NEP. Uniting socialist enterprises into trusts strengthened the positions of each individual enterprise on the market in the struggle against private capitalist elements. Trusts facilitated state control over enterprise activity; management of individual

enterprises was not yet established to such an extent that all enterprises could be transferred to cost accounting immediately.

Transferring individual enterprises to cost accounting became, however, an urgent necessity under conditions when capitalist elements were already significantly displaced from industry and trade, and the party was organizing an offensive against capitalist elements along the whole front. By the end of 1929, the task of transferring each individual state socialist enterprise to cost accounting was fully mature.

The successful course of socialist construction, country industrialization, and agricultural collectivization, and the strengthening of general positions of socialism in the country's economy demanded carrying out tax and credit reforms.

In order to strengthen cost accounting and raise the role of the financial system as an instrument of control over enterprise activity, a tax reform was conducted on September 2, 1930. The tax policy of the NEP period, when the private sector played a significant role in commodity turnover, set as its task covering objects of taxation as fully as possible in order to control the private sector, restrict, and displace capitalist elements. This generated a multiplicity of taxes and multiple taxation of turnover at various levels. With the displacement and subsequent liquidation of private capitalist elements in commodity turnover, multiplicity and multi-tier structure in taxation became redundant. According to the 1930 reform, all payments of state enterprises to the budget were merged into

turnover tax and deductions from profits. Both these types of payments constitute the main source of income for the state budget of the USSR.

Enormous significance in strengthening cost accounting and control over enterprise activity on the part of Gosbank was played by the credit reform conducted in 1930/31. On the basis of commercial credit existing before the reform, it was impossible to control the redistribution of temporarily free funds of enterprises, and consequently their financial activity. As a result of credit reform, commercial credit was liquidated and replaced by bank credit. The entire business of short-term lending was concentrated in the State Bank.

The process of socialist socialization of production in the USSR was basically completed by 1934. The proportion of socialist forms of economy in 1936 constituted 99.8% in industrial output, and 97.7% in agricultural output. With the successful implementation of agricultural collectivization, the socialist economic system and socialist property in its two forms — state and cooperative-collective farm — became undivided rulers in the entire national economy. Capitalist elements in the economy, and consequently the exploitation of man by man, were completely liquidated. Exercising centralized management of an extensive state socialist economy covering 90% of all fixed assets in the country, the socialist state

concentrated planned guidance of the entire national economy in its hands[140].

From a form of tie between the state-socialist sector of the economy and the private small-commodity peasant sector, commodity relations turned into a form of tie between the socialist town and the collective-farm countryside. As a result of all these changes in the economy of the USSR, commodity production of a special kind took shape, based not on private ownership of the implements and means of production, but on public, socialist ownership in its two forms — state and cooperative-collective farm, excluding capitalists, small and large. Unlike commodity economy of capitalist society, where objects of free purchase and sale are not only means of consumption, but also means of production and labor power, in socialist society commodity economy is limited to the framework of consumer output; under socialism, instruments of production and labor power cease to be commodities. In accordance with this, in socialist society the sphere of operation of the law of value is also limited.

Questions of Economics, No.7, 1952.

[140] See *Izvestiya Akademii Nauk SSSR. Otdeleniye Ekonomiki i Prava*, No. 1 and No. 5, 1951.

L. OPATSKY

CONSTRUCTION OF VOLGA HYDROELECTRIC COMPLEXES AND PROSPECTS FOR EXPANDING RAW MATERIAL AND FOOD RESOURCES OF THE USSR

The hydroelectric complexes and powerful irrigation systems on the Volga, created on the initiative of Comrade Stalin, are of immense national-economic significance. They will provide electricity to industry and transport across many regions of the Center and the Volga region. Electrical energy will make it possible to direct Volga water for the irrigation and watering of 14 million hectares of arid lands in the Trans-Volga region and the Caspian Lowland. The enormous reservoirs being constructed in connection with the building of the Kuibyshev, Stalingrad, and other hydroelectric power stations will improve navigation conditions on the Volga, which is acquiring ever-greater importance as a vital water transport highway of the Soviet Union. Of particularly great influence on the development of navigation on the Volga will be the V. I. Lenin Volga-Don Navigation Canal, put into operation in 1952. Stalinist construction projects on the Volga will radically transform the economy of the Volga region. In connection with the construction of hydroelectric power stations in the Kuibyshev region, planned even before the war, Comrade V. M. Molotov spoke at the 18th Congress of the CPSU(b): "The creation of an oil base similar to the 'Second Baku', the

construction of the most powerful hydroelectric stations, together with the prospects for the extensive irrigation of the Trans-Volga region and a significant elevation of the transport role of the Volga-Kama river basin, transforms this region into a powerful economic center where large-scale new industrial construction will unfold and a major upswing of all agriculture will be ensured"[141].

The irrigation and watering of the Trans-Volga and Caspian regions, in combination with the introduction of the travopolye (grass-arable) system of agriculture, will make it possible to very significantly increase agricultural productivity, turning the Trans-Volga and Caspian districts into a major supplier of many types of raw materials for light industry and into one of the most important food bases of the Soviet Union with a diversely developed food industry.

Before the revolution, the Volga region, like other southeastern regions of the European part of the country, was a one-sidedly developed agrarian region. With the growth of capitalism, the Middle and especially the Lower Volga region developed mainly as areas of commercial agriculture and animal husbandry. The Lower Volga region, as well as the Trans-Volga part of the Middle Volga region, constituted, according to V. I. Lenin's definition, "the most typical region of agrarian capitalism in Russia — typical not in the agricultural sense, of course, but in the socio-economic sense"[142].

In most regions of pre-revolutionary the Volga region, grain farming was highly developed: grain accounted for 94% of all

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[141] 18th Congress of the All-Union Communist Party (Bolsheviks). Stenographic Report. Gospolitizdat, 1939, p. 302.

[142] V. I. Lenin, Works, vol. 3, p. 221.

crops, and in the Trans-Volga region this percentage was even higher. For example, in Novouzensky Uezd, Samara Governorate (which includes the territory of most left-bank districts of the Saratov Region), grain crops occupied 38.8% of the entire sown area. Lenin wrote about the pre-revolutionary Trans-Volga region that "agriculture is distinguished here by an extensive character and enormous grain production for sale"[143]. This characteristic, given by Lenin at the end of the last century, fully retained its force in subsequent years of the pre-revolutionary period. Analysis of transport balances of agricultural products for 1913 shows that in all governorates except Astrakhan, the bulk of exported produce — from 84 to 96% — consisted of grain cargo[144].

The relatively high marketability of the Volga region's agriculture, developing along the capitalist path, created prerequisites for the development of processing industries for agricultural raw materials. The development of the food industry was also facilitated by the region's favorable transport-geographic position. Even before the construction of railways, cheap water transport provided the opportunity to concentrate large batches of grain in Volga cities and also facilitated the exploitation of the fish and salt wealth of the Lower Volga. The construction of railways, begun in the 1870s and linking the largest Volga cities with the country's industrial centers and Baltic Sea ports, contributed to an even greater concentration of agricultural raw materials and the emergence, especially at

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143 V. I. Lenin, Works, vol. 3, p. 217.

144 See "Geography of Surpluses and Deficits of Agricultural Products", Planhongiz, 1930, p. 22.

the intersection of railways and the Volga, of large food enterprises, predominantly flour mills and oil-pressing plants. Owing to the one-sided development and low technical level of the pre-revolutionary food industry, the raw material resources of the Volga region — its fish and salt wealth — could not be fully and rationally utilized. Industries processing livestock products were especially weakly developed.

The victory of the collective farm system and the organization of a wide network of grain, livestock, and other state farms on the Volga created the prerequisites for the diversified development of agriculture, which ensured a significant and continuous growth of agricultural production in the Volga region.

For the rational utilization of increased food resources to supply the country's major industrial centers, it was necessary to launch the construction of large food enterprises equipped with advanced technology — meat-packing plants, cannery plants, and others — the absence of which hampered the utilization of the Lower Volga's food resources.

Comrade Stalin, appointed by the Council of People's Commissars in May 1918 as general supervisor of food affairs in southern Russia, wrote in a letter to V. I. Lenin from Tsaritsyn (now Stalingrad): "There is more livestock here than needed, but hay is extremely scarce, and since shipment is impossible without hay, large-scale livestock shipment becomes impossible. It would be good to organize at least one canning factory, set up a slaughterhouse, and so forth"[145].

[145] I. V. Stalin, Works, vol. 4, p. 125.

The specific task set by Comrade Stalin at that time subsequently developed into a comprehensive program for building a socialist food industry. In 1930, the 16th Congress of the CPSU(b) put forward, among its most important tasks, the requirement to ensure a sufficiently rapid pace "for the development of industry serving the nourishment of the broad masses"[146].

This directive of the 16th Congress of the CPSU(b) received further development in a number of party and government resolutions outlining concrete measures in the field of reconstructing old branches of the food industry and creating new ones.

In September 1931, the Council of People's Commissars of the USSR and the Central Committee of the CPSU(b) adopted an appeal to all party, Soviet, economic, and trade union organizations "On the Development of the Meat and Canning Industry", signed by Comrade I. V. Stalin and Comrade V. M. Molotov.

The appeal of the CPC of the USSR and the CC of the CPSU(b) not only outlined a concrete program for building meat-packing plants and canneries but also provided a theoretical justification for the national-economic significance of a large-scale food industry. "Just as the grain problem could not be resolved on the basis of small-scale, technically backward peasant farming, — the appeal stated, — similarly the task of fundamentally and decisively improving the supply of the working masses cannot be resolved on the basis of small,

146 "The CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC", part II, Gospolitizdat, 1940, p. 416.

technically backward enterprises of the food industry. That is why the prompt deployment of a powerful meat and canning industry... is becoming one of the most important links in the socialist reconstruction of our country... Herein lies the key to solving the task of radically improving workers' supplies, the path to raising labor productivity, correctly organizing the labor force, and overcoming its turnover. Underestimating the task of creating a new large-scale food industry is the same manifestation of opportunism as was the underestimation of the role of large-scale agricultural production on the basis of state farms and collective farms in solving the grain problem"[147].
"This appeal, — Comrade A. I. Mikoyan stated, — became the program for building the food industry for the entire party"[148].
During the pre-war Stalinist five-year plans, the construction of large meat-packing plants unfolded in the Volga region (in the cities of Kuibyshev and Engels), as well as a number of cannery plants in the Astrakhan and Stalingrad regions; output increased in reconstructed sectors — flour milling, oil pressing, salt production, and others. As a result, the Volga region transformed into one of the major all-Union food bases.
The wealth and diversity of agricultural raw materials, enormous reserves of salt and fish, the convenient geographical position of the region between the country's major industrial centers — the Center and the Urals — and the advantageous combination of a meridional water route with a number of railway lines crossing the Volga region in a latitudinal direction — all this contributed to the development of a large-

147 "Party Worker's Handbook", Issue VIII, Partizdat, 1934, p. 711.
148 A. I. Mikoyan, Food Industry of the Soviet Union, Pischepromizdat, 1941, p. 115.

scale food industry, which made it possible to most fully utilize the food resources of the Volga region to supply the population of industrial centers and cities in other economic regions of the country.

However, under arid climatic conditions, the expansion of industrial crop sowings and the further strengthening of the livestock feed base were hampered, which limited the possibilities for expanding the raw material and food resources of the Volga region and hindered the development of many branches of light and food industries. The creation of new energy and irrigation systems in the Volga region, alongside the introduction of a scientifically grounded grass-arable farming system, provide the opportunity to significantly increase the production of diverse agricultural products and raw materials and, on this basis, widely develop various branches of the food industry in this region.

Natural conditions across the vast territory of the Volga region, stretching from north to south for more than 1,300 km, are highly diverse. Certain elements of the geographical environment — soil fertility, characteristic of most of the region, as well as an abundance of heat and light — are very favorable for agricultural development. But alongside this, the majority of Volga districts suffer from droughts and dry winds. According to climatic conditions and combinations of soil-vegetative groupings, the following natural zones can be distinguished in the Volga region: 1) the mixed forest zone, located in the northern part of the Tatar ASSR; 2) the forest-steppe, occupying a fairly wide strip along the Right Bank (up to the Borisoglebsk — Saratov line) and narrowing in the Trans-Volga region (the southern boundary runs along the

Samara River); 3) the steppe; and 4) the semi-desert steppe (the southwest of the Stalingrad Region — the Sarpinsky Lowland, almost the entire Trans-Volga part of the Stalingrad Region south of the Eruslan River, and the Astrakhan Region). In the Lower Volga region, the Volga-Akhtuba floodplain stands out as a unique oasis bordered by dry steppes and semi-deserts. Even in the northern districts of the Volga region, the duration of the frost-free period (over 140 days) and the sum of temperatures during the growing season (over 2000°) are quite sufficient for the ripening not only of various grain crops but also of more heat-demanding plants — sunflowers, sugar beets, and others. In the south, in the Astrakhan area, the duration of the frost-free period exceeds 190 days, and the sum of temperatures during the growing season reaches 3500° (days when temperature exceeds 10°C). In southern districts, especially in the Volga-Akhtuba floodplain, natural conditions are favorable for the development of horticulture, vegetable growing, and viticulture, as well as crops of industrial plants, including cotton, kenaf, peanuts, sesame, etc.

However, the further south and southeast one goes, the more continental and arid the climate becomes, precipitation irregularity increases, the influence of dry winds intensifies, and relative air humidity drops. While in the north of the Volga region, in the Elabuga and Kazan area, the average annual precipitation reaches 450–460 mm, in the south, in Astrakhan, it is only about 206 mm. Aridity also increases from west to east. In the west of the Ulyanovsk Region, precipitation reaches up to 450 mm, while in the eastern Trans-Volga districts of the region it is up to 300 mm. In the southeastern part of the Lower Volga, aridity is much stronger than in its

northwestern part. Thus, in the northwestern part of the Saratov Region, in the Rtishchevo area, average annual precipitation reaches 482 mm, whereas in the southeast of the region, in the Aleksandrov Gay area, it averages 255 mm. Approximately the same picture is observed in the Stalingrad Region, where moving from northwest to southeast, average annual precipitation decreases from 482 mm to 169 mm.

In accordance with this precipitation distribution, the frequency of droughts increases from northwest to southeast, as seen from the following data[149]:

Number of Years with Different Types of Drought from 1891 to 1942

Natural Zones	Spring Drought	Persistent Spring-Summer Drought	Summer Drought
Forest-Steppe	3	3	7
Right-Bank Steppe	4	7	14
Trans-Volga Steppe	9	14	20
Other Drought Types	-	-	-
No Droughts	32	22	11

In the forest-steppe districts of the Volga region — in Ulyanovsk and adjacent regions — there were no droughts for 32 years (out of 52). In the Right-Bank steppe of the Saratov

[149] See A. E. Kaminsky, Distribution of Grain Crops and Crop Rotations in Collective Farms of the USSR Southeast, Selkhozgiz, 1947, p. 12.

Region, there were no droughts for only 22 years, while in the Trans-Volga steppe south of the Samara Bend, for only 11 years; moreover, over the course of 52 years, the most destructive, persistent spring-summer drought was observed 14 times and summer drought 20 times.

Southeastern districts suffer more severely from dry winds as well: in Middle Volga districts, moving from north and northwest to south and southeast, the number of days with dry winds increases from 3–4 to 12–13 on average per summer month.

In accordance with changing climatic conditions, the soil cover also changes, but in most districts of the Volga region, varieties of chernozem and chestnut soils possessing high natural fertility predominate. However, as a result of the predatory plowing of the Volga steppes carried out before the revolution and the predominance of grain monoculture in pre-revolutionary agriculture, the fertile lands of the Volga region suffered greatly from erosion and to a significant extent lost their structure.

Across all regions of the Volga region, measures outlined in the 1948 decree of the USSR Council of Ministers and the CC of the CPSU(b) for creating shelterbelt forest plantations, introducing grass-arable crop rotations, and building ponds and reservoirs are being carried out on a massive scale. On the approaches to the Volga region, the largest of the state forest shelterbelts — Vishnevaya to the Caspian Sea, 1,080 km long — has been established. Within the Volga region, three state forest shelterbelts are being created: Saratov — Astrakhan, Kamyshin — Stalingrad, and Chapaevsk — Vladimirovka,

with a total length of 1,650 km; a significant part of the Stalingrad — Stepnoy Cherkessk shelterbelt will pass through the territory of the Stalingrad and Astrakhan regions. These forest belts will protect the fields of southeastern districts from the destructive action of dry winds. To better utilize moisture in the fields of collective farms and state farms in the Volga region, planting of shelterbelt forest strips is carried out, which will occupy an enormous area of 1,425 thousand hectares; this is significantly more than what was accomplished in the field of afforestation throughout the entire territory of tsarist Russia over a nearly half-century period — from 1865 to 1913. Shelterbelt plantations will significantly increase the forest fund of the Volga region, and in some regions will account for almost half of this fund (see table on page 11).

The ubiquitous introduction of the grass-arable farming system, an integral element of which is shelterbelt afforestation, will have a major impact on increasing crop yields. This is evidenced by the experience of advanced collective farms and state farms in the Volga region. The effectiveness of introducing grass-arable crop rotations can be seen, for example, from a comparison of grain yield data in two adjacent collective farms of the Novo-Annensky District, Stalingrad Region, of which the Dyominsky collective farm has basically mastered grass-arable crop rotations, while the Bolshevike collective farm is only beginning to introduce them[150]:[151]

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150 See "Voprosy Ekonomiki" No. 8, 1950, p. 28.

151 See P. N. Sergeyev, Novo-Annensky District, Selkhozgiz, 1952, p. 79.

Share of Shelterbelt Forest Plantations in the Total Forest Fund (in %)[152]

Regions	As of January 1, 1949	After Completion of Afforestation Plan
Kuibyshev	23.7	40.7
Saratov	0.9	3.6
Stalingrad	1.0	47.4

Collective Farms
Bolshevik — grain yield (in ts/ha) before introduction of crop rotation (1938–1939): 6.0; over the entire period of crop rotation mastering (1940–1950): 6.2
Dyominsky — grain yield (in ts/ha) before introduction of crop rotation (1938–1939): 7.2; over the entire period of crop rotation mastering (1940–1950): 10.7

At the Dyominsky collective farm, grain yield is almost 1.5 times higher than the yield at the Bolshevik collective farm, although the mastery of crop rotation at the Dyominsky collective farm is not yet completed (the first rotation of crop rotation has not ended, the fertilizer application plan is not fully fulfilled, etc.).
In collective farms where grass-arable crop rotations are fully mastered, yields are significantly higher. Thus, in the Ershov District, Saratov Region, at the advanced 18th Party Congress collective farm, where crop rotation is already passing through

[152] See "Voprosy Ekonomiki" No. 8, 1950, p. 28.

its second rotation, grain yields are significantly higher than the district average.

Yield at the 18th Party Congress Collective Farm as a % of the Average Yield in Ershov District[153]

1940	129	1945	188
1941	156	1946	257
1942	167	1947	315
1943	154	1948	303
1944	150	1949	145

The construction of the Kuibyshev and Stalingrad hydroelectric power stations will make it possible to utilize such a mighty means of combating drought as irrigation in the struggle for high and stable yields. Already at the 17th Party Congress, Comrade Stalin posed the task of rapidly developing irrigation work in the Trans-Volga region. "As for the irrigation of the Trans-Volga region — and this is the main thing from the standpoint of fighting drought — we cannot allow this matter to be shelved indefinitely"[154].

The construction of major hydroelectric systems on the Volga radically changes the conditions for the further development of the productive forces of the Volga region. Firstly, the world's greatest hydroelectric power stations are being built here,

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153 See "Brief Information on the Institute of Agriculture of the Southeast and Its Work in 1951", Saratov 1952, p. 23.

154 I. V. Stalin, Works, vol. 13, p. 332.

which will provide 20 billion kWh of cheap hydroelectric energy in an average water year, creating prerequisites for the development of diverse industrial sectors both in the Volga region itself and in adjacent areas, as well as enabling the electrification of agriculture and transport. Secondly, on the basis of the energy from the Kuibyshev and Stalingrad hydroelectric stations, the USSR's largest array of irrigated lands, totaling 2.5 million hectares, is being created, and 11.5 million hectares of the Caspian Lowland are being watered across a vast territory from the Ural River to the Terek River. Together with lands irrigated and watered by the waters of the V. I. Lenin Volga-Don Canal, 3,250 thousand hectares of fertile lands will be irrigated here and 13.5 million hectares of pastures, representing a natural feed base for animal husbandry, will be watered. Finally, thirdly, the construction of the V. I. Lenin Volga-Don Canal has completed the creation of a unified water transport system connecting most regions of the European part of the country, which significantly improves the transport-geographic position of the Volga region.

The implementation of the brilliant Stalinist plan for transforming nature and the construction of the Volga hydroelectric complexes will allow agriculture in this region to solve a number of crucial national-economic tasks: 1) ensure high and stable yields of grain crops, which must continue to occupy the main place in the field cropping of most Volga districts; 2) expand sowings of perennial grasses and other fodder crops in order to create a stable feed base for the further development of highly productive animal husbandry; improve water supply across the vast territory of the Caspian Lowland; 3) organize on a large scale the production of industrial crops

with the aim of seriously expanding the raw material base of light and food industries.

The Volga region is currently one of the most important granaries of the Soviet Union, the largest supplier of the most valuable food grain — hard spring wheat. However, until recently this grain base was unstable, as yields underwent significant fluctuations due to frequent droughts. The average yield of spring wheat over 16 years, from 1930 to 1945, on the experimental field of the Institute of Grain Farming of the Southeast was 15.1 ts/ha (ranging from 5 ts/ha in 1943 to 28.7 ts/ha in 1945). At the Krasnokutsk Breeding Station, located in the arid Trans-Volga region, the average spring wheat yield over 13 years, from 1931 to 1943, equaled 8.7 ts/ha (ranging from 3.2 ts/ha in 1939 to 17.7 ts/ha in 1940)[155].

The drop in yields in arid years led to fluctuations in gross grain harvests: the southeastern regions of the European part of the country fell short by up to 200 million poods of spring wheat in particularly dry years. As a result, the share of these regions in the all-Union grain balance noticeably decreased in dry years, which can be illustrated by the following data (see table on page 13).

In his report at the 17th Party Congress, Comrade Stalin posed the task of creating a serious and completely stable grain production base on the Volga, free from weather contingencies. The Volga region as a grain base possesses a number of advantages by virtue of which it is especially important to turn it into the largest granary of the European part of the country.

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[155] See A. E. Kaminsky, Distribution of Grain Crops and Crop Rotations in Collective Farms of the USSR Southeast, p. 46.

Due to peculiar conditions, the most valuable varieties of hard spring wheat possessing high milling and baking properties have become widespread in the Volga region. Many varieties

Share of the Southeast[156] in Gross Spring Wheat Harvests in the USSR (Selected Years)

Years	Share (in %)
1936	14.0
1937	26.3
1938	14.9
1939	18.5
1940	28.3

of hard wheat from the Volga region are distinguished by such high baking properties that the flour obtained from this wheat is used to improve other varieties of flour. For the Volga region as an all-Union food base, it is very important that wheat and flour from this region can be delivered by water transport with minimal costs to cities in the central industrial regions, the Northwest, and the Middle Urals.

All this speaks of the necessity to strengthen the role of the Volga region as a supplier of the most valuable varieties of hard wheat. The irrigation of the Trans-Volga region will make it possible to create here the largest irrigated grain farming base

[156] Districts of the Volga region (except the Tatar ASSR), as well as Tambov, Penza, and Chkalov regions.

in the USSR with stable and high yields of 30–35 ts/ha. The full mastery of grass-arable crop rotations, ubiquitously introduced in all districts of the Volga region, will ensure the possibility of more than doubling grain yields even on non-irrigated lands. As a result, even with stable grain crop areas, the average annual grain harvest in the Volga region will be approximately 2.5 times greater than the pre-war level.

The irrigation of the Trans-Volga region will make it possible to restructure field cropping and make it more diversified and highly productive. Under conditions of dry farming, the fertile lands of the Volga region have been used hitherto mainly for grain crops, which occupied about 80% of sown areas. Meanwhile, grain crops require significantly less heat than plants receive in these regions during the growing season, with a particularly large excess of heat forming in autumn. Under a grain-farming orientation, from 42% to 57% of the total amount of heat is not utilized in autumn, and the further south the region, the greater the amount of heat unutilized. Only irrigation creates prerequisites for developing more heat-demanding crops — sugar beets, southern vegetable varieties, new bast fiber crops — as well as for developing horticulture and viticulture in the arid districts of the Trans-Volga region. The presence of large arrays of fertile soils in these districts, as well as a high supply of natural thermal resources, makes it possible to obtain high yields under irrigated farming conditions. This is evidenced by experiments on irrigated sugar beet cultivation conducted over a number of years in various districts of the Trans-Volga region.

Sugar Beet Yields on Irrigated Lands of the Trans-Volga Region

Station / Plot	Observation Years	Average Yield (in ts/ha)	Highest Yield / Sugar Content
Bezenchuk Breeding Experimental Station (Kuibyshev Region)	1936–1940	620	757 ts/ha
Ershov Irrigated Plot of the Institute of Agriculture of the Southeast (Saratov Region)	1935, 1940, 1943	483	796 ts/ha (Sugar content: 18–20%)
Valuiki Experimental Reclamation Station (Stalingrad Region)	1930–1944	492	824 ts/ha (Sugar content: 17–19%)

Equally good results are produced by crops of sunflowers, vegetables, new bast fiber plants, and other industrial crops on irrigated lands. It is completely obvious that the construction of the Volga hydroelectric complexes will exert a major influence on the further development of light and especially food industries.

Thanks to the colossal scale of irrigation in the zones of the Kuibyshev and Stalingrad hydroelectric stations, enormous agricultural raw material resources can be created in a short time, which will ensure the possibility of substantially accelerating growth rates in a number of vital branches of light and food industries. High yields of sugar beets, sunflowers,

vegetables, fruits, grapes, new bast fiber plants, and other industrial crops facilitate the creation of compact raw material zones for large enterprises. The creation of a stable raw material base on the basis of irrigation, as well as wide opportunities for lengthening the production season, ensure more complete utilization of fixed assets in the Volga districts, which is of paramount importance for seasonal branches of industry. The favorable transport-geographic position of the Volga region contributes to significantly bringing food production closer to consumption areas and also allows the widespread use of cheap water transport to deliver these products to the Center, Northwest, and Urals.

Among the industries that will receive major development in the zones of the Kuibyshev and Stalingrad hydroelectric stations, the sugar industry stands out first and foremost. Irrigated sugar beet cultivation in these zones will significantly surpass in scale and development prospects everything created so far in southern Kazakhstan and the republics of Central Asia. In the zone of the Kuibyshev hydroelectric station, sugar beets will be the leading industrial crop; sowings will occupy about 10% of irrigated lands; in the zone of the Stalingrad hydroelectric station, the share of sown areas under sugar beets will be smaller. Overall, in the zones of these two stations, about 140 thousand hectares can be allocated for industrial sugar beet sowings.

This, however, does not exhaust the possibilities for developing sugar beet cultivation in the Volga-Caspian districts. With the elevation of farming culture, population growth, and the expansion of the railway network in the Trans-Volga districts, sugar beet sowings will expand. This also meets the interests of

the region's agriculture. Sugar beets are an excellent predecessor for the Volga region's leading grain crop — wheat — increasing its yield, according to data from the Valuiki experimental station, by 20%. Sugar beet sowings also contribute to expanding fodder resources, which is of special importance for the Volga region, where the share of feed grain crops is small. But even without expanding the framework of the aforementioned sown areas, it will be possible to obtain about 60 million ts of sugar beets on the irrigated lands of the Volga region. How impressive this figure is can be judged by the fact that tsarist Russia took a whole century to bring the amount of sugar beet raw material to 60 million ts: the first sugar factory was created in Russia 150 years ago, in 1802, but only at the end of the 19th and beginning of the 20th century did the amount of raw material processed by the sugar industry amount to about 60 million ts (excluding Poland)[157].

The possibility of accelerating the pace of development in sugar beet cultivation is of paramount importance for the sugar industry, as it faces the task of achieving a significant increase in sugar production.

The creation of a new center of the sugar industry in the districts of the Volga region is also very important because it will help largely overcome the uneven distribution of the sugar industry inherited from the pre-revolutionary past. In tsarist Russia, Ukraine and the Central Black Earth regions provided 98.5% of all sugar production. The irrationality of such a distribution began to be felt especially acutely with the

[157] See L. F. Volokhov, Sugar Industry of Russia in Figures, Kiev, 1913, table 5.

transition to the country's industrialization, when new cities and industrial centers were created in the east of the USSR. At the 17th All-Union Party Conference in 1932, Comrade A. I. Mikoyan sharply raised the issue of the necessity to relocate the sugar industry to the East. Over the two decades that have passed since then, the sugar industry has achieved notable successes: of the total number of sugar factories created during the years of Soviet power in new districts, over 80% have been built in the republics of Central Asia (Kyrgyz and Uzbek), in the south of the Kazakh SSR, in the Volga region, the Urals, Siberia, and the Far East.

However, the historically formed uneven distribution of the sugar industry still makes itself felt. Suffice it to say that Ukraine alone provides more than two-thirds of all-Union sugar production, and together with the Central Black Earth regions of the RSFSR, the share of the old sugar industry regions is significantly higher. Such a concentration of production in one or two economic regions does not exist in any other branch of the food industry, with the exception of the tea industry, localized in a narrow strip of subtropics. For the sugar industry, the task of advancing to the East is especially urgent because with the development of industry and population growth in the eastern regions, their share in sugar consumption is increasingly growing. This can be judged, in particular, from the following data:

Increase in Share of the Market Sugar Fund in 1948 (1940 = 100)

Regions	Share Increase

Sverdlovsk	200
Molotov	290
Chelyabinsk	233

The increase in sugar consumption in the eastern regions requires the shipment of an ever-increasing quantity of sugar, as a result of which the average length of rail sugar transport increased in 1949 by more than one and a half times compared to the pre-war period.

The regions of the Urals, Siberia, and especially the Far East will possess limited opportunities in the near future to expand the sugar industry existing here, the products of which will be able to satisfy only a small part of their demand. All the greater significance is acquired by the creation of a major sugar industry base in the zones of the Kuibyshev and Stalingrad hydroelectric stations. To process the sugar beets produced in these districts, up to 20 sugar factories will be required. Their output will amount to about 8.5 million ts of sugar per year. The bulk of these factories' products will be directed to supply the population of the Urals, Siberia, and the Far East, which will bring the sugar industry closer to consumption areas and significantly shorten the average distance of sugar shipments. As a result, the work of railway transport, according to calculations by the Central Institute of the Sugar Industry, will be reduced by approximately 1.4 billion ton-kilometers annually.
The advantages of the Volga region as a sugar industry region also lie in the fact that the harsh winter with stable frosts

creates favorable conditions for storing sugar beets.
Temperature analysis suggests that under normal storage conditions, beet processing can continue until March 1–10, i.e., 170–180 days. When storing sugar beets in a frozen state, their processing can presumably be carried out throughout the entire month of March and during the first half of April, i.e., for 225 days. This means an increase in production duration of approximately 50% compared to Ukraine and, consequently, an identical reduction in the amount of capital investments required for building new sugar factories.
No less favorable are the conditions for developing the canning industry in these zones, designed to solve a number of important tasks in organizing population nutrition. The canning industry is one of the young branches of the food industry. It has far from reached a level where it could resolve its main task — significantly smoothing out the seasonality of vegetable and fruit consumption. The USSR canning industry faces other tasks as well, associated with creating food reserves, supplying vegetables and fruits to Far North regions whose population experiences a shortage of these foods, etc.
Favorable climatic conditions make it possible to grow on the irrigated lands of the Volga region the most valuable vegetables for the canning industry — tomatoes, eggplants, peppers, and others — as well as to cultivate orchards and berry fields. These heat-demanding crops, as well as horticulture, should become especially widespread in the Lower Volga districts — in the Astrakhan and Stalingrad regions, within which the Volga-Akhtuba floodplain is located. The soil fertility of the Volga region in combination with favorable climatic conditions contributes to obtaining high

yields of vegetables, berries, and fruits on irrigated lands. This facilitates the task of creating compact raw material zones around cannery plants with relatively short raw material delivery radii, even if large plants with a production capacity of 35–50 million cans or more per year are built here.

In the districts of the Volga region, prerequisites are created for more complete utilization of the plants' fixed assets. This is achieved thanks to the long growing season, which makes it possible to extend the production season of the most mass-produced type of canned goods — tomato products — up to 80 days and more, and also to organize the cultivation of a wide assortment of fruits and vegetables with different ripening periods and, consequently, ensure long, uniform operation of canneries processing fruit, berry, and vegetable raw materials. According to data from the Stalingrad Experimental Station of the Institute of the Canning Industry, as a result of cultivating different varieties of strawberries, cherries, plums, and quinces, fresh fruits can arrive at plants for eight and a half months of the year.

Strengthening the role of the Volga region in canned goods production will contribute to a more uniform distribution of the canning industry, currently concentrated mainly in the North Caucasus, Crimea, Ukraine, Moldova, and the republics of Central Asia. The development of the canning industry in the Volga region will mean a significant step forward on the path of bringing this branch of industry closer to the country's major economic centers — the Center and the Urals. The development of the canning industry in the Volga region will lead to a reduction in transport distances, greatly facilitating the supply of canned goods not only to the Center and the Urals,

but also to the Northwest and European North regions, to which products of Volga canneries will be delivered via the Volga-Baltic Waterway. All this speaks for the expediency of creating a powerful canning industry in the Volga region.
Great prospects also open up before viticulture and winemaking in the Volga-Caspian region, especially if we include districts located along the Don (Rostov Region) and the Terek (Grozny Region), where viticulture is a fully mastered branch of the economy and has already achieved significant successes.
Currently, the boundary of widespread industrial grape culture in this region runs along the Rostov — Stalingrad — Astrakhan line. With further successes in agrotechnology and grape breeding on the basis of Michurinite agrobiological science, the boundary of industrial viticulture will advance into more northern districts, where climatic conditions are sufficiently favorable for grape culture of early and medium ripening periods.
In the Lower Volga districts, wide opportunities open up for developing the production of fresh grapes and juices. In the Astrakhan and Stalingrad regions, local grape varieties (Astrakhan Thick-skinned, Astrakhan Early-ripening, etc.) do not produce good wines, but these varieties are distinguished by high taste qualities and at the same time tolerate long storage and long-distance transport well. Thus, existing grape varieties of folk breeding, tested by long-term experience, represent a real basis for mass production of fresh grapes in these regions and their export to northern districts of the USSR. Such specialization of viticulture is largely facilitated by the transport-geographic position of the Volga region. As a result

of developing fresh grape production in the Volga-Caspian region as well as in the zone of the Main Turkmen Canal, procurement zones for fresh grapes will shift from west to east, which will significantly shorten transport distances for this perishable product. The advantages of such a distribution will become even more obvious if it proves possible to widely use the Volga-Baltic Waterway for transporting fresh grapes. Simultaneously with organizing the production of fresh grapes and juices in individual districts, winemaking must be developed. This applies first and foremost to the Rostov Region, where the leading direction will continue to be the production of table and sparkling wines, to the Grozny Region with its developed production of table wines and cognacs (Kizlyar District), and also to the Saratov Region, where already in pre-war years the possibility of obtaining valuable wine materials for sparkling wine production was determined. The construction of the Volga hydroelectric complexes will exert a major influence on the further development of one of the oldest branches of the Volga region's food industry — oil pressing.

In the zones of the Kuibyshev and Stalingrad hydroelectric power stations, 12 oil-pressing plants are located, most of which have been reconstructed and expanded. As a rule, they are equipped with extraction plants or screw presses, ensuring better utilization of raw materials by reducing oil losses in production waste. However, the raw material base of the Volga region's oil-pressing industry is currently in an unsatisfactory state. Sown areas of the main oilseed crop — sunflowers — in the Kuibyshev, Saratov, and Stalingrad regions have not yet reached the pre-war level; sunflower yields are still low. The

unsatisfactory state of the raw material base leads to the fact that oil-pressing plants in the Volga region are forced to process various imported raw materials — soybeans, cottonseed, and other types of oilseeds imported from remote districts.

To eliminate long-distance transport, it is necessary to supply oil-pressing plants with local raw materials. Solving this task will be largely facilitated by the application of irrigation, which contributes to obtaining high and stable sunflower yields. As data from experimental sowings at the Ershov irrigated point show, the average sunflower yield when irrigation is applied is 25.5 ts/ha, and the highest reaches 34.4 ts/ha. It is necessary to expand irrigated areas under this most widespread industrial crop in the Volga region and increase its yield. Solving these tasks will turn the Volga region into one of the main suppliers of valuable vegetable oil — sunflower oil, which has long gained widespread dissemination in our country.

Irrigation will make it possible to create a major base of new bast fiber crops in the Volga region, providing the most valuable raw material for the hemp-jute industry, which manufactures ropes, cords, twine, bags, packing fabrics, nets, tackle, and other products needed by all branches of the national economy. With the development of the national economy, the problem of supplying raw materials to the hemp-jute industry acquired increasing acuteness. In pre-revolutionary Russia, only flax and hemp were produced from bast fiber crops, while for the production of bags, ropes, etc., large quantities of jute, manila, and sisal were imported from abroad. To eliminate dependence on imports, new bast fiber crops for our country — kenaf, jute, and others — were

mastered in the USSR. Crops of these heat-demanding plants occupied a significant place in the sown areas of southern districts. However, the growing needs of the national economy require further expansion of the production of various industrial fabrics, bags, ropes, and other products from bast fiber crops. In the new irrigated farming districts in the zone of the Kuibyshev and Stalingrad hydroelectric stations, natural conditions are very favorable for sowing new bast fiber crops. They will occupy tens of thousands of hectares of irrigated lands here, which will significantly expand the raw material resources of the hemp-jute industry and create prerequisites for its development in the districts of the Volga region.

The introduction of the grass-arable farming system, as well as the watering of pastures in the Caspian Lowland, will have a major impact on the development of animal husbandry in the Volga region, where there is currently a large livestock population, especially sheep. The Caspian Lowland possesses significant natural fodder resources, within which hayfields and pastures constitute the prevailing part of land holdings. Low-snow winters, which in the western part of the Caspian Lowland are also short and relatively warm, make it possible to keep livestock on pastures for most of the year; in the southern part of the Caspian Lowland, sheep practically do not need stall housing. This creates favorable prerequisites for developing pasture livestock husbandry on a large scale. But currently, due to the absence of rivers, deep groundwater tables often containing a significant percentage of salt, and low precipitation, it is impossible to fully utilize the natural fodder resources of these districts. As a result, part of the pastures, unprovided with watering points, is used for grazing livestock

only during a small part of the year or cannot be used at all. Serious difficulties for the development of animal husbandry also consist in the fact that pasture fodder reserves undergo significant fluctuations across seasons of the year. In spring, the steppes become covered with rich vegetation; the average monthly pasture fodder reserve during this period is one and a half to two times higher than the summer period reserve, when grasses burn out and livestock experience an acute shortage of feed. In autumn, pasture productivity increases, but then during the winter period the pasture fodder reserve decreases again. Therefore, it is necessary to procure insurance fodder reserves for the winter.

The watering of arid pastures across a vast territory of 11.5 million hectares located between the Ural and Terek rivers will not only ensure livestock watering but will also make it possible to selectively irrigate hundreds of thousands of hectares of highly fertile land. Fodder reserves will be created on irrigated lands. Radical improvement in water supply, as well as the creation of a stable feed base, will contribute to increasing the livestock population in the watered districts and sharply raise its productivity.

The expansion of existing enterprises, as well as the construction of new meat-packing plants, butter-making, cheese-making, and milk-canning plants, will make it possible to utilize the most valuable food resources of the Volga region to supply the population of not only the rapidly growing cities of this region but also the central industrial regions; the role of the Caspian Lowland as one of the most important bases of fine-fleece sheep breeding, as a major supplier of the most

valuable raw material for the textile industry of the USSR, will increase.

The wealth and diversity of agricultural raw materials in the districts of the Lower Volga is combined with large reserves of common salt. The Lower Volga plays a major role in the country's salt supply. During the post-war Stalinist five-year plan, the Baskunchak fishery occupied first place in the USSR in salt extraction. The new conditions for transporting Baskunchak salt created as a result of constructing the Volga hydroelectric complexes, reconstructing the Volga-Baltic Waterway, and launching the V. I. Lenin Volga-Don Navigation Canal open up especially wide prospects for the Baskunchak salt industry and will make it possible to replace Artyomovsk salt with Baskunchak salt in a number of regions. Salt reserves at Lake Baskunchak, although inferior to the reserves of the Artyomovsk salt deposit, are nevertheless very substantial. This gives the right to regard Baskunchak as the main source of salt supply for many regions of the European part of the country, where it will be able to replace Artyomovsk salt without any detriment to the consumer. The development of the salt industry at Lake Baskunchak involves significantly lower capital investments than in Artyomovsk, since the extraction of self-depositing salt is conducted by an open-pit method and does not require capital expenditures on shaft construction. Thanks to the mechanization of all stages of the production process, labor productivity at Baskunchak has reached the highest level and significantly exceeds the labor productivity of Artyomsol workers. Higher labor productivity, as well as a smaller sum of depreciation deductions, determine the lower cost of Baskunchak salt compared to Artyomovsk

salt. The transport-geographic position of the Baskunchak salt industry is more favorable and allows the widespread use of cheap water transport.

Ensuring uniform navigable depths throughout the entire water route from Vladimirskaya Pristan to Moscow, Leningrad, Belomorsk, and other points, which conditions the possibility of transit, transshipment-free salt shipments and the reduction of transit times for cargo en route — all this will lead to a noticeable reduction in the cost of water transport and create significant advantages for the extraction and utilization of Baskunchak salt.

In order to relieve railway transport from long-distance shipments of Artyomovsk salt and maximize the use of water transport, salt extraction at Lake Baskunchak should be brought to a level that ensures the demand of all regions of the European part of the country where Baskunchak salt can be delivered by water transport.

The implementation of the brilliant Stalinist plan for transforming nature, the construction of the Volga hydroelectric complexes, and the irrigation and watering of the arid lands of the Trans-Volga region and the Caspian Lowland eliminate the destructive influence of droughts and dry winds, opening up possibilities for a very significant expansion of raw material and food resources.

Creating conditions for an unprecedented upswing in agriculture, light industry, and the food industry, the communist construction projects on the Volga will play a huge role in the steady elevation of the material well-being and cultural level of the Soviet people, in creating an abundance of foodstuffs and consumer goods in our country as one of the

most important conditions for the gradual transition from socialism to communism.

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ON THE DISTRIBUTION OF THE SOCIAL PRODUCT OF COLLECTIVE FARMS

The mode of production and the mode of distribution of the social product determined by it form the basis of the economic life of society. "The materialist conception of history," points out Engels, "proceeds from the proposition that production, and next to production the exchange of its products, is the basis of every social order..."[158]

The character of production determines the character of distribution. In class-antagonistic socio-economic formations, the distribution of produced material goods is carried out in favor of and in the interests of the exploiting classes. The distribution of the aggregate social product under capitalism is determined by the nature of the capitalist economic system. It reflects the fundamental contradiction of capitalism between the social character of production and the private form of appropriation, acting as one of the forms of expression of the antagonism between the exploited and exploiting classes. The relations of distribution are determined here by the essence of the basic economic law of modern capitalism. Comrade Stalin teaches that the chief features of the basic economic law of modern capitalism are: the securing of maximum capitalist profit through the

158 K. Marx and F. Engels, Works, vol. XV, p. 528.

exploitation, ruin, and impoverishment of the majority of the population of the given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and, lastly, through wars and the militarization of the national economy, used for securing the highest profits.

The character of the distribution of the socialist aggregate social product is determined by the socialist system of economy, by public ownership of the means of production, which excludes any exploitation of man by man. The process of distribution in Soviet society is carried out under conditions of socialist mutual assistance and comradely cooperation among members of socialist society who are free from exploitation.

Under socialism, the social product is distributed in the interests of strengthening and prospering the socialist state, in the interests of raising the well-being of Soviet society. Such a character of distribution is determined by the requirements of the basic economic law of socialism. Comrade Stalin teaches that the essential features of the basic economic law of socialism are: the securing of the maximum satisfaction of the constantly growing material and cultural requirements of the whole society through the continuous growth and perfection of socialist production on the basis of higher techniques.

The Marxist-Leninist theory of the distribution of the aggregate social product is an organic, integral part of the Marxist-Leninist teaching on reproduction.

Marx, in his work "Critique of the Gotha Programme," revealed the main features of the distribution of the aggregate social product under socialism. Marx investigated the issues of the distribution of the aggregate social product at the lower phase of communism, showing that distribution according to work is the principle of socialism.

Marx's brilliant propositions on the character of socialist reproduction, substantiated by him in the "Critique of the Gotha Programme," received comprehensive development in the works of Lenin and Stalin. The Soviet state and the Soviet people, in all their economic activity and in the building of communist society, are guided by the theory of expanded socialist reproduction created by Lenin and Stalin.

In his report to the 16th Congress of the Party, Comrade Stalin pointed out the radical, fundamental difference in the distribution of national income under capitalism and under socialism. In the USSR, "the distribution of the national income takes place not in the interests of enriching the exploiting classes and their numerous parasitic retinue, but in the interests of the systematic improvement of the material position of workers and peasants and the expansion of socialist production in town and country."[159]

The aggregate social product of state enterprises is the property of the entire people, and its distribution is carried out by the state. The social product of collective farms is the property of the given

[159] J. V. Stalin, Works, vol. 12, p. 321.

collective of peasants united in a collective farm; its distribution is carried out in accordance with the Model Charter of the Agricultural Artel.

The socialist nature of production in the USSR also determines the socialist character of the distribution of the aggregate social product, which is carried out in the interests of developing the national economy, raising the material and cultural level of the Soviet people, and strengthening the country's defense capability. The distribution of the entire social product in the USSR on the scale of the entire Soviet society serves these goals. This constitutes the fundamental similarity in the distribution of the social product, both that belonging to the state and that belonging to the collective farms. But in the distribution of the product produced at state enterprises and the product produced on collective farms, there are also essential differences that stem from the differences between the two forms of socialist ownership—state, i.e., public, and collective-farm. State property is the property of the entire people, whereas cooperative-collective-farm property is the property of individual collectives of working people united in agricultural artels or other cooperative associations. Consequently, the output of state enterprises constitutes public property, while the output of collective farms is the property of the given collective farms.

"Collective farmers," as Comrade V. M. Molotov pointed out, "are the complete masters of their artel, and from this, in this case, particularly vividly, special conclusions follow that are inapplicable to state-socialist enterprises. From this it follows, as is known, on the

one hand, that the entire additional income of the collective farm (for example, as a result of special measures to raise labor productivity in the collective farm) is the complete property of the collective farmers and their given collective as a whole. And on the other hand, in the event that the collective farm, as a result of one or another reason (say, poor harvesting), has lost a certain part of its incomes, then this also falls entirely upon the collective farmers themselves and their collective alone."[160]

Comrade Stalin teaches that "socialist society is a production-and-consumption partnership of industry and agricultural workers. If in this partnership industry is not linked with agriculture, which supplies raw materials and food and absorbs the products of industry, if industry and agriculture do not constitute, therefore, a single national economic whole, nothing will come of socialism. That is why the question of the relationship between industry and agriculture, the question of the relationship between the proletariat and the peasantry, constitutes the fundamental question of the problem of building a socialist economy."[161]

The interrelations between town and country in the sphere of exchanging consumer goods are carried out on the basis of developed commodity turnover. "In order that the economic life of the country may begin to hum, and that industry and agriculture may have an incentive for the further growth of their output, one more condition is necessary, namely, a developed commodity turnover between town

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160 V. Molotov, In the Struggle for Socialism, Partizdat, 1935, p. 319.

161 J. V. Stalin, Works, vol. 7, pp. 200–201.

and country, between regions and oblasts of the country, between various branches of the national economy. It is necessary that the country be covered by a rich network of trading bases, stores, and shops. It is necessary that through the channels of these bases, stores, and shops, goods circulate uninterruptedly from the places of production to the consumer. It is necessary that both the state trade network, the cooperative trade network, local industry, collective farms, and individual peasants be drawn into this business. This is what is called among us developed Soviet trade—trade without capitalists, trade without speculators."[162]

The existence in our country of two forms of socialist ownership and, correspondingly, two types of socialist enterprises determines the objective necessity of commodity-money relations.

The distribution of that part of the social product which goes to satisfy the personal needs of the working people is carried out in our society on the basis of the socialist principle of distribution according to work. The essence of this principle for state enterprises and collective farms is the same, but the forms of its application differ. In collective farms, this principle is implemented through the distribution of payment in kind and monetary incomes among members of the collective farms according to work-units (trudodni), and in state enterprises in the form of wages. The personal income of a collective farmer is determined depending on the results of the year of the given collective farm, the size of that part of the social product

[162] J. V. Stalin, Works, vol. 13, pp. 340–341.

which is designated for distribution according to work-units, the total number of labor-units expended in the collective farm, and the number of labor-units earned (including increments for additional payment) by the collective farmer; this income appears both in kind and in monetary form.

Marx already pointed out that the distribution of means of consumption is the result of the distribution of the conditions of production. "Any distribution of consumer goods is always merely a consequence of the distribution of the conditions of production themselves. The distribution of the latter, however, expresses the character of the mode of production itself."[163]

What is the distribution of the conditions of collective farm production? The collective farm is a socialist type of economy where the means of production belong to the collective of peasants united in an agricultural artel. Land, the most important means of agricultural production, while being the property of the entire people, has been handed over to collective farms for perpetual and free use. Collective farms constitute a part of the entire socialist national economy and receive comprehensive help and support from it. The most important form of this assistance is the Machine and Tractor Stations (MTS).

Collective farm production is carried out on the basis of a combination of state and cooperative-collective-farm forms of ownership of the means of production. The leading role in collective farm production belongs to state ownership. This most important

[163] K. Marx, Critique of the Gotha Programme, Gospolitizdat, 1951, p. 16.

feature exerts an influence on the character of the distribution of the aggregate social product in collective farms.

The social product of collective farms consists of grain, vegetables, potatoes, cotton, flax, fruits, fodder, and other crop production products, the growth and offspring of livestock and poultry, meat, lard, wool, leather, milk, and other livestock products, the output of subsidiary enterprises, capital construction, etc. The distribution of the products of collective farm production is carried out in various ways: a portion of certain products goes toward fulfilling obligations to the state, while others go entirely to meet the needs of public and personal consumption in the collective farms. The forms of distribution of specific types of collective farm output vary, but what is common is that the owner of all produced output is the given collective farm, and its distribution and circulation are carried out on the basis of the Model Charter of the Agricultural Artel.

The correct distribution of the social product of collective farms, which is of a planned character and is produced on the basis of the provisions of the Model Charter of the Agricultural Artel, is of paramount importance for the further growth of collective farm production and the successful solution of the main task of agriculture —the all-around raising of the yield of all agricultural crops, the rapid increase in the livestock of public herds while simultaneously significantly increasing their productivity.

The Bolshevik Party and the Soviet state display unceasing concern for the further organizational and economic strengthening of

collective farms and the multiplication of their public property. The enlargement of small artels, which became an economic necessity at the present stage of development of collective farms, raises socialist agriculture to a new, higher stage. It led not only to an absolute increase in the sizes of lands assigned to collective farms, but also created all the conditions for serious progressive changes in the organization and structure of collective farm production, for raising labor productivity on the basis of more effective utilization of advanced Soviet agricultural machinery. The enlargement of small collective farms, being a powerful factor in the development of collective farm production, also brings about progressive changes in the distribution of collective farm incomes.

The assessment of the main, principal part of the social product of collective farms finds its expression in the natural (in-kind) and monetary incomes of the collective farms. However, natural and monetary incomes of collective farms do not reflect the entire social product. Natural incomes of collective farms are usually understood to mean gross crop and livestock production; monetary incomes mean all monetary receipts, with the exception of sums realized from the sale of productive and working livestock, as well as certain other monetary receipts transferred to the collective farm's capital investment fund. Collective farm incomes do not include such types of the social product as the value of the growth of orchard and perennial berry plantings, the value of the growth and offspring of the public herd, the labor expenditures of collective farmers materialized in capital construction, expenditures on increasing soil

fertility, or the value of output not completed in production in the given year and carried over to the next year.

The distribution of natural and monetary incomes in collective farms is carried out on the basis of the requirements of the Charter. First, the collective farm fulfills its obligations to the state. This expresses the collective farm's participation in general socialist accumulations, as well as the complete or partial reimbursement by the collective farm of expenditures made on its behalf by state organizations (payment for MTS work, repayment of loans and payment of interest on them, etc.). Second, a part of the social product goes toward restoring consumed means of social production in the collective farm, toward intra-collective-farm accumulations, toward the creation of funds for the expansion of collective farm production and insurance funds (reserves). Third, a specific part is deducted for the creation of public consumption funds (cultural fund, assistance to the disabled, organization and maintenance of nurseries and kindergartens, etc.). The remaining part of the social product produced by the collective farm is distributed according to work-units.

The obligations of the collective farm to the state, the fulfillment of which is its primary commandment, can be subdivided into two types. The first is the delivery of produce by way of obligatory deliveries or the fulfillment of contracting agreements. The most important feature of this type of obligation is that the produce delivered to the state is paid for to the collective farms at established prices, which contributes to an increase in the monetary incomes of

the collective farms. The second type of obligation is settlements in kind for production assistance rendered to the collective farm by the MTS, as well as reimbursement for state loans issued to the collective farm.

The February Plenum of the Central Committee of the All-Union Communist Party (Bolsheviks) [VKP(b)] of 1947 noted in its decision that the procurement policy for agricultural products adopted in our country in 1940—which consists in calculating the obligatory deliveries by collective farms of crop and livestock products from each hectare of arable land or land area of collective farms—has fully and completely justified itself. The per-hectare calculation principle relies on such a stable base as the land assigned to the collective farms; it creates an interest among collective farms in developing all branches of the public economy. This order eliminated existing shortcomings in the procurement system when advanced collective farms that expanded sowings and increased public livestock herds were placed in a worse position compared to lagging collective farms. This constitutes the progressive significance of per-hectare calculation of obligatory deliveries.

The norms of obligatory deliveries cannot be the same for all collective farms in the country. They are differentiated by various zones and oblasts, and within oblasts—by groups of districts and by individual districts. When establishing differentiated delivery norms by districts, account is taken of the provision of land to collective farms, the number of able-bodied persons, natural soil fertility and climatic conditions, remoteness from large cities and railways,

availability of transport facilities, the level of intensification of the economy, and the specialization of collective farms. Thus, for example, for "remote" districts where the production of non-transportable agricultural products (vegetables, certain industrial crops, etc.) is inexpedient or where, by virtue of soil and climatic conditions, the production of certain crops is inexpedient, delivery norms for such products are not established. Conversely, for districts where, owing to favorable natural and economic conditions, specialized, highly developed production of certain agricultural products is conducted, the highest delivery norms are established for these products.

The norms of obligatory deliveries are also differentiated within administrative districts by groups of collective farms. The decision of the February Plenum of the Central Committee of the VKP(b) of 1947 points out "the necessity of applying, instead of a single norm of obligatory grain deliveries to the state for all collective farms of a single administrative district, several norms in the district by groups of collective farms..." The application of several norms of obligatory deliveries in a given administrative district makes it possible to regulate the sizes of obligatory deliveries taking into account the degree of development of the land assigned to the collective farms and the varying natural soil fertility in the collective farms.

Thus, for example, in Ramensky District, Moscow Oblast, there are three kinds of soils: flood-plain soils (of the Moscow River), sandy loam, and loamy soils. Flood-plain soils are most favorable for growing grain crops, vegetables, and grasses; sandy loam soils are

inferior to flood-plain soils in this respect, and loamy soils are the least fertile. Natural soil fertility exerts a particularly great effect on the yield of vegetables. In collective farms possessing light flood-plain and silty lands, the yield of vegetables is 1.5–2 times greater than in collective farms where loamy and sandy loam soils predominate, with approximately equal expenditures of funds and labor per comparable sown area.

Such a situation is characteristic of many districts. The correct use of differentiated norms of obligatory deliveries in an administrative district makes it possible to transfer the main part of the additional output resulting from better natural fertility to the disposal of the state by way of obligatory deliveries.

Differentiated norms of obligatory deliveries in administrative districts are an additional means in the hands of district organizations for influencing the development of agriculture both in the district as a whole and in individual collective farms. Their correct application contributes to the fulfillment of plans for the development of agriculture in the districts, in particular, the plan of obligatory deliveries. The establishment of delivery norms for this or that group of collective farms of a given administrative district must be carried out on the basis of a concrete study of the economy of each collective farm.

Obligatory deliveries by collective farms to the state have the force of a tax; at the same time, collective farms do not surrender their produce free of charge, but sell it at prices established by the state.

Produce delivered to the state above the plan is paid for at purchasing prices significantly higher than procurement prices. Such a system stimulates the development of collective farm production, the growth of branch productivity, and above-plan deliveries of produce by collective farms.

The system of payment for obligatory deliveries is an additional means of state influence on collective farm production for its development in the direction provided for by the single national economic plan; it stimulates the production of those types of agricultural output in a given district that are most important for it. At the same time, monetary payment for obligatory deliveries is striking evidence of the Soviet state's concern for collective farms.

The system of obligatory deliveries by collective farms to the state, introduced in 1933, was preceded by the system of contracting agricultural products. The transition from contracting—which was of paramount importance in carrying out the total collectivization of peasant households—to the system of obligatory deliveries became a necessity after the victory of the collective farm system in the countryside, when the tasks of the organizational and economic strengthening of collective farms and the further increase of state procurements of agricultural products came to the fore in all their magnitude. However, under modern conditions too, contracting retains important significance, since it is retained for the procurements of certain branches of agricultural products, for example, cotton, flax, sugar beet, etc.

Another important form of interrelation between the state and collective farms in the sphere of distribution of the collective farm aggregate product is payment in kind for MTS work. Along with performing tractor work, the MTS is obliged to render constant assistance to the collective farm in the matter of agronomical servicing, introducing the achievements of agricultural science, promoting the correct organization of labor, drawing up production plans and income-and-expenditure estimates of collective farms, the distribution of incomes, etc. Since the MTS acts as a participant in collective farm production, it is natural that the collective farm must transfer to the state a part of its social product corresponding to the share of the MTS's participation in collective farm production.

Work performed by the MTS is paid for according to differentiated norms, depending on the harvest and the timeliness of the work performed by the MTS.

State obligations of collective farms also include settlements by collective farms for the reimbursement of seed and fodder loans.

Following the fulfillment of obligations to the state, collective farm incomes are directed primarily toward meeting the needs of the public economy.

The Model Charter of the Agricultural Artel provides that after fulfilling state obligations, the collective farm lays in seeds for sowing and fodder to feed livestock for the entire annual requirement, as well as for insurance against crop failure and lack of

fodder, creating inviolable, annually renewable seed and fodder funds amounting to 10–15% of the annual requirement.

The creation of principal and insurance seed and fodder funds is of paramount importance in the distribution of collective farm incomes. The annual requirement for seeds is determined by the collective farm's sowing plan for the coming year and the sowing norms established in relation to the concrete conditions of the collective farm in accordance with agrotechnical requirements. The creation of a fodder fund in collective farms is important for the development of collective farm livestock breeding and for creating a stable fodder base for animal husbandry. The fodder fund is calculated based on the existing livestock population, the planned increase of the public herd, the duration of the stall-feeding period, and livestock feeding norms.

The creation of principal and insurance funds economically reflects the necessity of restoring seeds and fodder consumed over the year, ensuring the needs of expanded collective farm reproduction, and forming reserves in case of crop failure or lack of fodder.

Lenin and Stalin repeatedly pointed out the necessity of creating reserves in the socialist economy. In the expanded reproduction of collective farms, reserves of the public economy are one of the important moments ensuring the planned growth of production. The insurance funds of collective farms are planned reserves in the process of socialist reproduction of collective farms. They eliminate possible disproportions in the development of the public economy.

After laying in seeds and fodder and creating insurance funds, as recorded in the Model Charter of the Agricultural Artel, the collective farm creates, by decision of the general meeting, funds to assist invalids, the elderly, those temporarily disabled, and needy families of servicemen, and for the maintenance of nurseries and orphans—all in an amount not exceeding 2% of gross output. The creation of assistance funds for the disabled in collective farms is striking evidence of the collective farm system's care for people.

Having made the above deductions from the collective farm aggregate product, the general meeting of members of the artel allocates a portion of the products for sale to the state and on the market.

The marketable part of collective farm production is formed from the collective farm's deliveries to the state under obligatory deliveries and contracting, payment in kind for MTS work, sale of produce to state procurement organizations, cooperatives, and on the market, as well as from certain other funds.

Comrade Stalin noted in his report to the 18th Congress of the Party that "the high marketability of state-farm and collective-farm production is its most important feature, of the most serious significance for supplying the country. It is precisely in this feature of collective farms and state farms that the secret lies of why our country managed so easily and quickly to solve the grain problem, the problem of adequately supplying a vast country with marketable grain."[164]

[164] J. Stalin, Problems of Leninism, 11th ed., p. 583.

The small peasant household, owing to its fragmentation and backward machinery, had low marketability and could not solve the problem of supplying our country with marketable grain, nor could it ensure expanded reproduction in agriculture. The marketability of small peasant households in the USSR before collectivization averaged about 12% of gross output, whereas the marketability of state-farm and collective-farm production already in 1938 amounted to 40%.

The high marketability of collective farm production and its further increase are determined primarily by the steady growth of the yield of all crops, the increase in the livestock of public herds, and the growth of their productivity. At the same time, the growth of collective farm marketability also depends on the correct distribution of the aggregate collective farm product on the basis of observing the Stalinist principle of combining the personal interests of collective farmers with their public interests.

High marketability contributes to the further organizational and economic strengthening of collective farms and the multiplication of public collective-farm property. The growth of collective farm marketability is a most important condition for strengthening and multiplying artel property, indivisible funds, and the further development of the material and production base of collective farm public production. The main thing in the development of collective farms is raising the yield of all crops and increasing the productivity of livestock while increasing the livestock population. The steady increase in agricultural production determines the further growth of

the marketability of collective farm production. The strengthening and multiplication on this basis of the indivisible funds of collective farms ensure the further growth and expansion of collective farm production. Thus, the Michurin Collective Farm, Krasnoarmeysky District, Krasnodar Territory, in 1951, on the basis of rising yields and increased livestock productivity that ensured the growth of marketability, received a monetary income of 15 million rubles. Three million rubles were allocated to the indivisible fund, 3 pigsties, 4 silo towers, a grain storehouse for 2.5 thousand tons, a warehouse, a radio node, and other production and cultural-service premises were built. Collective farmers were issued 4 kg of grain and 9 rubles 13 kopecks in money per work-unit.

In recent years, the marketability of collective farms in Moscow Oblast has steadily increased as a result of solving the important national economic task of creating a local vegetable-potato and dairy base to meet the needs of the population of Moscow and the industrial centers of the oblast. The collective farms and state farms of the oblast provide Moscow with more and more vegetables, potatoes, milk, and other products each year. Thus, the share of the collective farms and state farms of Moscow Oblast in the total delivery of vegetables to Moscow in 1940 was 33.5%, and in 1949—68.7%. With the growth of the marketability of collective farm production, the economy of collective farms is also strengthened, which finds expression in an increase in the indivisible funds of collective farms and an increase in the monetary incomes of collective farmers. In the collective farms of Moscow Oblast per 100

hectares of land assigned for perpetual use, indivisible funds amounted to 10.4 thousand rubles in 1937, and 44.1 thousand rubles in 1948. The monetary incomes of collective farmers also depend on the growth of marketability. This can be seen from the following example. In Ramensky District, Moscow Oblast, in 1948 the share of vegetable growing in the marketable output of collective farms by value was 61.7%. A grouping of collective farms according to the size of marketable vegetable output per hectare of arable land shows a direct dependence of the issuance of money per work-unit on the level of marketability of collective farm output. Thus, in the collective farms of Ramensky District with an increase in the output of marketable vegetables from 1.1 to 5.0 centners per hectare, the issuance of money per work-unit doubled; from 5.1 to 10 centners—tripled; and with an output of marketable vegetables exceeding 20 centners per hectare of arable land—more than 6-fold.

With the enlargement of collective farms, a solid base has been created for the versatile development of collective farm production in combination with its correct specialization, which leads to the growth of collective farm marketability. For example, in the enlarged Molotov Collective Farm, Ramensky District, Moscow Oblast (which united 4 artels), in 1951 an area of 72.5 hectares was occupied by vegetables, whereas in the four small collective farms that united into this collective farm, in 1949 each collective farm occupied from 7 to 26.5 hectares of land with vegetables, and in total —67.8 hectares. The enlargement of vegetable growing became the basis for the further growth of marketability in this branch. Thus, if

vegetable marketability in these four collective farms in 1949 was 60.6% (excluding the sale of vegetables by collective farmers on the market), then in 1951 it rose to 65.5%. The growth of marketability of collective farm produce is a most important factor in the further organizational and economic strengthening of collective farms, the multiplication of artel property, and the raising of monetary payment per work-unit in collective farms.

The produce remaining after all deductions and sales is distributed by the collective farm among members of the artel according to work-units. The resolution of the February Plenum of the Central Committee of the VKP(b) of 1947 states: "The distribution of incomes in collective farms is to be carried out taking into account the harvest gathered by the brigade, and within brigades—by teams, so that collective farmers of brigades and teams that have obtained higher yields receive correspondingly higher pay, and collective farmers of brigades and teams that have obtained low yields receive lower pay for their labor." The instructions of the February Plenum found further development in the resolution of the USSR Council of Ministers of April 19, 1948, "On Measures to Improve Organization, Raise Productivity, and Regulate Remuneration of Labor in Collective Farms."

Until 1948, labor remuneration in a number of collective farms was carried out according to the number of work-units earned, without taking into account the results of the work of brigades. At the same time, collective farmers of brigades that expended a smaller number of work-units, but achieved a higher yield, received fewer incomes

than collective farmers of brigades that expended a greater number of work-units, but obtained a lower yield. In the resolution of the USSR Council of Ministers of April 19, 1948, collective farms are recommended to carry out the crediting of work-units in crop farming taking into account the fulfillment of the yield plan. Along with additional crediting and writing off of work-units, additional remuneration of collective farmers' labor for overfulfillment of the yield plan is retained.

The new remuneration system recommended by the resolution of the USSR Council of Ministers of April 19, 1948, as shown by the experience of its application, ensures the liquidation of depersonalization in the use of land and other means of production, liquidates wage-leveling in labor remuneration, and is of serious progressive significance for the development of collective farms. This system of crediting work-units, applied by the overwhelming majority of collective farms, along with additional remuneration, has become a huge incentive for raising labor productivity in collective farms, a method of liquidating wage-leveling in the remuneration of collective farmers' labor.

The system of additional labor remuneration in collective farms is similar to the bonus system in industry. Both these systems are directed toward eliminating elements of wage-leveling in labor remuneration, toward the most complete realization of the socialist principle of remuneration according to the quantity and quality of labor. At the same time, between the bonus system in industry and additional labor remuneration in collective farms there are also

differences. These differences consist in the fact that additional labor remuneration in collective farms, like the main remuneration, depends exclusively on the success of the work of the given collective farm, on its production indicators—yield, livestock productivity, growth of livestock herds—as well as on the economical, planned expenditure of work-units.

As a result of the sale of part of the produce to the state, cooperatives, and on the market, as well as payment for the work of collective farmers elsewhere, the collective farm receives income in monetary form. The distribution of monetary incomes, like natural incomes, is of great importance and is carried out in the following sequence:

participation in all-state accumulation through the payment of taxes established by law and insurance payments; repayment of monetary loans;
covering costs and expenses for production needs, administrative and economic expenses, cultural needs;
replenishment of the indivisible fund;
distribution of the remaining sum of monetary incomes according to work-units.

Among the monetary obligations of collective farms to the state, the principal place is occupied by the income monetary tax and obligatory insurance. Exempted from the income monetary tax are many incomes of collective farms, for example, monetary incomes from the delivery of obligatory deliveries, main and insurance fodder

funds, payment in kind and monetary payment for MTS work, insurance reimbursements, incomes from loans, natural and monetary investments in subsidiary enterprises of collective farms, etc.

The exemption of a significant part of collective farm incomes from taxation testifies to the Soviet state's concern for collective farms and is one of the means of state influence on the development of collective farms. In addition, this creates an additional incentive for the development of animal husbandry in collective farms, the construction of subsidiary enterprises, etc.

Expenditures for production needs consist of allocations for current repairs of agricultural machines and implements, the acquisition and repair of small tools, the purchase of mineral fertilizers, fuel and lubricants, treatment of livestock, control of pests and diseases of agricultural plants, the purchase of toxic chemicals, etc. Collective farms' expenditures under this article are very large and amount to at least 30–40% of all monetary incomes. However, in some collective farms, proper struggle is not waged for the most correct, effective use of these allocations, for the liquidation of unnecessary, inexpedient expenditures. Of paramount importance in the matter of economical expenditure of monetary funds is a correctly drawn up income-and-expenditure estimate. An income-and-expenditure estimate is an effective financial plan of the artel, an important weapon in the struggle for the multiplication of the public wealth of collective farms.

The Model Charter of the Agricultural Artel requires that administrative and economic expenses do not exceed 2% of monetary incomes. The reduction of unnecessary administrative and economic expenses in collective farms will free up huge funds for the development of the collective farm economy.

The Model Charter of the Agricultural Artel provides for deductions for cultural needs. In recent years, these deductions in collective farms have been continuously increasing and are going toward the radiofication of villages, the construction of clubs, the expansion of rural libraries, etc.

Monetary deductions to replenish the indivisible fund are one of the forms of reimbursing consumed basic means of production and creating a fund for expanded collective farm reproduction. Indivisible funds play an important role in strengthening and developing the public economy. The increase of indivisible funds in collective farms is one of the main indicators of the growth of the public economy. The enlargement of small collective farms opened up new opportunities for the further versatile growth of collective farm production and the increase of indivisible funds. In the single year of 1950 alone, the indivisible funds of collective farms increased by 11%.

After all deductions, the remaining monetary incomes are distributed according to work-units. With the growth and strengthening of the public economy in collective farms, monetary incomes distributed

according to work-units also increase, and the role of monetary payment compared to payment in kind rises.

Natural and monetary increments for work-units constitute the main part of the incomes of collective farmers. At the same time, collective farmers also receive a certain income from their personal subsidiary economy. However, the main source of well-being for the collective farm masses is the public economy. The personal economy of collective farm households is acquiring an increasingly narrow, subsidiary character, while the public economy is continuously growing and developing as the principal one.

The order of distribution of natural and monetary incomes of collective farms meets the tasks of the further development of socialist agriculture, the creation of an abundance of products in our country, and the steady rise in the well-being of the Soviet people. It ensures the correct combination of all-state interests, the public interests of collective farms, and the personal interests of collective farmers, reflecting friendly relations between the working class and the peasantry in our country and the leading role of the working class in the alliance of these two classes of socialist society.

Questions of Economics, No.8, 1952.

V. Gotlober, V. Ganshtak

TOWARDS A SCIENTIFIC APPROACH TO THE ECONOMICS OF A SOCIALIST ENTERPRISE[165]

The rapid growth of the socialist economy presents ever newer demands to Soviet economic science, placing before it a series of new questions that can be resolved only through creative discussions. Subject to discussion is also the question of the subject and content of new economic disciplines that arise in the course of the natural process of differentiation of economic science, conditioned by the surge of the national economy and the deepening of the social division of labor. P. Khromov's article "On the Subject of Branch Economics"[166] is devoted to this question; its main provisions, as it seems to us, correctly orient Soviet economists toward a deep development of the problems of the economics of socialist industry. However, the article also contains controversial points. Enumerating a number of new economic disciplines that arose as a result of the differentiation of economic science, Comrade Khromov emphasizes the need for their classification and the definition of their subject. But he does not speak about what should be placed at the foundation of this classification. Attempting to define the subject of economic science, he identifies it with political economy, which we consider incorrect[167].

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165 By way of discussion. See Voprosy Ekonomiki, No. 7, 1952.

166 See Voprosy Ekonomiki, No. 7, 1952, p. 45

167 Thus, Comrade Khromov writes: "Marxist-Leninist theory clearly defined the subject of economic science; it showed that economic science studies not the relations of things, objects, but the social-production relations of people" (Voprosy Ekonomiki, No. 7, 1952, pp. 46–47). Thus, Comrade Khromov equates economic science with political economy.

Economic science represents an aggregate of a number of independent but closely interconnected economic disciplines, in which political economy occupies the primary, leading place. Along with political economy, Soviet economic science includes a number of other sciences that have their own characteristics and their own specific subject (statistics, branch economics, accounting, etc.).

Political economy, as a science concerned with the study of the laws of production and distribution of material wealth for both personal and productive consumption at various stages of societal development, should not and cannot be reduced to questions of economic policy, to questions of techniques and methods of practical management of the economy. The study of these questions is handled by specialized branches of economic science.

Modern bourgeois economists, declaring the subject of economic science to be the "economic activity of people," attempt to substitute the description of the latter for political economy, while viewing economic activity merely from the perspective of its material results, divorced from social-production relations, as an activity based on some "eternal," "natural" laws.

Not a single economic science can abstract itself from the social-production, class relations of people, but this by no means signifies that all economic sciences should deal with the study of the same problems. Therefore, it is important to clarify the question of the relationship between political economy, branch economics, and the economics of socialist enterprises.

The political economy of socialism, developed by Lenin and Stalin, studies the laws of production and distribution in a socialist society, social-production, i.e., economic, relations between people. Thereby, it clarifies those general laws that predetermine the steady progress of the entire national economy as a whole.

Relying on the conclusions of the political economy of socialism, the economics of branches of the national economy study the specific manifestations of the economic laws of socialism in each given branch, which are conditioned by its characteristics, and generalize the practice of managing branches of the socialist national economy. The economics of an enterprise considers the enterprise as the primary unit of the socialist national economy. It clarifies the specific forms of manifestation of the general laws of socialism at a given enterprise and equips our cadres with the richest experience of organization, management, and leadership of the multi-faceted activities of socialist enterprises.

Branch economics and the economics of socialist enterprises are called upon to study and clarify the paths of development and methods of using productive forces in all the diversity of their concrete forms, which are generated by the features and advantages of the socialist basis and socialist superstructure and most fully ensure the satisfaction of society's needs.

The organic combination of political economy, the economics of individual branches of the national economy, and the economics of socialist enterprises—as interconnected separate parts of a unified Soviet economic science—ensures the study of the laws of socialist production in all the diversity of their concrete forms of manifestation.

Comrade Khromov's article does not emphasize that, in contrast to political economy, which provides the general theoretical foundation for all our practical activity in the field of the national economy, the task of branch economics consists in equipping our cadres, based on this foundation, along with general theoretical propositions, with purely practical knowledge and skills in economic management of the activities of each branch, taking into account its features.

If the theoretical development of questions of branch economics and the economics of socialist enterprises is possible only in close connection with and on the basis of the political economy of socialism, then it is necessary to emphasize another, no less important side of the matter. The connection of branch economics and the economics of socialist enterprises with political economy should not lead to the dissolution of specific questions unique to branch economics into the propositions of political economy. Attempts to evade the generalization of concrete material, the refusal to draw conclusions from practice suitable for use in managing the work of a branch or enterprise, would inevitably lead to the liquidation of branch economics and the economics of socialist enterprises as sciences.

Another proposition in Comrade Khromov's article also raises objections. Criticizing bourgeois science on the economics and organization of the enterprise and emphasizing the need to study the economics of the socialist enterprise, the author, in essence, includes questions directly pertaining to the economics of the enterprise into the content of courses on branch economics. The existence of a connection between the economics of an enterprise and the economics of a branch, and at the same time with the entire socialist economy, cannot serve as a convincing argument in favor of such an erroneous position[168].

Our Soviet enterprises, which are distinct, closely interconnected links of a single socialist economic system, embody all its features and advantages. Equipped with first-class technology, based on socialist ownership of the means of production, socialist

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[168] By the way, this conclusion of Comrade Khromov contradicts his own speech in early 1951 at the conference on the coordination of scientific work in the field of economics, where he correctly noted that the economics of an enterprise can and must be an object of independent scientific research (see Voprosy Ekonomiki, No. 4, 1951, pp. 10–11).

enterprises represent a concrete form of the most advanced and perfected organization of social production.

Despite the specificity of socialist enterprises in each branch, their activity is based on common principles generated by the features and advantages of the socialist mode of production. Enterprises of all branches of the national economy share common traits in the formation and utilization of production assets, in methods of management and economic operation, and common functions and tasks in relation to the entire national economy. That is why the economics of socialist enterprises can and must be an independent scientific discipline.

In recent years, a significant number of books have been published devoted to practical activities of socialist enterprises and the demonstration of their advanced operational experience. However, theoretical issues are still insufficiently developed in these works; the activity of socialist enterprises is often considered in isolation from the general laws of the socialist national economy. That is why, it seems to us, the content and subject of both branch economics and enterprise economics must be clarified through discussion. This issue is of great importance for the proper organization of the economic education of our cadres and for raising the level of scientific work in the field of economics.

To develop the economics of a socialist enterprise as an independent scientific discipline, a number of questions must be clarified: the place of the economics of a socialist enterprise in the system of Soviet economic science, its tasks, its subject, the concept of "enterprise," and finally, the content of the economics of a socialist enterprise as a special course studied in higher educational institutions. In this article, we attempt to offer a solution to these questions, believing that discussion of the proposed points will accelerate the development and formation of this course, as well as enhance the quality of its teaching.

On the initiative of the broad masses of working people, a remarkable patriotic movement has unfolded in our country to transform factories and plants into model socialist enterprises, to elevate production standards, and to improve methods of economic operation. This movement is inseparably linked with the tasks of building communism in the USSR.

Soviet economic science, relying on the brilliant instructions of Comrade Stalin, is called upon to scientifically generalize the practice of socialist enterprises, to substantiate the fundamental principles, paths, and methods for the speediest transformation of every plant and factory into a model enterprise of high labor and production standards, and high profitability. The resolution of this task is possible only on the basis of conclusively overcoming bourgeois "theories" regarding the detachment of concrete economics from political economy, bringing economic theory closer to production, and combining the efforts of scientific workers both in the field of political economy and in the field of branch economics.

The study of the economics of socialist enterprises must be conducted on the basis of a deep mastery of Marxist-Leninist theory. The development of questions regarding the economics of a socialist enterprise is inseparably linked with concrete forms of using technology, organizing labor, and the finances of the enterprise. For the development of this branch of economic science, a deep knowledge of technology is necessary.

In order to overcome existing shortcomings in the theoretical development of the course on the economics of a socialist enterprise, it is necessary first of all to conclusively recognize its right to exist as an independent branch of Soviet economic science, in which questions of production organization and planning enter as a most vital constituent part.

Under capitalism, the primary contradiction—"the contradiction between socialized production and capitalist appropriation manifests itself as the antagonism between the organization of production in the individual factory and the anarchy of production in society as a whole"[169]. As a result of this contradiction, on the surface of phenomena, every capitalist enterprise appears as independent, detached from all others, and the organization of production as the will and business of each individual capitalist.

In the works of bourgeois economists devoted to enterprise economics, the appearance of phenomena is presented as their essence. This found expression in attempts to create a "theory of the individual enterprise," which supposedly does not depend on the dominant mode of production, is not connected with the entire economy, and is subordinate in its development to "eternal," "unshakable" laws. Bourgeois economists Schmalenbach, Nicklisch, Schär, and others stood on these positions. They view the economy merely as the sum of individual enterprises. Bourgeois economists, analyzing the activity of an enterprise, its goals, tasks, and organizational principles, bypass the question of the class, exploitative nature of production relations at a capitalist enterprise, attempting to establish some "eternal," "unshakable" principles of production organization and management. The goal of all these attempts is to perpetuate the exploitative nature of the enterprise, and with it, capitalist exploitation.

Being unable to conceal the contradictions in the development of capitalism, bourgeois economists attempt to reduce them to contradictions between enterprises, which can supposedly be eliminated through "state regulation" of economic relations. It is not difficult to understand that such apologetic theories of bourgeois

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169 Friedrich Engels, Anti-Dühring, Gospolitizdat, 1951, p. 257.

economists have nothing in common with science and are daily refuted by reality.

Only Marxist political economy, which considers individual capital invested in a capitalist enterprise as personified social capital, and the process of reproduction of individual capitals as a form of realization of the reproduction of all social capital, created the foundations for a scientific theory of the economics of a capitalist enterprise. The classics of Marxism-Leninism irrefutably proved that the capitalist form of enterprise organization, its management principles, and production organization bear a class, exploitative character.

The socialist revolution destroys not only the capitalist mode of production, but also the capitalist forms of enterprise organization; it fundamentally changes the nature of its activity. In a socialist economy, a new type of enterprise emerges, based on public ownership of the means of production, with completely new goals and tasks of economic activity, new principles for organizing free labor that knows no exploitation, and new principles of management and production organization. The activity of a socialist enterprise is organized on the basis of unified state plans. Its goals and tasks are determined by the interests of the national economy, of the entire Soviet people, which find expression in the policy carried out by the Party and Government.

All activity of socialist enterprises is ultimately subordinate to the requirements of the basic economic law of socialism—ensuring the maximum satisfaction of the constantly growing material and cultural needs of all society through the continuous growth and perfection of socialist production on the basis of higher technology.

The socialist enterprise is the basic unit of state management of the entire national economy. The Bolshevik Party and the Soviet Government, caring for the steady rise of the national economy,

provide the necessary conditions for the further growth and perfection of each enterprise, for its profitable operation. The successful fulfillment of state plans for the development of our country's economy primarily depends on the work of our enterprises. Socialist enterprises, by their nature, tasks, and character of activity, differ fundamentally from capitalist enterprises, whose existence is tied to the pursuit of maximum profit by capitalists based on the harshest exploitation of the working masses.

A socialist industrial enterprise performs a number of functions. The primary one is production: output of products provided for by the plan with the expenditure of resources within limits established by the plan. Along with this, the enterprise performs procurement and sales functions. The aggregate of procurement, production, and sales functions of an enterprise constitutes its economic activity. However, the tasks of a socialist enterprise are not limited to this.

Back in 1931, A. M. Gorky justly noted that our socialist enterprises are organizers of socialist consciousness and socialist production[170]. The leaders of a socialist enterprise and its entire collective constantly display concern for the steady perfection of technology and organization of production for the purpose of easing labor and raising its productivity, creating material prerequisites for erasing essential differences between mental and physical labor, concern for the health and living conditions of workers, the steady elevation of their qualifications, cultural-technical level, and material well-being, and for the communist education of all enterprise workers. At our socialist enterprises, millions of workers learn production management, the strictest regime of economy, and master Bolshevik methods of economic management.

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[170] See M. Gorky, Publicistic Articles, Ogiz—Lengizkhlit, 1933, p. 273.

The socialist state carries out immense cultural-educational and organizational-economic work, which finds its expression in the activity of each enterprise.

Leadership of communist construction in our country is exercised by the Bolshevik Party. Party organizations of socialist enterprises are the leading and organizing force in the struggle of our factory and plant collectives for the fulfillment and overfulfillment of state plans. They are granted the right of control over the activities of enterprises; they inspire working people to fight for what is new, advanced, and progressive in production, and educate the communist consciousness of the masses.

Party organizations exercise their leadership of the masses through trade unions, the Komsomol, and other public organizations of working people. The higher the level of Party leadership, the firmer the economic successes of the enterprise.

Back in 1937, Comrade Stalin pointed out that "economic successes, their firmness and durability depend entirely and completely on the successes of Party-organizational and Party-political work, that without this condition, economic successes may turn out to be built on sand"[171].

The new, socialist attitude toward labor of Soviet people receives its most vivid embodiment in socialist competition, this communist method of building our society. Socialist competition, the principle of which states "match the advanced, help the lagging, achieve a general rise," has firmly entered the life of our enterprises, becoming a mighty driving force of their continuous development. Socialist competition and its highest form—the Stakhanovite movement—as an expression of businesslike criticism and self-criticism of the masses, is an inexhaustible source of creative

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[171] Lenin and Stalin, Collection of Works for the Study of the History of the CPSU(b), vol. III, Partizdat, 1938, p. 715.

initiative of the people, a powerful tool for constant identification and mobilization of intra-production reserves, increasing product output, and continuously improving its quality.

The advantages of socialist enterprises express themselves primarily in the continuous growth of product output on the basis of systematic elevation of labor productivity and reduction of production costs. For example, the Sverdlovsk Bearing Plant and the Sinar Pipe Plant from 1946 to 1951 increased product output several-fold, with a minor increase in the number of workers. The Serov Metallurgical Plant significantly increased the output of pig iron, steel, and rolled metal.

The growth of output at the Serov Plant in the first post-war five-year plan was mainly achieved through raising labor productivity. Labor productivity increased in the blast-furnace shop by 164.3%, in the open-hearth shop by 158.6%, and in the heavy section mill by 168.4% compared to 1940. The plant collective achieved a significant rise in the production capacity of basic metallurgical units, enhancement of product quality, and reduction of its cost. Thus, losses from defectives dropped from 9.7% in 1940 to 3.83% in 1949. Such are the main results of the development of one of the socialist enterprises.

The data cited for the three plants clearly testify to progress in the development of socialist enterprises based on elevating their technical level, the cultural-technical growth of workers, deployment of socialist competition, raising labor productivity, lowering production costs, and boosting the material and cultural standard of living of workers.

Elevating the qualitative level of work of socialist enterprises finds its expression in the ever-increasing significance of labor productivity growth as a source for increasing product output.

In contrast to socialist enterprises, the development of capitalist enterprises is subordinate to the action of destructive laws of capitalism. Alderfer and Michl, authors of an American textbook on industrial economics[172], formulated the "law of industrial growth" of capitalist enterprises. According to this "law," all enterprises pass through four periods in their development: experimentation, rapid growth, slowed growth, stabilization or decline. Such is the path of development of a capitalist enterprise even as interpreted by apologists of the capitalist mode of production.

We have examined only some of those basic principles and common features of socialist enterprise activity that can and must be the subject of research for a special branch of Soviet economic science. But even what has been said is sufficient to recognize the right to an independent existence of the economics of a socialist enterprise as a scientific discipline.

The economics of a socialist enterprise as a branch of Soviet economic science is a generalization of the advanced experience of socialist enterprises in the struggle for the fulfillment and overfulfillment of production plans and the best utilization of the laws and advantages of socialism for the purpose of building a communist society.

The economics of a socialist enterprise as a branch of economic science must proceed from the completely new nature of enterprises under socialism and the laws of social development operating under socialism. The foundations for the scientific development of the economics of a socialist enterprise are given in the brilliant works of Comrade Stalin on questions of economic construction.

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[172] E. B. Alderfer and H. E. Michl, Economics of American Industry. New York and London 1942.

In order to correctly define the subject of the economics of a socialist enterprise, it is necessary to stop on one more question—on the very concept of "enterprise." Even with the most cursory review of numerous Soviet works on economics, attention is drawn to a peculiar nihilism of authors toward precise, clear formulations of basic economic concepts. This is easy to show using the example of the concept of "enterprise." Naturally, until there is clarity on what an enterprise is, there can be no clarity in defining the subject and tasks of the science whose object of study is the enterprise. Unfortunately, most authors try to bypass this question or get off with formal, uninformative definitions.

Attempting to evade a theoretical definition of the essence of an enterprise, some authors give a one-sided characteristic of one of its traits. For example, G. Gurari writes: "An industrial enterprise is a special and, moreover, basic unit of industrial management in the USSR"[173]. Here, only the organizational-legal side of the concept of "enterprise" is emphasized, but neither the content nor the specific features of a socialist enterprise are revealed.

The authors of the textbook Organization of Machine-Building Production edited by B. Katsenbogen reduce the concept of "enterprise" to organizational-technical aspects. They view the enterprise merely as a technical aggregate of production processes, a simple combination of a number of "processes combined differently in their purpose and role"[174].

What, then, is an enterprise? In our opinion, an enterprise is a form of organization of social production whose goals, functions, and structure are conditioned by the dominant mode of production. The study of the tasks and functions of a socialist enterprise in their

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[173] G. D. Gurari, Issues of Economics of an Industrial Enterprise, Lenizdat, 1948, p. 11.

[174] Organization of Machine-Building Production, edited by B. Y. Katsenbogen, Mashgiz, 1941, p. 24.

development, the analysis of concrete manifestations of general laws of socialist society under enterprise conditions, the identification of the role of various forms of enterprise organization in the course of planned development of the socialist economy, the theoretical generalization of advanced experience of socialist enterprises in the struggle for fulfillment and overfulfillment of state plans—all this constitutes the content of research for a special branch of Soviet economic science—the economics of a socialist industrial enterprise.

The tasks of the economics of a socialist industrial enterprise can be defined, in our opinion, as follows:

1) Clarification of the features of a socialist enterprise as a concrete form of organization of socialist social production and its superiority over a capitalist enterprise.

2) Development of the most progressive methods of organizing the activity of a socialist enterprise on the basis of generalizing existing experience.

3) Development of the most rational organization and most efficient utilization of enterprise assets, methods of economic operation and management in accordance with the achieved level of development of socialist production and the tasks facing it.

4) Development of the most rational forms of labor organization within the enterprise and inter-relationships between enterprises on the basis of generalizing advanced experience resulting from the development of socialist competition and the Stakhanovite movement.

5) Development of questions of intra-production reserves, their classification, methods of identification and utilization in the interests of developing the national economy as a whole.

Conditions for production development change continuously as a result of the conscious activity of Soviet people directed toward

building communism. At our enterprises, new forms of organizing socialist production constantly arise in connection with this. The most vital task of the economics of socialist enterprises consists precisely in determining what is new and progressive that must be supported in every way, creating the most favorable conditions for its development.

Materialist dialectics requires that the enterprise, as an object of research, be studied in all the diversity of its connections with other enterprises, considered not as a static, once-and-for-all given form of social production, but as a form constantly changing, constantly perfecting itself in the process of gradual transition from socialism to communism.

The study of enterprise economics must be based on the investigation of social-production relations of people. Legal relations between enterprises and questions of state management of them can be properly understood only in close connection with the analysis of dominant production relations. Enterprise economics always presupposes certain organizational forms; therefore, one cannot detach questions of enterprise economics from questions of its organization, reducing production organization to the organization of using its material elements.

The subject of the economics of a socialist industrial enterprise must include both questions of planning and production organization. This branch of science is called upon to clarify, on the basis of the unity of theory and practice, the general principles, the nature of socialist enterprises, their advantages, and practical forms, as well as methods of utilizing these advantages. Since a socialist enterprise is inseparably linked with the national economy as a whole, all its economic activity is subordinate to a single national economic plan, and the goals and tasks of socialist enterprises are unified, consequently, common principles also lie at the foundation of the activity of all socialist enterprises. Clarifying these principles and

determining the most rational and progressive forms of enterprise development are an important practical task whose fulfillment requires the elaboration of a theory of the economics of a socialist enterprise. Based on the generalization of vast experience, the paths for further development of each enterprise should be determined.

Therefore, the necessity for a scientific development of the economics of a socialist enterprise is dictated by the needs of our society and the tasks of ensuring a new surge of the socialist economy for the purpose of the speediest construction of communism.

Another question that requires, as it seems to us, resolution is the content of the course on the economics of a socialist industrial enterprise as a scientific discipline that, along with political economy and the economics of a branch of the national economy, must be included in the minimum economic training of every Soviet specialist.

In economic higher educational institutions, this course should be taught by way of acquaintance with the general principles of the economics of a socialist enterprise based on generalizing the experience of enterprises of various branches. In engineering-economic higher educational institutions and on technical faculties, this course must include, along with general theoretical propositions, a detailed acquaintance with the economics of an enterprise of a given branch of industry.

As a result of the unsatisfactory state of scientific development of basic questions regarding the economics of a socialist enterprise, an acute shortage of educational literature and monographs in this discipline is felt, and educational curricula contain substantial defects.

Over the past year, the Ministry of Higher Education made an attempt to restructure the course on production organization in all

technical educational institutions. However, this restructuring cannot be considered complete. We reviewed the content of four programs of this new course for various technical specialties approved in July 1949, as well as new variants of these programs approved in June 1950 by the Chief Administration of Economic Higher Educational Institutions. In the new program variants, a number of major shortcomings have not been eliminated (detachment of organization questions from planning, absence of a subject definition, absence of analysis and generalization of advanced experience). In 1950, a textbook by S. E. Kamenitser, Organization and Planning of a Socialist Industrial Enterprise, was published. But the book was not subjected to broad discussion. It contains a number of incorrect propositions in both ideological-theoretical and methodological respects, as was noted in our press.

Such a situation is not accidental. For many years, educational aids on the economics of a socialist industrial enterprise have been published by a small group of the exact same workers. The Chief Administration of Economic Higher Educational Institutions of the Ministry of Higher Education organized not a single discussion on individual problems of this scientific discipline, nor a single broad discussion of published educational aids, while the conference convened by the Chief Administration in June 1950 on curriculum development was conducted "behind closed doors," without the participation of workers from peripheral higher educational institutions.

The course on the economics of a socialist industrial enterprise must organically combine questions of planning, management, and work organization of the enterprise, its individual shops, sectors, down to individual workstations.

The content of the course can be built according to the following scheme:

1) subject and tasks of the course; 2) features and advantages of socialist enterprises; 3) management of socialist enterprises; 4) activity and structure of socialist enterprises; 5) general principles of intra-factory planning; 6) planning technical and organizational progress of enterprises; 7) production program of the enterprise; 8) enterprise assets and their utilization; 9) planning and organization of labor and wages; 10) production cost; 11) intra-production reserves, their utilization for increasing socialist accumulations at the enterprise; 12) paths for transforming a socialist enterprise into a model enterprise of collective Stakhanovite labor.

Depending on branch characteristics, certain sections should receive greater development and detail.

Thus, we consider it necessary:

a) to eliminate the gap in considering questions of organization and planning of enterprise activity and remove the duplication that is inevitable with this gap; b) to expand the introductory part of the course by including a consideration of the concept of "enterprise"; c) to devote a special section to the organization and utilization of enterprise assets, including in it the entire complex of questions on the organization of cost accounting (khozraschet); d) in the concluding sections of the course, to consider questions of socialist reproduction and the related problems of accumulations and mobilization of internal resources, as well as paths for transforming all enterprises into model ones.

The unity of theory and practice is of special importance for Soviet economic science, which is an integral component of Marxism-Leninism. Overcoming the lag in theoretical development of enterprise economics questions, repeatedly and justly noted by our press, is possible only on the basis of continuously strengthening the connection of Soviet science with production.

The socialist economic system—the most progressive and viable in the world—develops on the basis of recognized and consciously utilized economic laws. Emphasizing the importance of studying the economic laws of societal development, Comrade Stalin wrote that "the party of the proletariat, if it wants to be a real party, must master, first of all, knowledge of the laws of development of production, knowledge of the laws of economic development of society"[175].

The more consciously every Soviet person bases their activity on the economic laws of socialism, the greater the successes they achieve, the faster the national economy of our country will develop, the faster the wealth of our Motherland will multiply and its power strengthen, and the closer our goal will be—the construction of a communist society.

Questions of Economics, No.8, 1952.

[175] J. Stalin, Problems of Leninism, 11th ed., p. 552.

M. Rubinstein

THE BASIC ECONOMIC LAW OF MODERN CAPITALISM

Comrade Stalin's classic work Economic Problems of Socialism in the USSR represents the highest stage in the development of Marxist-Leninist political economy and is the greatest contribution to the science of the laws of social production and distribution of material wealth, the science of the victory of socialism and the building of a communist society. Comrade Stalin's discovery of the basic economic law of modern capitalism and the basic economic law of socialism is of the utmost importance.

Comrade Stalin points out that "the basic economic law of capitalism is a law which determines not some single aspect or any individual processes of the development of capitalist production, but all the main aspects and all the main processes of this development—consequently, it determines the essence of capitalist production, its very substance."[176] Comrade Stalin proved that neither the law of value, nor the law of competition and anarchy of production, nor the law of uneven development of capitalism in different countries is or can be the basic law of capitalism that determines the essence of capitalist production. Nor is the law of the average rate of profit the basic economic law of modern capitalism, since "modern capitalism, monopoly capitalism, cannot be satisfied with average profit, which, moreover, has a tendency to decline owing to the increase in the organic composition of capital. Modern monopoly capitalism

[176] *J. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 37.*

demands not average profit, but maximum profit, which is necessary to carry out more or less regular expanded reproduction."[177]

Profit has always played a decisive role in the development of the capitalist mode of production. "The immediate purpose of capitalist production," wrote Marx, "is not the production of commodities, but the production of surplus-value, or profit in its developed form; not the product, but the surplus-product. From this point of view, labor itself is productive only in so far as it creates profit or surplus-product for capital. In so far as the worker does not create this, his labor is unproductive. The mass of applied productive labor, therefore, is of interest to capital only in so far as, through it—or in proportion to it—the quantity of surplus-labor increases; only to that extent is what we have called necessary labor-time needed. In so far as labor does not yield this result, it is superfluous and must be discontinued.

The goal of capitalist production always consists in the creation of the maximum of surplus-value or the maximum of surplus-product with the minimum of advanced capital; in so far as this result is achieved by the excessive labor of the workers, there arises a tendency of capital consisting in the striving to produce a given product with the lowest possible expenditure—in the striving to save labor power and costs...

The workers themselves are conceived in such an understanding only as what they actually are in capitalist production: means of production, and not an end in themselves, nor the purpose of production."[178]

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177 *Ibid., p. 38.*

178 *Karl Marx, Theories of Surplus-Value, vol. II, part 2. Partizdat, 1936, pp. 218–219.*

Marx for the first time gave a scientific explanation of the origin of capitalist profit, an analysis of its emergence at the expense of surplus-value, at the expense of the unpaid labor of workers. Marx showed that profit is a transformed form of surplus-value, explained the process of the formation of the average rate of profit, and discovered the laws and trends governing its changes. He revealed that "the rate of profit is the driving force of capitalist production; only that is produced, and only to the extent that it can be produced with profit."[179]

The law of surplus-value, the law of the birth and growth of capitalist profit, which predetermines the main features of capitalist production, is concretized and developed further with application to the conditions of monopoly capitalism in the law of maximum profit discovered by Comrade Stalin, which is the basic economic law of modern capitalism.

As Comrade Stalin teaches, the main features and requirements of the basic economic law of modern capitalism are "the securing of maximum capitalist profit through the exploitation, ruin, and impoverishment of the majority of the population of a given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and finally, through wars and militarization of the national economy used to ensure the highest profits."[180]

It is precisely this law that determines not just some individual aspect or individual processes of the development of capitalist production, but all the main aspects and all the main processes of this development, determining the very essence of capitalist production. The significance of this law "consists, among other things," Comrade Stalin indicates, "in the fact that, by determining all the most

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179 *K. Marx, Capital, vol. III, 1951, p. 269.*

180 *J. Stalin, Economic Problems of Socialism in the USSR, p. 38.*

important phenomena in the sphere of development of the capitalist mode of production, its booms and crises, its victories and defeats, its merits and defects—the entire process of its contradictory development—it makes it possible to understand and explain them."[181]

The operation of the basic economic law of modern capitalism inevitably leads to the ruin and intensification of the exploitation and impoverishment of the working masses in capitalist and colonial countries, to the growth of unemployment and hunger, to crises and wars, to the retardation of technical development, and even to the renunciation of technical progress when it no longer promises maximum profits to the capitalists. The basic economic law of modern capitalism is the cause of the deepest parasitism and decay of the capitalist system, which has become not only the main obstacle to the development of productive forces and social progress, but also the greatest threat to the very existence of humanity. This law reveals and explains the glaring contradictions of capitalism, revealing the causes and roots of the aggressive, predatory policy

of capitalist states. The operation of this law leads to the deepening of the general crisis of capitalism, to the inevitable growth and explosion of all the contradictions of capitalist society."[182]

All other economic laws of capitalism are subordinate to the basic economic law of capitalism. This can be traced especially clearly in the example of the law of competition and anarchy of production under capitalism or the law of uneven development of capitalism in individual countries.

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181 *Ibid., p. 39.*

182 *G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the C.P.S.U.(B.). Gospolitizdat, 1952, p. 104.*

Comrade Stalin as early as 1927 showed how the law of uneven development changed under the conditions of imperialist capitalism. Comrade Stalin wrote: "The law of unevenness under pre-imperialist capitalism had a certain form and its results were corresponding; under imperialist capitalism, however, this law takes another form and its results are therefore different. That is why one can and must speak of the uneven development of capitalist countries under imperialism in contrast to unevenness under the old capitalism."[183]

The law of unevenness under imperialism, when capitalism develops in the manner of decay, jumps, and catastrophes, is directly subordinate to the basic economic law of modern capitalism, since the need to obtain maximum profits drives the monopolies of individual imperialist countries into a struggle for the enslavement and robbery of other countries, for the capture of their markets, sources of raw materials, and colonies. It goes without saying that this sharply intensifies the uneven, leap-like, catastrophic nature of the development of capitalist countries, creating the possibility for the victory of socialism in individual countries. Thus, despite all the significance of the law of uneven development of imperialist capitalism, it is subordinate to the basic economic law of modern capitalism.

The same applies to the law of competition and anarchy of production, the operation of which under monopoly capitalism is sharply intensified under the direct influence of the basic economic law of modern capitalism. Monopolies make competition and anarchy of production even more acute, bringing with them ever more elements of disparity between different aspects of the national economy, chaotic character, and crises. V. I. Lenin wrote: "The elimination of crises by cartels is a fairytale of bourgeois economists, who embellish capitalism at all costs. On the contrary, monopoly

183 *J. V. Stalin, Works, vol. 9, pp. 165–166.*

created in certain branches of industry intensifies and sharpens the chaotic character inherent in all capitalist production as a whole."[184]

Thus, the struggle for maximum profit sharply intensifies the operation of the law of competition and anarchy of capitalist production.

Directly opposite in character to the basic economic law of modern capitalism is the basic economic law of socialism discovered by Comrade Stalin, the essential features and requirements of which are "the securing of maximum satisfaction of the constantly growing material and cultural requirements of the whole of society through the continuous growth and perfection of socialist production on the basis of higher technique."[185] This law and its consequences are diametrically opposed to the essence and consequences of the basic economic law of modern capitalism and show with extraordinary clarity the radical advantages of the socialist system of economy over the doomed and perishing capitalist order.

The basic economic law of socialism, in contrast to the basic economic law of modern capitalism, creates, as Comrade Stalin points out, "instead of securing maximum profits—securing the maximum satisfaction of the material and cultural requirements of society; instead of the development of production with breaks from boom to crisis and from crisis to boom—continuous growth of production; instead of periodic interruptions in the development of technology, accompanied by the destruction of the productive forces of society—continuous perfection of production on the basis of higher technique."[186]

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184 *V. I. Lenin, Works, vol. 22, p. 196.*

185 *J. Stalin, Economic Problems of Socialism in the USSR, p. 40.*

186 *J. Stalin, Economic Problems of Socialism in the USSR, p. 40.*

As Comrade G. M. Malenkov emphasized in the report of the Central Committee of the C.P.S.U.(B.) to the 19th Party Congress, "the discovery by Comrade Stalin of the basic economic law of modern capitalism and the basic economic law of socialism deals a crushing blow to all apologists for capitalism. These basic economic laws testify to the fact that whereas in capitalist society man is subordinate to the ruthless law of extracting maximum profit, for the sake of which people are condemned to severe suffering, poverty, unemployment, and bloody wars, in socialist society all production is subordinate to man with his continuously growing needs. In this lies the decisive advantage of the new social system—communism—which is higher than capitalism."[187]

Utilizing the basic economic law of socialism in the interests of the whole of society, the Party and Government are confidently and steadily leading the Soviet people forward to the second phase of communism, the task of which is the achievement of an abundance of material and spiritual goods and the implementation of the principle "from each according to his ability, to each according to his needs."

Instead of the development of production inherent in capitalism from boom to crisis and from crisis to boom, causing incredible suffering to the working masses and constant insecurity about tomorrow; instead of the cyclic development of production on a narrowed base that began at the second stage of the general crisis of the world capitalist system, when the volume of production of the main capitalist countries (USA, England, France) will decrease, the socialist system of economy in the USSR has ensured a continuous growth of production, knowing no crises, depression, or unemployment. Comrade Stalin said that "the only system of

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[187] *G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the C.P.S.U.(B.), p. 105.*

economy that is not afraid of crises and is capable of overcoming difficulties unsolvable for capitalism is the Soviet system of economy."[188]

Conditioned by the basic economic law of socialism, the continuous growth of production in the USSR led to the fact that in the course of only about 13 years before the Great Patriotic War, the Soviet Union was transformed from a backward country into an advanced one, from an agrarian country into an industrial one. The continuous growth of production in the post-war period develops at such rates that, despite the huge destruction of the war, as early as 1951 the industrial output of the USSR was more than double the output of the pre-war year 1940.

Instead of the periodic interruptions in technical development inherent in modern capitalism, accompanied by the destruction of the productive forces of society, the destruction of machinery, raw materials, and food, and the transition from mechanization to manual labor when new technology no longer promises the highest profits, the basic economic law of socialism ensures the continuous perfection of production on the basis of higher technique. This law conditions and makes possible a continuous and ever-accelerating progress of science and technology aimed at satisfying the growing needs of the whole of society, at easing labor and unceasingly raising its productivity.

This antithesis between the essence and consequences of the basic economic laws of modern capitalism and socialism reflects the antithesis of goals set before social production by modern capitalism and socialism. While the goal of capitalist production is the extraction of profits, the goal of socialist production—the main task to the fulfillment of which social production under socialism is

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[188] *J. V. Stalin, Works, vol. 13, p. 214.*

subordinate—is not profit, but man with his requirements, i.e., the satisfaction of his material and cultural needs. The continuous growth and perfection of socialist production on the basis of higher technique are the means to achieve this goal.

While modern capitalism, for the purpose of extracting maximum profits for monopolists, carries out the militarization of the national economy, concentrating it on serving aggressive wars, on destroying productive forces and mass extermination of people, socialism, for the purpose of maximum satisfaction of the material and cultural needs of people, carries out peaceful construction unprecedented in human history, transforms nature, and subdues its forces in the interests of society.

The masses of people in all countries of the world see ever more clearly this antithesis of goals of modern capitalism and socialism. As early as 1921, when the Soviet country was victoriously concluding the war with imperialist interveners and beginning to transition to the tracks of peaceful economic construction, V. I. Lenin said: "At present we exert our main influence on the international revolution through our economic policy. Everyone is looking at the Soviet Russian Republic, all working people in all countries of the world without any exception and without any exaggeration... The struggle has been transferred to this arena on a global scale. If we solve this task, then we have won on an international scale surely and definitively."[189]

In 1933, summing up the results of the first Five-Year Plan, Comrade Stalin pointed out that every step of the Soviet government in the field of economic construction, every year, every quarter brilliantly confirmed the correctness of these words of V. I. Lenin. These successes showed that "the capitalist system of economy is

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189 *V. I. Lenin, Works, vol. 32, p. 413.*

bankrupt and unstable, that it has already outlived its era and must yield its place to another, higher, Soviet, socialist system of economy..."[190]

The Second World War, which was a great test of the forces of peoples, showed the whole world that "the Soviet social system proved to be more viable and stable than any non-Soviet social system, that the Soviet social system is a better form of organization of society than any non-Soviet social system."[191]

The very existence of the USSR, the overcoming of economic ruin in the first years after the end of the Civil War, and the grandiose economic construction during the years of the Stalin Five-Year Plans clearly demonstrated to the working people of the whole world the bankruptcy of the capitalist system. It is clear how much this impact of the successes of socialist economic construction grew after the victory of the USSR in the Great Patriotic War, after the falling away from the capitalist system of the people's democratic countries in Europe and Asia conditioned by this victory, and finally, as a result of the post-war achievements in the restoration and rapid development of the national economy of the USSR.

The successes of the Soviet people in economic and cultural construction, relying on the basic economic law of socialism, serve as an inspiring example for the working people of all countries in their struggle for peace, democracy, and socialism. Millions of people in capitalist countries are becoming convinced that only by freeing themselves from imperialist predators profiting from wars and their preparation can they follow the example of the Soviet Union and concentrate the labor efforts of the working masses and the mighty forces of modern science and technology on great works

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190 *J. V. Stalin, Works, vol. 13, p. 214.*

191 *J. Stalin, Speeches at Election Meetings of Voters of the Stalin Electoral District of Moscow, Dec 11, 1937 and Feb 9, 1946. Gospolitizdat, 1952, p. 14.*

aimed at advancing welfare and maximally satisfying the material and cultural needs of the whole of society.

The basic economic law of socialism, which determines the entire development of the Soviet economy, ensures the peaceful economic and cultural construction of the USSR, proceeding along the path of gradual transition from socialism to communism. As indicated in the directives of the 19th Party Congress for the Fifth Five-Year Plan for the development of the USSR in 1951–1955, the peaceful development of the Soviet economy envisioned by the Five-Year Plan stands in contrast to the economy of capitalist countries, which are following the path of militarizing the national economy, securing the highest profits for capitalists, and further impoverishing the working people.

The antithesis of the operations of the basic economic law of modern capitalism and the basic economic law of socialism determines two lines of economic development. One line is the line of capitalist economy, leading to the stagnation of productive forces, the deepening of the general crisis of the world capitalist system, recurring economic crises of overproduction, and a deformed, lopsided war economy aimed at destroying productive forces and exterminating human beings. This economy develops through the exploitation, ruin, and impoverishment of both the majority of the population of a given country and the population of other countries, especially backward countries enslaved and robbed by imperialist predators. This is the line of fierce competitive struggle between countries, the enslavement of some countries by others, and the growth of imperialist contradictions—a line inevitably leading to wars and the militarization of the national economy. In contrast to this, the line of development of the economy of the socialist, democratic camp headed by the Soviet Union is the line of peaceful economic development knowing no crises or unemployment, ensuring a systematic rise in the material and cultural standard of

living of the working masses. Characteristic of this economy is the friendly economic cooperation of the countries comprising the democratic camp. Underlying this cooperation, as Comrade Stalin points out in his work Economic Problems of Socialism in the USSR, is a sincere desire to help one another and achieve general economic progress.

In the era of imperialism, when capitalism began to develop along a descending line, all contradictions of the capitalist mode of production became sharply acute. This sharpening of contradictions manifested itself most strongly with the development of the general crisis of the world capitalist

system, which began during the First World War, especially as a result of the falling away of the Soviet Union from the capitalist system. All main phenomena of the general crisis of capitalism—the split of the previously single and all-embracing system of world economy, the intensification of the decay of capitalism, the shaking of the foundations of imperialism in colonial and dependent countries and the impossibility for imperialism to rule in these countries in the old way any longer, the sharpening of the struggle for sales markets, the appearance of chronic under-capacity operation of enterprises and the presence of permanent multi-million armies of unemployed—sharply intensified all contradictions of capitalism.

In the conditions of the general crisis of world capitalism, cyclical economic crises of overproduction became more frequent, prolonged, and devastating. The struggle of capitalist combines to maintain high monopoly prices for goods despite overproduction made crises particularly painful and ruinous for the working masses, led to the dragging out of crises, and hindered their resolution. Having passed the point of greatest depth of the world economic crisis of 1929–1933, the capitalist economy passed into a depression

of a special kind, which did not lead to a new boom and flourishing of industry.

This change in conditions in the era of imperialism and especially during the general crisis of capitalism leads to ever-increasing disruptions of the entire process of capitalist reproduction. The rates of expanded reproduction in the main capitalist countries slow down sharply, and during the increasingly lengthy periods of crises and depressions of a special kind, even simple reproduction is not carried out. Thus, in the USA during a whole decade from 1929 to 1939, industrial production marked time, falling in individual years far below the 1929 level. Only the Second World War provided the opportunity, through a sharp increase in the output of armaments, to surpass the 1929 production level. As Comrade G. M. Malenkov emphasized in his report at the 19th Party Congress, "industrial production of capitalist countries rose somewhat only in connection with preparation for war and serving the war machine during the war period."[192]

Under these conditions, modern monopoly capitalism, as Comrade Stalin teaches, cannot be satisfied with average profit, which, moreover, has a tendency to decline. Under pre-monopoly capitalism, average profit was sufficient to carry out more or less regular expanded capitalist reproduction and served, in Marx's words, as the regulator of production in general. In modern conditions, as Comrade Stalin showed, "average profit is the lowest limit of profitability, below which capitalist production becomes impossible."[193]

Superprofit, representing as a rule merely some excess over average profit, likewise does not provide modern monopoly

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192 *G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the C.P.S.U.(B.), p. 10.*

193 *J. Stalin, Economic Problems of Socialism in the USSR, p. 39.*

capitalism with the possibility of carrying out more or less regular expanded reproduction. For this, not average profit and not superprofit slightly exceeding it is necessary, but maximum profit. It is precisely maximum profit that is the engine of monopoly capitalism. The rule of monopolies over the greater part of production in the main capitalist countries places ever-growing obstacles to the free flow of capital between sectors and the equalization of the rate of profit. This enables monopolists to receive maximum profit, many times exceeding average profit. However, this does not weaken, but further sharpens the basic contradiction of the capitalist mode of production. As Marx foresaw, "monopoly of capital becomes a fetter upon the mode of production which has sprung up and flourished along with and under it. Centralization of the means of production and socialization of labor at last reach a point where they become incompatible with their capitalist integument."[194]

Comrade Stalin has repeatedly emphasized that under the conditions of modern capitalism, the necessity of obtaining maximum profits is the engine and goal of capitalist production.

In his report to the 16th Congress of the C.P.S.U.(B.), Comrade Stalin pointed out that the foundation of economic crises of overproduction lies in the contradiction between the social character of production and the capitalist form of appropriation of the results of production. "The expression of this basic contradiction of capitalism is the contradiction between the colossal growth of the production capabilities of capitalism, calculated to obtain maximum capitalist profit, and the relative contraction of solvent demand on the part of millions of working people whose living standard

194 *K. Marx, Capital, vol. I, 1951, p. 766.*

capitalists are constantly trying to keep within the limits of extreme minimum."[195]

The operation of the basic economic law of modern capitalism, leading to a sharp intensification of the absolute and relative impoverishment of the working class, to the ruin of multi-million masses of the peasantry and the urban petty bourgeoisie, and to the unprecedented robbery of colonial and dependent countries, further contracts the solvent demand of the working masses and thereby extraordinarily sharpens the basic contradiction of capitalism, as well as all other contradictions of the capitalist mode of production, driving them to extreme limits. Characterizing the capitalist system of economy at the 16th Congress of the C.P.S.U.(B.), Comrade Stalin said that capitalist "production is subordinate not to the principle of improving the material condition of the working masses, but to the principle of securing high capitalist profit," and that "the distribution of national income takes place not in the interest of improving the material condition of working people, but in the interest of securing maximum profits for exploiters."[196]

This applies not only to industry, but also to agriculture. Analyzing in 1928 the conditions of development of large grain farms in capitalist countries, in particular in the USA, Comrade Stalin pointed out that under capitalism large grain farms have as their goal the obtaining of maximum profit. "This circumstance cannot fail to burden production, thereby creating most serious obstacles in the path of development of large grain farms."[197]

The necessity of obtaining maximum profits for the bosses of modern monopoly capitalism became even more urgent at the second stage of the general crisis of the world capitalist system, which

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195 *J. V. Stalin, Works, vol. 12, pp. 243–244.*

196 *Ibid., p. 322.*

197 *J. V. Stalin, Works, vol. 11, p. 193.*

unfolded during the Second World War, especially after the falling away from the capitalist system of the people's democratic countries in Europe and Asia, when the contradictions of capitalist reproduction sharply intensified and the problem of markets became acute.

The most important economic result of the Second World War and its economic consequences, Comrade Stalin teaches, is the disintegration of the single, all-embracing world market. "...China and other people's democratic countries in Europe fell away from the capitalist system, forming together with the Soviet Union a single and powerful socialist camp confronting the camp of capitalism. The economic result of the existence of two opposite camps was that the single, all-embracing world market disintegrated, as a result of which we now have two parallel world markets, also confronting each other."[198]

The population of the countries that formed the new, democratic world market amounts to 800 million people—more than one-third of all humanity. The industrial, agricultural, and raw material resources of these countries are immense. The democratic market knows no sales difficulties, since its capacity increases from year to year corresponding to the crisis-free growth of production in the countries of the camp of democracy, because the continuous growth of production of all countries of the democratic camp expands the capacity of the democratic market more and more.

Simultaneously, the sphere of application of the forces of the main capitalist countries (USA, England, France) to world resources has contracted sharply; capitalist sales markets, spheres of capital investment, as well as world sources of raw materials accessible to capitalist states have contracted. In connection with this, as Comrade

198 *J. Stalin, Economic Problems of Socialism in the USSR, pp. 30–31.*

Stalin points out, the growth of production in the main capitalist countries (USA, England, France) will occur on a narrowed base, for the volume of production in these countries will contract.

The contraction of the volume of production and the growth of realization difficulties cannot fail to result in a further accelerated decline in the average rate of profit. Monopoly capital strives to overcome this decline by securing maximum profit. Thus, changed conditions lead to the operation of the basic economic law of modern capitalism at the second stage of the general crisis of the world capitalist system becoming even stronger.

The necessity of obtaining maximum profits, as Comrade Stalin points out, pushes monopoly capitalism to such risky steps as the enslavement and systematic robbery of colonies and other backward countries, the transformation of a number of independent countries into dependent countries, the organization of new wars—which are the best "business" for the bosses of modern capitalism to extract maximum profits—and finally, attempts to conquer world economic supremacy.

Let us consider in more detail the paths and methods by which modern monopoly capitalism secures maximum profit.

Monopoly capitalism secures maximum profit through the intensification of the exploitation, ruin, and impoverishment of the majority of the population of a given country.

Attempting to counteract the tendency of the rate of profit to decline in connection with the increase in the organic composition of capital, capitalists primarily use all means to intensify the exploitation of the working class, raising the rate of surplus-value. This intensification of exploitation is carried out by increasing working hours, lowering real wages, and especially through furious

intensification of labor, allowing capitalists to squeeze significantly greater surplus-value out of the worker in the same working time.

The most characteristic example of the intensification of worker exploitation through unrestrained intensification of labor is the United States of America.

Even before the onset of the general crisis of capitalism, V. I. Lenin wrote about the "scientific" system of sweating labor of the American engineer Taylor, which consists in squeezing three times as much labor out of the worker during the same working day. Using the example of Taylor's system, Lenin showed that the progress of technology and science in capitalist society means progress in the art of sweating labor.

With the development of the general crisis of capitalism and the appearance of permanent multi-million armies of unemployed, various sweatshop systems of wages and labor organization—Gantt, Halsey, Bedaux, Ford, etc.—became widespread in the USA and other capitalist countries. Capitalists resort to ever more sophisticated methods of spurring workers by speeding up assembly lines, etc. Labor intensity is especially intensified in military production. This has led to a significant increase in the volume of military production in the USA currently being achieved with a smaller number of workers and accompanied by growing unemployment. In turn, growing unemployment makes it easier for capitalists to increase the intensity of labor of those remaining at work, over whom constantly hangs the threat of dismissal even during periods of production boom.

One of the consequences of the furious intensification of labor in the USA is a huge increase in the number of industrial accidents. Even according to greatly understated, official American statistics, in 1951 2.1 million American workers suffered from industrial

accidents; of these, 16 thousand died and 91 thousand became completely disabled.

Thus modern monopoly capitalism in the USA secures maximum profits at the cost of the sweat and blood of workers straining at unbearable work. This work so quickly exhausts all the strength of workers that usually at 35–40 years of age they are already considered "old men" and thrown onto the street.

For the purpose of securing maximum profits, monopoly capitalism depresses wages below the value of labor power by all means. Even the data of bourgeois statistics, which resorts to sophisticated methods of falsification in matters of wages and the position of the working class, cannot conceal the fact of progressive depression of wages below the value of labor power.

This is vividly evidenced, for example, by a comparison of data on the wages of US workers with the so-called Heller budget, which is annually calculated by bourgeois economists at the University of California for a working family of four people. The budget takes into account only the most meager expenses for rent, food, transport, and clothing, adding to them visits twice a month to cheap cinemas. The budget provides no expenses for visiting theaters, concerts, buying books, going on vacation, etc. Expenses for medical care are also effectively not taken into account, since, according to the budget's compilers, "this would mean such huge expenses as are completely beyond the capacity of families with moderate income." Even official statistics show that the incomes of 80% of American working families are significantly below the level established by the Heller budget. Thus, an American worker employed full time throughout the entire year cannot secure even a meager subsistence minimum for himself and his family.

But during the period of the general crisis of the world capitalist system, a worker employed year-round is becoming an ever rarer

phenomenon in the USA and other capitalist countries. Therefore, data on wage levels without taking unemployment into account greatly distort the real position of the working class and embellish the condition of those working, who are forced to share their earnings with unemployed

relatives. "If a reserve army of unemployed exists," Comrade Stalin points out, "the members of which have nothing to live on except the sale of their labor power, then the unemployed cannot fail to form part of the working class, but if they form part of the working class, their destitute position cannot fail to affect the material condition of workers employed in production."[199]

In the USA throughout the entire decade before the Second World War, over 25% of workers had no job, and in the height of the 1929–1933 crisis this figure rose to 50% or more. Hunger, eviction from apartments and languishing in "Hoovervilles," charity soup, and digging in garbage cans in search of food became the lot of large masses of the US working class, an integral part of the notorious "American way of life." Currently in the USA there are no fewer than 3 million fully unemployed and 10 million partially unemployed people.

Intensifying the exploitation of the working class, monopoly capitalism in the USA in pursuit of maximum profit simultaneously ruins huge masses of farmers and the urban petty bourgeoisie.

Even in relatively prosperous 1929, the farming population of the USA, which then constituted about 25% of the country's population, received from agriculture after paying rent and interest to capitalists less than 9% of the national income.[200]

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199 *J. Stalin, Economic Problems of Socialism in the USSR, p. 44.*

200 *See Anna Rochester, Why Farmers Are Poor. International Publishers / Foreign Literature Publishing House, 1949, p. 38.*

Following that, a multi-year agrarian crisis began, as a result of which millions of small farmers and tenants were ruined and forced to leave the countryside. The overwhelming majority of them fell into the ranks of the army of unemployed or agricultural workers wandering from state to state in search of work. Hundreds of thousands of farms sold for debts fell into the hands of banks, credit institutions, and insurance companies that bought them for a song and "earned" maximum profit on invested capital on such deals. Maximum profits through the exploitation and ruin of working farmers are also obtained by US food industry trusts, which widely utilize the huge gap between so-called farm prices and consumer prices.

Huge profits are secured by US monopoly capitalism from the exploitation of Negroes, especially in the southern states, where a Negro receives on average 1,100 dollars less per year than a white worker for the same work. According to calculations by progressive American economist V. Perlo, monopoly capital receives an annual additional profit of 4 billion dollars from the super-exploitation of the Negro people in the sphere of production alone, without accounting for high prices that the Negro population pays for goods, housing, etc.[201]

Relative and absolute impoverishment of working people in capitalist countries is sharply intensified as a result of an unprecedented increase in taxes, rising prices for mass consumer goods, and inflation. State finances of imperialist countries, their entire financial and monetary-credit system are a means of securing maximum profits to monopolies through cruel exploitation and robbery of working people in the sphere of circulation. In the USA, direct taxes on the population in the current budget year increased

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201 *See Victor Perlo, American Imperialism. Foreign Literature Publishing House, 1951, p. 110.*

compared to the 1937/38 budget year, even taking currency depreciation into account, by more than 12 times. In addition, huge indirect taxes fall with all their weight upon the broad working masses. V. I. Lenin as early as 1913 wrote that in the USA workers pay 7 kopecks in indirect taxes per ruble, while capitalists pay one-third of a kopeck. Workers pay proportionally 20 times more than capitalists. The system of indirect taxes inevitably creates such an 'order' (a very disorderly order) in all capitalist countries."[202] Indirect taxes on primary necessities (bread, meat, milk, tobacco, coal, etc.) in the USA currently constitute from one-third to two-thirds of the retail price of corresponding products.

The cost of living in the USA, according to data from the electrical workers' union, has increased nearly 3 times compared to 1939. 39% of American families and single Americans received an income of less than 2 thousand dollars a year in 1950, i.e., less than half of what is required for the most modest existence. 22.9% of all American families and single Americans received an income of less than 1 thousand dollars a year and 13.7% less than 500 dollars a year, i.e., they had no opportunity to earn one-fourth or even one-eighth of what is required for their existence. Finally, according to census data, 5.5 million Americans have no income at all.

Such was, even according to embellished official data, the poverty of the overwhelming majority of the US population in 1950. In that same year, monopoly profits reached unprecedented scale, exceeding, even according to sharply understated official data, 40 billion dollars. After the start of the bloody aggression of American imperialism in Korea, the condition of working people became even worse, and monopoly profits rose even higher. A handful of American billionaires and millionaires secures maximum capitalist profits through the exploitation, ruin, and impoverishment of the

202 *V. I. Lenin, Works, vol. 19, p. 173.*

majority of the population of the United States of America—the richest country in the capitalist world.

One of the most important methods used by the financial oligarchy to obtain maximum profit is monopoly prices, the significance of which for increasing monopoly profits was investigated in detail by V. I. Lenin in Imperialism, the Highest Stage of Capitalism.

Monopolies, whether cartels or trusts, determine the output of production and set prices guided primarily by the desire to obtain maximum profits. Even under conditions of a significant reduction in production costs, they maintain high, monopoly prices, thus levying additional tribute from workers, peasants, and colonial peoples, as well as appropriating part of the surplus-value produced in non-monopolized sectors. For the purpose of maintaining high, monopoly prices and maximum profits corresponding to them, cartels and trusts time and again deliberately reduce output and artificially create a lucrative shortage of goods. Monopoly prices further contract the solvent demand of the overwhelming majority of the population, intensify the exploitation and robbery of working people not only as producers but also as consumers of the goods they create, and accelerate the ruin of small commodity producers in agriculture. Thus, monopoly prices further intensify the chaotic character of all capitalist production as a whole, sharpen crises of overproduction, and hinder and drag out recovery from crisis.

V. I. Lenin revealed that monopoly prices are one of the most important causes of the parasitism and decay of monopoly capitalism: "Insofar as monopoly prices are established, even if only temporarily, the motive causes for technical, and consequently for all other progress, movement forward, disappear to a certain extent; to

that extent, furthermore, the economic possibility arises of artificially delaying technical progress."[203]

At the same time, V. I. Lenin showed how the development of state-monopoly capitalism, representing the complete domination of monopolies over the state apparatus, provides monopolists with the opportunity to expand the framework of profit by levying tribute on the whole of society: "Financial capital, concentrated in a few hands and enjoying a factual monopoly, takes a huge and ever-increasing profit from promoter activity, from the issuance of stock securities, from state loans, etc., consolidating the domination of the financial oligarchy and levying tribute on the whole of society for the benefit of monopolists."[204]

V. I. Lenin, analyzing various methods of extracting enormous profits by monopolies and banks, shows how, for example, with the help of "watering capital," American trusts received incomes of almost 70% per year on capital actually contributed at the foundation of the trust, resulting in a more than tenfold increase of capital over 22 years. Just so in France, the bank monopoly in issuing securities secured huge monopoly profits from emissions. These profits are of a usurious character. But this is precisely what is characteristic of the era of dying capitalism. "Capitalism, which began its development with small usury capital, ends its development with gigantic usury capital."[205] Lenin shows that all conditions of economic life undergo a deep change by virtue of this degeneration of capitalism.

In the pre-monopoly era of capitalism, capitalists' profits usually increased sharply during periods of cyclical booms when industry was on the rise, and fell or were at times even replaced by losses during periods of economic crises and depressions. In the era of

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203 *V. I. Lenin, Works, vol. 22, p. 263.*

204 *V. I. Lenin, Works, vol. 22, p. 220.*

205 *Ibid., p. 221.*

imperialism, monopoly prices secure high profits for a handful of financial oligarchs even under conditions of reduced industrial production, when factories and plants close down, trade contracts, and millions of workers suffer from unemployment. Lenin points out that if during an industrial boom the profits of financial capital are immeasurably great, during a decline small and unstable enterprises perish, while large banks "participate" in buying them up cheap or in profitable "salvages" and "reorganizations." This enrichment of the financial oligarchy even under conditions of general stagnation of the capitalist economy manifests itself with special force during the general crisis of capitalism and reflects the decay and parasitism of monopoly capitalism.

Another feature of decaying, parasitic capitalism is the creation of a huge layer of rentiers, i.e., capitalists living by clipping coupons and receiving secured profits without taking any part in the production process. Lenin pointed out that in England "the income of rentiers exceeds by five times the income from foreign trade in the most 'commercial' country in the world! That is the essence of imperialism and imperialist parasitism."[206]

At the same time, V. I. Lenin pointed out, characteristic of the era of imperialism are "corruptibility, bribery on a gigantic scale, Panama of all kinds."[207] Lenin repeatedly noted numerous examples of obtaining enormous profits by the financial oligarchy with the help of all kinds of fraudulent deals and bribery of governments, police organs, and administration. He described, for example, fraudulent deals and speculation in land plots, where bank monopoly merges with the monopoly of land rent and the monopoly of communication routes. This corruptibility and bribery on a gigantic scale, as one of the sources of maximum profits for the parasitic

206 *Ibid., p. 264.*

207 *V. I. Lenin, Works, vol. 23, p. 35.*

financial oligarchy, already at that time received special development in the United States. But as Lenin wrote, "'American morals,' about which European professors and well-intentioned bourgeois so hypocritically roll up their eyes, have become in the era of financial capital the morals of literally every large city in any country."[208]

Intensification of the exploitation of the working class, ruin, and impoverishment of the majority of the population of capitalist countries in the name of maximum profits for a handful of monopolists inevitably lead to a sharp intensification of class contradictions. "Class contradictions between the imperialist bourgeoisie and the working class and all working people are sharply exacerbated. A wave of the strike movement is spreading ever wider across the entire capitalist world."[209]

Simultaneously with the intensification of exploitation, ruin, and impoverishment of the population of a given country, monopoly capitalism secures maximum profit through the enslavement and systematic robbery of the peoples of other countries, especially backward countries. This path is used most widely by the monopolies of the main imperialist countries, currently primarily by US monopolies.

Economic enslavement and robbery of other countries are carried out by monopoly capitalism through the most diverse means. This includes primarily the use by monopolies of foreign trade with dependent and especially backward, agrarian countries to set maximum high prices on exported industrial goods and purchase raw materials and food in these countries at low prices. Thus, in 1948 the additional profit of the USA from purchases alone in Latin American countries of coffee, bananas, sugar, and certain other goods was

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208 *V. I. Lenin, Works, vol. 22, p. 224.*

209 *G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the C.P.S.U.(B.), pp. 17–18.*

estimated at nearly 1.2 billion dollars[210]. This amount does not include profit obtained from purchases at low prices of non-ferrous and rare metals, oil, timber, rubber, and many other goods.

American monopolists make huge profits on the compulsory import into Western European countries of stale goods using the "Marshall Plan," as well as the programs of direct military aid and other state-monopoly measures that replaced it. In the post-war period, about half of all US exports to Western European countries consist of exports financed by the government at taxpayer expense. These "plans" amount effectively to compulsory supplies to Western European countries of goods unnecessary to them at extremely inflated prices, with these goods being purchased by the US government from monopolies also at inflated prices at the expense of the state budget, i.e., at the expense of millions of working taxpayers.

The profits of American monopolies from operations of this kind amount to billions of dollars; in addition, state-monopoly dumping gives monopolists the opportunity to artificially create a "shortage" of goods in the USA and in this way maximally inflate prices inside the country, receiving additional profits both from the peoples of Western Europe and from the American people.

At the same time, supplies under the "Marshall Plan" led to the shutdown of many industrial sectors in Western European countries, especially in France and Italy, to growing unemployment and impoverishment of working people, and to a further decline in workers' wages in Marshallized countries. This decline in wages of Western European workers, as well as the capture by American monopolies of key positions in the industry of Marshallized countries, is used by US monopoly capitalism to obtain maximum profits.

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210 *See Victor Perlo, American Imperialism, p. 85.*

Export of capital, which is one of the main features of imperialism, also serves as a source of huge profits for the financial oligarchy. V. I. Lenin wrote: "As long as capitalism remains capitalism, surplus capital is devoted not to raising the standard of living of the masses in a given country, for that would mean a decline in capitalists' profits, but to raising profits by exporting capital abroad to backward countries." V. I. Lenin called the export of capital "parasitism squared," allowing financial capital to cast its net over all countries and receive huge tribute from the exploitation of hundreds of millions of the population of colonial and dependent countries.[211]

During the period of the general crisis of the world capitalist system, the main exporter of capital and in connection with this the main financial exploiter of the entire capitalist world became the United States.

The total amount of American long-term investments abroad by the beginning of 1952 was 36.1 billion dollars. Of this, private investments constituted 22.3 billion dollars, which exceeds the volume of foreign investments of all other imperialist countries taken together. Foreign investments are a major source of maximum profits for the US financial oligarchy. Total income from capital invested abroad for the period from 1920 to 1948 was 18 billion dollars, rising from year to year and reaching 11.3 billion dollars in the 6 post-war years (1946–1950), and 2.7 billion dollars in 1951 alone, i.e., three times more than in 1945. According to US Department of Commerce data, the average rate of profit on all US direct investments abroad in 1948 was 17.1%, which was almost double the average rate of profit from domestic capital investments[212]. At the same time, in a number of sectors the rate of profit was significantly higher, constituting, for

211 *V. I. Lenin, Works, vol. 22, p. 229.*

212 *Survey of Current Business, November 1949.*

example, 25.6% in the oil industry. Even higher profit, exceeding 100% on invested capital, is yielded by American monopoly investments in the oil industry of Near Eastern countries.

These huge profits of American monopolists, supplemented by profits of local capitalists and landowners, are one of the main causes of poverty, hunger, and die-off of working masses in backward countries that have fallen under the yoke of American imperialism. Large profits are also brought to monopolies by various state loans, credits, etc., growing from year to year. State-monopoly loans and credits, for example, under the "Marshall Plan," the military aid program, "Point Four of the Truman Program," etc., lead to the economic and political enslavement of dependent countries, to the transformation of their economy into an appendage of the US economy. These loans and credits have a military-police character and aim to support and strengthen the forces of reaction and fascism worldwide, clear the way for private capital export, ensure the "security" of capital investments and free transfer of foreign profits of American monopolies in dollars to the USA, maximally depress wages, and suppress the resistance of working masses to the expansion of American imperialism.

Profits secured in this way for American monopoly capital are significantly greater than profits from direct capital investments, and, most importantly, they are viewed by US monopoly capital as one of the means of an adventurous struggle for world supremacy. Standard Oil treasurer Welch as early as 1946 declared that the USA must assume the responsibility of a shareholder in whose hands is the majority of stock of the corporation known as "The Globe." He called on US financiers "to be the first to strike in order to ensure the safety of our foreign capital investments." Thus, in pursuit of maximum profits, US monopoly capitalism strives to subordinate the entire globe by military force and unleash a new world war.

As a result of the operation of the basic economic law of modern capitalism, contradictions between the USA and other capitalist countries sharply intensify, whose monopolists cannot endlessly endure the current situation where the expansion of American monopolies captures their markets and sources of colonial raw materials, thus preparing a catastrophe for their high profits. American and English monopolies, striving for maximum profit, wage a fierce struggle for sales markets, for sources of cheap raw materials—especially oil, rubber, non-ferrous and rare metals, sulfur, wool, etc. As Comrade G. M. Malenkov indicated in his report to the 19th Party Congress, "England, and following her France and other capitalist countries, are trying to break out of subordination to the USA in order to secure an independent position and high profits."[213]

V. I. Lenin and J. V. Stalin showed that imperialism inevitably generates wars, that modern militarism is the direct result of the monopoly development of capitalism. Wars and the militarization of the national economy serve monopoly capitalism as one of the most important means of securing maximum profit. V. I. Lenin as early as the period of preparation for the First World War gave a deep analysis of the use of militarism by international armaments trusts for the purpose of obtaining gigantic profits.

During the First World War Lenin wrote that "war fills the pockets of capitalists, into which flows a sea of gold from the treasury of great powers."[214]

American monopolies profited most of all from the First World War, robbing billions of dollars on military supplies and making all other countries their tributaries. Especially great were the profits of the largest American banks—Rockefeller and Morgan—which

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213 *G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the C.P.S.U.(B.), p. 13.*

214 *V. I. Lenin, Works, vol. 21, p. 336.*

carried out the placement of allied governments' loans and realization of their securities, profiting on every military supply. V. I. Lenin wrote in April 1917 that everywhere where capital reigns, "on war a handful of bankers profits who hold the whole world in their hands."[215]

After the end of the First World War, monopolists of the United States and other capitalist countries continued to profit from the consequences of the war, primarily on the huge national debt that grew mainly as a result of the frantic profits of those same monopolies.

In 1920 V. I. Lenin cited calculations of bourgeois economists according to which military debts in England and France constituted over 50%, and in Italy 60–70% of all national property. These debts were, in Lenin's words, a usurious surcharge on what had already been paid 20 times over. Lenin said: "Workers are convinced by experience that capitalists have profited immeasurably on the war and are dumping expenses and debts onto the shoulders of workers."[216]

From the mid-1920s, the activity of international financial capital aimed at preparing a new world war unfolded on an ever-larger scale. A golden rain of American loans and credits was directed in a growing stream toward restoring and developing Germany's military-industrial potential, contributing to the strengthening of German monopolies, the seizure of power by the adventurous Hitlerite clique, and the unleashing of the Second World War. At the same time, this golden rain brought enormous profits to American banks, especially the Morgan and Rockefeller financial groups.

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215 *V. I. Lenin, Works, vol. 24, p. 96.*

216 *V. I. Lenin, Works, vol. 31, p. 197.*

The Second World War was a source of unprecedented profits for American monopolies. The war brought monopolies 117 billion dollars in profit before taxes and 55 billion dollars after taxes, which were in one form or another returned to monopolists immediately after the war ended. This does not include huge revenues through government-established accelerated depreciation of enterprises, sale of plants to monopolies for a song built on funds collected from millions of taxpayers, 5–6 billion dollars in annual revenues from interest on war debts, etc.

Thus the war, which brought peoples incalculable losses and suffering, was a "paradise" for American monopolists receiving maximum profits on military supplies, on the blood and sacrifices of millions of soldiers, and on the penal labor of tens of millions of workers. No wonder that at a time when the war had not yet ended, when Soviet troops were still storming Berlin, American monopolists and their lackeys—bourgeois economists—already openly declared the necessity of preparing for a new war. A handful of billionaires and millionaires began preparations for a new world war for the purpose of even greater enrichment. Comrade Stalin in his greeting to Moscow on the day of its 800th anniversary wrote: "For imperialists, war is the most profitable business. It is not surprising that agents of imperialism try in one way or another to provoke a new war."[217]

At present, the aggressive war in Korea and feverish preparations for a new world war secure unprecedented profits for American monopolies. In 1951, US corporate profits reached record sizes, constituting, according to greatly understated official data, 42.9 billion dollars against 19.7 billion dollars in 1945 and 3.3 billion dollars in 1938. Especially great are the profits of main industrial monopolies belonging to the Morgan and Rockefeller financial

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217 *Pravda, Sept 7, 1947.*

groups, as well as the military-industrial concerns of DuPont, Mellon, and others. For example, the General Electric Company, controlled by Morgan and playing a primary role in producing materials for atomic weapons, almost doubled its profits during the period of the American adventure in Korea. During the same period, the profits of the DuPont de Nemours chemical trust, which had long made its specialty profiting from wars and the arms race, doubled. Aircraft trust profits grew even more. For example, Boeing Airplane Company, producing "flying fortresses," reported that its profits increased 3-fold. United Airlines, boastfully announcing record profits to shareholders, directly stated that "this growth is explained primarily by military actions in Korea."

Thus monopoly merchants of death profit from the destruction of war, from vile bombings of peaceful Korean towns and villages, from the use of napalm (gelatinous gasoline) to turn entire regions of the country into "scorched earth," from bacteriological warfare and other crimes against humanity surpassing even the crimes of German fascists and Japanese imperialists during the Second World War. Despite the failure of their aggressive plans in Korea, despite the growing hatred of the peoples of the whole world toward American imperialists, they think of only one thing: how to preserve and further expand the stream of war profits, continuing by any means their criminal enrichment on the destruction of productive forces, on the death and suffering of millions of people. With this goal, American imperialists hinder in every way all attempts at a peaceful settlement and easing of international tension. With this goal, they create aggressive military blocs, restore the West German and Japanese armies, and seek the transformation of West Germany and Japan, as well as a number of other countries, into strategic military staging grounds against the USSR and people's democratic countries. Many American economists, ideologists of US monopoly capital, call for a series of continuously succeeding wars that would secure

fabulous profits for military-industrial monopolies. These cannibalistic desires were frankly expressed by the monopoly economic journal Fortune, advocating a policy of an "unlimited series of succeeding limited wars over a decade or even the life of an entire generation." Fortune writes: "We must regard the arms race not as an emergency situation, but as a new kind of normal state hitherto unprecedented in our history, and count not on a couple of years, but on ten, twenty, or even more years of a militarized economy." Calls of this kind are repeated and developed in every way by many reactionary economists and other ideologists of American imperialism.

One of the important consequences of the basic economic law of modern capitalism is a deep change in the entire direction of capital investments and, consequently, the character of capitalist reproduction.

As a result of the militarization of the economy, the purchasing power of the broad working masses is sharply reduced, their consumption falls, and relative and absolute impoverishment intensifies. This leads to growing overproduction of consumer goods, manifested already at present in a deep crisis of the textile industry of all capitalist countries, and in a sharp drop in the USA and a number of Western European countries in the production of all civilian consumer goods. This leads to a reduction of profits in civilian branches of production and intensifies the flight of capital from these branches into war industry, which secures maximum profits and a demand guaranteed at least for a time. New capital investments in the USA in recent years have been directed almost entirely toward expanding the production of armaments and sectors serving this production. The military "boom" more and more sharpens the contradictions of a militarized economy, the parasitism and decay of the capitalist system of economy; it inevitably leads to an economic

crisis, the signs of which are manifesting themselves ever more clearly in the USA and other countries ruled by capital.

The basic economic law of modern capitalism and the basic economic law of socialism testify to the decisive advantages of socialism over capitalism, to the fact that the capitalist system has outlived its era, and that it must yield its place to a higher, socialist system.

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G. Kozlov

THE BASIC ECONOMIC LAW OF SOCIALISM

Published on the eve of the 19th Congress of the Party, Joseph Vissarionovich Stalin's new genial work, "Economic Problems of Socialism in the USSR," is of the greatest importance for Marxist-Leninist theory and for all our practical activity. Comrade Stalin's work marks a new, higher stage in the development of Marxist-Leninist political economy. "In this work, the laws of social production and distribution of material goods in socialist society are comprehensively investigated, the scientific foundations for the development of the socialist economy are defined, and the paths for the gradual transition from socialism to communism are indicated. By his elaboration of questions of economic theory, Comrade Stalin has advanced Marxist-Leninist political economy far forward"[218].

Of enormous fundamental importance is Comrade Stalin's substantiation of the objective character of economic laws. Comrade Stalin teaches that the laws of science — whether we are speaking of the laws of natural science or the laws of political economy — are a reflection of objective processes that take place independently of the will of people. People can cognize and discover these laws and, relying upon them, utilize them in the interests of society, give a different direction to the destructive actions of certain laws, limit their sphere of operation, and give leeway to other laws that are forcing their way through. But they cannot change or abolish these laws, much less form or create new laws of science.

Comrade Stalin, developing the instructions of Marx, Engels, and Lenin, was the first in Marxist economic science to

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[218] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 99.

comprehensively elaborate the question of the character of the economic laws of socialism. Comrade Stalin showed that deeply erroneous are the views of those economists who suppose that the Soviet state "abolishes" or "transforms" old economic laws and "forms" new economic laws. The denial of the objective character of economic laws and the attribution to the leading bodies of society of the capacity to "create," "destroy," or "transform" economic laws constitute the ideological basis of adventurism in economic policy and complete arbitrariness in the practice of economic management.

"Suppose," writes Comrade Stalin, "that we adopted for a moment the viewpoint of the incorrect theory which denies the existence of objective regularities in economic life under socialism and proclaims the possibility of 'creating' economic laws and 'transforming' economic laws. Where would that lead? It would lead to our finding ourselves in the realm of chaos and chance; we would find ourselves in slavish dependence on these chance occurrences, and we would deprive ourselves of the opportunity not merely to understand, but simply to make sense of this chaos of chance occurrences. This would lead to our liquidating political economy as a science, for science cannot live and develop without the recognition of objective regularities, without the study of these regularities. And having liquidated science, we would deprive ourselves of the opportunity to foresee the course of events in the economic life of the country, that is, we would deprive ourselves of the opportunity to organize even the most elementary economic leadership"[219].

Society is by no means helpless in the face of economic laws. It can cognize and utilize these laws, "harness" them, just as it

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[219] J. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 85.

does with the laws of natural science. But unlike natural science, where the discovery and utilization of a new law proceeds more or less smoothly, in the realm of economics the discovery and application of a new law affecting the interests of obsolete forces of society meet with the strongest resistance from these forces. The advanced class always and everywhere strives to utilize economic laws in the interests of society, whereas obsolete classes resist this. The proletariat differs from all classes that have ever carried out upheavals in production relations throughout history in that the class interests of the proletariat merge with the interests of the overwhelming majority of society, for the proletarian revolution means the destruction of all exploitation of man by man, whereas the revolutions of other classes, merely replacing one form of exploitation with another, were limited to the framework of their narrow class interests, which were in contradiction with the interests of the majority of society.

One of the features of economic laws (in contrast to the laws of natural science) consists in the fact that the majority of these laws are short-lived, operating only during a definite historical period, after which they yield place to new economic laws. However, new economic laws are not created by the will of people, but arise on the basis of new economic conditions; old economic laws are not abolished by people, but lose force under new economic conditions and depart from the stage. At the same time, there are laws common to all formations, such as, for example, the law of the unity of productive forces and production relations in a single social production, the law of relations between productive forces and production relations in the process of development of all social formations. Each socio-economic formation has its own basic economic law, which is a specific historical law characteristic only of the given formation.

A major contribution to Marxist political economy is Comrade Stalin's discovery of the basic economic law of modern capitalism and the basic economic law of socialism.

What is a basic economic law? A basic economic law is such a law that determines not any single aspect or any isolated processes in the development of a given mode of production, but all main aspects and all main processes of this development; it determines the essence of the given mode of production. The basic economic law shows, first, what the immediate goal is — and consequently what the driving forces of social production are under a given economic system of society, what motives determine the entire direction of production; it shows, second, by what means the achievement of this goal of production is ensured. From this it is clear that the basic economic law provides the key to understanding and explaining all the regularities of a given economic system, and is the law of its movement.

Marx showed that the direct goal and determining motive of capitalist production is the production of surplus value, and that its driving force is the rate of profit. Elucidating the question of the basic economic law of modern monopoly capitalism, Comrade Stalin writes: "Most appropriate to the concept of the basic economic law of capitalism is the law of surplus value, the law of the origin and increase of capitalist profit. It indeed predetermines the basic features of capitalist production. But the law of surplus value is too general a law, which does not touch upon the problem of the maximum rate of profit, the securing of which is the condition for the development of monopoly capitalism"[220]. Comrade Stalin points out that the law of surplus value must be concretized and developed further in application to the conditions of monopoly capitalism: "The main features and requirements of the basic economic law of

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220 J. Stalin, Economic Problems of Socialism in the USSR, p. 38.

modern capitalism could be formulated approximately in this way: securing maximum capitalist profit through the exploitation, ruin, and impoverishment of the majority of the population of a given country, through the enslavement and systematic plunder of the peoples of other countries, especially backward countries, and finally through wars and the militarization of the national economy used to secure highest profits"[221].

The basic economic law of modern capitalism discovered by Comrade Stalin discloses and explains the glaring contradictions of capitalism, disclosing the causes and roots of the aggressive, predatory policy of capitalist states.

The direct opposite of the basic economic law of capitalism is the basic economic law of socialism: "The essential features and requirements of the basic economic law of socialism," Comrade Stalin points out, "could be formulated approximately in this way: securing the maximum satisfaction of the constantly growing material and cultural requirements of the entire society through the continuous growth and improvement of socialist production on the basis of higher technology"[222].

Comrade Stalin's discovery of the basic economic law of socialism is a generalization of the entire gigantic experience of socialist construction in the USSR. This law discloses and explains the reasons for the steady rise of productive forces, the continuous growth of material well-being, and the cultural standard of living of working people in socialist society.

Comrade Stalin's discovery of the basic economic law of modern capitalism and the basic economic law of socialism gives the working class and all working people a spiritual weapon in their struggle against the rule of monopolies, against imperialism, and in the struggle for the victory of communism.

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221 Ibid.

222 Ibid., p. 40.

The basic economic law of socialism primarily answers the question of what the goals of socialist production are. As early as his work "Anarchism or Socialism?", Comrade Stalin wrote that the main goal of socialist production would be the direct satisfaction of society's requirements: "...The main goal of future production is the direct satisfaction of society's requirements, and not the production of commodities for sale for the sake of increasing capitalists' profits"[223]. In Lenin's draft program of the party prepared for the Second Congress of the RSDLP, it was pointed out: "For the actual liberation of the working class, a social revolution prepared by the entire development of capitalism is necessary, i.e., the abolition of private ownership of the means of production, their transfer into public property, and the replacement of capitalist commodity production by the socialist organization of product output at the expense of the entire society, to ensure full well-being and free, all-round development of all its members"[224]. After the establishment of the proletarian dictatorship, Lenin and Stalin repeatedly emphasized that the task of the Soviet economy is the satisfaction of the requirements of the whole of society. "...We were building not a bourgeois economy," said Comrade Stalin at a ceremonial meeting of the Baku Soviet on November 6, 1920, "where everyone, pursuing his own private interests, does not care for the state as a whole and does not pose the question of the planned organization of the economy on a nationwide scale. No, we were building a socialist society. This means that the requirements of the entire society as a whole must be taken into account, and the economy must be organized in a planned, conscious manner on an all-Russian scale"[225].

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223 J. V. Stalin, Soch., Vol. 1, p. 334.

224 V. I. Lenin, Soch., Vol. 6, p. 12.

225 J. V. Stalin, Soch., Vol. 4, p. 390.

In the report to the 16th Congress of the Party (1930), Comrade Stalin emphasized that under the conditions of the Soviet economic system "the development of production is subordinated not to the principle of competition and securing capitalist profit, but to the principle of planned guidance and systematic raising of the material and cultural level of working people," and that "the distribution of national income occurs not in the interests of enriching the exploiting classes and their numerous parasitic retinue, but in the interests of systematically raising the material position of workers and peasants and expanding socialist production in town and country"[226].

Comrade Stalin's definition of the goal of socialist production as securing the maximum satisfaction of the constantly growing material and cultural requirements of the entire society, and his definition of the means for achieving this goal as the continuous growth and improvement of socialist production on the basis of higher technology, represent a major creative contribution to Marxist-Leninist theory.

Such a goal as the maximum satisfaction of the requirements of the entire society became possible for the first time in history under socialism. This goal is objectively conditioned by socialist ownership of the implements and means of production. In no socio-economic formation prior to socialism could such a goal of social production take place.

In its time, classical bourgeois political economy attempted to portray the worker and the capitalist as machines serving for the implementation of the "historical necessity" of production for the sake of production. Thereby it sought to instill in workers the view that the goal of their life must always be production, and the goal of production — wealth, which is supposedly necessary for the further prosperity of society.

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226 J. V. Stalin, Soch., Vol. 12, p. 321.

Bourgeois economists thus sought to sanctify and perpetuate a society with opposing class interests. But at the same time, by reducing man to a mere instrument of production, classical bourgeois political economy also reflected the actual position of the worker under capitalism as a means of producing surplus value for the capitalist class, as a living labor machine necessary for extracting profit. Behind the formula "production for the sake of production, for the sake of society's wealth" was hidden production for the sake of capitalist profit, for the sake of creating surplus value. The satisfaction of the people's requirements was never the goal of capitalist production. The immediate task of capitalist production is always the increase of value, the production of surplus value. The production of things, of use values, is for capitalists merely a forced necessity: use value interests them only insofar as value and surplus value cannot exist without it. Therefore, the creation of use values has a subordinate significance in capitalist production. "...The goal of capitalist production," Comrade Stalin points out, "is the extraction of profits. As for consumption, capitalism needs it only insofar as it ensures the task of extracting profits. Outside of this, the question of consumption loses meaning for capitalism. Man with his requirements disappears from the field of view"[227].
Production for the purpose of extracting profit constantly reproduces relations between the worker and the capitalist. As a result of such a production process, the owner of the means of production — the capitalist — multiplies his capital and multiplies the means of exploiting the worker. When the goal of production is profit, an ever greater expropriation of the worker, and his ever-increasing absolute and relative impoverishment, are objectively completely inevitable. No matter how productive forces develop, the worker under

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227 J. Stalin, Economic Problems of Socialism in the USSR, p. 77.

capitalism does not become richer from this, but poorer. The separation of the immediate producer from the means of production was historically the starting point for the origin of the capitalist mode of production. But what was originally the initial premise is subsequently perpetuated as a constant result of capitalist production. Capitalist production leads to the ruin and poverty of the working people, and impoverishes them spiritually.

All apologists of imperialism — bourgeois economists, right-wing socialists, reactionary trade union leaders, and outright fascists — bend over backward trying to 'prove' to please their master-monopolists that capitalist production is carried out in the interests of directly satisfying the requirements of society. However, the entire history of the development of capitalism and the whole of modern capitalist reality confirm the correctness of the propositions of Marxism-Leninism that the production of material goods under capitalism "is subordinated not to the principle of improving the material position of the working masses, but to the principle of securing high capitalist profit"[228].

Monopoly capitalism subjects the working person to the ruthless law of extracting maximum profit. By means of the most brutal exploitation of working people, capitalists accumulate wealth; moreover, the wealth of capitalists is a means for the further expansion of the exploitation and plunder of working people. The bosses of modern monopoly capitalism, in pursuit of maximum profit, drive the exploitation of workers to monstrous limits, plunder and enslave the population of colonies and other backward countries, organize ever new wars that are the best 'business' for the magnates of financial capital, and wage a struggle for world domination. In the name of maximum profits for a handful of monopolists, the

228 J. V. Stalin, Soch., Vol. 12, p. 322.

overwhelming majority of the population of capitalist countries drags out a miserable existence and is doomed to bloody wars. Production in the interests of the whole of society under socialism means that for the first time in human history the goal of social production becomes man with his requirements. "The goal of socialist production," Comrade Stalin points out, "is not profit, but man with his requirements, that is, the satisfaction of his material and cultural requirements"[229]. Therefore, in socialist society the production of things is carried out for satisfying the requirements of people, with the goal of creating conditions for the comprehensive development of the human personality. Material production is always the foundation of society's life; without the production of material goods the existence of man is impossible. But this has no bearing on the question of the immediate goal of social production in various socio-economic formations. The socialist system cannot regard production as an end in itself. Production here is merely a means for the comprehensive development of man; it is merely a condition for the continuous growth of the material and cultural standard of living of the people. Comrade Stalin showed that socialist production is subordinated to its main goal — securing the maximum satisfaction of the constantly growing material and cultural requirements of the entire society.

Socialism, already built in the USSR, has proved in deed that the dominance of public ownership creates unlimited scope for the development of productive forces and boundlessly prospective opportunities for satisfying the growing requirements of people. Production for the sake of man, for the sake of the direct satisfaction of his requirements, characterizes the great humane goal and progressive role of socialism, its greatest advantage compared to capitalism. Socialist reality in

229 J. Stalin, Economic Problems of Socialism in the USSR, p. 77.

the USSR is the brightest, most graphic refutation of the hypocritical and misanthropic fabrications of the scholarly lackeys of monopoly capital who perpetuate the poverty and suffering of the masses, and of all neo-Malthusian and similar 'theories' advocating the extermination of people.

The new goals of production under socialism lead to the emergence of new incentives and new engines of social development, which grow stronger as the socialist economy grows. "...The extraction of profit," said Comrade Stalin in a conversation with the first American labor delegation, "is neither the goal nor the engine of our socialist industry. What, then, in that case, is the engine of our industry?

First of all, the fact that factories and plants belong with us to the entire people, and not to capitalists, that factories and plants are managed not by appointees of capitalists, but by representatives of the working class. The consciousness that workers are working not for a capitalist, but for their own state, for their own class — this consciousness is a tremendous driving force in the cause of developing and perfecting our industry...

Second, the fact that income from industry goes with us not to the enrichment of individual persons, but to the further expansion of industry, to the improvement of the material and cultural position of the working class, and to the lowering of prices of industrial goods necessary both for workers and for peasants, i.e., again to the improvement of the material position of the working masses...

Third, the fact that the fact of nationalization of industry facilitates the planned conduct of the entire industrial economy as a whole"[230].

Comrade Stalin emphasized that these new incentives and engines of development of our industry "are unconditionally

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[230] J. V. Stalin, Soch., Vol. 10, pp. 119, 120–121, 122.

constantly operating incentives and engines. And the more our industry develops, the more the force and significance of these factors will grow"[231]. The victory of socialism in the USSR brought to life such vital incentives for development as the moral-political unity of Soviet society, the friendship of peoples, and Soviet patriotism.

The significance of the new goal of production, objectively conditioned by the economic system of socialism, is vividly manifested in the new regularities of labor productivity growth. The goal of social production under socialism — securing the maximum satisfaction of the growing material and cultural requirements of the entire society — is the most powerful incentive for the rapid raising of labor productivity, the like of which no other mode of production has known. The goal and character of socialist production directly condition the unfolding of socialist emulation and the Stakhanovite movement. As is known, Comrade Stalin at the first All-Union Conference of Stakhanovites showed that the basis of the Stakhanovite movement was primarily the radical improvement of the material position of workers, and that one of the main sources of the Stakhanovite movement with us is the absence of exploitation.

Growth of labor productivity is absolutely necessary for the victory of socialism and communism: without it, neither raising the well-being of the people nor realizing high rates of socialist development is possible. Nevertheless, labor productivity is not an end in itself under socialism. The growth of labor productivity in accordance with the goal of socialist production is a means for developing social productive forces in the interests of satisfying the constantly growing requirements of the people and creating conditions for the comprehensive development of man. Therefore, at a definite stage of

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231 J. V. Stalin, Soch., Vol. 10, p. 122.

development, the growth of labor productivity in socialist society will inevitably lead to a reduction of the working day. Prior to the victory of socialism, growth of labor productivity never led to a reduction of the working day. Under conditions of capitalism, growth of labor productivity reduces only necessary working time, lengthening surplus working time at its expense, leading to the intensification of labor and the strengthening of capitalist oppression and exploitation. "...In capitalist production," Marx pointed out, "economy of labor resulting from the development of the productive force of labor by no means aims at reducing the working day. It aims only at reducing the working time necessary for the production of a definite quantity of commodities"[232]. For the first time in history, Soviet power, proceeding from the economic laws of socialism, proclaimed the growth of labor productivity as a condition for reducing the working day.

In his genial work "Economic Problems of Socialism in the USSR," Comrade Stalin, as one of the three main preliminary conditions for preparing the transition from the economy of socialism to the economy of communism, puts forward the necessity of "such a cultural growth of society as would ensure all members of society the comprehensive development of their physical and mental abilities, so that members of society have the opportunity to receive education sufficient to become active figures of social development, so that they have the opportunity to freely choose a profession and not be chained for life, by virtue of the existing division of labor, to some single profession." And for this, Comrade Stalin further emphasizes, "it is necessary first of all to reduce the working day at least to 6, and then to 5 hours"[233].

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232 K. Marx, Capital, Vol. 1, 1951, pp. 326–327.

233 J. Stalin, Economic Problems of Socialism in the USSR, pp. 68–69.

Proceeding from the requirements of the basic economic law of socialism, its goals and tasks of socialist production, one should also approach the question of profitability in our national economy. Under the conditions of the socialist economic system, both the law of securing maximum profit and the law of the average rate of profit fall away. Socialist society creates particular enterprises guided by their necessity for the growth of socialist production and the securing on this basis of the satisfaction of the requirements of society's members, for strengthening the economic power of the socialist country. Socialist enterprises, Comrade Stalin points out, "do not need for their development either maximum profit or average rate of profit, but can limit themselves to minimum profit, and sometimes manage without any profit at all..."[234]. As a whole, the socialist economy must yield accumulations necessary for carrying out expanded reproduction, for the development and growth of the national economy. In this connection, the profitability of individual enterprises and branches of production is of immense significance with us. But profitability, as Comrade Stalin repeatedly emphasized, cannot be viewed in a huckster-like manner, from the standpoint of the given moment. Socialist society approaches this problem in a Marxist way: it considers profitability from the standpoint of the nationwide economy over a period of several years. "If one takes profitability not from the standpoint of individual enterprises or branches of production and not over the span of a single year," Comrade Stalin points out, "but from the standpoint of the whole national economy and over the span of, say, 10–15 years, which would be the only correct approach to the question, then the temporary and precarious profitability of individual enterprises or branches of production cannot compare in any way with that higher form of solid and

234 J. V. Stalin, Soch., Vol. 12, p. 130.

permanent profitability which the operations of the law of planned development of the national economy and the planning of the national economy give us, saving us from periodic economic crises that destroy the national economy and inflict colossal material damage on society, and ensuring us the continuous growth of the national economy with its high rates"[235].

A striking example of the operation of the new laws of development of socialist production and their conscious application by the Communist Party and the socialist state is the Soviet method of country industrialization discovered by Comrade Stalin. In contrast to capitalist countries, where industrialization usually begins with the most profitable light industry, the working people of the USSR began industrialization with the expansion of heavy industry, which at that period was little profitable, and often completely unprofitable. If the socialist economy were characterized by the law of securing maximum profit or even the law of the average rate of profit, then we could not in the shortest historical period build our socialist industry and create large-scale socialist agriculture, could not make the leap from a backward, agrarian country to a powerful industrial power, and would not have created conditions for the steady growth of working people's well-being. The Communist Party gave a decisive rebuff to all those hostile elements that pulled the party backward and tried in every way to drag it onto the capitalist path of development. Especially graphically the direction and goal of socialist production are manifested in the all-round satisfaction of the growing requirements of the people. Comrade Stalin pointed out more than once that socialism can be built only on the basis of an abundance of products and goods, on the basis of a prosperous life for working people, on the basis of a rapid

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235 J. Stalin, Economic Problems of Socialism in the USSR, pp. 24–25.

growth of culture. In the report on "Results of the Work of the XIV Conference of the RCP(b)," Comrade Stalin said: "...The Soviet system and the dictatorship of the proletariat can develop only under the condition of a steady rise in the material and cultural state of the working class, under the condition of a steady improvement in the position of all working people of the Soviet country..."[236].

In the Soviet Union, the well-being of the popular masses is growing at rapid rates. Comrade G. M. Malenkov in the report to the 19th Congress of the Party on the work of the Central Committee of the CPSU(b) cited major data characterizing the rise in well-being of the Soviet people: "The main indicator of the rise in well-being of the Soviet people is the continuous growth of national income. Over the period from 1940 to 1951, the national income of the USSR grew by 83 percent. Unlike capitalist countries, where more than half of national income is appropriated by exploiting classes, in the Soviet Union the entire national income is the property of the working people. Working people of the USSR receive for satisfying their personal material and cultural requirements about 3/4 of national income, while the rest goes for expansion of socialist production and for other state and public needs"[237].

A major source of growth in real incomes of working people is the consistent reduction of prices for mass consumption goods. As a result of five price reductions in state retail prices conducted over the period 1947–1952, prices for food and industrial goods are currently lower than in the 4th quarter of 1947 by an average of 2 times. Workers and employees in our country receive at the expense of the state social insurance benefits, social security pensions, annual paid vacations, free or discounted passes to sanatoria, rest homes, and children's

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236 J. V. Stalin, Soch., Vol. 7, pp. 96–97.

237 G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), p. 68.

institutions. The state provides all working people of town and country with free medical care, free education in seven-year primary schools, stipends for students, and pays benefits to mothers of large families and single mothers. These payments and benefits to working people of town and country amounted in 1940 to 40.8 billion rubles, and in 1951 — to 125 billion rubles.

Real incomes of workers and employees, calculated per worker, were higher in 1951 than in 1940 by approximately 57%, and real incomes of peasants per working person were higher by approximately 60%.

In the USSR, extensive housing and municipal construction is carried out. In post-war years alone, in cities and workers' settlements residential houses with a total area of over 155 million sq. m were built, and in rural areas over 3.8 million residential houses were built.

State expenditures on healthcare, including expenditures for these purposes from social insurance funds, increased from 11.2 billion rubles in 1940 to 26.4 billion rubles in 1951. The number of hospital beds in cities and rural areas in 1951 increased by 30% compared to 1940. The network of sanatoria was expanded. The number of doctors in the country increased by 80%.

"As a result of the growth in the material and cultural standard of living of the people and the improvement in medical services to the population, mortality in our country has decreased. Over the last three years, the net population growth amounted to 9 million 500 thousand people"[238].

In post-war years alone, 23,500 schools were built in the USSR. The number of students in our country currently amounts to 57 million people, or almost 8 million people more

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[238] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), p. 70.

than in 1940. Compared to 1939, the number of libraries increased by more than 120 thousand. The annual circulation of books reached 800 million copies and increased compared to 1940 by 1.8 times. The number of sound cinema installations in cities and villages over the period since 1939 increased almost 3 times.

The Directives of the 19th Congress of the Party for the fifth five-year plan for the development of the USSR in 1951–1955 provide for: an increase in national income by no less than 60%, a rise in real wages of workers and employees, taking into account retail price reductions, by no less than 35%, a growth of state expenditures on social insurance by approximately 30%, a growth in monetary and in-kind incomes of collective farmers (in monetary terms) by no less than 40%, an increase in capital investments in state housing construction by approximately 2 times, a significant increase in hospital beds, rest home, sanatoria, and children's facility places, an expansion of the network of libraries, clubs, cinemas, and an increase in book output. In accordance with Stalinist instructions on securing the cultural growth of society, the five-year plan outlines completing the transition from seven-year education to universal secondary education (ten-year school) in republic capitals, cities under republic jurisdiction, regional, territorial, and major industrial centers, and preparing conditions for full implementation in the next five-year plan of universal secondary education in remaining cities and rural areas; commencing the implementation of polytechnical instruction in secondary school and taking measures necessary for transition to universal polytechnical instruction; and significantly increasing the number of students in higher educational institutions and specialized secondary educational institutions.

"...Securing maximum satisfaction of the constantly growing material and cultural requirements of the entire society — this

is the goal of socialist production; continuous growth and improvement of socialist production on the basis of higher technology — this is the means for achieving the goal,"[239] teaches Comrade Stalin. The basic economic law of socialism dictates the necessity of raising the level of socialist production, for without this it is impossible to ensure the satisfaction of the growing requirements of the people. The possibility of continuous growth of production is created by the dominance of socialist ownership, full correspondence of production relations to productive forces. Under conditions of socialism, the social character of the production process is backed up by public ownership of the means of production. "Therefore," Comrade Stalin points out, "socialist production in the USSR knows no periodic crises of overproduction and absurdities associated with them. Therefore, productive forces develop here at an accelerated pace, since production relations corresponding to them give them full scope for such development"[240].

Socialist production relations, thus, are in our conditions that main and decisive force that determines the steady and powerful development of productive forces, moving productive forces forward in seven-league strides.

A completely different situation exists under capitalism, where production relations long ago became a fetter constraining the development of productive forces. Under capitalism, production develops cyclically, and crises are inevitable as a result of the contradiction between the social character of production and the private form of appropriation. The basic contradiction of capitalism finds its reflection in the deeply contradictory character of the operation of the basic economic law of capitalism. In pursuit of profit, capitalists intensify the

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239 J. Stalin, Economic Problems of Socialism in the USSR, p. 78.

240 J. Stalin, Questions of Leninism, 11th ed., p. 558.

exploitation of workers and strive to raise the production capabilities of their enterprises to extreme limits. But intensification of the exploitation of working people as a means of achieving the goal of obtaining greater profit means that solvent demand of the masses lags ever further behind production growth, so that crises of overproduction become deeper, sharper, and more destructive. Under capitalism, consequently, deep contradictions exist between the goal of production and the means of realizing this goal. "The means — limitlessly developing social productive forces — comes into constant conflict with the limited goal — the expansion of the value of existing capital"[241]. Of special sharpness do the contradictions of capitalist production reach under conditions of imperialism. Monopolies, in order to carry out more or less regularly expanded reproduction, must receive not average profit and not super-profit, but maximum profit; securing maximum profit is an even narrower goal than the pursuit of profit in general. It causes a colossal intensification of exploitation, and plunder of its own and foreign peoples. The conflict between productive forces and production relations reaches extreme aggravation. "If capitalism could adapt production not to obtaining maximum profit, but to systematic improvement of the material position of the popular masses, if it could turn profit not to satisfying the whims of parasitic classes, not to perfecting methods of exploitation, not to export of capital, but to systematic raising of the material position of workers and peasants, then there would be no crises. But then capitalism would not be capitalism. To destroy crises, it is necessary to destroy capitalism"[242].

Under conditions of socialism, the goal of production — securing the comprehensive and maximum satisfaction of the

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241 K. Marx, Capital, Vol. III, 1951, p. 260.

242 J. V. Stalin, Soch., Vol. 12, pp. 244–245.

requirements of the entire society — creates conditions for the unlimited development of productive forces. The economic laws of socialism open the possibility for continuous growth of socialist production. Continuous growth of production is one of the most important and characteristic manifestations of the progressive nature of the socialist economic system and its advantages compared to the capitalist system.

The movement of socialist industry in the USSR represents a picture of steady rise. Over 35 years, since 1917, the capitalist world experienced a number of crises of overproduction (crises of 1920–1921, 1929–1933, 1937–1938). Socialist production in the USSR goes steadily upward. Over the period from 1929 to 1951, despite colossal damage inflicted on the Soviet national economy by German-fascist invaders during the Great Patriotic War, the volume of industrial production in the USSR grew almost 13 times. During the fourth (first post-war) five-year plan, socialist industry increased its output by 73% compared to the 1940 level. In the new five-year plan, a growth of industrial production by approximately 70% compared to the 1950 level is scheduled. At the same time, after World War II, as a result of the deepening general crisis of the world capitalist system, the instability of capitalist production especially increased. Despite seizing markets of a number of other capitalist countries, despite frantic armaments race, the United States of America in 1951 did not reach the volume of industrial production of war year 1943. In 1952, a drop in production occurs in the USA and a number of other capitalist countries. The inflation of military production inevitably causes the buildup of a new deep economic crisis.

Thus, only socialism is characterized by continuous growth of production. However, this continuous growth of production is not the result of an 'automatic,' spontaneous development of socialist production. Comrade Stalin teaches that the law of planned (proportional) development, which arose in opposition

to the capitalist law of anarchy of production and competition, gives the possibility of planned management of the socialist national economy. Socialist planning of the national economy must satisfy the requirements of the basic economic law and the law of planned (proportional) development of the national economy. "To ensure continuous growth of all social production and create an abundance of products in our country, it is necessary to master to the end the art of planned and rational utilization of all material, financial, and labor resources, proceeding from the requirements of the law of planned development of the national economy and conforming in everything with the requirements of the basic economic law of socialism"[243].

In order to turn the possibility of continuous growth of socialist production into reality, it is necessary to ensure the preferential development of the production of means of production, heavy industry. Without the preferential development of the production of means of production, continuous growth of all industry, of all branches of the national economy, would not be possible, nor would the growth of consumer goods production be possible. Preferential growth of the production of means of production is a necessary condition for strengthening the economic and military power of our country.

The Communist Party, in a decisive struggle against enemies of the people, ensured a high proportion of the production of means of production, especially a high proportion of machine building — this core of all industry. As a whole, industry producing means of production in 1951 in total volume of production exceeded the 1940 level by 2.4 times, and in 1952 will exceed this level by approximately 2.7 times. Directives of the 19th Congress of the Party for the fifth five-year plan

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[243] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), pp. 105–106.

provide for an average annual rate of growth of production of means of production in the amount of 13% with a growth rate of total gross industrial output by approximately 12% and production of consumer goods by 11%.

Production of means of production is not an end in itself. In the final analysis, products are produced not for production, but for consumption. Caring for the steady growth of the material and cultural level of the people, the Soviet state continuously increases the production of personal consumption items. In 1952 there will be produced: over 5 billion meters of cotton fabrics, or approximately 30% more than in 1940; almost 190 million meters of woolen fabrics, or approximately 60% more than in 1940; 250 million pairs of leather footwear, or approximately 20% more than in 1940; over 3,300 thousand tons of sugar, or over 50 percent more than in 1940; over 380 thousand tons of creamery butter produced by industry (not counting significant quantities of home-made butter), which exceeds by over 70 percent the pre-war level of industrial butter production[244].

A completely different situation exists in capitalist countries, where the armaments race and militarization of the economy lead to the curtailment of civilian branches of industry. In the USA, for example, in 1950 woolen fabrics output was 24% less than in 1946. Even more significantly did output of textile goods contract in Britain, where cotton fabrics output in 1951 decreased by 40% compared to pre-war time. Even the press of capitalist countries is now forced to speak of a developing crisis in the textile industry. Food industry and other peaceful branches of the economy in capitalist countries sharply contracted. According to progressive economists, in the USA

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[244] See G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), p. 40.

in 1951 per capita butter consumption was half that in the worst years of the 1929–1933 crisis.

Enormous significance for satisfying society's requirements in consumer goods belongs to agricultural development. Under capitalism, agriculture sharply lags behind industry; it is unable to apply modern technology on a sufficiently broad scale, and suffers constant blows as a result of the growing impoverishment of the working population, which is ultimately the main buyer of agricultural output. Capitalist monopolies plunder peasants and thus seek out one of the sources for obtaining maximum profit. Such a character of connection between industry and agriculture leads to the ever greater impoverishment of the peasantry and ultimately undermines the development of industry itself.

In contrast to this, under conditions of socialism the dominance of public ownership conditions a close connection between industry and agriculture, an ever-increasing drawing together of town and country. While socialist industry supplies agriculture with advanced technology and manufactured consumer goods, agriculture supplies industry with raw materials and food. Under socialism, the opposition between town and country is destroyed. Growth of heavy industry leads here to town rendering ever greater assistance to country, while development of light industry leads to ever-increasing satisfaction of consumer needs of collective farm peasantry. Strengthening the public economy of collective farms and increasing collective farm production significantly expand the agricultural base for industrial development.

Broad development of production is possible only under the condition of its continuous improvement on the basis of higher technology. Under capitalism, technology improvement is limited by the narrow framework of pursuit of profit: capitalist rationalization of production is to a significant extent carried out through labor intensification. Under conditions of

socialism, the possibility of unlimited development of productive forces means at the same time the possibility of constant improvement of production and rapid development of technology. The primacy of production of means of production over production of consumer items ensures constant expansion of the material base for technological progress. Thus, in the USSR as a result of the first and second five-year plans a radical technical reconstruction of the national economy was carried out. "...The socialist economic system," said Comrade Stalin at the 18th Congress of the Party, "gave us the possibility in a few years to re-equip our entire socialist industry on a new, modern technical base. Such a possibility is not given and cannot be given by the capitalist economic system"[245]. The Third Five-Year Plan outlined a significant further growth in technical equipment of the socialist economy. A significant step toward raising the technical level of all branches of socialist economy was taken in the fourth five-year plan. Enormous technical shifts occur in the new five-year plan. Thus, for example, the task now consists in completing in 1952 the automation of all hydroelectric power stations and within three to five years converting them to remote control, and completing in the coming years the automation of thermal power stations.

Rapid growth of labor productivity in the USSR is primarily the result of broad introduction of new technology and advanced technology, the result of mechanization and electrification of production, and improvement of socialist labor organization. Systematic raising of labor productivity is a major condition for the growth and improvement of socialist production. Over the period from 1940 to 1951, 70% of industrial output growth was obtained through growth in labor productivity, which over the same period amounted to 50%.

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245 J. Stalin, Questions of Leninism, 11th ed., pp. 576–577.

Growth and improvement of production are the source for increasing accumulations. Lowering prime costs connected with production improvement ensures price reductions and, consequently, growth in real levels of population income. Technological progress is the basis for further cultural development of working people and growth of their qualifications. Improvement of technology and socialist rationalization of production in general is a vivid manifestation of the advantages of socialism. Comrade Stalin says that only an industry systematically improving "its production, technology and organization of labor, methods and forms of economic management — only such an industry do we need, for only it can move forward and only it can give the proletariat full victory"[246].

Improvement of socialist production is connected not only with the creation of new technology, but also with the deep interest of working people themselves in fully mastering technology and utilizing this technology to the bottom. Socialism generates a new attitude of working people toward technology, for exploitation of man by man is destroyed here and new technology is introduced to ease labor. Socialist society created such cadres as are capable of heading technology and moving it forward. Under socialism, the opposition between physical and mental labor is destroyed; socialist society cares for the steady raising of technical knowledge and cultural level of working people, and the gradual destruction of essential differences between mental and physical labor. The new attitude of working people of socialist society toward technology as a means of easing labor and securing the satisfaction of growing requirements is vividly manifested in the development of various forms of emulation for technology improvement, in the care of Soviet people for labor productivity growth. One of the

246 J. V. Stalin, Soch., Vol. 9, p. 194.

features of socialist emulation development in the post-war period is the broad unfolding of those of its forms that are connected with production improvement (struggle for the fullest utilization of equipment, for lowering product cost, for savings on each operation, movement for complex economy of raw materials and supplies, for improving product quality). "Soviet people," Comrade G. M. Malenkov points out, "on their own daily experience become convinced that the best example of production organization, introduction of new technology, and all kinds of improvements and inventions are inevitably accompanied by easing of labor and lead to improvement in the material well-being of working people. In all sections of socialist construction we have a multitude of examples of creative initiative of working people aimed at securing continuous growth and improvement of socialist production"[247].

The Communist Party, taking into account the operation of objective economic laws and all possibilities for growth of socialist production, mobilizes working people for the struggle to turn these possibilities into reality. The party organizes masses for the struggle to fulfill production plans, organizes struggle against conservative, routine methods of production, against backwardness; it teaches not to get carried away by achieved successes, not to get conceited; it supports everything progressive, everything advanced in socialist economy, everything that contributes to continuous and rapid growth of productive forces. In the Directives of the 19th Congress of the Party for the fifth five-year plan of USSR development in 1951–1955 it is recorded: "Raise the mass movement of inventors and rationalizers among engineers, technicians, workers, and collective farmers for further technical improvement and

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[247] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), p. 67.

expansion of production, for comprehensive mechanization, easing, and further health-improvement of working conditions. Condemn the practice of economic organizations underestimating tasks of introducing new technology and labor mechanization and allowing incorrect utilization of labor power"[248].

Main features and requirements of the basic economic law of socialism are closely interconnected. The new goals to which socialist production is subordinated create unlimited scope for the development of productive forces. On the other hand, the sole means of securing maximum satisfaction of constantly growing requirements of the entire society is continuous growth and improvement of production on the basis of higher technology.

Stalinist characterization of the basic economic law of socialism strikes a crushing blow both at bourgeois theories of 'production for the sake of production' and at consumer-oriented approach to building communism.

The basic economic law is the law determining the whole development of the socialist mode of production. Therefore, other economic laws are subordinated to the basic economic law. Thus, for example, the law of planned, proportional development of the national economy is subordinated to the basic economic law in the sense that production structure and concrete proportions of production are determined by the basic economic law. In itself the law of planned, proportional development of the national economy sets no tasks. It only demands plannedness and proportionality in the development of the national economy. Concrete national economic proportions are determined by the basic economic law of socialism. As noted above, the basic economic law of socialism

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248 "Directives of the XIX Party Congress for the Fifth Five-Year Plan of USSR Development in 1951–1955". Gospolitizdat, 1952, p. 30.

requires preferential growth of production of means of production. "The law of planned development of the national economy," Comrade Stalin points out, "can give proper effect only in the case if there is a task for the realization of which planned development of the national economy is carried out. This task cannot be given by the law of planned development of the national economy itself. It can even less be given by national economic planning. This task is contained in the basic economic law of socialism in the form of its requirements..."[249].
Let us take another economic law of socialism — the law of distribution according to the quantity and quality of labor expended. This law in itself speaks only of one thing: that distribution of personal consumption products among society members occurs in accordance with labor expended by them. But the law of distribution according to labor is subordinated to the basic economic law of socialism. The basic economic law not only contains within itself the requirement of raising working people's well-being, but also presupposes creating for this corresponding material premises: growth and improvement of social production on the basis of higher technology, consequently, and growth of labor productivity and workers' qualification. Therefore, distribution according to labor occurs in such a way as, on the one hand, to secure growth in material and cultural living standards of working people, and on the other hand — to contribute to the rise of socialist production and raising labor productivity.
The basic economic law, like other economic laws characterizing a particular mode of production, does not represent something frozen. The basic economic law of socialism has at various stages of development of the socialist mode of production a different sphere of operation. It begins to operate with the emergence of the socialist economic system:

[249] J. Stalin, Economic Problems of Socialism in the USSR, p. 41.

insofar as socialist ownership encompasses commanding heights of the national economy, the law of securing maximum profit and the law of surplus value in general lose force as laws of national economic development. Speaking of advantages of nationalized industry, Comrade Stalin as early as the 15th Congress of the VKP(b) pointed out that "it is free from selfish and anti-social interests of private-capitalist groups and has the possibility to develop from the standpoint of interests of society as a whole"[250].

But in the transition period from capitalism to socialism the basic economic law of socialism does not yet have full scope for its operation. The matter is that in this period along with the socialist economic system playing the leading role, there still exist small-commodity and capitalist economic systems, and there still exist contradictions between technical-economic backwardness of the country and advanced political power, between large-scale socialist industry and small-peasant agriculture. In our country this limitation of the sphere of operation of the basic economic law of socialism in the transition period specifically expressed itself, for example, in that unemployment still existed, that the level of wages was relatively low, that poverty in peasant economy still existed, and that the presence of private trade exerted a certain influence on real levels of population income.

In the transition period from capitalism to socialism material and spiritual demands of workers and peasants could not yet be sufficiently secured. Nevertheless, Soviet power already in that period, relying on the basic economic law of socialism, undoubtedly achieved that material position of workers and peasants began to improve year by year. Conscious application of the basic economic law of socialism in the transition period was connected with the struggle of socialist elements of the

250 J. V. Stalin, Soch., Vol. 10, p. 301.

economy against capitalist ones, and with the remaking of small peasant economy. Successes of socialism in this struggle opened ever greater scope for the operation of the basic economic law of socialism. Country industrialization was carried out in accordance with the basic economic law of socialism in such a way that growth in well-being of working people both in town and country was ensured. In this was expressed one of the root features and one of the main advantages of socialist industrialization compared to capitalist industrialization. Collectivization of agriculture destroyed the contradiction between large-scale socialist industry and small peasant economy, created scope for further development of productive forces, and expanded requirements of working population and possibilities for their satisfaction.

Victory of socialism meant a radical change in the whole life in the USSR. Socialist economy knows no crises and unemployment, knows no poverty of masses. Under conditions of socialism all possibilities exist for prosperous and cultural life of working people.

These new possibilities for growth in well-being of broad working masses found reflection in the party's orientation to make all working people prosperous. This orientation expresses that scope which the basic economic law of socialism received under conditions of full victory of socialism. "Now," was indicated in decisions of the 18th Party Congress, "it is a matter not of liquidating unemployment and eliminating poverty in the countryside — with this we have already coped completely and forever. Now the task consists in creating such well-being and raising of culture of working people as correspond to increased demands of Soviet people, which are unattainable for the richest capitalist countries and mean the beginning of a real

flourishing of forces of socialism, flourishing of new, socialist culture"[251].

Comrade G. M. Malenkov in the report to the 19th Congress of the Party on the work of the Central Committee of the CPSU(b) pointed out that achieved successes in all branches of the national economy led to further raising of material and cultural living standards of Soviet society. "This is completely regular, another result could not be, since in our country the goal of socialist production development is securing maximum satisfaction of constantly growing material and cultural requirements of society"[252].

Gradual transition to communism, timely adaptation of production relations to productive forces growth means creating conditions for further unfolding operations of the basic economic law of socialism. Comrade Stalin in his genial work "Economic Problems of Socialism in the USSR" put forward programmatic provisions on main preliminary conditions for preparing transition from socialism to communism. Firm securing of continuous growth of all social production with preferential growth of production of means of production, gradual replacement of commodity circulation by product exchange and raising collective farm property to the level of nationwide property, creation of conditions for such cultural growth of society as will ensure all its members comprehensive development of their physical and mental abilities — all this will create even broader possibilities for steady rise of national economy and maximum satisfaction on this basis of requirements of the entire society. These requirements themselves will expand ever more as socialist production grows and material living conditions of broad population

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251 "CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC", Vol. II, Gospolitizdat, 1941, pp. 742–743.

252 G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), p. 68.

masses further improve, and their culture grows, as their communist consciousness further develops. Unflagging care for maximum satisfaction of constantly growing requirements of Soviet people, for the good of Soviet man, is for the Communist Party the supreme law.

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I. Shirinsky

GRAND PLAN FOR THE DEVELOPMENT OF THE NATIONAL ECONOMY OF THE USSR

The Nineteenth Congress of the Communist Party of the Soviet Union summed up a period rich in events of world-historical significance and outlined new grand tasks for the construction of communism in our country. Today, the main tasks of the Communist Party of the Soviet Union, as stated in the new Party Rules adopted at the 19th Congress, consist in building a communist society through the gradual transition from socialism to communism, continuously raising the material and cultural level of society, educating members of society in the spirit of internationalism and establishing fraternal ties with the working people of all countries, and strengthening in every way the active defense of the Soviet Motherland against the aggressive actions of its enemies.

During the years of the pre-war Stalin five-year plans, as a result of the successful implementation of the Communist Party's program in the field of industrialization of the country and collectivization of agriculture, a socialist society was built in the USSR. In a short historical period, our country was transformed into a powerful socialist state. The power of the Soviet state unfolded with full force during the Great Patriotic War. The Party, led by the great Stalin, was the inspirer and organizer of the Soviet people's victory over the fascist invaders. In the post-war years, the Party mobilized all working people for the restoration and further development of the national economy along the path to communism. The fourth Stalin five-year plan was marked by new major successes in all fields of economy, science, culture, and art. The political and

economic power of the great socialist state grew and strengthened even further.

The grand, majestic tasks outlined in the directives of the 19th Congress of the Communist Party for the fifth five-year plan open up broad prospects for the further flourishing of the economic and cultural life of the Soviet Union. The fifth Stalin five-year plan will be a new major step forward along the path of development of Soviet society from socialism to communism.

The path to the fastest construction of communism in the USSR is illuminated by the brilliant work of Joseph Vissarionovich Stalin, "Economic Problems of Socialism in the USSR." In this work, Comrade Stalin comprehensively investigated the laws of social production and distribution of material wealth in socialist society, defined the scientific foundations for the development of the socialist economy, and indicated the paths for the gradual transition from socialism to communism.

Of exceptional importance in the cause of building communism is Comrade Stalin's discovery of the basic economic law of socialism. The basic economic law of socialism determines all main aspects and all main processes of the socialist mode of production, defining its essence. The operation of this law leads to a rise in the productive forces of society, to the continuous growth of material welfare and cultural level of the working people. The economy of the Soviet Union is constantly developing along an ascending line, knowing no crises, unemployment, poverty of the masses, and other incurable vices inherent in capitalism.

The national economic plans of the Soviet Union, which determine the prospects and paths of our forward movement, proceed from the economic laws of socialism, conform primarily to the requirements of the basic economic law of socialism and the law of planned development of the national economy, and rely on the

science of building communist society developed by Comrade Stalin. The historical significance of the Stalin five-year plans lies in the fact that they are plans for building socialism and communism in our country. State national economic plans reflect the common goal of our movement—the building of communism. Expressing the concrete tasks of building socialism and communism at each stage, Soviet state plans provide perspective, unity of purpose, and unity of will to the entire people, acting as a powerful organizing and mobilizing force.

Fundamentally different economic laws underlie the development of capitalist production. The essence of the capitalist mode of production is determined by the basic economic law of capitalism. The capitalist economy develops anarchically, through crises; it is torn by irreconcilable contradictions. The operation of the basic economic law of modern capitalism leads to the impoverishment and ruin of the overwhelming majority of the population in capitalist countries, to the ever greater aggravation of all capitalist contradictions, and to the deepening of the general crisis of capitalism. For the sake of obtaining maximum profits, the bosses of monopoly capital resort to such risky adventures as the enslavement and plunder of colonies and other backward countries, the transformation of a number of independent countries into dependent countries, the organization of new wars, and attempts to conquer world economic domination.

One of the indisputable proofs of the advantages of socialism over capitalism is the rapid growth of the leading branch of the national economy—socialist industry. "No one can deny the colossal development of the productive forces of our Soviet industry during the five-year plans," says Comrade Stalin. "But this development would not have taken place if we had not replaced the old, capitalist relations of production in October 1917 with new, socialist relations of production. Without this revolution in the production, economic

relations of our country, our productive forces would have vegetated just as they vegetate now in capitalist countries"[253].

The volume of industrial production in the USSR in 1951 increased almost 13-fold compared to 1929. Over the same period, industrial production in the USA grew only 2-fold, and that only due to a sharp increase in military production during the Second World War and an intensive arms race after the war. Industrial production in Great Britain grew over the same period by only 60%, also solely due to the militarization of industry and the arms race. The industry of a number of capitalist countries is still marking time around the 1929 level. The inflation of military production and the arms race inevitably lead to the buildup of a sharp economic crisis in capitalist countries.

The new five-year plan provides for raising the level of industrial production in 1955 by 70%. Each percent of increase in gross industrial output in the fifth five-year plan corresponds to almost twice as large a volume of production as in the previous five-year plan. By the end of the five-year plan, the volume of industrial production of the USSR will exceed the pre-war level by 3 times. No capitalist country has known or can know such colossal growth rates. Suffice it to say that the increase in production of many types of products in the fifth five-year plan is equal to, and for certain types of products—pig iron, oil, electricity, cotton fabrics—exceeds the increase in their output for all three pre-war five-year plans.

The most vital condition for the continuous and rapid development of the entire national economy is the priority growth of the production of means of production, the so-called heavy industry. The growth of heavy industry is the foundation for the development of all branches of the economy and for raising the material and

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[253] J. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, pp. 61–62.

cultural standard of living of the people. Without the priority growth of the production of means of production, it is impossible to achieve continuous growth of all social production, which is one of the three main preliminary conditions for preparing the transition to communism. "The priority growth of the production of means of production," teaches Comrade Stalin, "is necessary not only because it must supply equipment both to its own enterprises and to the enterprises of all other branches of the national economy, but also because without it expanded reproduction is completely impossible"[254].

Our Party and Government have always paid great attention to ensuring the priority development of heavy industry. Under the new five-year plan, the average annual growth rate of total gross industrial output is set at approximately 12%. At the same time, the average annual growth rate of the production of means of production (Group "A") is set at 13%, and of consumer goods (Group "B")—at 11%. Over the five-year period, the production of means of production is to grow by approximately 80%, and the production of consumer goods—by approximately 65%. In the party directives for the fifth five-year plan, high growth rates are outlined for the branches of ferrous and non-ferrous metallurgy, coal and oil industries, chemical industry, and engineering, and a significant growth in the total capacity of power stations is provided for, etc.

Metallurgy is the basis for the growth of industry and the entire national economy. The Soviet state has always paid great attention to the development of the metallurgical industry. As is known, in 1940 pig iron was smelted almost 4 times, and steel 4.5 times more than in 1913. In 1950, the production of ferrous metals as a whole exceeded the pre-war 1940 level by 45% (against the 35% planned). Our country now smelts approximately as much steel as Great Britain,

254 J. Stalin, Economic Problems of Socialism in the USSR, p. 67.

France, Belgium, and Sweden combined. In the new five-year plan, major tasks are set in the field of ferrous metallurgy development. Production of pig iron is to increase over the five-year period by 76%, steel by 62%, and rolled metal by 64%. Successful implementation of the tasks of the new five-year plan in ferrous metallurgy will represent a huge step forward in realizing the task set by Comrade Stalin in his speech at an election meeting on February 9, 1946—to bring pig iron production to 50 million tons and steel production to 60 million tons per year.

Major tasks are also outlined by the directives for the fifth five-year plan in increasing the production of non-ferrous metals. The production of refined copper will increase over the five-year plan by approximately 90%, production of lead 2.7 times, aluminum 2.5 times, nickel by 53%, tin by no less than 2.6 times, and zinc by 80%.

The most important condition for the steady growth of socialist production and technical progress in all branches of the national economy is the all-round development of the country's electrification. The growth of electrification is the vital element in creating the material and technical base of communism. All modern branches of the national economy and culture can develop successfully only on the basis of electrification. V. I. Lenin said: "Communism is Soviet power plus the electrification of the whole country"[255]. Comrade Stalin has always paid and continues to pay great attention to questions of the country's electrification. Under his leadership, the Soviet people created a powerful electric power industry: electricity production in the USSR currently exceeds electricity production in Great Britain and France combined.

In the directives of the 19th Party Congress for the fifth five-year plan, it is outlined: "In the field of electrification, to ensure high rates of capacity additions at power stations in order to satisfy more

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255 V. I. Lenin, Works, vol. 31, p. 484.

fully the growing needs of the national economy and household requirements of the population for electricity and to increase reserves in power systems"[256]. The five-year plan outlines an increase in electricity generation by 1955 of 80% compared to 1950. The total capacity of power stations over the five-year period will be approximately doubled, and of hydroelectric stations—tripled. The major Kuibyshev hydroelectric station with a capacity of 2,100 thousand kW will be commissioned, as well as the Kama, Gorky, Mingechaur, Ust-Kamenogorsk, and other hydroelectric stations with a total capacity of 1,916 thousand kW. Construction of the Stalingrad, Kakhovka, and Novosibirsk hydroelectric stations is broadly underway. In the fifth five-year plan, construction will begin on major new hydroelectric stations—Cheboksary on the Volga, Votkinsk on the Kama, and Bukhtarma on the Irtysh; work begins on the comprehensive utilization of the immense energy resources of the Angara River. The plan provides for the construction of many other power stations, as well as the widespread development of rural electrification. During the five-year period, the Kuibyshev–Moscow power transmission line will be built and commissioned. The Kuibyshev hydroelectric station will transmit over 6 billion kWh of electrical energy annually to the country's largest industrial center—Moscow. For the first time in history, electric energy will be transmitted over a long distance—approximately 800 km. World electrical construction practice does not yet know such structures.

The fuel industry is of great importance for the national economy. An increase in oil extraction in 1955 compared to 1950 is projected at approximately 85%. Such high rates of growth in oil extraction will allow the early completion of Stalin's program to bring oil extraction up to 60 million tons per year. Coal extraction over the five-year period is scheduled to increase by 43%, and

[256] Directives of the 19th Party Congress on the Fifth Five-Year Plan for the Development of the USSR for 1951–1955, Gospolitizdat, 1952, p. 6.

coking coal by no less than 50%. Considering that over the past few years the annual increase in coal extraction averaged 24 million tons, the total increase in coal extraction over the five-year period will amount to more than 100 million tons. New branches of the fuel industry are receiving wide development—the production of synthetic liquid fuel and the gas industry. The development of these branches is of enormous importance for the growth of industry and the improvement of living and cultural conditions of the Soviet people. Directives for the five-year plan also outline further growth in the peat and shale industries. Shale production will grow 2.3 times over the five-year period.

A major role in ensuring high growth rates of the national economy, in the continuous improvement of production technology, all-round mechanization, and automation of all labor processes belongs to engineering—the heart of industry. Comrade Stalin noted as early as 1939 that from the point of view of production technology, from the point of view of the volume of saturation of industry and agriculture with new equipment, our country is the most advanced compared to any other country. Post-war development of socialist production is characterized by further powerful technical progress. All branches of the national economy of the USSR received a large quantity of new, modern machinery during the fourth five-year plan. High growth rates of engineering development are provided for in the fifth five-year plan: output of engineering and metalworking over the five-year period will increase approximately 2-fold. The volume of production of steam and hydraulic turbines will increase in five years compared to the fourth five-year period by approximately 4.3 times, and of petroleum equipment—by 5.2 times. Machine-tool building and precision engineering are receiving serious further development. A particularly vital task for engineering in the new five-year plan is to fully supply equipment to electric power stations, enterprises of ferrous and non-ferrous metallurgy,

and the construction of plants for oil refining and synthetic liquid fuel production.

Successful implementation of the engineering program will raise mechanization and automation of production processes to a higher level. And mechanization of labor processes, as Comrade Stalin pointed out, is that decisive force without which it is impossible to maintain either our pace or new scales of production. The plan sets immense tasks for the mechanization and automation of labor processes in ferrous metallurgy, coal and oil industries, at power stations, in logging work, construction, transport, light and food industries, and other branches.

The task is set to basically complete, during the five-year plan, the mechanization of heavy and labor-intensive work in industry and construction.

The fifth five-year plan outlines a large program for the construction of industrial enterprises. Capital investments in industry in 1951–1955 increase approximately 2-fold compared to 1946–1950. A major construction industry, relying on advanced equipment and permanent construction cadres, will receive great development. This grand scale of industrial enterprise construction creates an even firmer material base for expanded socialist reproduction, for a new powerful surge of the entire national economy.

In connection with large capital investments in industry, improving the geographical placement of industrial enterprise construction acquires paramount importance to bring industry closer to sources of raw materials and fuel, and to eliminate irrational and excessively long-distance transport.

In the Lithuanian, Latvian, and Estonian Soviet Republics, in connection with the tasks of further industrialization, major development is planned in engineering, shipbuilding, electrical engineering, machine-tool building, and a significant increase (2 to

2.5 times) in electricity generation. In the Estonian SSR, an increase in the production of synthetic gas from shale by 2.2 times is planned, along with the completion of construction and commissioning of the Kohtla-Järve – Tallinn gas pipeline.

The industry producing mass consumer goods is also developing at a rapid pace in the USSR. In the new five-year plan, based on the development of heavy industry and the growth of agricultural raw material resources, the output of light and food industries will be increased by no less than 70%. At the same time, the production of cotton fabrics in 1955 will increase compared to 1950 by approximately 61%, woolen fabrics by 54%, leather footwear by 55%, meat by 92%, fish catch by 58%, granulated sugar production by 78%, animal butter by 72%, vegetable oil by 77%, and canned food by 2.1 times. Directives for the five-year plan provide for the construction of a large number of enterprises in light and food industries, especially cotton combines, artificial fiber plants, silk, garment, knitwear, leather-footwear enterprises, sugar, oil-pressing, vegetable-drying plants, confectionery, tea, canning, brewing, winemaking, meat, fish, butter, and cheese-making enterprises.

Transport, especially railway transport, plays a huge role in the development of the national economy. At a reception for railway workers in the Kremlin on July 30, 1935, Comrade Stalin said that "the USSR as a state would be unthinkable without first-class railway transport connecting its numerous regions and districts into a single whole. Herein lies the great state significance of railway transport of the USSR"[257]. In order to fully satisfy the needs of the national economy and the material and cultural needs of the working people of the USSR, the new five-year plan outlines a large program for increasing freight turnover across all types of transport, extending

[257] Reception of Railway Transport Workers in the Kremlin, Chelyabinsk, 1942, p. 2.

transport lines, significantly increasing technical equipment, and improving qualitative performance indicators of transport work.

Socialism for the first time in history opened unlimited opportunities for the growth of productive forces in agriculture, the wide application of modern agricultural technology, and advanced agronomic science to raise the culture of farming. During the years of the Stalin five-year plans, a large-scale and mechanized socialist agriculture was created in our country. Socialist agriculture demonstrated to the whole world its immense advantages and vital strength both during years of peaceful development and in wartime. USSR agriculture holds first place in the world in the level of labor mechanization. "No one can deny the colossal development of the productive forces of our agriculture over the past 20–25 years. But this development would not have taken place if we had not replaced in the 1930s the old capitalist relations of production in the countryside with new, collectivist relations of production. Without this revolution in production, the productive forces of our agriculture would vegetate just as they vegetate now in capitalist countries"[258].

USSR agriculture suffered severely during the war. Significant damage to our agriculture was also caused by the severe drought of 1946. However, the Soviet peasantry, with daily assistance from the Party and Government, quickly overcame the heavy consequences of the war and 1946 drought, achieving major successes in the development of socialist farming and animal husbandry. In 1952, the gross grain harvest amounted to 8 billion poods, with the gross harvest of the most important food crop, wheat, increasing by 48% compared to 1940. "Thus," said Comrade G. M. Malenkov in the report of the CC to the 19th Party Congress, "the grain problem,

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[258] J. Stalin, Economic Problems of Socialism in the USSR, p. 62.

formerly considered the most acute and serious problem, has been solved with success, solved final and irrevocably"[259].

Directives of the 19th Party Congress for the fifth five-year plan provide for an increase in the gross grain harvest over the five-year plan by 40–50%, including wheat by 55–65%.

While grain harvests are continuously increasing in the USSR, in the capitalist world grain production is even contracting: in the USA, wheat production fell by 26% from 1947 to 1950.

Socialist farming is becoming increasingly skilled and multi-faceted. Of the total value of commercial crop output, industrial crops currently account for over 40%.

In the new five-year plan, the main task in agriculture remains the yield enhancement of all agricultural crops, a further increase in the public livestock population with a simultaneous significant rise in its productivity, and an increase in the gross and commercial output of farming and animal husbandry through the further strengthening and development of the collective economy of collective farms and improving the work of state farms and Machine-Tractor Stations (MTS) on the basis of introducing advanced technology and agronomical science into agriculture. In the fifth five-year plan, socialist farming will become even more productive and skilled, with developed grass sowing and proper crop rotations, and a higher proportion of sown areas under industrial, fodder, vegetable crops, and potatoes. Over the five-year plan, the gross harvest of industrial crops must increase: raw cotton by 55–65%, fiber flax by 40–50%, and sugar beet by 65–70%.

In connection with the major successes achieved in crop farming during the post-war period, the central task of the Party and Soviet State in agricultural development became the all-round

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259 G. Malenkov, Report to the 19th Congress on the Work of the Central Committee of the CPSU(b), Gospolitizdat, 1952, p. 48.

development of animal husbandry. Thanks to the constant care of the Party, animal husbandry grew rapidly in the post-war period. The total population of productive livestock in the country, which sharply contracted during the war, was fully restored by 1950 and grew by 4% compared to 1940. In the new five-year plan, the main task in animal husbandry remains increasing the livestock population on collective and state farms with a simultaneous significant increase in its productivity. Across all agriculture of the USSR, an increase in cattle population by 18–20% is planned, sheep by 60–62%, pigs by 45–50%, and horses by 10–12%. Production of meat and lard over the five-year period will grow by 80–90%, milk production by 45–50%, and wool by approximately 2–2.5 times.

In ensuring high and stable crop yields, the Stalin plan for the transformation of nature is of immense importance. Work on implementing this great plan continues successfully. During the period after the publication of the decree until the end of 1950, protective forest shelterbelts were planted and sown over an area of 1,350 thousand hectares. Enormous work for the further implementation of the nature transformation plan is outlined in the new five-year period. During the five-year plan, no less than 2.5 million hectares of protective forest shelterbelts will be planted in collective and state farms, and about 2.5 million hectares of state forest plantings. An integral part of the Stalin plan for the transformation of nature is the widespread development of irrigation and water supply systems. Therefore, in the directives for the fifth five-year plan, priority work includes the construction of irrigation and water supply systems based on electricity from the Kuibyshev hydroelectric station and in the zone of the V. I. Lenin Volga-Don Shipping Canal; it is intended to begin construction of irrigation systems in the zone of the Stalingrad hydroelectric station, the Main Turkmen, South Ukrainian, and North Crimean canals. Irrigated land area will increase over the five-year plan by 30–35%; 30–35

thousand ponds and reservoirs will be built on collective and state farms.

In the development of agricultural productive forces, a major role is assigned to the resolution adopted by the Council of Ministers of the USSR in August 1950 on the transition in irrigated farming zones to a new irrigation system over an area exceeding 4.3 million hectares. In the fifth five-year plan, a universal transition to the new irrigation system with temporary irrigation channels instead of permanent ones must be carried out. Temporary channels will allow fuller utilization of irrigated lands, significantly strengthen the mechanization of production processes, raise labor productivity, and elevate the overall culture of farming.

Soviet people in their activities to transform nature are guided by Comrade Stalin's instructions that "people, having learned the laws of nature, taking them into account and relying on them, skillfully applying and utilizing them, can limit their sphere of action, give the destructive forces of nature another direction, and turn the destructive forces of nature to the benefit of society"[260].

While grand work on transforming nature is deployed in the Soviet Union, predatory exploitation of natural riches takes place in capitalist countries. "...All progress in capitalist agriculture," wrote K. Marx, "is a progress in the art, not only of robbing the worker, but of robbing the soil; all progress in increasing the fertility of the soil for a given time is a progress towards ruining the lasting sources of that fertility. The more a country, for instance the United States of North America, develops on the basis of modern industry as the background of its development, the more rapid is this process of destruction"[261]. Modern American capitalists have far surpassed their predecessors in methods of predatory destruction of natural wealth.

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260 J. Stalin, Economic Problems of Socialism in the USSR, p. 4.

261 K. Marx, Capital, vol. I, 1951, p. 509.

In the USA, 160–170 million hectares of fertile soil are completely destroyed and tens of millions of hectares of land are exhausted. During the first half of the 20th century, about 50% of timber forests were destroyed in the USA.

The continuous growth of Soviet industry makes it possible in the new five-year plan to raise the technical equipment of USSR agriculture even higher. The 19th Party Congress set the task: to complete the mechanization of main field works on collective farms, broadly deploy the mechanization of labor-intensive processes in animal husbandry, vegetable growing, horticulture, transport, loading and unloading of agricultural products, irrigation, drainage of swampland, and development of new lands. As a result, the level of mechanization in plowing, sowing of grain, industrial, and fodder crops must be brought to 90–95%, harvesting of grain crops and sunflowers by combines—to 80–90%, harvesting of sugar beet—to 90–95%, harvesting of raw cotton by cotton-picking machines—to 60–70%, etc. Mechanization is now introduced into all branches of agricultural production. Self-propelled combines, beet combines, flax combines, potato planters and potato harvesters, self-propelled mowers, and many other new types of agricultural machinery work in the fields of the country. Electrification of collective farms, state farms, and MTS has deployed on a large scale. One of the vital tasks in the new five-year plan is the introduction of electric tractors and agricultural machinery operating on electric power, especially in areas of major hydroelectric stations.

To ensure the planned growth of agricultural production, the volume of state capital investments in agriculture for the five-year period is established at approximately 2.1 times greater, including for irrigation and land reclamation approximately 4 times greater than in the fourth five-year plan. The basis for the successful development of collective farms is the continuous growth of their collective economy. Therefore, directives for the five-year plan provide for

collective farm capital investments to be directed primarily toward the development of their public economy.

The growth and perfection of socialist production in the new five-year plan ensure a further rise in the material and cultural standard of living of the Soviet people. Under socialism, where the economic foundation of society is public ownership of the means of production, where there are no antagonistic classes and exploitation of man by man, production develops in the interests of the whole society, in the interests of maximum satisfaction of the constantly growing material and cultural needs of the entire society. "The aim of socialist production," teaches Comrade Stalin, "is not profit, but man and his needs, that is, the satisfaction of his material and cultural needs"[262].

The clearest indicator determining the level of material welfare of the people is the growth of national income and its distribution. Over the period from 1940 to 1951, national income of the USSR grew by 83%, and by the end of 1955 it must increase by no less than 60% compared to 1950. In the Soviet Union, the entire national income is at the disposal of the working people. About three-quarters of the national income is received by the working people of the USSR to satisfy their personal material and cultural needs; the remaining part goes to expand production and for other state and social needs.

In contrast to this, in capitalist countries the lion's share of national income goes to the exploiting classes and their numerous parasitic retainers. "...The aim of capitalist production," teaches Comrade Stalin, "is the extraction of profits. As for consumption, capitalism needs it only insofar as it secures the task of extracting profits. Outside of this, the question of consumption loses meaning

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[262] J. Stalin, Economic Problems of Socialism in the USSR, p. 77.

for capitalism. Man with his needs disappears from view"[263]. In capitalist countries, the situation of working people has sharply deteriorated in recent years, while capitalist profits have grown enormously. Even according to minimized official data, US monopoly profits grew from 3.3 billion dollars in 1938 to 42.9 billion dollars in 1951, i.e., increased 13-fold; huge profits are also received by monopolists in other capitalist countries.

The main means of systematically increasing real wages of Soviet workers and employees and incomes of the collective farm peasantry of the USSR is the steady reduction of retail prices on mass consumer goods. As a result of five retail price reductions carried out over 1947–1952, prices for food and industrial goods are currently lower on average by 2 times compared to the IV quarter of 1947. In capitalist countries, however, prices on mass consumer goods are continuously rising. In the USSR, from late 1947 to 1952, bread prices fell 2.5 times. In capitalist countries, bread prices rose over the same period: in the USA by 28%, in Great Britain by 90%, and in France by more than double. While meat prices from late 1947 to 1952 in the USSR fell by more than 2 times, in the USA they rose by 26%, in Great Britain by 35%, and in France by 88%. Price increases in capitalist countries inevitably lead to a fall in consumption by the working people of those countries.

In the USSR, real wages of workers and employees are systematically rising, and collective farm incomes are growing. Real wages of workers and employees, taking into account retail price reductions, will increase under the new five-year plan by no less than 35%, and collective farmers' incomes will increase by no less than 40%. A directly opposite picture is observed in capitalist countries, where militarization has led to a sharp deterioration in the living conditions of the masses. In France and Italy, real wages of workers

263 Ibid.

in 1952 represent less than half of pre-war levels, and in Great Britain they are 20% below pre-war levels. The cost of living in the USA, according to the Electrical Workers' Union, has risen compared to 1939 by almost 3 times. Taxes on the population are systematically rising. In the USA, direct taxes on the population in the current fiscal year increased compared to the 1937/38 fiscal year, even taking currency depreciation into account, by more than 12 times, in Great Britain by 2 times, in France by 2.6 times, and in Italy by 1.5 times.

On the basis of increased production of mass consumer goods and systematic price reductions, retail trade turnover of state and cooperative trade in the USSR will increase over the five-year plan by approximately 70%. In 1955, meat products sold to the population will be approximately 90% higher, animal butter 70% higher, and sugar 2 times higher than in 1950. Significant growth in the sales of industrial goods is provided for: cotton, woolen, silk, and linen fabrics by approximately 70%, clothing by 80%, and footwear by 80%. Sales of cultural and household goods will increase even more.

The growth of material welfare of the Soviet people and the surge in the national economy of the USSR are also evidenced by the continuous increase in our country in the number of workers and employees. The number of workers and employees in the national economy will increase in 1955 by approximately 15% compared to 1950. At the same time, in capitalist countries, despite the growth of military production, an increase in the number of unemployed and partially unemployed takes place. In Italy and West Germany, unemployment exceeds the level of the hardest years of the 1929–1933 world economic crisis; in Italy, there are over 2 million fully unemployed and even more partially unemployed, while West Germany has almost 3 million fully and partially unemployed. In Japan, there are about 10 million fully and partially unemployed. In the USA, there are no less than 3 million fully unemployed and 10

million partially unemployed. Unemployment is growing in Great Britain, exceeding half a million people. In a small country like Belgium, there are over 300 thousand unemployed.

The steady concern of the Communist Party and Soviet Government for raising the living standards of the people manifests in the significant expansion in the new five-year plan of housing and communal construction, in the growth of the network of hospitals, health resorts, rest homes, and sanatoriums. During the fifth five-year plan, new residential buildings with a total area of about 105 million sq. m will be built and commissioned through state construction. Enormous work will be conducted on municipal improvements in cities and workers' settlements, construction of hospitals, crèches, kindergartens, etc. In capitalist countries, however, the majority of workers crowd in slums, basements, and attics, in dark, dirty quarters. Capitalism by its very nature is not interested in preserving the health of working people. For the capitalist, the worker is merely an object of exploitation. After the capitalist squeezes all the juice out of the worker, he throws him into the street.

Along with the growth of material welfare, a steady rise in the cultural level of the Soviet people also takes place. As one of the main preliminary conditions for preparing the transition from socialism to communism, Comrade Stalin puts forward the task "to achieve such a cultural growth of society as would secure for all members of society all-round development of their physical and mental abilities, so that members of society have the opportunity to receive an education sufficient to become active agents of social development, so that they have the opportunity to freely choose a profession, rather than being chained for life, by virtue of the existing division of labor, to some single profession"[264].

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[264] J. Stalin, Economic Problems of Socialism in the USSR, pp. 68–69.

The Communist Party and Soviet Government constantly display care for the education of broad working masses, for their mastery of achievements in science, technology, and culture. During the years of Soviet power, a genuine cultural revolution occurred in our country. In no country in the world is there such a broad network of schools, technical colleges, higher education institutions, and scientific research institutes as in the USSR. Suffice it to say that the number of students in the USSR currently stands at 57 million people.

The new five-year plan outlines major tasks in the field of public education. Directives of the 19th Party Congress for the fifth five-year plan provide for completing by the end of the five-year period the transition from seven-year education to universal secondary education (ten-year) in republican capitals, cities under republican jurisdiction, oblast, krai, and major industrial centers, and preparing conditions for the full implementation in the next five-year plan of universal secondary education in remaining cities and rural areas. Polytechnic education is of exceptional importance in preparing conditions for the transition from socialism to communism. Polytechnic education gives members of society the opportunity to freely choose a profession and not be chained for life to one single profession. In the directives of the 19th Party Congress for the fifth five-year plan, it is recorded: "In order to further raise the socialist educational significance of general education schools and secure for students graduating from secondary school conditions for free choice of professions, to begin implementing polytechnic instruction in secondary school and conduct measures necessary for the transition to universal polytechnic instruction"[265].

[265] Directives of the 19th Party Congress on the Fifth Five-Year Plan for the Development of the USSR for 1951–1955, p. 28.

Successful implementation of the tasks in public education outlined by the fifth five-year plan will be of immense importance in the transition from socialism to communism in our country. Widespread dissemination of secondary education and polytechnic instruction will lead to a sharp rise in the cultural level of the masses, which in turn will mean a major step forward in eliminating the essential distinction between mental and physical labor. Raising the general educational and cultural-technical level of the majority of the population will also accelerate the development of our country's productive forces. Comrade Stalin writes that if not individual groups of workers, but the majority of workers raised their cultural-technical level to the level of engineering and technical personnel, then "our industry would be raised to a height unattainable for the industry of other countries"[266].

Socialism placed science at the service of the people. The Communist Party of the Soviet Union and Comrade Stalin personally display exceptional care for the development of science and for enhancing its role in every way in the great cause of building communism. In the new five-year plan, scientific and scientific-pedagogical cadres trained through postgraduate studies at universities and research institutes must be approximately double compared to the fourth five-year plan. The task is set to make fuller use of scientific forces for resolving the most vital questions of the national economy, ensure broad practical application of scientific discoveries, and strengthen the connection of science with production.

The number of public libraries, clubs, and cinemas will significantly increase over the five-year plan. Fiction and scientific literature, journals, and newspapers will be published in even larger editions.

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[266] J. Stalin, Economic Problems of Socialism in the USSR, p. 28.

While in the Soviet Union the cultural level of the entire population grows year by year, in capitalist countries decay of bourgeois culture takes place. In the USA, there are over 10 million illiterate people; about one-third of school-age children do not attend school. At the same time, American imperialists spend three-quarters of the state budget on military needs and only one percent on public education.

Capital construction in our country is carried out on such huge scales and at such rapid rates as history has never known before. In the fifth five-year plan, to ensure fulfillment of the task of developing the national economy and raising the material and cultural standard of living of the working people, total state capital construction increases by approximately 90% compared to the fourth five-year plan. Successful implementation of this grand task requires increasing accumulation scales, mobilizing all reserves of socialist accumulation growth, and implementing a strict regime of economy. The regime of economy is a vital lever for the further surge of the national economy. The socialist system of economy creates all conditions for the economical expenditure of labor, raw materials, fuel, and instruments of production. "Now," points out Comrade G. M. Malenkov, "when a new powerful surge of the national economy is being implemented in our country and simultaneously a systematic reduction of prices on consumer goods is conducted, the regime of economy acquires even greater significance. The more fully and rationally production resources are used, the more thrifty and calculating we conduct our economy, the greater successes we will achieve in developing all branches of the national economy, and the greater results we will achieve in raising the material and cultural level of the people's life"[267].

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[267] G. Malenkov, Report to the 19th Congress on the Work of the Central Committee of the CPSU(b), p. 62.

One of the most vital sources of accumulating funds for fulfilling the capital construction plan is reducing production costs in industry, construction, transport, state farms, and MTS. The new five-year plan outlines reducing industrial output costs by approximately 25%, construction work costs by no less than 20%, MTS tractor work costs by approximately 25%, railway transport costs by 15%, and retail trade distribution costs by 23%. The national economic significance of these tasks is evident from the fact that savings from reducing industrial output costs in 1951 alone amounted to over 26 billion rubles, not counting savings from reduced wholesale prices on raw materials and supplies. Therefore, the struggle to lower production costs is one of the most vital tasks at present.

The decisive factor in making production cheaper and lowering its cost is raising labor productivity. Lenin and Stalin repeatedly pointed out that growth of labor productivity is the most vital and fundamental condition for the victory of the new social system. Soviet people demonstrate models of free, creative, and increasingly fruitful labor. Labor productivity in the new five-year period must rise in industry by approximately 50%, in construction by 55%, and in agriculture by 40%.

The decisive role in the struggle for fulfilling and overfulfilling the new five-year plan belongs to the active creative activity of millions of Soviet people, headed and guided by the Communist Party. Labor in the Soviet country is a matter of honor, glory, valor, and heroism. In the struggle for successful plan fulfillment, new forms of socialist competition develop continuously. Inventiveness and rationalization gained wide scope in the post-war period. Suffice it to say that in 1951 alone, about 700 thousand inventions and rationalization proposals were introduced. The 19th Party Congress set the task to raise the mass movement of inventors and rationalizers among engineers, technicians, workers, and collective farmers for

further technical improvement and expansion of production, for all-round mechanization, easing, and further health improvement of working conditions.

The new five-year plan for the development of the USSR is of immense international significance. Millions of people throughout the world are increasingly convinced that only the destruction of capitalism will bring them freedom and a secure, cultural life. The victory of socialism in the USSR proved in deed that workers and peasants are capable of building a new society that knows no crises and unemployment, exploitation and poverty, and secures unlimited opportunities for the growth of the material and cultural standard of living of the masses.

The fifth five-year plan is a plan for peaceful economic and cultural construction. It will contribute to the further strengthening and expansion of economic cooperation of the Soviet Union with the People's Democracies and the development of economic relations with all countries wishing to develop trade on foundations of equality and mutual benefit.

While the Soviet Union is successfully building a communist society, the capitalist world is suffocating in the grip of insoluble contradictions. In contrast to the peaceful creative labor of the Soviet people and the peace-loving policy of the Soviet state, the imperialists of the USA, Great Britain, and France brazenly and openly conduct a policy of aggression, feverishly preparing a new world war. The ruling circles of the USA, Great Britain, and other capitalist countries spend huge sums on the arms race, on carrying out an aggressive foreign policy course, and on the war against the Korean people. The entire weight of military expenditures falls as a heavy burden on the shoulders of the working masses. In capitalist countries, taxes on working people increase day by day, high prices grow fabulously, real wages of workers and employees fall sharply, and mass unemployment grows.

The peoples of the world do not want war. They decisively demand a lasting peace. While the imperialist instigators of a new war harbor delusional plans of world domination, the Soviet people are successfully building communism. This unites the camp of socialism and democracy even further around the Soviet Union, corroding the long-rotten capitalist system doomed to inevitable ruin.

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M. Kraev

STALIN'S THEORY OF THE COLLECTIVIZATION OF AGRICULTURE
(On the 25th Anniversary of the XV Party Congress)

Twenty-five years ago, in December 1927, the XV Congress of our party took place, which entered history as the congress of collectivization. At this congress, the genial strategist of the proletarian revolution, Comrade Stalin, put forward and substantiated as the primary task of the Communist Party's work in the countryside the transfer of millions of small and scattered peasant households onto the path of collective farms. Armed with the decisions of the congress, the working masses of our country under the leadership of the Communist Party unfolded the struggle for the socialist transformation of the countryside.

Over the years that have passed since the XV Congress, transformations of world-historic significance have taken place in the agriculture of the USSR.

Already by the XVIII Congress of the CPSU(b) (1939) the collective farm system in our country had finally grown strong. The collective farms were consolidated, and the socialist economic system became established as the sole form of agriculture. Since then the collective farm system has withstood severe trials in the Great Patriotic War, successfully solving the most difficult tasks of wartime.

After the rout of the fascist invaders by the Soviet Army, the collective farms under the leadership of the Communist Party rapidly restored their economy and achieved new major successes.

If during the period of the XV Party Congress our country numbered 24–25 million small, scattered individual peasant households that based their production on private ownership of the means of production, now we have 97 thousand enlarged collective farms, in which the working peasantry bases its labor on socialist ownership of the means of production.

In the struggle for socialism, Lenin's cooperative plan and Stalin's theory of collectivization served as a mighty weapon that helped our party and state ensure the socialist remaking of small-peasant farming, the further consolidation of the collective farm system, and the world-historic conquests of socialism.

Stalin's theory of the agricultural collectivization received further development in the new genial work of J. V. Stalin, "Economic Problems of Socialism in the USSR," which is a greatest contribution to Marxist-Leninist science. J. V. Stalin's new work enriched the theory of collectivization with the elaboration of new questions; it helps to understand more deeply the economic content and significance of Lenin's cooperative plan and Stalin's theory of agricultural collectivization.

In all bourgeois countries, with the exception perhaps of England, despite the development of capitalism in agriculture, there is a very numerous class of small and medium producer-owners in the countryside. Therefore, the peasant question — the question of the ally of the proletariat in the socialist revolution is one of the most burning questions of our time. The alliance of the working class and the peasantry, representing the overwhelming majority of society, was that social force which, relying on the law of obligatory correspondence of production relations to the character of productive forces, overcame the resistance of obsolete forces of society in our country and enabled Soviet power to liquidate

capitalism and all exploitation, socialize the means of production, and create socialist forms of economy.

The question of the alliance of the working class with the peasantry is not confined merely to winning the dictatorship of the proletariat, but is one of the most important questions of building socialism and communism after state power has been won.

The socialist system is based on public ownership of the means of production. But while highly concentrated means of production in industry can be expropriated and transferred to the possession of the whole society, this cannot be done with millions of peasants conducting small-scale commodity production.

"...What are the proletariat and its party to do," writes Comrade Stalin in "Economic Problems of Socialism in the USSR," "if in this or that country, including our country, there are favorable conditions for the proletariat taking power and overthrowing capitalism, where capitalism in industry has concentrated the means of production to such an extent that they can be expropriated and transferred to the possession of society, but where agriculture, despite the growth of capitalism, is still so fragmented among numerous small and medium producer-owners that it is impossible to pose the question of expropriating these producers?"[268]. Comrade Stalin points out further that one cannot call an answer the opinion of certain would-be Marxists who believe that under such conditions one ought to renounce taking power. Also erroneous is the opinion of other would-be Marxists who think that one ought to take power and proceed to the expropriation of small and medium producers in the countryside, for such a measure would throw the peasantry for a long time into the camp of the enemies of

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[268] J. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 12.

the proletariat and would undermine any possibility of victory for the proletarian revolution.

The only correct solution to the question was given by V. I. Lenin in his works on the "tax in kind" and in his famous "cooperative plan." Comrade Stalin in his new genial production, "Economic Problems of Socialism in the USSR," disclosed with exceptional depth the content of Lenin's cooperative plan. The proletariat, V. I. Lenin taught, must not miss favorable conditions for taking power; it must take power without waiting for that moment when capitalism succeeds in ruining the multi-million population of small and medium individual producers. The proletariat must expropriate the means of production in industry and transfer them to nationwide property. As for small and medium individual producers, they must be gradually united into production cooperatives, i.e., into large agricultural enterprises, collective farms. Further, relying on the all-round development of socialist industry, it is necessary to provide the collective farms with the modern technical basis of large-scale production, without expropriating the collective farms, but, on the contrary, intensively supplying them with tractors and other agricultural machines. For establishing an economic link between town and country, industry and agriculture, it is necessary to preserve for a certain time commodity production as the form of economic ties with the town solely acceptable to the peasantry, and to unfold Soviet trade to the full, squeezing all and sundry capitalists out of commodity circulation. "The history of our socialist construction," Comrade Stalin emphasizes, "shows that this path of development outlined by Lenin has fully justified itself"[269].

The Communist Party and Soviet power, successfully implementing under the leadership of J. V. Stalin the socialist

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269 J. Stalin, Economic Problems of Socialism in the USSR, p. 14.

industrialization of the country and Lenin's cooperative plan, ensured the turning of the peasantry onto the path of collective farms, ensured the victory of the collective farm system in the USSR, and ensured the building of socialism in our country, which made it possible to begin the gradual transition from the first phase of communism — socialism — to its second phase. Developing Lenin's teaching on the socialist remaking of small-peasant farming and generalizing the experience of socialist construction, Comrade Stalin created the theory of agricultural collectivization.

In the course of socialist industrialization, grain difficulties arose in the country, which put the grain problem on the agenda as the most acute and serious problem of socialist construction. Enemies of the people tried to use the created difficulties to disrupt the socialist industrialization of the country. For this purpose they concocted the wrecking, so-called theory of "equilibrium" of sectors in our national economy. J. V. Stalin exposed the restorationist essence of this "theory," which aimed to defend the kulak class and ensure the restoration of capitalism in our country. Creatively applying and developing Marxist theory of reproduction, Comrade Stalin showed that the cause of the difficulties lay in the fact that Soviet power and socialist construction in the USSR of that period were based on two different foundations. Socialist large-scale and centralized industry, based on nationwide ownership of the means of production, developed according to the plan of the socialist state and ensured rapid rates of expanded reproduction. At the same time, agriculture was based on private ownership of the means of production, and was fragmented and primitive, undeveloped and the least commodity-producing economy. For small-peasant farming "not only fails in the mass to effect annual expanded reproduction, but, on the contrary, very rarely has the

opportunity to effect even simple reproduction"[270]. The party understood that until the kulak class was defeated in open battle before the eyes of the peasantry, the working class and the army would suffer from a lack of grain, and the collective farm movement could not assume a mass character.

Difficulties could not be liquidated at the expense of slowing down the rates of development of socialist industry, the growth of which created an enhanced growth of demand for grain, for this would mean weakening the position of the working class in the struggle against the petty-bourgeois element, in the struggle against capitalist elements in the national economy. "On the contrary," Comrade Stalin pointed out in 1928 in a well-known conversation with students of the Institute of Red Professors, the Communist Academy, and Sverdlov University, "we must maintain the present pace of development of industry, we must at the first opportunity develop it further in order to flood the countryside with goods and extract more grain from there, in order to supply agriculture and, above all, collective farms and state farms with machines, in order to industrialize agriculture and raise the marketability of its output"[271].

The way out, Comrade Stalin pointed out, was to enlarge agriculture, make it capable of accumulation and expanded reproduction, and thereby transform the agricultural base of the national economy.

Large-scale highly marketable production is of two kinds: capitalist and collective, socialist. Substantiating the necessity of collectivization, J. V. Stalin gave a new formulation of the question of the superiority of large-scale production in agriculture; Comrade Stalin posed the question of the superiority of large-scale socialist production both in

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270 J. V. Stalin, Soch., Vol. 12, p. 145.

271 J. V. Stalin, Soch., Vol. 11, p. 93.

comparison with small-peasant production and in comparison with large-scale capitalist production.

Large-scale capitalist production is incompatible with the goals of socialist production. The capitalist path of development dooms the working peasantry to ruin, poverty, and hunger, not to mention the fact that it presupposes a very lengthy process of development. Large-scale socialist production possesses immense advantages owing to the fact that it is conducted not spontaneously, not rapaciously, but in a planned manner, without crises, through continuous growth and improvement on the basis of higher technology. It ensures the steady rise of well-being of the collective farm peasantry. Therefore, the Communist Party rejected the capitalist path of agricultural development and took the path of enlarging agriculture by uniting peasant households into collective farms. "The method of collectivization," Comrade Stalin says, "proved to be a highly progressive method not only because it did not require the ruin of peasants, but especially because it made it possible within a few years to cover the entire country with large collective farms having the opportunity to apply new technology, utilize all agronomical achievements, and give the country more marketable output"[272].

J. V. Stalin comprehensively elaborated the question of concrete paths, forms, and methods of the socialist transformation of small-peasant farming. Comrade Stalin developed Lenin's theory on the leading role of socialist industry in this transformation. To replace the bourgeois individual-peasant system with a collectivist one and create a new economic basis in agriculture, it is necessary with the aid of the all-round unfolding of socialist industry to create new productive forces in it and provide agriculture with the

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[272] J. Stalin, Speeches at Pre-election Meetings of Voters of Stalin Electoral District of Moscow, December 11, 1937, and February 9, 1946. Gospolitizdat, 1951, p. 20.

technical basis of large-scale production. The mighty driving force of socialist industry in the revolutionary transformation of agriculture on socialist lines consists not only in the fact that its rapid rates of development make collectivization an economic necessity. Its driving force also lies in the fact that it is the source and instrument for creating new productive forces of agriculture. The more powerful industry becomes, the greater are its opportunities to reorganize agriculture, provide it with the basis of modern machine technology, and turn the possibility of collectivization into reality. "...Industry," Comrade Stalin pointed out, "is that key with the aid of which backward and fragmented agriculture can be reconstructed on the basis of collectivism"[273].

Having created a powerful socialist industry that made it possible to fundamentally change the productive forces of agriculture, the Communist Party and the Soviet state obtained the opportunity, with the full support of the working peasantry, to reconstruct production relations in the countryside and unite peasants into collective farms.

Comrade Stalin elaborated the main problems of the theory of collectivization: on the collective farm form of socialist agriculture, on the agricultural artel as the main and principal link of the collective farm movement at the present stage, on the liquidation of the kulak class on the basis of complete collectivization, on the role of MTS as strongpoints in the work of socialist reconstruction of agriculture, and on the paths of further development of collective farms.

In the works of J. V. Stalin the question of the collective farm form of socialist agriculture is comprehensively elaborated. Developing and putting into practice Lenin's cooperative plan, Comrade Stalin first of all showed that collective farms are cooperative enterprises. The Trotskyite-Bukharinite restorers of

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273 J. V. Stalin, Soch., Vol. 11, p. 252.

capitalism tried to contrast collective farms with cooperation and thus discredit the collective farm movement. Comrade Stalin exposed the counterrevolutionary essence of these attempts and showed that "collective farms represent an inseparable constituent part of the cooperative movement in general, of Lenin's cooperative plan in particular"[274].

Comrade Stalin disclosed two main phases of development of the cooperative movement. At the initial stages of implementing Lenin's cooperative plan, the marketing and supply forms of cooperation played a decisive role in preparing the beginnings of collectivism in the countryside. However, socialist Soviet cooperation is not exhausted by the simplest, lower forms. Bukharin and other right-wing restorers of capitalism strove with all their might to distort Lenin's cooperative plan, restricting its content merely to lower forms of cooperation.

J. V. Stalin defended Lenin's cooperative plan against the attacks of enemies of the revolution and comprehensively developed the proposition on collective farms as the highest form of cooperation. "...Until there was a mass collective farm movement," Comrade Stalin pointed out in his famous article "Year of the Great Turn," "the lower forms of cooperation, supply and marketing cooperation, served as the 'main road,' and when the higher form of cooperation, its collective farm form, appeared on the scene, the latter became the 'main road' of development"[275].

The Leninist-Stalinist proposition that collective farms are an inseparable constituent part and the highest form of cooperation is of exceptional significance for elucidating all other questions of the theory of collectivization and above all for working out correct methods of uniting peasants into

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274 J. V. Stalin, Soch., Vol. 11, p. 90.

275 J. V. Stalin, Soch., Vol. 12, p. 131.

collective farms. Developing Lenin's ideas on cooperation, J. V. Stalin said that the main principle of collectivization is voluntariness. But voluntariness is not spontaneity. J. V. Stalin smashed the restorationist theory of "spontaneity" in socialist construction. The method of collectivization, signifying the conscious use of economic laws of socialism, excludes spontaneity and requires active, planned-transformative organizational-economic and ideological-political work by the Communist Party and Soviet state to prepare conditions for the socialist transformation of the countryside. One of such conditions is convincing working peasants of the necessity and profitability for them of collectivization. "Leninism teaches that peasants can be convinced of the advantages of collective farming only if it is shown to them and proved in deed, by experience, that the collective farm is better than the individual holding, that it is more profitable than the individual holding, that the collective farm provides a way out for the peasant, the poor and middle peasant, from want and poverty. Leninism teaches that outside of these conditions collective farms cannot be durable"[276].

Leninism teaches that collectivization must be carried out on the basis of an alliance of the working class with the middle peasantry, and must strengthen this alliance, raising it to a higher stage. J. V. Stalin repeatedly emphasized that "the basis of the collective farm movement at the present moment is the alliance of the working class and the poor peasantry with the middle peasant against capitalism in general, against the kulak class in particular"[277].

Comrade Stalin showed that the transition to collectivization is possible not in the order of a simple and peaceful entry of

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276 Ibid., p. 205.

277 J. V. Stalin, Soch., Vol. 12, p. 203.

peasants into collective farms, but in the order of a mass struggle of peasants against the kulaks.

Of exceptional significance in the successful application of the method of collectivization was J. V. Stalin's elaboration of the question of strongpoints for the collective farm movement. To turn the possibility of collectivization into reality, it was necessary to create in the countryside a whole system of strongpoints ensuring the success of the mass collective farm movement. Such strongpoints were: agricultural cooperation, which accustomed individual peasants to collective management, especially on the basis of contracting; a network of the first collective farms, where peasants tested the advantages of collective forms of economy over individual ones; a network of state farms, which are the "backbone" of reconstructing the old setup of the countryside, the leading force that facilitated the turning of peasant masses onto the path of collectivization. Strongpoints of collectivization were the network of tractor columns and machine-tractor stations, which made it possible to provide agriculture with the basis of modern machine technology.

Of exceptionally great theoretical and practical significance in collective farm construction is the question of collective farms as a type of economy. In the years when the Communist Party was intensively preparing conditions for mass collectivization, the restorers of capitalism tried in every way to discredit collective farms, portraying them as state-capitalist and capitalist enterprises supposedly having nothing in common with socialist forms of economy. Comrade Stalin showed that such views on the nature of collective farms have nothing in common with Leninism. In a number of his works Comrade Stalin elaborated the question of the nature of collective farms. Collective farms by their nature are enterprises of a socialist type. The economic basis of collective farms is constituted by collective, group ownership. J. V. Stalin proved that collective

farm ownership is one of the forms of socialist ownership. In collective farms there is no private ownership of the means of production, no division of people into those who own means of production and those deprived of means of production, no class of exploiters and class of exploited.

"Collective farms, as a type of economy," Comrade Stalin said, "are one of the forms of socialist economy. There cannot be any doubt of this"[278]. The product of labor in collective farms is public property of the entire collective farm, and not private property of this or that person. There is no private appropriation here of products of other people's labor, but there is distribution of income from public economy among collective farm members according to the principle: "from each according to his abilities, to each according to his work."

Stalin's propositions that collective farms are socialist in their nature and represent the highest form of Soviet cooperation provide the key to the correct understanding of organizational-economic features of collective farms, the peculiarity of forms and paths of development to communism in contrast to other forms of socialist agricultural enterprises (state farms).

Collective farms, like state farms, are socialist enterprises. But they differ from state farms primarily in that the form of ownership in them is collective, group, and not nationwide. Soviet power and the Communist Party always resolutely combated attempts to transfer the organizational management system of state farms onto collective farms, "for unlike the state farm, which is a state enterprise created at state expense, the collective farm is a voluntary public association of peasants created at the peasants' own expense, with all ensuing consequences"[279].

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278 Ibid., p. 161.

279 "CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC". Part II, 1941, p. 423.

One of the important features of collective farms consists in the fact that at various stages of development they have different forms. The question of forms of the collective farm movement is essential for the theory and practice of collectivization. The experience of the USSR showed that the change in forms of collective farms occurs neither arbitrarily nor accidentally; it is strictly conditioned by the development of collective farm production. The main stages and, accordingly, forms of development of collective farms are distinguished by the degree of socialization of means of production of the united peasants, by the level of development of productive forces and the entire public economy, and by the character and forms of combining personal interests of collective farmers with public interests of collective farms and the state. The question of forms of the collective farm movement has been exhaustively elaborated by J. V. Stalin. Directing collective farm construction and creatively generalizing its many years of practice, Comrade Stalin substantiated three forms of development of collective farms in the USSR, each of which is inseparably connected with the level of development of the collective farm movement, with the level of agricultural production development.

The simplest form of the collective farm movement is societies for the joint cultivation of the land. These are such collective farms in which peasants socialize only land use and labor for land cultivation. Means of production are not yet socialized and remain the private property of collective farmers.

The second form of the collective farm movement is the agricultural artel. Here peasants socialize not only field plots and labor for the time of field work, but also main means of production. Public economy in the artel is the main one: almost the entire mass of labor of its members is expended in it, and it is the main source of income for collective farmers. However, each collective farm household has as personal property a

subsidiary plot on the homestead, a dwelling house, productive livestock, poultry, and small agricultural equipment, according to the Charter of the Agricultural Artel.

The highest form of the collective farm movement is the agricultural commune. The agricultural commune is characterized by the fact that in it all means of production and all production are socialized. The commune's economy is based on highly developed technology; it is comprehensively developed, ensuring an abundance of all kinds of agricultural products, grain, livestock, poultry, vegetables, etc. On this basis public service of everyday needs of collective farmers will be organized in communes, and the necessity for the existence of personal, subsidiary farming of collective farmers will disappear. The public economy of the commune will be the sole and abundant source of income for collective farmers.

At each stage of development of the socialist economy the form of the collective farm must correspond to the level of development of productive forces. A timely and correctly chosen form of organizing collective farms becomes a powerful factor in the further advancement of the collective farm peasantry along the path to communism.

An important constituent part of the theory of collectivization is the exhaustively elaborated by J. V. Stalin question of the agricultural artel as the main and principal form of collective farm construction at the present stage, most correct and understandable to peasants, providing the opportunity to best combine personal interests of collective farmers with their public interests, adapting personal interests of collective farmers to public interests. On Comrade Stalin's initiative the CC CPSU(b) in a resolution of January 5, 1930, put forward the agricultural artel as the main form of the collective farm movement at the given stage.

In his works Comrade Stalin substantiates the significance of the artel form of collective farms in the struggle for the

socialist transformation of the countryside. In the article "Dizziness from Success," analyzing collective farm forms, J. V. Stalin emphasized that "one of the greatest merits of our party's political strategy is that it knows how to choose the main link of the movement at each given moment, by gripping which it then pulls the entire chain to one common goal in order to achieve the resolution of the task"[280]. Comrade Stalin indicated in this article that the main link of the collective farm movement, its predominant form at the given moment, which must now be grasped, is represented by the agricultural artel. The artel form of collective farms proved to be the only correct one because it took into account the level of development of collective farm production, and took into account the psychology and consciousness of peasants. The artel form made it possible to create and rapidly move forward large-scale, mechanized, highly marketable public economy of collective farms, which is the basis for satisfying the constantly growing material and cultural requirements of the collective farm peasantry and the entire Soviet society. The artel form enabled the Communist Party to most successfully fulfill the collectivization plan and transfer onto the path of collective farms not only the poor peasantry, but the entire multi-million mass of middle peasant households. It made it possible most rapidly to eliminate the lag of agriculture and thereby ensure the rapid development of the entire socialist national economy. An immense merit of Comrade Stalin is his substantiation of the transition from the policy of restricting and squeezing out the kulak class to the policy of liquidating the kulaks as a class on the basis of complete collectivization.

J. V. Stalin comprehensively elaborated the question of the liquidation of the kulaks as a class. Comrade Stalin showed that the liquidation of the kulaks, like any other exploiting

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280 J. V. Stalin, Soch., Vol. 12, p. 195.

class, can be carried out only through routing them in open battle and expropriating their capital, their production base. This constitutes the common features of the liquidation of all exploiting classes. But this by no means signifies that "open battle" with the kulaks and their expropriation can be conducted in the absolute same way as landlords and urban capitalists were liquidated. A special method must be applied here. This special method found its expression in the classical Stalinist formula: liquidation of the kulaks as a class on the basis of complete collectivization. This formula of Comrade Stalin embraces, first, conditions, second, timelines, and, third, the method of liquidating the kulaks as a class.

To liquidate the kulaks as a class, it was necessary first of all to create conditions necessary for the successful implementation of this major revolutionary measure. The first condition is to eliminate the causes giving rise to the kulaks, for one cannot liquidate this or that class if the soil feeding and generating it is preserved. The roots of the kulaks lie in small-scale commodity production, which in its basis is identical with capitalist production, and therefore inevitably gives rise to capitalist elements. To liquidate the kulaks as a class, it was necessary, consequently, to unite into large artel farming based on machine technology not separate groups of peasants, but the main poor and middle peasant masses of peasants. Thus, complete collectivization is the basis for liquidating the kulaks as a class primarily because it removes forever the soil and roots generating capitalism.

For the successful liquidation of kulaks it is necessary, further, to have a material basis in order to replace kulak production and kulak marketable grain with the production and marketable grain of state farms and collective farms. In the work "On Questions of Agrarian Policy in the USSR," substantiating the transition to the policy of liquidating the kulaks as a class, J. V. Stalin pointed out that by the end of 1929 a serious shift had

occurred in the economy of the USSR: "Now we have, as you see, the material basis for replacing kulak production with the production of collective farms and state farms. Precisely for this reason our decisive offensive against the kulaks now has undoubted success"[281].

Stalin's formula of liquidating the kulaks as a class on the basis of complete collectivization not only indicates economic preconditions, but also gives the key to establishing timelines and rates of liquidating the kulaks. It clearly states that the liquidation of the kulaks as a class can be carried out only when the collective farm movement rises to the level of complete collectivization. As is known, the policy of liquidating the kulaks as a class was proclaimed by Comrade Stalin in his speech at the conference of agrarian Marxists on December 27, 1929, when the radical turn of the middle peasantry onto the path of collective farms had already been defined.

Finally, the great revolutionary significance of complete collectivization consists in the fact that it provides a method of liquidating the kulaks, this most numerous exploiting class that existed in our country. Complete collectivization, signifying the creation of new socialist and liquidation of old capitalist production relations, met the most fierce resistance from the kulaks. Without direct and active support from the poor and middle peasant masses, in the order of bare administration, the kulaks could not be liquidated. To solve this task, it was necessary to isolate the kulaks by organizing the poor peasantry and rallying the middle peasantry against the kulaks. Complete collectivization, marking the turn of the middle peasantry onto the collective farm path, is an indicator of the maturity of the alliance of the working class with the middle peasantry. The kulaks are liquidated by genuinely

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281 J. V. Stalin, Works., Vol. 12, p. 169.

revolutionary methods, because "the collective farm movement, having assumed the character of a powerful, rising anti-kulak avalanche, sweeps the resistance of the kulak from its path, breaks the kulaks, and paves the way for broad socialist construction in the countryside"[282]. Under these conditions dekulakization represents "an constituent part of the formation and development of collective farms"[283].

One of the main links of Stalin's theory of collectivization is the question of machine-tractor stations.

J. V. Stalin disclosed the significance of machine-tractor stations as strongpoints of the socialist state in the countryside, as the best form of assisting the peasantry and leading them in the work of socialist transformation of the countryside and development of collective farms to communism. Socialist agriculture, like industry, is based on high machine technology. It develops and can develop only through continuous improvement of technology. In his new genial work "Economic Problems of Socialism in the USSR," J. V. Stalin exceptionally vividly showed the role of machine technology in the development of socialist agricultural production. "We all rejoice in the colossal growth of agricultural production of our country," Comrade Stalin writes, "growth of grain production, production of cotton, flax, beets, etc. Where is the source of this growth? The source of this growth is modern technology, numerous modern machines servicing all these branches of production. The matter here is not only in technology in general, but in the fact that technology cannot stand in one place, it must be improved all the time, that old technology must be put out of commission and replaced by new, and new by newest. Without this the forward march of our socialist

282 Ibid., p. 141.

283 Ibid., p. 170.

agriculture is unthinkable, neither big yields nor abundance of agricultural products is unthinkable"[284].

This highest, continuously improving technology was brought into collective farms by machine-tractor stations. As early as 1927, in the initiative of the first machine-tractor column of Shevchenko state farm in Odessa region, Comrade Stalin with genial foresight saw the prototype of MTS, which became a mighty instrument of the Communist Party in the work of socialist reconstruction of the countryside. "If there were more such examples, comrades," Comrade Stalin said at the XV Congress of the VKP(b), "then it would be possible to push the work of collectivizing the countryside far forward"[285]. In April 1929 J. V. Stalin again emphasized that "it is necessary to develop the system of machine-tractor stations..."[286]. Guiding himself by Stalin's propositions on the role of MTS, the November Plenum of the Party CC in 1929 adopted a resolution stating that machine-tractor stations have exceptionally important significance in the work of building large collective farms and must become the center of complete collectivization of entire regions.

In the first years of activity of machine-tractor stations they were organized by state farms, agricultural cooperation, and also collective farm associations. The Central Committee of the VKP(b) carefully studied all practical experience, as well as theoretical considerations on correctly combining interests of cooperative associations and the entire socialist society as a whole, and made the only correct conclusion that only the state form of machine-tractor stations makes it best possible to ensure assistance to the peasantry, rapid development of productive forces of agriculture, and on this basis — creation

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284 J. Stalin, Economic Problems of Socialism in the USSR, p. 90.

285 J. V. Stalin, Soch., Vol. 10, p. 309.

286 J. V. Stalin, Soch., Vol. 12, p. 58.

of new, durable collectivist production relations in the countryside. The Party Central Committee in a resolution of December 29, 1930, gave a classic definition of machine-tractor stations: "...In the person of MTS is revealed and tested in mass experience the form of organization by the Soviet state of large-scale collective agriculture on a high technical basis, in which the initiative of collective farm masses in building their collective farms is most fully combined with organizational and technical assistance and leadership of the proletarian state." Guiding themselves by Stalin's theory of collectivization, the Communist Party and Soviet government created a powerful network of machine-tractor stations, the number of which now has reached 8,939 units. Each MTS is equipped with perfect machines: tractors, combines, diverse agricultural production tools. For effective utilization of first-class technology, the MTS prepared for collective farms from among collective farmers a million-strong army of mechanized labor workers: tractor drivers, combine operators, mechanics, repair workers, etc. For organizational, agronomical, and technical guidance of stations' activity, qualified cadres of agronomists, engineers, land reclaimers, etc., are concentrated in them.

Having concentrated in their hands leading productive forces in agriculture, state machine-tractor stations became the leading force, organizers of collective farm production. Machine-tractor stations are assigned the role of organizers in the struggle of collective farms for high and stable yields.

Stalin's teaching on the role and significance of MTS in developing collective farms is raised to a new, highest stage in J. V. Stalin's work "Economic Problems of Socialism in the USSR." Comrade J. V. Stalin showed that the practice of collective farm construction in the USSR confirms the correctness of the party's line on the question of MTS and is in accordance with economic laws of socialism. "Further growth of the collective farm movement and development of collective

farm construction," Comrade Stalin points out, "have finally convinced both collective farmers and leading workers that the concentration of main implements of agricultural production in the hands of the state, in the hands of machine-tractor stations, is the sole means of ensuring high rates of growth of collective farm production" [287].

Machine-tractor stations, organized by the party and government in accordance with the operation of economic laws of socialism, are currently well-adjusted industrial enterprises of socialist agriculture tested by twenty-five years of practice. The construction of machine-tractor stations in the Soviet Union is a model of correct utilization of economic laws of socialism. Knowing the laws governing the development of social production, the Communist Party and Soviet government provided agriculture with the basis of newest machine technology. For guiding and assisting collective farms as fully independent enterprises, the most correct form of interrelations between MTS and collective farms has been found: cooperation on the basis of contractual relations. This cooperation develops and grows stronger every year. In modern conditions "such means of production as MTS machines and land entirely decide the fate of agriculture..."[288]. The 19th Party Congress gave the directive "to ensure improvement of work of machine-tractor stations, expand their activity on mechanizing labor-intensive work in all branches of collective farm production, and raise responsibility of MTS for fulfilling plans on crop yields and livestock productivity"[289]. Fulfilling this directive will mean strengthening the leading role of MTS in the further development of collective farms.

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287 J. Stalin, Economic Problems of Socialism in the USSR, p. 90.

288 J. Stalin, Economic Problems of Socialism in the USSR, p. 89.

289 Directives of the XIX Party Congress for the Fifth Five-Year Plan of USSR Development for 1951–1955. Gospolitizdat, 1952, p. 19.

Stalin's theory of collectivization elucidated and disclosed regularities of the collective farm movement not only during the period of building socialism, but also during the period of gradual transition from socialism to communism. "The great significance of collective farms," Comrade Stalin pointed out in 1929, "consists precisely in that they represent the main basis for applying machines and tractors in agriculture, that they constitute the main basis for remaking the peasant, for transforming his psychology in the spirit of socialism"[290].

In his new genial work "Economic Problems of Socialism in the USSR," J. V. Stalin showed that for transition from socialism to communism of paramount significance is the question of raising collective farm ownership to the level of nationwide ownership. This question is closely connected with the question of the role and significance of commodity production under socialism. Commodity production under socialism is economically necessary for a certain time. This necessity is caused by the existence in the country of two main forms of socialist ownership: state — nationwide, and collective farm, which cannot be called nationwide. Main means of production in agriculture (land, machines) belong to the state, however labor in collective farms is their own, seeds are own, and land, which is transferred to collective farms in eternal use, collective farms dispose of practically as their property, despite the fact that they cannot sell it, buy it, lease it out, or mortgage it. Therefore, collective farms dispose of collective farm produce as their property. But collective farms accept no other economic ties with town except commodity ones, except exchange through purchase and sale. "Therefore, commodity production and commodity circulation are with us at present such a necessity as they were, say, some thirty years

290 J. V. Stalin, Soch., Vol. 12, p. 165.

ago when Lenin proclaimed the necessity of unfolding commodity circulation to the full"[291].

Showing the role and significance of commodity circulation, J. V. Stalin points out: "...We Marxists proceed from the well-known Marxist proposition that transition from socialism to communism and the communist principle of distributing products according to requirements exclude any commodity exchange, consequently also conversion of products into commodities, and at the same time also their conversion into value"[292].

Comrade Stalin clarified the question of the historical role and significance of collective farm ownership. Replacing old capitalist production relations with new, collectivist ones, carried out in the Soviet countryside during the years of the first five-year plan, played a decisive role in the colossal development of productive forces of our country's agriculture. But development of production relations even under socialism can lag behind development of productive forces. If at present, as well as in the near future, collective farm ownership and commodity circulation bring benefit in developing the socialist economy, this does not mean that they cannot subsequently become a fetter on development. "Of course, new production relations cannot remain and do not remain forever new, they begin to age and come into contradiction with further development of productive forces, they begin to lose the role of main engine of productive forces and turn into their fetter"[293]. Under conditions of socialism this contradiction can be timely noticed and overcome. "This concerns first of all such economic phenomena as group collective farm ownership, commodity circulation"[294]. Already now, when the country has

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291 J. Stalin, Economic Problems of Socialism in the USSR, pp. 16–17.

292 Ibid., p. 92.

293 J. Stalin, Economic Problems of Socialism in the USSR, p. 62.

294 Ibid., p. 68.

entered the period of transition from socialism to communism and is moving rapidly forward along this path, collective farm ownership and commodity circulation begin to hinder the powerful development of our productive forces, insofar as they create obstacles for full coverage of the entire national economy, especially agriculture, by state planning. Subsequently these phenomena will hinder our movement forward even more. For, as Comrade Stalin emphasizes, "it is impossible to achieve either abundance of products capable of covering all society's requirements, or transition to the formula 'to each according to requirements,' leaving in force such economic facts as collective-group ownership, commodity circulation, etc."[295].

J. V. Stalin elaborated the question of measures for raising collective farm ownership to the level of nationwide ownership. Comrade Stalin resolutely rejected as completely incorrect and unacceptable the proposal of certain economists to turn collective farm ownership into nationwide ownership by way of nationalization. "Collective farm ownership," Comrade Stalin emphasizes, "is socialist ownership, and we cannot in any way treat it as capitalist ownership"[296]. The proposal of these economists is unacceptable also because "the state will not exist for all time and eternity. With the expansion of the sphere of operation of socialism in most countries of the world the state will wither away and, of course, in connection with this the question of transferring property of individual persons and groups into state ownership will fall away. The state will wither away, but society will remain"[297].

Comrade Stalin resolutely rejected also the proposal to sell into ownership to collective farms main means of production of

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295 Ibid., p. 66.

296 Ibid., p. 87.

297 Ibid.

MTS. J. V. Stalin showed that selling MTS to collective farms would lead not to raising collective farm ownership to the level of nationwide ownership, but, on the contrary, only to distancing collective farm ownership from nationwide ownership, would lead not to approaching communism, but, on the contrary, to moving away from it. Collective farms would be placed in an exceptional position in comparison with state enterprises, since they would receive main implements of production into ownership and would begin to dispose of them at their own discretion. This would lead to expanding the sphere of operation of commodity circulation.

J. V. Stalin with exceptional depth disclosed the actual path of raising collective farm ownership to the level of nationwide ownership. The main property owned and disposed of at its own discretion by collective farm is its produce. "The matter is that a significant part of this produce, surpluses of collective farm production, enter the market and are thus included in the system of commodity circulation. This exact circumstance currently hinders raising collective farm ownership to the level of nationwide ownership. Therefore it is precisely from this end that work must be unfolded on raising collective farm ownership to the level of nationwide ownership"[298]. In order to raise collective farm ownership to the level of nationwide ownership, "it is necessary to exclude surpluses of collective farm production from the system of commodity circulation and include them in the system of product exchange between state industry and collective farms. This is the essence"[299]. The success of this measure is ensured by the fact that the system of product exchange is profitable also for the collective farm peasantry itself, since under such a system the collective farm

298 J. Stalin, Economic Problems of Socialism in the USSR, p. 93.

299 Ibid.

peasantry will receive from the state more produce and at cheaper prices than under commodity circulation.

When implementing this measure, hastening must not be permitted. It would be erroneous and harmful to immediately and at once renounce commodity circulation and collective farm ownership. "...At present commodity circulation and collective farm ownership are successfully used for developing the socialist economy and bring our society undoubted benefit. They will bring benefit in the near future"[300]. Transition to higher economic forms requires preliminary creation of necessary preconditions. Economic ties between collective farm countryside and town already now contain germs of product exchange in the form of industrial products partially issued to collective farms in exchange for flax, cotton, sugar beets, and other agricultural products. "The task consists in organizing these germs of product exchange in all branches of agriculture and developing them into a broad system of product exchange so that collective farms receive for their produce not only money, but mainly necessary goods"[301]. As product exchange expands, the sphere of operation of commodity circulation will contract, and collective farms' main property — produce — will be included in the system of nationwide planning.

The question of raising collective farm ownership to the level of nationwide ownership is closely connected with the question of further development of the agricultural artel. One cannot agree with the opinion of certain comrades who believe that raising collective farm ownership to the level of nationwide ownership by introducing the system of product exchange ensures the transition of the agricultural artel directly to the higher phase of communism, bypassing the form of agricultural

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300 G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 100.

301 J. Stalin, Economic Problems of Socialism in the USSR, p. 94.

commune, that the latter allegedly becomes unnecessary and is no longer the highest form of the collective farm movement. Meanwhile introducing the system of product exchange and raising the artel to the level of agricultural commune are two sides of the same process of development of collective farms' public economy. Gradual transition to product exchange, giving new incentives for more rapid growth of the artel's public economy, will also accelerate preparation of conditions necessary for transition to the commune.

At the XVII Party Congress J. V. Stalin indicated that "the commune is needed and it is, of course, the highest form of the collective farm movement, but not the current commune which arose on the basis of undeveloped technology and lack of products and which itself is passing to the position of an artel, but the future commune which will arise on the basis of more developed technology and abundance of products"[302].

Of paramount significance for the growing of the artel into the future commune is organizational-economic consolidation of collective farms: further equipping collective farm production with first-class machine technology of MTS and mastering this technology to perfection, ensuring high soil fertility and abundant stable yields, strengthening and all-round development of powerful diversified public economy, providing all branches of agriculture with highly qualified cadres, strengthening labor discipline in collective farms, and further developing socialist emulation. Only on this path will artels achieve high labor productivity and ensure an abundance of products in our country.

Elaborated by J. V. Stalin, the theory of agricultural collectivization embraces the entire range of problems on socialist transformation of the countryside, on further development of collective farms. Stalin's theory of

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302 J. V. Stalin, Soch., Vol. 13, pp. 352–353.

collectivization is a mighty and effective ideological weapon of the Communist Party and all working people in the great struggle for building communist society.

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M. Kraev

STALIN'S THEORY OF THE COLLECTIVIZATION OF AGRICULTURE
(On the 25th Anniversary of the XV Party Congress)

Twenty-five years ago, in December 1927, the XV Congress of our party took place, which entered history as the congress of collectivization. At this congress, the genial strategist of the proletarian revolution, Comrade Stalin, put forward and substantiated as the primary task of the Communist Party's work in the countryside the transfer of millions of small and scattered peasant households onto the path of collective farms. Armed with the decisions of the congress, the working masses of our country under the leadership of the Communist Party unfolded the struggle for the socialist transformation of the countryside.

Over the years that have passed since the XV Congress, transformations of world-historic significance have taken place in the agriculture of the USSR.

Already by the XVIII Congress of the CPSU(b) (1939) the collective farm system in our country had finally grown strong. The collective farms were consolidated, and the socialist economic system became established as the sole form of agriculture. Since then the collective farm system has withstood severe trials in the Great Patriotic War, successfully solving the most difficult tasks of wartime.

After the rout of the fascist invaders by the Soviet Army, the collective farms under the leadership of the Communist Party rapidly restored their economy and achieved new major successes.

If during the period of the XV Party Congress our country numbered 24–25 million small, scattered individual peasant households that based their production on private ownership of the means of production, now we have 97 thousand enlarged collective farms, in which the working peasantry bases its labor on socialist ownership of the means of production.

In the struggle for socialism, Lenin's cooperative plan and Stalin's theory of collectivization served as a mighty weapon that helped our party and state ensure the socialist remaking of small-peasant farming, the further consolidation of the collective farm system, and the world-historic conquests of socialism.

Stalin's theory of the agricultural collectivization received further development in the new genial work of J. V. Stalin, "Economic Problems of Socialism in the USSR," which is a greatest contribution to Marxist-Leninist science. J. V. Stalin's new work enriched the theory of collectivization with the elaboration of new questions; it helps to understand more deeply the economic content and significance of Lenin's cooperative plan and Stalin's theory of agricultural collectivization.

In all bourgeois countries, with the exception perhaps of England, despite the development of capitalism in agriculture, there is a very numerous class of small and medium producer-owners in the countryside. Therefore, the peasant question — the question of the ally of the proletariat in the socialist revolution is one of the most burning questions of our time. The alliance of the working class and the peasantry, representing the overwhelming majority of society, was that social force which, relying on the law of obligatory correspondence of production relations to the character of productive forces, overcame the resistance of obsolete forces of society in our country and enabled Soviet power to liquidate

capitalism and all exploitation, socialize the means of production, and create socialist forms of economy.

The question of the alliance of the working class with the peasantry is not confined merely to winning the dictatorship of the proletariat, but is one of the most important questions of building socialism and communism after state power has been won.

The socialist system is based on public ownership of the means of production. But while highly concentrated means of production in industry can be expropriated and transferred to the possession of the whole society, this cannot be done with millions of peasants conducting small-scale commodity production.

"...What are the proletariat and its party to do," writes Comrade Stalin in "Economic Problems of Socialism in the USSR," "if in this or that country, including our country, there are favorable conditions for the proletariat taking power and overthrowing capitalism, where capitalism in industry has concentrated the means of production to such an extent that they can be expropriated and transferred to the possession of society, but where agriculture, despite the growth of capitalism, is still so fragmented among numerous small and medium producer-owners that it is impossible to pose the question of expropriating these producers?"[303]. Comrade Stalin points out further that one cannot call an answer the opinion of certain would-be Marxists who believe that under such conditions one ought to renounce taking power. Also erroneous is the opinion of other would-be Marxists who think that one ought to take power and proceed to the expropriation of small and medium producers in the countryside, for such a measure would throw the peasantry for a long time into the camp of the enemies of

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[303] J. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 12.

the proletariat and would undermine any possibility of victory for the proletarian revolution.

The only correct solution to the question was given by V. I. Lenin in his works on the "tax in kind" and in his famous "cooperative plan." Comrade Stalin in his new genial production, "Economic Problems of Socialism in the USSR," disclosed with exceptional depth the content of Lenin's cooperative plan. The proletariat, V. I. Lenin taught, must not miss favorable conditions for taking power; it must take power without waiting for that moment when capitalism succeeds in ruining the multi-million population of small and medium individual producers. The proletariat must expropriate the means of production in industry and transfer them to nationwide property. As for small and medium individual producers, they must be gradually united into production cooperatives, i.e., into large agricultural enterprises, collective farms. Further, relying on the all-round development of socialist industry, it is necessary to provide the collective farms with the modern technical basis of large-scale production, without expropriating the collective farms, but, on the contrary, intensively supplying them with tractors and other agricultural machines. For establishing an economic link between town and country, industry and agriculture, it is necessary to preserve for a certain time commodity production as the form of economic ties with the town solely acceptable to the peasantry, and to unfold Soviet trade to the full, squeezing all and sundry capitalists out of commodity circulation. "The history of our socialist construction," Comrade Stalin emphasizes, "shows that this path of development outlined by Lenin has fully justified itself"[304].

The Communist Party and Soviet power, successfully implementing under the leadership of J. V. Stalin the socialist

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304 J. Stalin, Economic Problems of Socialism in the USSR, p. 14.

industrialization of the country and Lenin's cooperative plan, ensured the turning of the peasantry onto the path of collective farms, ensured the victory of the collective farm system in the USSR, and ensured the building of socialism in our country, which made it possible to begin the gradual transition from the first phase of communism — socialism — to its second phase. Developing Lenin's teaching on the socialist remaking of small-peasant farming and generalizing the experience of socialist construction, Comrade Stalin created the theory of agricultural collectivization.

In the course of socialist industrialization, grain difficulties arose in the country, which put the grain problem on the agenda as the most acute and serious problem of socialist construction. Enemies of the people tried to use the created difficulties to disrupt the socialist industrialization of the country. For this purpose they concocted the wrecking, so-called theory of "equilibrium" of sectors in our national economy. J. V. Stalin exposed the restorationist essence of this "theory," which aimed to defend the kulak class and ensure the restoration of capitalism in our country. Creatively applying and developing Marxist theory of reproduction, Comrade Stalin showed that the cause of the difficulties lay in the fact that Soviet power and socialist construction in the USSR of that period were based on two different foundations. Socialist large-scale and centralized industry, based on nationwide ownership of the means of production, developed according to the plan of the socialist state and ensured rapid rates of expanded reproduction. At the same time, agriculture was based on private ownership of the means of production, and was fragmented and primitive, undeveloped and the least commodity-producing economy. For small-peasant farming "not only fails in the mass to effect annual expanded reproduction, but, on the contrary, very rarely has the

opportunity to effect even simple reproduction"[305]. The party understood that until the kulak class was defeated in open battle before the eyes of the peasantry, the working class and the army would suffer from a lack of grain, and the collective farm movement could not assume a mass character.

Difficulties could not be liquidated at the expense of slowing down the rates of development of socialist industry, the growth of which created an enhanced growth of demand for grain, for this would mean weakening the position of the working class in the struggle against the petty-bourgeois element, in the struggle against capitalist elements in the national economy. "On the contrary," Comrade Stalin pointed out in 1928 in a well-known conversation with students of the Institute of Red Professors, the Communist Academy, and Sverdlov University, "we must maintain the present pace of development of industry, we must at the first opportunity develop it further in order to flood the countryside with goods and extract more grain from there, in order to supply agriculture and, above all, collective farms and state farms with machines, in order to industrialize agriculture and raise the marketability of its output"[306].

The way out, Comrade Stalin pointed out, was to enlarge agriculture, make it capable of accumulation and expanded reproduction, and thereby transform the agricultural base of the national economy.

Large-scale highly marketable production is of two kinds: capitalist and collective, socialist. Substantiating the necessity of collectivization, J. V. Stalin gave a new formulation of the question of the superiority of large-scale production in agriculture; Comrade Stalin posed the question of the superiority of large-scale socialist production both in

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305 J. V. Stalin, Soch., Vol. 12, p. 145.

306 J. V. Stalin, Soch., Vol. 11, p. 93.

comparison with small-peasant production and in comparison with large-scale capitalist production.

Large-scale capitalist production is incompatible with the goals of socialist production. The capitalist path of development dooms the working peasantry to ruin, poverty, and hunger, not to mention the fact that it presupposes a very lengthy process of development. Large-scale socialist production possesses immense advantages owing to the fact that it is conducted not spontaneously, not rapaciously, but in a planned manner, without crises, through continuous growth and improvement on the basis of higher technology. It ensures the steady rise of well-being of the collective farm peasantry. Therefore, the Communist Party rejected the capitalist path of agricultural development and took the path of enlarging agriculture by uniting peasant households into collective farms. "The method of collectivization," Comrade Stalin says, "proved to be a highly progressive method not only because it did not require the ruin of peasants, but especially because it made it possible within a few years to cover the entire country with large collective farms having the opportunity to apply new technology, utilize all agronomical achievements, and give the country more marketable output"[307].

J. V. Stalin comprehensively elaborated the question of concrete paths, forms, and methods of the socialist transformation of small-peasant farming. Comrade Stalin developed Lenin's theory on the leading role of socialist industry in this transformation. To replace the bourgeois individual-peasant system with a collectivist one and create a new economic basis in agriculture, it is necessary with the aid of the all-round unfolding of socialist industry to create new productive forces in it and provide agriculture with the

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[307] J. Stalin, Speeches at Pre-election Meetings of Voters of Stalin Electoral District of Moscow, December 11, 1937, and February 9, 1946. Gospolitizdat, 1951, p. 20.

technical basis of large-scale production. The mighty driving force of socialist industry in the revolutionary transformation of agriculture on socialist lines consists not only in the fact that its rapid rates of development make collectivization an economic necessity. Its driving force also lies in the fact that it is the source and instrument for creating new productive forces of agriculture. The more powerful industry becomes, the greater are its opportunities to reorganize agriculture, provide it with the basis of modern machine technology, and turn the possibility of collectivization into reality. "...Industry," Comrade Stalin pointed out, "is that key with the aid of which backward and fragmented agriculture can be reconstructed on the basis of collectivism"[308].

Having created a powerful socialist industry that made it possible to fundamentally change the productive forces of agriculture, the Communist Party and the Soviet state obtained the opportunity, with the full support of the working peasantry, to reconstruct production relations in the countryside and unite peasants into collective farms.

Comrade Stalin elaborated the main problems of the theory of collectivization: on the collective farm form of socialist agriculture, on the agricultural artel as the main and principal link of the collective farm movement at the present stage, on the liquidation of the kulak class on the basis of complete collectivization, on the role of MTS as strongpoints in the work of socialist reconstruction of agriculture, and on the paths of further development of collective farms.

In the works of J. V. Stalin the question of the collective farm form of socialist agriculture is comprehensively elaborated. Developing and putting into practice Lenin's cooperative plan, Comrade Stalin first of all showed that collective farms are cooperative enterprises. The Trotskyite-Bukharinite restorers of

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308 J. V. Stalin, Soch., Vol. 11, p. 252.

capitalism tried to contrast collective farms with cooperation and thus discredit the collective farm movement. Comrade Stalin exposed the counterrevolutionary essence of these attempts and showed that "collective farms represent an inseparable constituent part of the cooperative movement in general, of Lenin's cooperative plan in particular"[309].

Comrade Stalin disclosed two main phases of development of the cooperative movement. At the initial stages of implementing Lenin's cooperative plan, the marketing and supply forms of cooperation played a decisive role in preparing the beginnings of collectivism in the countryside. However, socialist Soviet cooperation is not exhausted by the simplest, lower forms. Bukharin and other right-wing restorers of capitalism strove with all their might to distort Lenin's cooperative plan, restricting its content merely to lower forms of cooperation.

J. V. Stalin defended Lenin's cooperative plan against the attacks of enemies of the revolution and comprehensively developed the proposition on collective farms as the highest form of cooperation. "...Until there was a mass collective farm movement," Comrade Stalin pointed out in his famous article "Year of the Great Turn," "the lower forms of cooperation, supply and marketing cooperation, served as the 'main road,' and when the higher form of cooperation, its collective farm form, appeared on the scene, the latter became the 'main road' of development"[310].

The Leninist-Stalinist proposition that collective farms are an inseparable constituent part and the highest form of cooperation is of exceptional significance for elucidating all other questions of the theory of collectivization and above all for working out correct methods of uniting peasants into

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309 J. V. Stalin, Soch., Vol. 11, p. 90.

310 J. V. Stalin, Soch., Vol. 12, p. 131.

collective farms. Developing Lenin's ideas on cooperation, J. V. Stalin said that the main principle of collectivization is voluntariness. But voluntariness is not spontaneity. J. V. Stalin smashed the restorationist theory of "spontaneity" in socialist construction. The method of collectivization, signifying the conscious use of economic laws of socialism, excludes spontaneity and requires active, planned-transformative organizational-economic and ideological-political work by the Communist Party and Soviet state to prepare conditions for the socialist transformation of the countryside. One of such conditions is convincing working peasants of the necessity and profitability for them of collectivization. "Leninism teaches that peasants can be convinced of the advantages of collective farming only if it is shown to them and proved in deed, by experience, that the collective farm is better than the individual holding, that it is more profitable than the individual holding, that the collective farm provides a way out for the peasant, the poor and middle peasant, from want and poverty. Leninism teaches that outside of these conditions collective farms cannot be durable"[311].

Leninism teaches that collectivization must be carried out on the basis of an alliance of the working class with the middle peasantry, and must strengthen this alliance, raising it to a higher stage. J. V. Stalin repeatedly emphasized that "the basis of the collective farm movement at the present moment is the alliance of the working class and the poor peasantry with the middle peasant against capitalism in general, against the kulak class in particular"[312].

Comrade Stalin showed that the transition to collectivization is possible not in the order of a simple and peaceful entry of

311 Ibid., p. 205.

312 J. V. Stalin, Soch., Vol. 12, p. 203.

peasants into collective farms, but in the order of a mass struggle of peasants against the kulaks.

Of exceptional significance in the successful application of the method of collectivization was J. V. Stalin's elaboration of the question of strongpoints for the collective farm movement. To turn the possibility of collectivization into reality, it was necessary to create in the countryside a whole system of strongpoints ensuring the success of the mass collective farm movement. Such strongpoints were: agricultural cooperation, which accustomed individual peasants to collective management, especially on the basis of contracting; a network of the first collective farms, where peasants tested the advantages of collective forms of economy over individual ones; a network of state farms, which are the "backbone" of reconstructing the old setup of the countryside, the leading force that facilitated the turning of peasant masses onto the path of collectivization. Strongpoints of collectivization were the network of tractor columns and machine-tractor stations, which made it possible to provide agriculture with the basis of modern machine technology.

Of exceptionally great theoretical and practical significance in collective farm construction is the question of collective farms as a type of economy. In the years when the Communist Party was intensively preparing conditions for mass collectivization, the restorers of capitalism tried in every way to discredit collective farms, portraying them as state-capitalist and capitalist enterprises supposedly having nothing in common with socialist forms of economy. Comrade Stalin showed that such views on the nature of collective farms have nothing in common with Leninism. In a number of his works Comrade Stalin elaborated the question of the nature of collective farms. Collective farms by their nature are enterprises of a socialist type. The economic basis of collective farms is constituted by collective, group ownership. J. V. Stalin proved that collective

farm ownership is one of the forms of socialist ownership. In collective farms there is no private ownership of the means of production, no division of people into those who own means of production and those deprived of means of production, no class of exploiters and class of exploited.

"Collective farms, as a type of economy," Comrade Stalin said, "are one of the forms of socialist economy. There cannot be any doubt of this"[313]. The product of labor in collective farms is public property of the entire collective farm, and not private property of this or that person. There is no private appropriation here of products of other people's labor, but there is distribution of income from public economy among collective farm members according to the principle: "from each according to his abilities, to each according to his work."

Stalin's propositions that collective farms are socialist in their nature and represent the highest form of Soviet cooperation provide the key to the correct understanding of organizational-economic features of collective farms, the peculiarity of forms and paths of development to communism in contrast to other forms of socialist agricultural enterprises (state farms).

Collective farms, like state farms, are socialist enterprises. But they differ from state farms primarily in that the form of ownership in them is collective, group, and not nationwide. Soviet power and the Communist Party always resolutely combated attempts to transfer the organizational management system of state farms onto collective farms, "for unlike the state farm, which is a state enterprise created at state expense, the collective farm is a voluntary public association of peasants created at the peasants' own expense, with all ensuing consequences"[314].

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313 Ibid., p. 161.

314 "CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC". Part II, 1941, p. 423.

One of the important features of collective farms consists in the fact that at various stages of development they have different forms. The question of forms of the collective farm movement is essential for the theory and practice of collectivization. The experience of the USSR showed that the change in forms of collective farms occurs neither arbitrarily nor accidentally; it is strictly conditioned by the development of collective farm production. The main stages and, accordingly, forms of development of collective farms are distinguished by the degree of socialization of means of production of the united peasants, by the level of development of productive forces and the entire public economy, and by the character and forms of combining personal interests of collective farmers with public interests of collective farms and the state. The question of forms of the collective farm movement has been exhaustively elaborated by J. V. Stalin. Directing collective farm construction and creatively generalizing its many years of practice, Comrade Stalin substantiated three forms of development of collective farms in the USSR, each of which is inseparably connected with the level of development of the collective farm movement, with the level of agricultural production development.

The simplest form of the collective farm movement is societies for the joint cultivation of the land. These are such collective farms in which peasants socialize only land use and labor for land cultivation. Means of production are not yet socialized and remain the private property of collective farmers.

The second form of the collective farm movement is the agricultural artel. Here peasants socialize not only field plots and labor for the time of field work, but also main means of production. Public economy in the artel is the main one: almost the entire mass of labor of its members is expended in it, and it is the main source of income for collective farmers. However, each collective farm household has as personal property a

subsidiary plot on the homestead, a dwelling house, productive livestock, poultry, and small agricultural equipment, according to the Charter of the Agricultural Artel.

The highest form of the collective farm movement is the agricultural commune. The agricultural commune is characterized by the fact that in it all means of production and all production are socialized. The commune's economy is based on highly developed technology; it is comprehensively developed, ensuring an abundance of all kinds of agricultural products, grain, livestock, poultry, vegetables, etc. On this basis public service of everyday needs of collective farmers will be organized in communes, and the necessity for the existence of personal, subsidiary farming of collective farmers will disappear. The public economy of the commune will be the sole and abundant source of income for collective farmers.

At each stage of development of the socialist economy the form of the collective farm must correspond to the level of development of productive forces. A timely and correctly chosen form of organizing collective farms becomes a powerful factor in the further advancement of the collective farm peasantry along the path to communism.

An important constituent part of the theory of collectivization is the exhaustively elaborated by J. V. Stalin question of the agricultural artel as the main and principal form of collective farm construction at the present stage, most correct and understandable to peasants, providing the opportunity to best combine personal interests of collective farmers with their public interests, adapting personal interests of collective farmers to public interests. On Comrade Stalin's initiative the CC CPSU(b) in a resolution of January 5, 1930, put forward the agricultural artel as the main form of the collective farm movement at the given stage.

In his works Comrade Stalin substantiates the significance of the artel form of collective farms in the struggle for the

socialist transformation of the countryside. In the article "Dizziness from Success," analyzing collective farm forms, J. V. Stalin emphasized that "one of the greatest merits of our party's political strategy is that it knows how to choose the main link of the movement at each given moment, by gripping which it then pulls the entire chain to one common goal in order to achieve the resolution of the task"[315]. Comrade Stalin indicated in this article that the main link of the collective farm movement, its predominant form at the given moment, which must now be grasped, is represented by the agricultural artel. The artel form of collective farms proved to be the only correct one because it took into account the level of development of collective farm production, and took into account the psychology and consciousness of peasants. The artel form made it possible to create and rapidly move forward large-scale, mechanized, highly marketable public economy of collective farms, which is the basis for satisfying the constantly growing material and cultural requirements of the collective farm peasantry and the entire Soviet society. The artel form enabled the Communist Party to most successfully fulfill the collectivization plan and transfer onto the path of collective farms not only the poor peasantry, but the entire multi-million mass of middle peasant households. It made it possible most rapidly to eliminate the lag of agriculture and thereby ensure the rapid development of the entire socialist national economy. An immense merit of Comrade Stalin is his substantiation of the transition from the policy of restricting and squeezing out the kulak class to the policy of liquidating the kulaks as a class on the basis of complete collectivization.

J. V. Stalin comprehensively elaborated the question of the liquidation of the kulaks as a class. Comrade Stalin showed that the liquidation of the kulaks, like any other exploiting

315 J. V. Stalin, Soch., Vol. 12, p. 195.

class, can be carried out only through routing them in open battle and expropriating their capital, their production base. This constitutes the common features of the liquidation of all exploiting classes. But this by no means signifies that "open battle" with the kulaks and their expropriation can be conducted in the absolute same way as landlords and urban capitalists were liquidated. A special method must be applied here. This special method found its expression in the classical Stalinist formula: liquidation of the kulaks as a class on the basis of complete collectivization. This formula of Comrade Stalin embraces, first, conditions, second, timelines, and, third, the method of liquidating the kulaks as a class.

To liquidate the kulaks as a class, it was necessary first of all to create conditions necessary for the successful implementation of this major revolutionary measure. The first condition is to eliminate the causes giving rise to the kulaks, for one cannot liquidate this or that class if the soil feeding and generating it is preserved. The roots of the kulaks lie in small-scale commodity production, which in its basis is identical with capitalist production, and therefore inevitably gives rise to capitalist elements. To liquidate the kulaks as a class, it was necessary, consequently, to unite into large artel farming based on machine technology not separate groups of peasants, but the main poor and middle peasant masses of peasants. Thus, complete collectivization is the basis for liquidating the kulaks as a class primarily because it removes forever the soil and roots generating capitalism.

For the successful liquidation of kulaks it is necessary, further, to have a material basis in order to replace kulak production and kulak marketable grain with the production and marketable grain of state farms and collective farms. In the work "On Questions of Agrarian Policy in the USSR," substantiating the transition to the policy of liquidating the kulaks as a class, J. V. Stalin pointed out that by the end of 1929 a serious shift had

occurred in the economy of the USSR: "Now we have, as you see, the material basis for replacing kulak production with the production of collective farms and state farms. Precisely for this reason our decisive offensive against the kulaks now has undoubted success"[316].

Stalin's formula of liquidating the kulaks as a class on the basis of complete collectivization not only indicates economic preconditions, but also gives the key to establishing timelines and rates of liquidating the kulaks. It clearly states that the liquidation of the kulaks as a class can be carried out only when the collective farm movement rises to the level of complete collectivization. As is known, the policy of liquidating the kulaks as a class was proclaimed by Comrade Stalin in his speech at the conference of agrarian Marxists on December 27, 1929, when the radical turn of the middle peasantry onto the path of collective farms had already been defined.

Finally, the great revolutionary significance of complete collectivization consists in the fact that it provides a method of liquidating the kulaks, this most numerous exploiting class that existed in our country. Complete collectivization, signifying the creation of new socialist and liquidation of old capitalist production relations, met the most fierce resistance from the kulaks. Without direct and active support from the poor and middle peasant masses, in the order of bare administration, the kulaks could not be liquidated. To solve this task, it was necessary to isolate the kulaks by organizing the poor peasantry and rallying the middle peasantry against the kulaks. Complete collectivization, marking the turn of the middle peasantry onto the collective farm path, is an indicator of the maturity of the alliance of the working class with the middle peasantry. The kulaks are liquidated by genuinely

316 J. V. Stalin, Works., Vol. 12, p. 169.

revolutionary methods, because "the collective farm movement, having assumed the character of a powerful, rising anti-kulak avalanche, sweeps the resistance of the kulak from its path, breaks the kulaks, and paves the way for broad socialist construction in the countryside"[317]. Under these conditions dekulakization represents "an constituent part of the formation and development of collective farms"[318].

One of the main links of Stalin's theory of collectivization is the question of machine-tractor stations.

J. V. Stalin disclosed the significance of machine-tractor stations as strongpoints of the socialist state in the countryside, as the best form of assisting the peasantry and leading them in the work of socialist transformation of the countryside and development of collective farms to communism. Socialist agriculture, like industry, is based on high machine technology. It develops and can develop only through continuous improvement of technology. In his new genial work "Economic Problems of Socialism in the USSR," J. V. Stalin exceptionally vividly showed the role of machine technology in the development of socialist agricultural production. "We all rejoice in the colossal growth of agricultural production of our country," Comrade Stalin writes, "growth of grain production, production of cotton, flax, beets, etc. Where is the source of this growth? The source of this growth is modern technology, numerous modern machines servicing all these branches of production. The matter here is not only in technology in general, but in the fact that technology cannot stand in one place, it must be improved all the time, that old technology must be put out of commission and replaced by new, and new by newest. Without this the forward march of our socialist

317 Ibid., p. 141.

318 Ibid., p. 170.

agriculture is unthinkable, neither big yields nor abundance of agricultural products is unthinkable"[319].

This highest, continuously improving technology was brought into collective farms by machine-tractor stations. As early as 1927, in the initiative of the first machine-tractor column of Shevchenko state farm in Odessa region, Comrade Stalin with genial foresight saw the prototype of MTS, which became a mighty instrument of the Communist Party in the work of socialist reconstruction of the countryside. "If there were more such examples, comrades," Comrade Stalin said at the XV Congress of the VKP(b), "then it would be possible to push the work of collectivizing the countryside far forward"[320]. In April 1929 J. V. Stalin again emphasized that "it is necessary to develop the system of machine-tractor stations..."[321]. Guiding himself by Stalin's propositions on the role of MTS, the November Plenum of the Party CC in 1929 adopted a resolution stating that machine-tractor stations have exceptionally important significance in the work of building large collective farms and must become the center of complete collectivization of entire regions.

In the first years of activity of machine-tractor stations they were organized by state farms, agricultural cooperation, and also collective farm associations. The Central Committee of the VKP(b) carefully studied all practical experience, as well as theoretical considerations on correctly combining interests of cooperative associations and the entire socialist society as a whole, and made the only correct conclusion that only the state form of machine-tractor stations makes it best possible to ensure assistance to the peasantry, rapid development of productive forces of agriculture, and on this basis — creation

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319 J. Stalin, Economic Problems of Socialism in the USSR, p. 90.

320 J. V. Stalin, Soch., Vol. 10, p. 309.

321 J. V. Stalin, Soch., Vol. 12, p. 58.

of new, durable collectivist production relations in the countryside. The Party Central Committee in a resolution of December 29, 1930, gave a classic definition of machine-tractor stations: "...In the person of MTS is revealed and tested in mass experience the form of organization by the Soviet state of large-scale collective agriculture on a high technical basis, in which the initiative of collective farm masses in building their collective farms is most fully combined with organizational and technical assistance and leadership of the proletarian state." Guiding themselves by Stalin's theory of collectivization, the Communist Party and Soviet government created a powerful network of machine-tractor stations, the number of which now has reached 8,939 units. Each MTS is equipped with perfect machines: tractors, combines, diverse agricultural production tools. For effective utilization of first-class technology, the MTS prepared for collective farms from among collective farmers a million-strong army of mechanized labor workers: tractor drivers, combine operators, mechanics, repair workers, etc. For organizational, agronomical, and technical guidance of stations' activity, qualified cadres of agronomists, engineers, land reclaimers, etc., are concentrated in them.

Having concentrated in their hands leading productive forces in agriculture, state machine-tractor stations became the leading force, organizers of collective farm production. Machine-tractor stations are assigned the role of organizers in the struggle of collective farms for high and stable yields.

Stalin's teaching on the role and significance of MTS in developing collective farms is raised to a new, highest stage in J. V. Stalin's work "Economic Problems of Socialism in the USSR." Comrade J. V. Stalin showed that the practice of collective farm construction in the USSR confirms the correctness of the party's line on the question of MTS and is in accordance with economic laws of socialism. "Further growth of the collective farm movement and development of collective

farm construction," Comrade Stalin points out, "have finally convinced both collective farmers and leading workers that the concentration of main implements of agricultural production in the hands of the state, in the hands of machine-tractor stations, is the sole means of ensuring high rates of growth of collective farm production" [322].

Machine-tractor stations, organized by the party and government in accordance with the operation of economic laws of socialism, are currently well-adjusted industrial enterprises of socialist agriculture tested by twenty-five years of practice. The construction of machine-tractor stations in the Soviet Union is a model of correct utilization of economic laws of socialism. Knowing the laws governing the development of social production, the Communist Party and Soviet government provided agriculture with the basis of newest machine technology. For guiding and assisting collective farms as fully independent enterprises, the most correct form of interrelations between MTS and collective farms has been found: cooperation on the basis of contractual relations. This cooperation develops and grows stronger every year. In modern conditions "such means of production as MTS machines and land entirely decide the fate of agriculture..."[323]. The 19th Party Congress gave the directive "to ensure improvement of work of machine-tractor stations, expand their activity on mechanizing labor-intensive work in all branches of collective farm production, and raise responsibility of MTS for fulfilling plans on crop yields and livestock productivity"[324]. Fulfilling this directive will mean strengthening the leading role of MTS in the further development of collective farms.

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322 J. Stalin, Economic Problems of Socialism in the USSR, p. 90.

323 J. Stalin, Economic Problems of Socialism in the USSR, p. 89.

324 Directives of the XIX Party Congress for the Fifth Five-Year Plan of USSR Development for 1951–1955. Gospolitizdat, 1952, p. 19.

Stalin's theory of collectivization elucidated and disclosed regularities of the collective farm movement not only during the period of building socialism, but also during the period of gradual transition from socialism to communism. "The great significance of collective farms," Comrade Stalin pointed out in 1929, "consists precisely in that they represent the main basis for applying machines and tractors in agriculture, that they constitute the main basis for remaking the peasant, for transforming his psychology in the spirit of socialism"[325].

In his new genial work "Economic Problems of Socialism in the USSR," J. V. Stalin showed that for transition from socialism to communism of paramount significance is the question of raising collective farm ownership to the level of nationwide ownership. This question is closely connected with the question of the role and significance of commodity production under socialism. Commodity production under socialism is economically necessary for a certain time. This necessity is caused by the existence in the country of two main forms of socialist ownership: state — nationwide, and collective farm, which cannot be called nationwide. Main means of production in agriculture (land, machines) belong to the state, however labor in collective farms is their own, seeds are own, and land, which is transferred to collective farms in eternal use, collective farms dispose of practically as their property, despite the fact that they cannot sell it, buy it, lease it out, or mortgage it. Therefore, collective farms dispose of collective farm produce as their property. But collective farms accept no other economic ties with town except commodity ones, except exchange through purchase and sale. "Therefore, commodity production and commodity circulation are with us at present such a necessity as they were, say, some thirty years

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325 J. V. Stalin, Soch., Vol. 12, p. 165.

ago when Lenin proclaimed the necessity of unfolding commodity circulation to the full"[326].

Showing the role and significance of commodity circulation, J. V. Stalin points out: "...We Marxists proceed from the well-known Marxist proposition that transition from socialism to communism and the communist principle of distributing products according to requirements exclude any commodity exchange, consequently also conversion of products into commodities, and at the same time also their conversion into value"[327].

Comrade Stalin clarified the question of the historical role and significance of collective farm ownership. Replacing old capitalist production relations with new, collectivist ones, carried out in the Soviet countryside during the years of the first five-year plan, played a decisive role in the colossal development of productive forces of our country's agriculture. But development of production relations even under socialism can lag behind development of productive forces. If at present, as well as in the near future, collective farm ownership and commodity circulation bring benefit in developing the socialist economy, this does not mean that they cannot subsequently become a fetter on development. "Of course, new production relations cannot remain and do not remain forever new, they begin to age and come into contradiction with further development of productive forces, they begin to lose the role of main engine of productive forces and turn into their fetter"[328]. Under conditions of socialism this contradiction can be timely noticed and overcome. "This concerns first of all such economic phenomena as group collective farm ownership, commodity circulation"[329]. Already now, when the country has

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326 J. Stalin, Economic Problems of Socialism in the USSR, pp. 16–17.

327 Ibid., p. 92.

328 J. Stalin, Economic Problems of Socialism in the USSR, p. 62.

329 Ibid., p. 68.

entered the period of transition from socialism to communism and is moving rapidly forward along this path, collective farm ownership and commodity circulation begin to hinder the powerful development of our productive forces, insofar as they create obstacles for full coverage of the entire national economy, especially agriculture, by state planning. Subsequently these phenomena will hinder our movement forward even more. For, as Comrade Stalin emphasizes, "it is impossible to achieve either abundance of products capable of covering all society's requirements, or transition to the formula 'to each according to requirements,' leaving in force such economic facts as collective-group ownership, commodity circulation, etc."[330].

J. V. Stalin elaborated the question of measures for raising collective farm ownership to the level of nationwide ownership. Comrade Stalin resolutely rejected as completely incorrect and unacceptable the proposal of certain economists to turn collective farm ownership into nationwide ownership by way of nationalization. "Collective farm ownership," Comrade Stalin emphasizes, "is socialist ownership, and we cannot in any way treat it as capitalist ownership"[331]. The proposal of these economists is unacceptable also because "the state will not exist for all time and eternity. With the expansion of the sphere of operation of socialism in most countries of the world the state will wither away and, of course, in connection with this the question of transferring property of individual persons and groups into state ownership will fall away. The state will wither away, but society will remain"[332].

Comrade Stalin resolutely rejected also the proposal to sell into ownership to collective farms main means of production of

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330 Ibid., p. 66.

331 Ibid., p. 87.

332 Ibid.

MTS. J. V. Stalin showed that selling MTS to collective farms would lead not to raising collective farm ownership to the level of nationwide ownership, but, on the contrary, only to distancing collective farm ownership from nationwide ownership, would lead not to approaching communism, but, on the contrary, to moving away from it. Collective farms would be placed in an exceptional position in comparison with state enterprises, since they would receive main implements of production into ownership and would begin to dispose of them at their own discretion. This would lead to expanding the sphere of operation of commodity circulation.

J. V. Stalin with exceptional depth disclosed the actual path of raising collective farm ownership to the level of nationwide ownership. The main property owned and disposed of at its own discretion by collective farm is its produce. "The matter is that a significant part of this produce, surpluses of collective farm production, enter the market and are thus included in the system of commodity circulation. This exact circumstance currently hinders raising collective farm ownership to the level of nationwide ownership. Therefore it is precisely from this end that work must be unfolded on raising collective farm ownership to the level of nationwide ownership"[333]. In order to raise collective farm ownership to the level of nationwide ownership, "it is necessary to exclude surpluses of collective farm production from the system of commodity circulation and include them in the system of product exchange between state industry and collective farms. This is the essence"[334]. The success of this measure is ensured by the fact that the system of product exchange is profitable also for the collective farm peasantry itself, since under such a system the collective farm

333 J. Stalin, Economic Problems of Socialism in the USSR, p. 93.

334 Ibid.

peasantry will receive from the state more produce and at cheaper prices than under commodity circulation.

When implementing this measure, hastening must not be permitted. It would be erroneous and harmful to immediately and at once renounce commodity circulation and collective farm ownership. "...At present commodity circulation and collective farm ownership are successfully used for developing the socialist economy and bring our society undoubted benefit. They will bring benefit in the near future"[335]. Transition to higher economic forms requires preliminary creation of necessary preconditions. Economic ties between collective farm countryside and town already now contain germs of product exchange in the form of industrial products partially issued to collective farms in exchange for flax, cotton, sugar beets, and other agricultural products. "The task consists in organizing these germs of product exchange in all branches of agriculture and developing them into a broad system of product exchange so that collective farms receive for their produce not only money, but mainly necessary goods"[336]. As product exchange expands, the sphere of operation of commodity circulation will contract, and collective farms' main property — produce — will be included in the system of nationwide planning.

The question of raising collective farm ownership to the level of nationwide ownership is closely connected with the question of further development of the agricultural artel. One cannot agree with the opinion of certain comrades who believe that raising collective farm ownership to the level of nationwide ownership by introducing the system of product exchange ensures the transition of the agricultural artel directly to the higher phase of communism, bypassing the form of agricultural

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335 G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 100.

336 J. Stalin, Economic Problems of Socialism in the USSR, p. 94.

commune, that the latter allegedly becomes unnecessary and is no longer the highest form of the collective farm movement. Meanwhile introducing the system of product exchange and raising the artel to the level of agricultural commune are two sides of the same process of development of collective farms' public economy. Gradual transition to product exchange, giving new incentives for more rapid growth of the artel's public economy, will also accelerate preparation of conditions necessary for transition to the commune.

At the XVII Party Congress J. V. Stalin indicated that "the commune is needed and it is, of course, the highest form of the collective farm movement, but not the current commune which arose on the basis of undeveloped technology and lack of products and which itself is passing to the position of an artel, but the future commune which will arise on the basis of more developed technology and abundance of products"[337].

Of paramount significance for the growing of the artel into the future commune is organizational-economic consolidation of collective farms: further equipping collective farm production with first-class machine technology of MTS and mastering this technology to perfection, ensuring high soil fertility and abundant stable yields, strengthening and all-round development of powerful diversified public economy, providing all branches of agriculture with highly qualified cadres, strengthening labor discipline in collective farms, and further developing socialist emulation. Only on this path will artels achieve high labor productivity and ensure an abundance of products in our country.

Elaborated by J. V. Stalin, the theory of agricultural collectivization embraces the entire range of problems on socialist transformation of the countryside, on further development of collective farms. Stalin's theory of

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[337] J. V. Stalin, Soch., Vol. 13, pp. 352–353.

collectivization is a mighty and effective ideological weapon of the Communist Party and all working people in the great struggle for building communist society.

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A. Rumyantsev

ON THE CHARACTER OF ECONOMIC LAWS UNDER SOCIALISM

Comrade Stalin's new work of genius, Economic Problems of Socialism in the USSR, is a supreme contribution to the treasury of Marxism-Leninism. In this work, Comrade Stalin posed and resolved all the fundamental issues of the political economy of socialism, pointed out the paths for the gradual transition from socialism to communism, and provided a scientific elaboration of the problems of modern capitalism. With his work, Comrade Stalin raised Marxist-Leninist economic theory to a new, higher level, armed the Soviet people with a powerful theoretical weapon for the victory of communism, and illuminated for all progressive humanity the path forward toward a bright future.

Communism arises as a result of the conscious creative activity of millions of working masses. The foundation of this conscious creativity is the mastery by the masses of the theory of Marxism-Leninism, of which political economy is a most vital constituent part.

"Marxism," teaches I. V. Stalin, "is the science of the laws governing the development of nature and society, the science of the revolution of the oppressed and exploited masses, the science of the victory of socialism in all countries, the science of building a communist society"[338].

Marxist-Leninist political economy, by investigating the social-production relations of people, elucidates the laws governing the economic development of society. It has scientifically proven the necessity and inevitability of the demise of capitalism and its

[338] I. Stalin, Marxism and Problems of Linguistics, Gospolitizdat, 1950, pp. 54–55.

replacement by the most progressive system—communism. Political economy discovered the working class as that fundamental social force capable of resolving this ripe objective requirement of the development of society's material life.

From the study of political economy arose, as F. Engels notes, the entire theoretical existence of the working-class party, the party leading the proletariat's struggle for the successful resolution of the historical tasks facing it. Only by mastering the knowledge of the laws of economic development, teaches Comrade Stalin, can the working-class party truly be its party. Only by proceeding from the knowledge of these laws can the proletarian party exercise leadership over the struggle of the working class, carry out a truly correct policy corresponding to the vital interests of the proletariat and, consequently, ultimately to the broad working masses led by them.

Relying on Marxist-Leninist political economy both on the path to the socialist revolution and after its victory, in the process of building socialism and the gradual transition from socialism to communism, the party of scientific communism introduced and continues to introduce socialist consciousness into the working masses, mobilizing and organizing them for the struggle to achieve the great goal of radically transforming society.

Marxist-Leninist political economy is a powerful theoretical weapon for the victory of the working class and the working masses following it over capitalism, for the building of socialism and the transition to communism. It touches upon the deepest foundations of human society's life. That is why the enemies of socialism attacked and continue to attack with such hatred and fury Marxist-Leninist economic theory, which elucidates the laws of society's development and its future, showing the inevitable demise of capitalism and the certainty of communism's triumph.

The modern bourgeoisie, like all historically doomed classes in decline, is panic-stricken by scientific analysis of society's economic life, which reveals the fully mature necessity for the universal overthrow of its rule. From its academic lackeys, the bourgeoisie demands not the discovery of objective truth, but the fabrication of convenient and useful "theories" that would justify capitalism in every way, gloss over its inherent contradictions, and vilify socialism. "No other attitude can be expected," noted V. I. Lenin, for "there can be no 'impartial' social science in a society built on class struggle"[339].

Seeking to ideologically disarm the working class and thus solidify its dominance in society, the bourgeoisie over the last century tried all methods of "destroying" Marxism. At first, it unsuccessfully attempted to ignore K. Marx's brilliant discoveries; then it tried to refute the irrefutable propositions and conclusions of Marxist economic theory. It tried by the most draconian methods to "ban" Marxism. But the living truth of Marxism broke through all these barriers erected by the bourgeoisie in its path.

Finally, the bourgeoisie attempted and continues to attempt, with the help of its agents in the labor movement, to pervert Marxist-Leninist economic doctrine in every way, to strip it of its revolutionary content and thereby disarm the working class and its party. The classics of Marxism—Marx, Engels, Lenin, and Stalin—gave a crushing rebuff to all these overt and covert hostile sallies. They called upon the working class and its party to exercise exceptional vigilance in the realm of theory, to fight for the purity and creative development of Marxism, and to remain uncompromising toward the slightest attempts to distort Marxism and thereby blunt the sharpest theoretical weapon of the working

[339] V. I. Lenin, Works, vol. 19, p. 3.

class and all progressive humanity in the struggle against capitalism and for communism.

This task became especially acute after the victory of the socialist revolution in our country, when socialism was transferred for the first time in human history from theory into practical life, into the everyday practical activity of millions of ordinary people.

The creation by the working masses of new, unprecedented socialist economic forms required from our party a deeply scientific leadership in building the new life, i.e., the ability to correctly orient the masses at every stage of socialist construction, to reveal clear perspectives to them, to theoretically generalize accumulated construction experience, to reinforce the confidence of millions of people in the correctness of their work, and to strengthen the faith of the masses in the victory of the great cause of socialism. And this can only be provided by a theory free from any fabrications, distortions, and perversions.

The period of building socialism in our country was a period of intense struggle by the Communist Party headed by Comrade Stalin for the purity and further development of Marxism-Leninism. Hostile agents—Trotskyites, Bukharinites, and their ilk—as is well known, strived in every way to disrupt the building of the socialist economy and bring about the restoration of capitalism in our country. They attempted to knock the Marxist-Leninist theoretical weapon out of the hands of the working class and its party. Bukharin and other agents of imperialism, hiding behind Marxist phrases, tried to eliminate political economy as a science that elucidates the economic laws of socialism, and thereby deprive the party of the possibility of scientifically guiding socialist construction.

The great leaders of the party, Lenin and Stalin, exposed and smashed all these ideological diversions of the enemies of the people, defended the purity of revolutionary theory and developed it

further, arming our party and the Soviet people with a harmonious scientific theory of building the socialist system of national economy. Guided in its activity by Marxist-Leninist theory, our party led the Soviet people to a world-historical victory. The socialist system came to rule supreme in the country, based on public, state, and collective-farm-cooperative ownership of the means of production.

Socialism ensured the continuous development of social production, which knows no economic crises of overproduction, and an ever-accelerating rise in national wealth. It led to an unprecedented growth in the productivity of labor freed from exploitation and armed with advanced technology. It engendered, strengthened, and developed a new, creative attitude of Soviet people toward labor. Socialism forever eliminated unemployment and poverty among the working masses in our country and ensured a systematic growth in the material welfare and cultural level of the Soviet people. Our Motherland, through its successes in building and developing the socialist economy, brilliantly demonstrated to the working masses of the entire world the advantages of socialism over capitalism and strengthened their faith in the ultimate victory over capitalism.

On the basis of the successes achieved in the development of socialism, a new historical task arose before the Soviet people—the task of a gradual transition from socialism to communism.

Every new stage of the struggle for communism requires a deep theoretical comprehension of what has already been achieved and the determination of correct paths toward achieving the set goal. The Communist Party and its leaders advance new economic tasks only when the necessary conditions for their successful resolution are already sufficiently present. They did not and do not invent speculative schemes and recipes for a "just" transformation of society, as was characteristic, for example, of utopian socialists.

Grounded on the firm soil of existing facts in life, they discovered and continue to discover within them elements of the future, theoretically generalizing them and illuminating practical paths for society's forward movement. "...The theorist of a given class," teaches Comrade Stalin, "cannot create an ideal whose elements do not exist in life... he can only notice elements of the future and on this basis theoretically construct an ideal toward which a given class arrives practically. The difference is that the theorist is ahead of the class and notices the germ of the future earlier than it. This is what is called 'arriving at something theoretically'"[340].

In his new work, Economic Problems of Socialism in the USSR, Comrade Stalin generalized the elements of the future that arose in our reality in the process of building socialism, and advanced programmatic propositions regarding the basic preliminary conditions for preparing Soviet society's transition to communism. This brilliant theoretical penetration of Comrade Stalin into the future is a powerful searchlight illuminating the path for the Soviet people toward a new, greatest historical victory, showing the whole world the road to universal human happiness. Relying on these brilliant Stalinist generalizations, the party confidently leads the Soviet people to the shining heights of communism. "...The party's plans for the future, determining the perspectives and paths of our movement forward," noted Comrade G. M. Malenkov in the report to the 19th Party Congress, "rely on knowledge of economic laws, rely on the science of building a communist society developed by Comrade Stalin"[341].

Of immense theoretical and practical importance for the construction of communism is Comrade Stalin's elaboration of the

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[340] I. V. Stalin, Works, vol. 1, p. 117.

[341] G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the CPSU(b), Gospolitizdat, 1952, p. 103.

question regarding the character of economic laws under socialism. Until recently, various non-Marxist "viewpoints" circulated on this fundamental methodological question of political economy.

The appearance of alien views became possible, as our party revealed, only due to the fact that an underestimation of ideological work was uncovered in many party organizations. Precisely on this ground, elements of complacency and drift, liberalism, and carelessness regarding ideological errors and distortions emerged in a number of organizations, along with a related weakening of work in the communist education of the masses.

Although bourgeois ideology has no class basis in Soviet society, external enemies of our country and the remnants of defeated anti-Leninist groups within, taking advantage of the weakening of ideological work in one sector or another, attempt to smuggle in views hostile to Marxism, to influence unstable and backward elements of Soviet society who have not yet freed themselves from capitalist vestiges in their consciousness.

Elaborating the question of the character of economic laws, Comrade Stalin subjected to crushing criticism the subjective-idealist concepts of those people who believe that, in view of the special role granted by history to the Soviet state, it can abolish, destroy existing economic laws, "transform" them, and form or create new laws. Comrade Stalin warned against those disastrous consequences for society to which such erroneous views can and do lead.

In his new scientific work, Comrade Stalin exposed and defeated all attempts by alien elements from the remnants of anti-Leninist groups defeated by the party, who tried to dredge up from the foreign ash-heap of bourgeois ideology and revive in economic theory the non-Marxist "concepts" long shattered by the party regarding the liquidation of the political economy of socialism and

the subordination of the socialist economy to spontaneous laws inherent in capitalism.

Comrade Stalin's new work obliges us to put an end to the underestimation of ideological work; it requires, especially from workers in economic science, an increase in theoretical vigilance, the tireless exposure of all manifestations of alien ideology to Marxism, and the systematic, patient repetition of all so-called "well-known" truths, deeply and comprehensively explaining the essence of Marxist-Leninist teaching and arming the broad masses of builders of communism with a powerful theoretical weapon.

Stalin's analysis of the objective character of scientific laws proceeds from the theoretical propositions of Marx, Engels, and Lenin regarding the laws of nature and society.

"Marxism," points out Comrade Stalin, "understands the laws of science—whether we are speaking of the laws of natural science or the laws of political economy—as reflections of objective processes taking place independently of the will of people"[342]. Science, as is known, represents a system of knowledge about the world surrounding us, including society. Proceeding from the needs of social life and verified by practice, science gives us, as V. I. Lenin said, a correct picture of the world, i.e., a correct reflection of objective reality in our consciousness. The goal and task of science, if it is truly a science, is to know the world surrounding us, to find its inherent laws of development, and to place these laws at the service of humanity.

The laws of every science are thus a reflection of those processes and essential connections inherent in the objective world itself that we perceive, existing outside of us, independently of our will and consciousness. Therefore, the laws of science are objective.

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[342] I. Stalin, Economic Problems of Socialism in the USSR, Gospolitizdat, 1952, p. 4.

"The world is a lawful movement of matter," wrote V. I. Lenin, "and our knowledge, being the highest product of nature, is only in a position to reflect this lawfulness"[343]. Consequently, the laws of political economy—whether speaking of pre-socialist formations or socialism—reflecting processes and essential connections inherent in the social-production relations of people, in the very economic development of society taking place independently of the will of people, are objective laws. "...The laws of economic development," teaches Comrade Stalin, "are objective laws reflecting processes of economic development that take place independently of the will of people"[344].

The processes of society's economic development are not arbitrary. They have an objective basis. Marxism-Leninism teaches that the basis of human society's existence and development is the production of material wealth. It takes place independently of our will, as a natural necessity of human life. In order to live and develop, people must always produce the necessary material goods of life. Their production can only be carried out as social production, representing the unity of two sides: the productive forces of society and the production relations of people. Outside of this unity, social production cannot exist at all. "Only the presence of both sides of production," points out Comrade Stalin, "gives us social production, whether we are speaking of the socialist system or of other social formations"[345].

Productive forces—that is, instruments of labor and people with their production experience and labor skills—cannot exist and develop outside of society. People cannot produce material wealth in

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[343] V. I. Lenin, Works, vol. 14, p. 156.

[344] I. Stalin, Economic Problems of Socialism in the USSR, p. 5.

[345] Ibid., p. 63.

isolation from one another, without joining together for common activity, without entering into definite connections and relations with one another. Only through the medium of these social-production relations, expressed primarily in the form of ownership of the means of production, does production itself exist, as K. Marx points out.

Production relations are the form within and through which the development of productive forces occurs. In their social life, people primarily develop and change productive forces.

However, the choice of productive forces does not depend on the will of people, for each new generation receives ready-made productive forces from the preceding one. These serve as the starting point for their further development, the limits of which are determined by the given production relations. The role of production relations in the development of productive forces is immense. Being new, production relations ensure a powerful forward movement of productive forces, serving, as characterized by I. V. Stalin, as the main and decisive force of this development. When productive forces outgrow a given form of their development, production relations lose their role as the main engine of productive forces' development and transform into a brake on their development. Thus, for example, capitalist production relations, which were initially an engine for the development of society's productive forces, subsequently transformed into a brake on their development, condemning them to vegetation and destruction.

Modern capitalism no longer promotes, but hinders the development of social production. This is manifested especially vividly in the sharp unevenness of capitalist production's development, in its militarization, in chronic underutilization of production capacity, in delaying the application of new inventions in production, in interruptions of technological development, in chronic unemployment and systematic absolute and relative impoverishment of the working masses, and in the colossal destruction of productive

forces during the economic crises of overproduction and imperialist wars that are inevitable under capitalism. But the period when production relations become a brake on the further development of productive forces, condemning them to vegetation, cannot last excessively long. "Otherwise," points out Comrade Stalin, "we would have a radical violation of the unity of productive forces and production relations in the system of production, a disruption of production as a whole, a production crisis, a destruction of productive forces"[346].

With the transformation of production relations into a brake on the development of productive forces, in the interest of saving social production from destruction, the need objectively arises to replace old production relations with new ones capable of providing scope for the development of productive forces, and consequently for the social production of material wealth. In place of old production relations, new ones appear, as occurred, for example, in our country, which replaced capitalist production relations that hindered the development of productive forces with new, socialist production relations that ensured an unprecedented growth of industrial and agricultural production. "No one can deny," points out Comrade Stalin, "the colossal development of the productive forces of our Soviet industry during the Five-Year Plans. But this development would not have taken place if we had not replaced the old, capitalist production relations in October 1917 with new, socialist production relations. Without this upheaval in the production, economic relations of our country, our productive forces would be vegetating just as they are vegetating now in capitalist countries.

No one can deny the colossal development of the productive forces of our agriculture over the past 20–25 years. But this development would not have taken place if we had not replaced in

[346] I. Stalin, Problems of Leninism, 11th ed., p. 553.

the thirties the old capitalist production relations in the countryside with new, collectivist production relations. Without this production upheaval, the productive forces of our agriculture would be vegetating just as they are vegetating now in capitalist countries"[347].

However, in choosing production relations, people are no more free than in choosing productive forces. Production relations, being the form of development of productive forces, are in turn determined by the level of productive forces. Whatever the given level of development of productive forces, such is the given form of ownership of the means of production, such is the position of various groups of people dependent upon it in social production, the forms of their mutual exchange of activity, and the distribution of products produced in society. Every given aggregate of production relations of people constitutes the economic structure, or basis, of society, changing under the influence of changes in the level of development of productive forces.

In accordance with this dependence, the low level of development of productive forces characteristic of the first stages of human society's development determined primitive-communal production relations, expressed in public ownership of primitive means of production, in joint labor of all members of society knowing no exploitation of man by man, and in the equalized distribution of produced products. These production relations ensured the development of productive forces in primitive society. People's production experience and labor skills grew, their hand instruments of labor developed, the social division of labor appeared, and the possibility arose to individualize labor. All this led to primitive production relations becoming a brake on the further development of productive forces. The need arose to replace outdated production relations with new ones. Private ownership of

[347] I. Stalin, Economic Problems of Socialism in the USSR, pp. 61–62.

the means of production, exploitation of man by man, inequality in the distribution of labor products, wealth and idleness of a minority of the population, and poverty and torment of labor of the majority appeared. New, slave-owning production relations appeared, which at a certain stage of productive forces' development were in turn replaced by another form of private ownership of the means of production and exploitation of working people—feudal production relations. The latter, having ceased to promote the development of productive forces, were subsequently replaced by a higher form of private ownership of the means of production and exploitation—capitalist production relations.

At a certain historical stage, capitalism becomes a brake on the further development of social machine production created within its womb. The high level of development of productive forces, finding no scope for further forward movement within the womb of modern capitalism, brought about the replacement of capitalist production relations in our country and in the People's Democracies by new, socialist production relations, expressed in public ownership of the means of production, in comradely cooperation and mutual assistance of people free from exploitation, and in the distribution of products according to the principle: from each according to their ability, to each according to the quantity and quality of labor given to society. Socialist production relations, being in full conformity with productive forces, opened up broad, truly boundless horizons for their further development.

Thus, the unity of productive forces and production relations in unified social production, the relations between productive forces and production relations in the process of development of all social formations, the forms of ownership of the means of production, and the forms of mutual exchange of activity and product distribution dependent on them, specific to each given formation, are a natural necessity of human society's life. They exist objectively,

independently of the will of people, regardless of whether the people realizing this necessity are conscious of it or not. All these processes in the seeming chaos of social relations constitute their essential content; they are constant, without them there is not and cannot be either social human life itself or its development.

The natural necessity of social production itself, independent of the will of people, represents, as K. Marx pointed out, a material objective law of social life. Generalizing the concept of law, V. I. Lenin pointed out that law is that which is constant, essential, firm (remaining) in a phenomenon, revealing the unity and connections, interdependence, and integrity of the world process, without which the process itself cannot exist.

Thus, economic processes, being objectively necessary processes existing outside of us, independently of the will and consciousness of people, being constant and essential in the development of social production at all stages of its development, revealing the unity and connection, interdependence, and integrity of social production, are material laws of social production itself, and not of our consciousness. People can only "discover these laws," points out Comrade Stalin, "know them, study them, take them into account in their actions, and utilize them in the interests of society, but they cannot change or abolish them. Still less can they form or create new laws of science"[348].

Political economy, as a science investigating the social-production relations of people in their development and successive transition through the stages of social production, discovers and comprehends their inherent economic laws, reflecting this objective reality of social life in its laws. Therefore, the laws of political economy have an objective character; relying on these laws, society receives in its practical economic activity "the power of orientation,

[348] I. Stalin, Economic Problems of Socialism in the USSR, p. 4.

clarity of perspective, confidence in work, and faith in the victory of our cause"[349].

Explaining the objective character of the laws of political economy, Comrade Stalin revealed with exhaustive completeness the features of economic laws that distinguish them from the laws of nature. Economic laws, firstly, are short-lived, and secondly, their discovery and application occur in the struggle of advanced social forces against the decaying forces of society.

"One of the features of political economy," teaches Comrade Stalin, "is that its laws, unlike the laws of natural science, are short-lived, that they, or at least the majority of them, operate during a specific historical period, after which they yield place to new laws"[350].

The economic laws of political economy are for the most part specific, existing only within the limits of a given economic formation. Thus, for example, the law of surplus value production, the general law of capitalist accumulation, the law of the average rate of profit, the law of production prices, and other similar economic laws exist only within the limits of capitalism and naturally cannot transition into a socialist society.

True, under socialism there are economic categories that resemble in form certain categories existing in the capitalist economy, such as money, commodities, and banks. But this is only in form. "The point is," teaches Comrade Stalin, "that under our socialist conditions economic development proceeds not by way of upheavals, but by way of gradual changes, when the old is not simply abolished clean, but changes its nature as applied to the new, retaining only its form; while the new does not simply destroy the

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[349] I. V. Stalin, Works, vol. 12, p. 142.

[350] I. Stalin, Economic Problems of Socialism in the USSR, p. 5.

old, but penetrates into the old, changes its nature and functions without breaking its form, but using it for the development of the new. Such is the case not only with commodities, but also with money in our economic turnover, as well as with banks, which, losing their old functions and acquiring new ones, retain the old form used by the socialist system"[351].

Every given economic structure of society differs in its economic relations from any other economic structure. It possesses its own specific conditions and forms of social production and distribution of material wealth, and hence its own specific laws governing the production and distribution of personal and productive consumption items. For modern capitalism, the main economic law is specific, the main features and requirements of which are ensuring maximum capitalist profit through the exploitation, ruin, and impoverishment of the majority of the population of a given country, through the enslavement and systematic robbery of the peoples of other countries, especially backward countries, and finally, through wars and the militarization of the national economy used to ensure the highest profits.

For socialism, its own basic economic law is specific, the main features and requirements of which are ensuring the maximum satisfaction of the constantly growing material and cultural needs of all society through the continuous growth and perfection of socialist production on the basis of higher technology.

The fundamental difference between the basic economic laws of capitalism and socialism stems from the difference in the production relations inherent in these formations. In the basic economic laws, the essence of each given mode of production is expressed. These laws determine, each in its own formation, all the main phenomena of society's economic development; however, they

[351] I. Stalin, Economic Problems of Socialism in the USSR, p. 53.

are not the only ones. On the basis of definite economic conditions, other economic laws interconnected with the basic one arise at each given stage of economic development, expressing the essential in general and individual aspects and processes of the development of a given mode of production. Thus, the pursuit of profit, which in modern capitalist society has grown into the pursuit of maximum profit, naturally engenders that ever-increasing chaos in social life as capitalism develops, which finds expression in the economic law of competition and anarchy of production.

On the contrary, a society in which public ownership of the means of production prevails and the goal of this production is not the profit of the capitalist, but man with his vital interests—in which, consequently, the socialist basic economic law operates—engenders not chaos, but planfulness, expressed in the economic law of the planned, proportional development of the national economy. In such an organic, inseverable connection with the basic economic law of socialism and in close interrelation with one another exist in our society other economic laws and categories. They do not and cannot exist in any other society. They are inherent only in the socialist mode of social production and are determined by it.

The replacement of one set of specific laws by another occurs in society not by destroying old laws and creating new ones by the will of people. This replacement occurs objectively, independently of the will of people, by virtue of the fact that new economic conditions and new production relations arise—i.e., new forms of ownership of the means of production and new forms of mutual exchange of activity among members of society and distribution of products corresponding to these forms of ownership.

Economic laws specific, for example, to socialism arise with the emergence of new, socialist production relations. Old economic laws are not destroyed in this process by the will of people, but exit the stage of economic life, yielding place to new economic laws as

soon as the old production relations whose laws they were disappear. Thus, for example, the above-mentioned law of competition and anarchy of production inherent in capitalism exited the economic stage along with the overthrow of capitalist production relations and capitalist private ownership of the means of production. It yielded place to a new economic law inherent in the new, socialist production relations based on the socialization of the means of production—the law of planned (proportional) development of the national economy.

Old laws "are not destroyed," points out Comrade Stalin, "but lose their force by virtue of new economic conditions and exit the stage to yield place to new laws, which are not created by the will of people, but arise on the basis of new economic conditions"[352].

At the same time, as Comrade Stalin teaches in his new work, alongside economic laws specific to one formation or another and therefore separating them from one another, there also exist laws common to all social formations and therefore linking them with one another. In their economic development, all formations are subject both to their specific economic laws and to these general ones. Without the existence of general laws, the economic development of society and its transition from one formation to another would be impossible. Precisely such a general economic law is, for example, the law of the unity of productive forces and production relations in unified social production, without which there is and cannot be social production itself. Among general economic laws belongs the law governing the relations between productive forces and production relations in the process of development of all social formations.

Without these general laws, there is no single political economy for all social formations. It was precisely on this issue that the remnants of defeated anti-Leninist groups attempted to revive

[352] I. Stalin, Economic Problems of Socialism in the USSR, pp. 5–6.

hostile concepts shattered by our party. Proceeding from the fact that each social formation has its specific economic laws, some arbitrarily threw out economic laws common to all formations and effectively denied the necessity of a single political economy for all formations. Thereby—and this is especially important to emphasize here—attempts were made to eliminate the political economy of socialism, and consequently to deprive the Soviet people of the theoretical foundation for guiding the economic development of our society. The very subject matter of political economy was substituted, since production relations were completely ignored and directly absorbed by productive forces. Thus, the firm foundation upon which alone political economy can exist as a science was pulled out from under it. It is well known that only "the reduction of social relations to production relations," as V. I. Lenin points out, "and the latter to the height of productive forces gave a firm basis for the conception of the development of social formations as a natural-historical process. And it is self-evident that without such a view there can be no social science"[353]. Thus, as I. V. Stalin brilliantly showed, Marxist-Leninist political economy elucidates all interconnected and interacting laws inherent in the production relations of people. It elucidates economic laws both specific to each given formation and general to all social formations, which jointly govern the economic development of society and its transition from one stage of development to another.

To these general laws, however, the law of value does not belong, although it exists within certain boundaries at a number of stages of economic development. Being a law of commodity production, the law of value arises together with it upon the dissolution of primitive-communal relations. It passes through slave-owning, feudal, and capitalist societies, and disappears in socialist society with its transition to communism and the disappearance of

[353] V. I. Lenin, Works, vol. 1, p. 123.

commodity production. But the law of value is not a law governing the transition of society from one specified stage to another. In socialist society, by virtue of the special character of commodity production within it, the law of value exists in peculiar conditions, within definite boundaries, in a strictly limited sphere, and does not regulate production, nor is it a law conditioning the development of the socialist economy toward the communist economy. "Value, like the law of value," points out Comrade Stalin, "is a historical category associated with the existence of commodity production. With the disappearance of commodity production, value with its forms and the law of value will also disappear"[354].

As already indicated, economic laws, both specific and general, are realized in the process of people's economic activity regardless of whether people are conscious of this or not. But to say that economic laws operate only with a spontaneously implacable force, do not yield to human influence, and that society is powerless before them would mean, as I. V. Stalin points out, fetishizing laws and placing oneself in slavery to laws.

The practice of social production has shown that society is not powerless in the face of economic laws, that society can discover economic laws, comprehend and master them, so as to utilize them to one degree or another in the interests of society. Under certain conditions, society achieves mastery over the economic laws of its life. But this does not at all mean that people can "destroy" or "create" laws of economic science. "On the contrary," points out Comrade Stalin, "by this they merely mean that people can discover laws, know them, master them, learn to apply them with full knowledge of the matter, utilize them in the interests of society, and thus conquer them, achieve mastery over them"[355]. But as long as

[354] I. Stalin, Economic Problems of Socialism in the USSR, pp. 22–23.

[355] Ibid., p. 9.

economic laws are not known by society, as long as people have not mastered them, economic laws dominate over people, operating spontaneously, like "unharnessed" forces of nature with all the resulting consequences. "Social forces," points out F. Engels, "like natural forces, act blindly, violently, destructively, as long as we do not know them and do not reckon with them"[356]. That is how economic laws operated and continue to operate in most cases in all pre-socialist formations.

Yet even in pre-socialist formations, people discovered economic laws, comprehended them within certain limits, and utilized them to one degree or another in the interests of society. Thus, for example, in the practice of their economic life, people discovered the non-conformity of feudal production relations to the character of productive forces, and consequently the need to replace them with capitalist ones. By applying the law of compulsory conformity of production relations to the character of productive forces, society created capitalist production relations, which ensured a rapid and powerful development of productive forces compared to the preceding period.

Political economy, which appeared as a science at the dawn of capitalism, discovered and comprehended the laws of the capitalist mode of production primarily from their positive side, since, as F. Engels noted, they were then serving the general goals of society. But when capitalist production relations turned into a brake on the development of productive forces and ceased to answer the interests of society, proletarian political economy fully exposed the negative sides of capitalism and scientifically proved the objective necessity and practical possibility of replacing capitalist production relations with socialist ones.

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[356] Friedrich Engels, Anti-Dühring, Gospolitizdat, 1952, p. 263.

The utilization of known economic laws in the interests of all society takes place in all formations. "The utilization of economic processes, economic laws in the interests of society occurs to one degree or another not only under socialism and communism," points out Comrade Stalin, "but also under other formations"[357].

However, the discovery and utilization of objective economic laws, in contrast to the discovery and utilization of natural laws, does not proceed smoothly. This is conditioned by the fact that economic laws touch upon the deepest vital interests of social classes.

Economic laws reflect, in accordance with a given form of ownership of the means of production, the place and position of various groups of people in social production, their mutual relations, and the form of product distribution. Under private ownership of the means of production, the exploitation of broad working masses intensifies and their poverty deepens, alongside the simultaneously growing wealth and idleness of the exploiters. Society breaks down into antagonistic, warring classes. As a product and manifestation of the irreconcilability of class contradictions, the state arose back in the period of primitive society's dissolution, which always was and is an apparatus managing the common affairs of the ruling class. The state protects its interests even when it becomes a dying class, when production relations have already ceased to promote the development of productive forces and have turned into their fetters. Outdated social forces, using all means at their disposal, furiously resist the discovery and utilization of new economic laws that contradict their class rule. In order to ensure society's transition from one stage to another, higher stage of development, and to give scope to the operation of new laws, social forces must be present that are vitally interested in realizing this progressive transition necessary to save society from destruction.

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[357] I. Stalin, Economic Problems of Socialism in the USSR, p. 49.

Herein lies the second feature of economic laws. "Unlike the laws of natural science, where the discovery and application of a new law proceeds more or less smoothly, in the economic sphere," teaches Comrade Stalin, "the discovery and application of a new law touching the interests of society's decaying forces meets the strongest resistance from these forces. A force is therefore needed, a social force capable of overcoming this resistance"[358].

In modern capitalist society, the economic law of compulsory conformity of production relations to the character of productive forces has long been clearing a path for itself. In our country, an advanced social force emerged, necessary for the discovery and application of this new law. The working class, led by the party of Lenin and Stalin, created such a force in the form of the alliance of workers and peasants, who were vitally interested in the overthrow of capitalism and the building of socialism. Relying on the economic law of compulsory conformity of production relations to the character of productive forces, the working class carried out the socialist revolution in the interests of all society, assumed state power, replaced old production relations with new, socialist ones, socialized the means of production, and thereby opened up scope for the development of productive forces.

In other, capitalist countries, such a social force capable of fully overcoming the ever-intensifying resistance of the bourgeoisie has not yet been found. But this force is growing. Marxist-Leninist working-class parties in capitalist countries, heading the struggle of the working class for the resolution of this ripe task, gather around the proletariat broad working masses and cultivate that advanced social force called upon to overcome the resistance of the modern bourgeoisie, to give scope to the operation of the law of compulsory

[358] I. Stalin, Economic Problems of Socialism in the USSR, p. 8.

conformity of production relations to the character of productive forces, and to lead society in all countries to the victory of socialism.

Comrade Stalin, in his historic speech at the 19th Party Congress, pointed out to Marxist-Leninist parties of the working class in capitalist countries the true path of uniting the popular masses in modern conditions around the banner of struggle for peace, democracy, and socialism. The bourgeoisie has become even more reactionary. It has thrown overboard the last remnants of its former liberalism and the banner of bourgeois-democratic freedoms. It has also thrown overboard the banner of national independence and national sovereignty. By virtue of this, it has lost its former links with the people and thus weakened itself. Precisely these banners will have to be raised by communist and democratic parties, points out Comrade Stalin, in order to gather around themselves the majority of the people, to become the leading force of the nation, and thereby create that social force capable of opening scope to the laws clearing a path for themselves.

Such is the state of affairs under modern capitalism, the last class-antagonistic social system. "The utilization of economic laws always and everywhere in a class society has a class background," points out Comrade Stalin, "wherein the standard-bearer of utilizing economic laws in the interests of society is always and everywhere the advanced class, whereas decaying classes resist this cause"[359].

The situation is different in socialist society. Here, the discovery and utilization of new objective economic laws meets no resistance. On the contrary, society is vitally interested in the discovery and the fullest, deepest comprehension and utilization of objective economic laws. However, this does not exclude the presence under socialism of certain non-antagonistic contradictions between productive forces and production relations. Under socialism,

[359] I. Stalin, Economic Problems of Socialism in the USSR, pp. 49–50.

at a certain stage of its development, a lagging of production relations behind the level of productive forces also arises. But here there are no classes interested in organizing resistance, and therefore matters cannot reach a conflict. Socialist society has the opportunity to timely bring lagging production relations into conformity with the achieved level of productive forces' development, and to eliminate any obstacles to their tempestuous and rapid growth. The inert forces of our society lagging behind the demands of life, which do not understand the necessity for further changes in socialist production relations, are overcome in socialist society without conflict by active social forces led and organized by the party of Lenin and Stalin on the basis of conducting a purposeful, scientifically consistent, and correct policy. Policy is of decisive importance for overcoming emerging contradictions. The governing bodies of socialist society, on the basis of known objective economic laws, timely notice these contradictions and in due time take measures to overcome them by adapting production relations to the growth of productive forces.

The socialist system arose on the basis of the conscious utilization by the working class and its party of objective economic laws. It can develop and does develop only on this scientific basis. The socialist mode of production, having as its goal the maximum satisfaction of the constantly growing material and cultural needs of all society, can neither exist nor develop without the conscious implementation of the basic economic law of socialism. This law is realized through the continuous development and perfection of socialist production on the basis of higher technology, carried out in a planned and proportional manner.

The economic laws of socialism exist as real objective requirements of the development of Soviet society's material life. They exist within the very economic life of our society.

Objective economic laws in general operate either spontaneously, blindly, violently, destructively, or as known laws, as

necessity comprehended by society. Comprehended necessity means, points out Comrade Stalin, that people, having comprehended objective laws, will apply them in the interests of society fully consciously, with full knowledge of the matter. Only under this condition do objective economic laws come under society's actual control. Characterizing socialist society, F. Engels points out that once society takes possession of the means of production, anarchy within social production is replaced by planned, conscious organization, while "the conditions of life surrounding people and hitherto dominating them now come under the power and control of people, who for the first time become real and conscious masters of nature, because they become masters of their own socialized organization. The laws of their own social actions, standing opposed to people hitherto as alien laws of nature dominating them, will be applied by people with full knowledge of the matter, and will consequently be subordinated to their rule"[360].

Certain "economists" attempted to identify the objective character of laws with spontaneity. Only that is objective, they said, which is spontaneous. From this, the conclusion was drawn that laws will realize themselves in society's economic life by themselves, by drift, subordinating people to their spontaneous impact. If even for a moment one were to adopt this viewpoint, it would obviously be necessary to recognize as impossible and abandon the comprehension of economic laws and their conscious utilization, which finds expression in the planned management of the national economy. But this would mean, as Comrade Stalin notes, placing oneself in slavery to laws, identifying the socialist economy with the capitalist economy, and following in the wake of the latter.

The party long ago shattered and discarded this capitulatory viewpoint. The theory of spontaneity and drift is deeply alien and

[360] Friedrich Engels, Anti-Dühring, p. 267.

hostile to the socialist economic system. It could ultimately lead to the destruction of the socialist system—the only system in the entire history of humanity under which people can actually achieve genuine mastery over the economic laws of their life. And herein lies its immense advantage.

However, the advantages and possibilities objectively inherent in the socialist economic system cannot be realized and turned into reality by themselves, spontaneously, by way of drift. Developing the doctrine of possibility and reality, Comrade Stalin showed that in order to turn possibility into reality, it is necessary first of all to discard the hostile theory of drift. It is necessary to work out a scientifically grounded line of activity and correctly carry it into life, raising millions of working masses to its conscious and active implementation.

For the first time in history, society has truly received the opportunity to conduct the entire national economy on the basis of known economic laws utilized in the interests of all society. Therefore, the economic role of the state has fundamentally changed. Guided by the Communist Party, the Soviet State is a powerful force influencing the development and consolidation of the economic basis of socialist society. Only the socialist state fulfills the economic-organizational and cultural-educational function, which acquires ever greater importance as Soviet society moves toward communism and which, as V. I. Lenin pointed out, will in the future fill "the entire main activity of organized society"[361].

The party and the Soviet State, relying on powerful Marxist-Leninist theory and on the knowledge of the objective economic laws of socialism, introduce socialist consciousness and organization into the masses, directing the masses in accordance with the objective requirements of material life's development toward the active

[361] V. I. Lenin, Works, vol. 27, p. 372.

construction of new forms of social economy. The conscious utilization of the economic laws of socialism finds its expression primarily in the economic policy of our party and state, strictly based on the propositions and conclusions of the science of political economy. "Political economy studies the laws of development of people's production relations," points out Comrade Stalin. "Economic policy makes practical conclusions from this, concretizes them, and builds its daily work upon this"[362].

Marxist-Leninist political economy discovers and comprehends economic laws and arms us with the knowledge necessary to utilize economic laws in the interests of socialist society. Scientific foresight and the leadership of the party and Soviet State in the great cause of building a communist society are founded on the knowledge of economic laws. The higher the level of our economic science, the greater our opportunities for skillfully directing economic development, for drafting ever more perfected plans for national economic development—grounded, vital, bold, but tolerating no fantasy.

Our plans do not replace and cannot replace the objective economic laws of socialism. Still less do they give or can give any basis for arbitrarily "destroying" or "creating" economic laws. The economic plans of the USSR reflect objective economic laws. And only on this granite foundation is the realization of proper national economic planning possible.

Planning of the national economy "can achieve positive results," teaches Comrade Stalin, "only if two conditions are observed: a) if it correctly reflects the requirements of the law of planned development of the national economy, and b) if it conforms

[362] I. Stalin, Economic Problems of Socialism in the USSR, p. 73.

in all respects with the requirements of the basic economic law of socialism"[363].

Any departure from this firm foundation of our economic activity, from the objective economic laws of socialism, from their comprehension, mastery, and skillful utilization, any denial of the objective character of economic laws under socialism leads to adventurism in economic life with all the disastrous consequences for society.

"Suppose," says Comrade Stalin, "that we adopted for a moment the viewpoint of the incorrect theory that denies the existence of objective laws in economic life under socialism and proclaims the possibility of 'creating' economic laws, 'transforming' economic laws. Where would that lead? It would lead to our finding ourselves in a realm of chaos and chance; we would find ourselves in slavish dependence on these chances; we would deprive ourselves of the possibility not just of understanding, but of simply making sense of this chaos of chances.

This would lead to our liquidating political economy as a science, for science cannot live and develop without recognizing objective laws, without studying these laws. Having liquidated science, we would deprive ourselves of the opportunity to foresee the course of events in the economic life of the country, that is, we would deprive ourselves of the opportunity to organize even the most elementary economic leadership.

Ultimately, we would find ourselves at the mercy of the arbitrariness of 'economic' adventurers ready to 'destroy' the laws of economic development and 'create' new laws without understanding or taking into account objective laws"[364].

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[363] I. Stalin, Economic Problems of Socialism in the USSR, p. 41.

[364] Ibid., p. 85.

The party organizes the comprehension of objective economic laws of socialism by the broad masses of the people, ideologically arms them, and mobilizes them for the active utilization of laws in all spheres of communist construction. It is fully understandable that the underestimation of ideological work in a number of party organizations, and a superficial, shallow mastery of Marxist-Leninist economic theory hinder the comprehension and utilization of economic laws. The science of objective economic laws, the ideas of Marxist-Leninist, Stalinist economic theory mastered by the working masses of the Soviet country, become a most powerful material force in the struggle for the victorious building of communism.

I. V. Stalin's work, Economic Problems of Socialism in the USSR, is a new, higher stage in the development of Marxist political economy. The publication of this work of genius is a greatest historical event in the ideological life of our party, the Soviet people, and all progressive humanity.

I. V. Stalin's work, displaying an unprecedented creative flourish of Marxist-Leninist economic thought, inspires the deepest faith in the historical proximity of achieving the ultimate goal of our movement. If K. Marx's immortal Capital, which established the iron, inevitable economic laws of the genesis, development, and demise of capitalism, appeared during the ascending development of the bourgeoisie; if V. I. Lenin's Imperialism, the Highest Stage of Capitalism, which revealed the processes of capitalism's decay and dying, was written during the period of the "eve of the proletarian revolution"; then I. V. Stalin's great economic work appeared under conditions of the triumph of the ideas of socialism and the magnificent, irresistible movement of the Soviet people toward communism.

Comrade Stalin's work of genius is a new vivid testimony to the constant care of our great leader and teacher for the further all-round development of the theory of Marxism-Leninism.

"The tasks of our advancement forward obligate party figures, workers in the field of social sciences, and primarily economists, guided by the programmatic directives of Comrade Stalin, to comprehensively elaborate questions of Marxist-Leninist theory in inseverable connection with practical constructive work"[365]. Comrade Stalin's work obligates every active builder of communist society to deeply master the economic theory of Marxism-Leninism, this proven scientific guide to the economic life of society.

Through the works of Comrade Stalin, the party ensured the purity of Marxist-Leninist theory and its further development as a great guide to action, enabling the party to scientifically foresee the course of historical events, mobilize the masses, and organize them for the active and conscious achievement and consolidation of new victories.

Comrade Stalin's new work illuminates for our party and the Soviet people the path of advancement forward to the full triumph of communism.

Questions of Economics, No.11, 1952.

[365] G. Malenkov, Report to the 19th Party Congress on the Work of the Central Committee of the CPSU(b), p. 106.

A. Arakelyan

ON THE MAIN PATHS OF TECHNOLOGICAL PROGRESS IN THE PERIOD OF TRANSITION FROM SOCIALISM TO COMMUNISM

Comrade Stalin in his genial work "Economic Problems of Socialism in the USSR" points out that the goal of socialist production is not the extraction of profit, but ensuring the maximum satisfaction of the constantly growing material and cultural requirements of the entire society. The means for achieving this goal, says J. V. Stalin, is the continuous growth and improvement of socialist production on the basis of higher technology.

The material embodiment of technology and the expresser of the corresponding level of its development are the instruments of labor, with the help of which man acts upon the objects of labor, upon surrounding nature. By instruments of labor Marx understands mainly the implements of production, what he calls mechanical instruments of labor, "the totality of which can be called the bone and muscular system of production," constituting "the characteristic distinguishing features of a definite epoch of social production..."[366]

The degree of development of the instruments of labor (in the first place, the implements of production) expresses the technical level of the development of production and shows how material goods are produced, to what extent man can subject surrounding nature to himself, to what extent society has passed from one set of implements of labor to other, more perfected ones. The totality of the instruments of labor constitutes the technical basis of production at a given stage of

[366] K. Marx, Capital, Vol. 1, 1951, p. 187.

its development and expresses the degree of man's mastery over nature.

In antagonistic socio-economic formations based on private ownership of the implements and means of production and the exploitation of man by man, all achievements of science and technology are monopolized by the exploiting classes and are used by them primarily to intensify the exploitation of the working masses. In capitalist society, the development of technology leads to the ever greater impoverishment of the workers, to a monstrous intensification of their labor and growth of unemployment, to the ruin of small commodity producers. In contrast to this, in socialist society, based on public ownership of the implements and means of production and the comradely cooperation of workers free from exploitation, the development and improvement of technology ensure a steady rise in the material well-being and cultural level of the working people, and ease the labor of members of society. Thus, the development of the technical basis of socialist production signifies not only the growth of man's mastery over nature in general, but also ensuring a steady rise in the material and cultural standard of living of all members of socialist society and easing their working conditions.

To each mode of production there corresponds, as is known, its own material and technical base, and consequently a definite level of technological development. Socialism creates a material and technical base adequate to it in the form of large-scale machine industry based on the use of electric energy, on broad mechanization and chemicalization of production processes in our national economy. V. I. Lenin pointed out that large-scale machine industry represents "the material, productive source and foundation of socialism"[367], that "large-scale machine industry and its extension to agriculture is the

[367] V. I. Lenin, Soch., Vol. 27, pp. 238–239.

sole economic basis of socialism..."[368]. Concretizing these propositions, Lenin wrote in 1921: "The only material basis of socialism can be large-scale machine industry capable of reorganizing agriculture as well. But one cannot limit oneself to this general proposition. It must be concretized. Corresponding to the level of the latest technology and capable of reorganizing agriculture, large-scale industry is the electrification of the whole country"[369].

In contrast to capitalism, socialism gives full scope to the development of productive forces and opens up unlimited opportunities for the progress of science and technology. Our country during the years of the pre-war Stalinist five-year plans, as a result of carrying out industrialization, outstripped all major capitalist countries in production technology, in the saturation of the national economy with the latest technology and the newest implements of labor. Developing and perfecting its material and technical base, socialist society thereby gradually creates the material and technical base of communism. Communism requires an immeasurably higher level of development of productive forces, including implements of production. It requires a level that would provide society with the opportunity to create an abundance of consumer goods. Therefore, building the material and technical base of communism is one of the paramount tasks of the Soviet people. A new step in creating the material and technical base of communism is the fifth Stalinist five-year plan, the directives for which were given by the 19th Congress of the Party.

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Elements of the technical base of communism arise and continuously mature as early as the period of socialism, in the

368 V. I. Lenin, Soch., Vol. 33, p. 27.

369 V. I. Lenin, Soch., Vol. 32, p. 434.

period of gradual transition from socialism to communism. The creation of advanced, higher technology for all branches of the national economy is carried out in the USSR through the expanded reproduction of fixed assets — the instruments of labor. The source (supplier) of instruments of labor is heavy industry. Its preferential development ensures the continuous growth and improvement of all socialist production, ensures the creation of the technical base of communism. The development of productive forces proceeds along the path of replacing manual labor with machine labor, along the path of widespread application and improvement of machine technology. Machines are manufactured by heavy industry. The further the national economy develops, the more the leading role of heavy industry and, above all, its core — machine building — increases. That is why the new five-year plan continues the line of all preceding four five-year plans toward the preferential development of the production of means of production.

In his classical work "Economic Problems of Socialism in the USSR," Comrade Stalin points out that it is impossible to carry out continuous growth of the national economy without simultaneously carrying out the priority growth of the production of means of production.

At present, the technology of communism cannot be presented in all its concrete detail, since science and technology develop continuously and rapidly, enriched with the latest discoveries. However, from the achieved qualitative changes in technology one can determine the main lines of technological progress in the period of transition from socialism to communism.

The main lines of technological progress in the period of gradual transition from the first to the second phase of communism are complex mechanization of labor, automation of industrial production, chemicalization, and electrification of

the entire national economy. These main paths of technological progress are closely interconnected.

For the stage of socialism, broad mechanization of production processes is characteristic. Under the leadership of the Communist Party, the Soviet people achieved major successes in this field: in the level of production mechanization, the USSR even before the Great Patriotic War surpassed all major capitalist countries. Currently, many production processes in socialist industry are mechanized by 90–95 percent and more. However, so far main production processes are broadly mechanized; there is no complex mechanization of all branches of the national economy yet. Meanwhile, further mechanization can yield enormous production growth not only in those sections where it is directly carried out, but also in those (already previously mechanized) sections that are connected with them. It will make it possible to uncover and utilize huge production reserves and organize smooth operation across all production sections.

Thus, for example, in the coal industry, the mechanization of undercut, breaking, and delivery of coal, underground transport, and loading into railway cars has been completed. But complex mechanization, i.e., comprehensive mechanization of all labor processes, in the coal industry takes place so far only at individual mines. An example of complex mechanization is Mine No. 3-bis of the "Chistyakovantratsit" trust, where coal combines and high-capacity scraper conveyors operate in all working faces; in preparatory drifts at this mine rock-loading machines are used, and on haulage drifts powerful electric locomotives and maneuvering winches operate. Transferring mines to complex mechanization not only increases labor productivity and leads to lower costs of coal extraction, but also leads to a significant improvement in miners' working conditions and further improvement of safety technology. Complex mechanization of mines leads to a sharp

reduction in auxiliary workers, the proportion of whom is still quite significant in the coal industry. In the complex mechanization of the coal industry, a major role is played by coal combines, which began to be used in production in the final years of the fourth five-year plan. They replace manual labor of loader-cutters, i.e., the least mechanized labor in the coal industry.

At many metallurgical plants, main production processes are mechanized almost entirely, with weak mechanization of auxiliary processes: loading and unloading operations, supply of raw materials and semi-finished products, removal of output, and repair work. At a number of large metallurgical plants, the proportion of auxiliary workers reaches 58–77%. As the experience of advanced enterprises shows, complex mechanization reduces the number of auxiliary workers in metallurgical shops by no less than 10 times.

The timber industry right up to the fourth five-year plan was extremely weakly mechanized. In the post-war period, in the timber industry all main production operations are successfully being mechanized. Electric saws, mechanical skidding, and loading machines are widely introduced. In recent years, dozens of timber industry enterprises have been transferred to complex mechanization: all labor processes, starting from felling timber to loading it into railway cars, are mechanized.

Major successes have also been achieved in the field of mechanizing USSR agriculture. In our country there are whole regions and territories where the most important agricultural production processes are mechanized almost completely. Thus, for example, on the collective farms of Krasnodar Territory, the level of mechanization in 1952 was: for plowing and sowing 100%, for harvesting grain and sunflower 99–100%, for cultivation of row crops 96%, for haymaking 90%. In the same year in the territory, all work on harvesting and processing grain on threshing floors was basically complexly

mechanized. Thanks to complex labor mechanization, harvesting and grain delivery deadlines were sharply reduced. In 1952, grain procurement (excluding corn and rice) was completed in 20 days. Moreover, wheat alone was delivered to the state 23 million poods more than in 1940. In the fifth Stalinist five-year plan, further development of agricultural mechanization is occurring.

Particularly topical are the questions of mechanizing construction work. The transition from socialism to communism presupposes a grandiose scale of construction of industrial enterprises, hydroelectric power stations, irrigation systems, construction of new cities and reconstruction of old settlements, huge housing construction, etc. All this requires expanding and improving construction work, its broadest mechanization, all-round increase in labor productivity, and lowering construction costs. Machines and machine systems used nowadays on construction sites bear witness to a great qualitative growth of our technology. Thus, for example, before the Patriotic War, excavators were produced only on crawler tracks with a bucket capacity of no more than 3 cu. m and a boom length of 18 m, replacing the labor of 100–200 men. Now walking excavators with a bucket capacity of 14 cu. m and boom length up to 75 m are used. Each such excavator replaces the heavy physical labor of 7 thousand navvies. At Uralmashzavod, the development of the design of a walking excavator with a bucket capacity of 20 cu. m has been completed. This excavator will be able in one minute, in a single boom turn, to move up to 35 tons of earth to a distance over 100 m. Soviet designers are working on creating an excavator with a bucket capacity of 35 cu. m and a boom length of 100 m.

Super-powerful suction dredges operate on construction sites, each of which moves up to 3 million cu. m of soil per year. On the construction of the Kuibyshev Hydroelectric Power Station,

the suction dredge "Pyatiletka" operates with a capacity of 750 cu. m of solid soil per hour. This self-propelled floating earth-moving machine replaces the labor of 20 thousand men. Automated concrete plants of Volgodonstroy yield 4 thousand tons of concrete per day. New, more perfected machines are applied ever wider in construction. But here too there is no complex labor mechanization yet.

Comrade G. M. Malenkov in his report to the 19th Congress of the Party said that "at many enterprises, with a high level of mechanization of main production processes, auxiliary work is weakly mechanized, including such labor-intensive work as carrying, moving, and loading raw materials, materials, and products. All this lowers the general economic effect of mechanization and disrupts the normal course of production"[370]. The Directives of the 19th Congress of the Party for the Fifth Five-Year Plan provide for completing in the main the mechanization of heavy and labor-intensive work in industry and construction.

The material and technical base of communism presupposes comprehensive, universal, complex mechanization of labor in all branches of the national economy. Under communism, all production processes, starting from extraction of raw materials and their processing down to delivery of finished products to the consumer, will be mechanized. Complex labor mechanization in all branches will colossally increase the productive power of social labor and thereby act as one of the factors creating an abundance of products; complex mechanization requires high qualification of workers in all sections, combining mental and physical labor, thereby contributing to the elimination of essential differences between

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[370] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b). Gospolitizdat, 1952, p. 46.

these two types of social labor; it eases all labor processes to an immense degree.

Complex mechanization leads directly up to automation, i.e., it is the most important preparatory measure for transition to the highest stage of labor mechanization — the application of an automatic system of machines. An automatic machine system is such a system that itself performs all (moreover, the most diverse) production operations for manufacturing a given item and requires only monitoring by one or several highly skilled workers. Automation ensures an even higher growth of labor productivity than complex mechanization, accelerates production processes to a huge extent, and eases working conditions. It allows reducing the functions of the worker to monitoring automatic machines. Marx wrote that "the productive force of an instrument of labor developed into an automatic process becomes the prerequisite for subjecting the forces of nature to social intellect..."[371]. Eliminating accidents, reducing wear of machines and structures, automation ensures flawless and precise operation of units and transport, leads to savings of fuel, energy, and materials.

Even partial automation sharply increases labor productivity. Thus, automating just one operation — punching and plugging the taphole of a blast furnace — allows reducing the crew of workers servicing the furnace by 40–50%. Automatic regulation of open-hearth furnace operation reduces fuel consumption by 10–20%, refractory consumption by 5–10%, increases furnace productivity by 8–12%, and extends furnace campaign length by 10–15%.

In 1951, 95% of all pig iron was smelted in blast furnaces with automatic regulation of blast temperature, 87% of all open-hearth steel was smelted at plants of the Ministry of Ferrous Metallurgy in furnaces with automated thermal mode control.

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371 "Bolshevik" No. 11–12, 1939, p. 64.

Enormous economic effect is yielded by automating not only production, but also inspection operations, which are very labor-intensive. Thus, for example, automating technical inspection of just one part — a piston ring (for automobiles, tractors, and motorcycles) — made it possible in 1950 to reduce the number of 6th-category inspectors from 751 to 163. Moreover, the costs of installing automatic inspection devices pay off within 7 months of their use.

Automation is widely applied at our electric power stations. In 1952, 61% of boiler capacity was equipped with automatic devices that feed fuel into furnaces and water into boilers and regulate boiler unit load. Thanks to this, the heaviest labor — that of the stoker — used at thermal power stations, has been replaced by the operation of automatic mechanisms.

Even more broadly is automation introduced at hydroelectric power stations. By October 1952, 91% of all hydroelectric stations of the Ministry of Power Stations of the USSR was fully automated. This led to a sharp reduction in operating personnel and to complete release of personnel from physical work in starting, stopping, and regulating hydro-units.

Along with automation at hydroelectric stations, remote control (telemechanics) is introduced. In 1952, already 7 hydroelectric stations operate without attending personnel: they are controlled from dispatch points situated at distances of dozens of kilometers.

At power stations, as at enterprises of other branches (transport, public utilities, etc.), telemechanics, remote control, and regulation of technological processes at a distance are used ever more widely. Automation and telemechanics are closely interconnected.

Automation of production processes at industrial enterprises occurs through gradual transition from semi-automatic machines to automatic ones, from individual automatic machines to automatic transfer lines, and then to automatic

machine systems in shops and at enterprises, to automated plants. Soviet designers have created automatic machine-tool transfer lines for producing a whole range of machine parts. How great the productive effect of automatic transfer lines is can be judged from the following data: at the Izhevsk plant, 4 machine tools for manufacturing spring bushings, serviced by four workers, yielded 2,800–3,200 parts per shift. An automatic transfer line of these machine tools, serviced by only one worker, now yields up to 9,600–11,200 parts per shift. Along with automatic machine transfer lines, in the USSR such automatic lines have also been created that unite the entire complex of operations required for manufacturing a particular part (for example, mechanical processing, pressure processing, heat treatment by high-frequency currents, chemical treatment, painting, drying, etc.). Such automatic lines unite the entire complex of operations necessary for manufacturing a part on the basis of using new, highly efficient, economical, and precise motors. Thus, for example, in our country the world's first automatic wheel assembly line was created. All operations previously performed by humans are now performed by machines. They weld the wheel, clean it of slag and burrs, and punch the valve hole. Entire enterprises are being created where production is fully automated. An example is the automated plant for manufacturing automobile pistons. There is no such enterprise anywhere except in the USSR. At this automated plant, all production processes (casting, processing on various machine tools, heat treatment, and even packaging of finished items) are automated. Here metal fed into the first unit passes through numerous automatic machines without human touch and turns into a piston (finished product) for an automobile engine. An automated anchor chain plant has been created; fully automated plants operate for producing piston rings, valves, spark plugs, etc. At these enterprises, all

processes starting from unloading materials down to packaging finished products are automated.

Automated plants are the prototype of enterprises of communist society. The development of socialist industry is characterized by a continuous increase in the number of such enterprises, gradually encompassing whole links of industrial production.

Thus, the development of production automation is one of the largest reserves for further raising the level of Soviet technology and economy and a decisive factor for creating an abundance of products.

Automatic machines increase labor productivity to an enormous degree, ease working conditions, raise its intellectual content, replace physical functions with mental ones, and contribute to eliminating essential differences between physical and mental labor.

Enormous significance in the struggle for creating an abundance of products belongs to the chemicalization of the national economy. The Central Committee of the VKP(b) as early as 1929, in its resolution on the activity of the Northern Chemical Trust, emphasized the necessity of developing the chemical industry and chemicalizing the national economy of the USSR. "A number of major scientific discoveries in the field of chemistry," was stated in this resolution, "has made it one of the main factors in the development of productive forces of the national economy and a source of new means of material culture, which poses before the proletarian state the task of accelerated development of chemicalization of the country and development of the chemical industry"[372]. The chemical industry of the USSR was mainly created during the years of the Stalinist five-year plans. Anew or almost anew were

[372] M. Saveliev and A. Poskrebyshev, Directives of the VKP(b) on Economic Issues. M. – L. 1931, p. 578.

created the nitrogen, coke-chemical, aniline-dye, wood-chemical industries, the industry of artificial fibers, plastics, synthetic rubber, potash, apatite, and others. The USSR holds priority in creating synthetic rubber plants. In the Soviet Union during the pre-war five-year plans a number of plants were built for synthetic rubber production according to the method of Soviet Academician Lebedev.

At present, we have no branch of production that in one way or another is not connected with the chemical industry. As science develops, mechanical technology, distinguished by more labor-intensive methods of work, gradually and ever more gives way to chemical technology. Chemicalization accelerates production processes, saves labor, energy, and materials. For example, using oxygen in metallurgy and coke industry doubles the productivity of blast and coke furnaces along with simultaneous reduction in coke consumption, simplifying and easing furnace maintenance. Chemicalization of production expands the raw material base of industry, makes it possible to create a large quantity of new synthetic products. Plastics, artificial fiber, leather substitutes, artificial liquid fuel, and synthetic rubber have already received wide application. Often products obtained chemically surpass natural products in their properties and quality. Thus, for example, high-octane gasoline obtained chemically allows significantly increasing engine power while simultaneously reducing fuel consumption, thereby giving the opportunity to increase aircraft speed and load capacity, flight range, and altitude.

Chemicalization of the national economy ensures complex utilization of raw materials and waste. Thus, for example, in mechanical wood processing only about one third of its mass is used. Thanks to chemicalization, however, almost all wood waste can be fully utilized for producing cellulose, artificial fiber, plastics, tanning materials, acetic acid, turpentine, acetone, etc. The development of the chemical industry made it

possible to use many types of industrial raw materials that were previously lost as production waste and refuse, for example gases of coke and oil refinery plants, resins, etc. On the basis of combining chemical industries with other branches, new raw material industries were created having major economic and defense significance.

Chemical processing of products of heavy oil fuel distillation additionally yields a huge quantity of gasoline and other valuable products. Chemicalization is of exceptional importance for raising soil fertility, for ore enrichment, and contributes to the utilization of new types of raw materials. Chemicalization to a huge extent improves living conditions of working people (gasification of housing) and eases domestic labor.

Chemicalization of production processes is closely connected with the development of an automatic machine system. Chemical processes, having huge significance for production growth, as a rule require automatic regulation of production control. Thus, for example, underground gasification, representing a chemical method of extracting fuel from the bowels of the earth, is carried out with the help of automatically regulated instruments of labor. Underground gasification replaces the heavy labor of the miner, allows significantly increasing fuel output, and eliminates the need to transport huge quantities of fuel (transportation of solid fuel is replaced by gas transmission via pipes). On the eve of the Great Patriotic War, in the Donbas and Moscow Basin there were several underground gasification stations yielding gas of sufficient calorific value for use by regional power stations. After the war, underground gasification in these basins is carried out on a large scale. Currently a number of thermal power stations and industrial enterprises of Donbas and the Moscow region already use underground gas for power and technological purposes.

Complex labor mechanization, automation, and chemicalization of production — these most important paths of creating the material and technical base of communism are unthinkable without electrification. The quantitative and qualitative growth of technology depends on the development of the electric power base. Consequently, construction of power stations and expanding the sphere of electricity application are among the chief paths for creating the material and technical base of communism, having immense significance for further raising the economic power of our socialist Motherland. Lenin's classical formula states: "Communism is Soviet power plus electrification of the whole country"[373].

Lenin, speaking of the significance of electrification for building communism, pointed out that electrification must be viewed not in isolation, but in close connection with new, advanced technology. In a speech at the November Plenum of the CC VKP(b) in 1928, Comrade Stalin said that "by electrification of the country Lenin understands not isolated construction of individual power stations, but gradual 'transfer of the country's economy, including agriculture, to a new technical base, to the technical base of modern large-scale production,' connected in one way or another, directly or indirectly, with the cause of electrification"[374].

Electric energy has a number of advantages compared to steam power: cheapness, high divisibility, ease of transmission over long distances, simplicity of the unit, etc. F. Engels pointed out that the use of electricity will open the way for us to convert all forms of energy — heat, mechanical motion, electricity, magnetism, light — into one another and back again and apply

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373 V. I. Lenin, Soch., Vol. 31, p. 484.

374 J. V. Stalin, Soch., Vol. 11, p. 254.

them in industry[375]. This property of electric energy is widely used to save resources and increase labor productivity in various branches of the USSR national economy. Thanks to electrification, water resources as well as local low-grade fuel (peat and brown coal) are used significantly more, which yields great savings in consumption of oil and coal, relieving transport.

Electric machines and devices make it possible to mechanize all branches of the national economy and automate almost all production processes in industry. Electrification accelerates production processes, increases labor productivity, and eases the labor of Soviet people. Electrification leads to freeing up production floor space: cumbersome transmission systems required for transmitting mechanical energy are replaced by electrical wires.

Electricity is of immense significance in improving and perfecting technology. Electrical processes are well regulated, which is very valuable for obtaining, for example, high-quality light and non-ferrous metals, alloy steels, chemical products, etc.

One of the advantages of electrification is that it serves as the material and technical foundation for rational distribution of industry. F. Engels, speaking of the significance of the discovery of electricity, pointed out that "this discovery finally frees industry from almost all limits imposed by local conditions, makes possible the utilization of even the most distant water power, and if at first it will be useful only for cities, in the end it will become the most powerful lever for eliminating the opposition between town and country. It is completely clear that thanks to this productive forces will grow

[375] K. Marx and F. Engels, Soch., Vol. XXVII, p. 289.

so much that managing them will be more and more beyond the capacity of the bourgeoisie"[376].

In the period of gradual transition from socialism to communism, ever-increasing application of electrification of the national economy contributes to completing the elimination of irrational, deformed distribution of productive forces inherited from capitalism. Electrification ensures comprehensive, complex utilization of natural wealth and development of all regions, uniform distribution of productive forces. Electrification of socialist economy creates the possibility for more planned placement of industrial enterprises. Thanks to it, the need to place enterprises directly near water sources of energy or fuel deposits is eliminated, and the need for long-distance fuel transportation for industrial enterprises falls away.

Of huge importance for the entire national economy is the electrification of railways. Electrification of railway transport ensures acceleration of train movement and frees them from stops necessary for refueling locomotives with fuel and water, significantly increases throughput capacity of railway lines, yields huge fuel savings, ensures safer and more correct train traffic, and finally sharply reduces costs for car repairs and maintenance of cleanliness.

Great is the role of electricity in agriculture as well. It is of paramount importance for timely soil cultivation, harvesting crops in short periods, and plays a huge role in raising livestock productivity. Electrification is especially important in regions with a short growing season, where agricultural work must be performed in tighter deadlines. It contributes to expanding construction of irrigation systems. Using electricity for irrigation reduces required expenditure of funds by 5 times. As a result of electrification, the requirement for draft animal

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376 K. Marx and F. Engels, Soch., Vol. XXVII, p. 289.

power decreases, and consequently costs for its maintenance are reduced. In livestock farming, mechanization of all production processes, starting from feed preparation and water supply down to milking, shearing, etc., is carried out on the basis of electric power application. As a result of electrification of livestock farms, the requirement for labor power sharply decreases and livestock productivity increases.

Calculations carried out according to the plan for total electrification of 3,158 collective farms of Molotov region showed that as a result of building 900 power stations in the region, 5,300 workers servicing electrical installations will replace the labor of 40–50 thousand collective farmers, while a large quantity of energy and fuel will also be saved. Electrification of agriculture ensures, thus, a growth of labor productivity by about ten times and a radical improvement in working and living conditions of rural workers. It is an important condition for eliminating essential differences between town and country.

In our country already at present there are whole districts and even regions of total electrification. By 1951, electric energy was used by over 30 thousand collective farms and over 6 thousand machine and tractor stations.

An abundance of electric power under communism will allow fully electrifying public utilities servicing the population. Various electric heating devices, air conditioning devices, electric refrigerators, vacuum cleaners, electric floor polishers, washing machines, and many other household appliances are even now being introduced ever wider into domestic life. Soon they will become part of every family. Electrification of daily life creates healthy living conditions, eases and sharply reduces labor expenditure in household work, freeing time for spiritual growth of man. Long before the victory of the proletarian revolution V. I. Lenin wrote: "Electric lighting and electric heating of every house will free millions of 'domestic slaves'

from the necessity of killing three-quarters of life in a foul-smelling kitchen"[377].

Electrification of all branches of the national economy raises the cultural and technical level of urban and rural workers, eases labor, and contributes to accelerating the process of eliminating essential differences between mental and physical labor. A major role of electrification in the general rise of culture of the broad masses of people is also explained by the fact that its companions are radiofication and cinema extension in populated areas. Great prospects open up in connection with the development of television. V. I. Lenin emphasized the significance of the possibility of long-distance electricity transmission for cultural development in places distant from large cities.

Complex mechanization, automation, chemicalization, and electrification represent the main lines of technological progress in the period of gradual transition from socialism to communism. However, the development of these four interconnected lines of technological development cannot be imagined merely as an expansion of their sphere of application. Growth of complex mechanization, automation, chemicalization, and electrification means that along with their broadest application, improvement (development) of these elements themselves occurs, and that in their development they create the opportunity for the emergence of new types of super-powerful instruments of production, many times exceeding the capacity of modern instruments of labor. As a result of developing the indicated four main elements of advanced technology and in organic connection with them, various branches of the newest, even higher technology arise. Grandiose opportunities for technological progress are created by the discovery of methods for practical utilization of intra-

[377] V. I. Lenin, Soch., Vol. 19, p. 42.

atomic energy. Atomic energy many times exceeds the energy of all hitherto known sources of energy. On the significance of this energy one can judge from the fact that, according to calculations, intra-nuclear energy contained in one gram of hydrogen can yield approximately as much heat as 35 tons of coal.

Work on utilizing atomic energy for industry and transport has already begun in the USSR and will play a major role in creating the technology of the epoch of communism. Study of atomic energy application will uncover the essence of many natural processes, greatly expand the capabilities of metallurgy, chemistry, agriculture, biology, medicine, etc.

As Comrade G. M. Malenkov points out, our science and technology, having discovered methods of producing atomic energy, "eliminated the monopoly position of the USA in this field and struck a serious blow at warmongers trying to use the secret of atomic energy production and possession of atomic weapons as a means of blackmail and intimidation of other peoples. Having real capabilities for producing atomic energy, the Soviet state is deeply interested in having this new form of energy used for peaceful purposes, for the good of the people, for such use of atomic energy boundlessly expands man's power over natural forces, opens before humanity colossal opportunities for growth of productive forces, technical and cultural progress, and increase of social wealth"[378].

One of the newest branches of technology is electronic technology. It is closely connected with the development of radio technology and automation. Electronic technology allows converting light, thermal, and other impulses into electric currents and amplifying these currents in unlimited measures. Electronic instruments allow distinguishing light shades,

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[378] G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), pp. 41–42.

controlling with very high precision speed, pressure, surface purity of treated objects, temperature, etc. Electronic technology becomes the most perfect means of inspection and automation of production processes. Currently it has already received broad application in a number of branches of the national economy. For example, in metallurgy with the help of electronic technology rapid temperature measurement, control of the entire rolling cycle, regulation of blast furnace speed, etc., are ensured. In machine building, electronic instruments are used for dimensional and surface control, automatic welding, etc. Prospects for development and application of electronic technology are very great. On the base of electronic instruments exist such new branches of technology as sound cinema and television. With electronic technology is connected the creation of electron microscopes magnifying an object 100–200 thousand times (an ordinary optical microscope magnifies up to 2 thousand times).

Among newest types of technology radar deserves attention — determining the location of an invisible object by means of radio waves. Radar played a large role during military operations in the years of the Great Patriotic War. Opportunities associated with it are also very great. Electronic technology and radar make man ever more omnipresent and all-seeing. Radar will find broad application first of all in transport for ensuring safety of air, sea, and ground transport in darkness and fog.

Among newest types of technology a special place is occupied by jet technology: application of jet engines provides new speeds that allow aviation to cross the sound barrier. Jet technology opens possibilities for interplanetary communication.

In all achievements in the field of developing technology and creating the newest instruments of labor, a major role was played by Soviet science.

Comrade G. M. Malenkov in his report to the 19th Congress of the Party emphasized that "in the struggle for further technological progress, a large role belongs to our science, which through its discoveries helps the Soviet people more fully uncover and better utilize the wealth and forces of nature. In the post-war period our scientists successfully solved many scientific problems of great national economic importance... Major successes of Soviet science and technology are evidenced by the annual awarding of Stalin Prizes for outstanding scientific works, inventions, and radical improvements in production methods. The honorable title of Stalin Prize laureate has been awarded to 8,470 workers in science, industry, transport, and agriculture"[379].

Soviet scientific technical thought played an enormous role in technology development. Priority belongs to it in many fields of science and technology. Thus, for example, the Leningrad Metal Plant named after Stalin manufactured the most powerful and most perfected turbine in the whole world, while the "Electrosila" plant named after Kirov created a generator for this turbine. Turbine capacity is 150 thousand kW with steam pressure of 170 atmospheres and superheat temperature of 550 degrees Celsius. This unique equipment is installed at a new power station in the Moscow power system and will be commissioned in early 1953.

Priority belongs to Soviet scientific technical thought also in the field of creating a number of modern production methods, for example synthetic rubber, a number of new types of high-quality alloys, oil processing, etc.

New technology is created not only by scientists and design engineers. It is born daily and hourly at Soviet enterprises by the labor of hundreds of thousands of Stakhanovite workers

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379 G. Malenkov, Report to the XIX Party Congress on the Work of the Central Committee of the CPSU(b), pp. 41, 42.

and masters of socialist labor. In 1951 alone, about 700 thousand inventions and rationalization proposals aimed at radical improvement of technology, production processes, and labor organization were introduced into production at Soviet Union enterprises. Rationalizers and inventors help uncover unused reserves, expand the raw material base, increase production capacity, introduce new technology, and save resources. Bold and broad introduction of rationalization proposals ensures acceleration of plan execution.

During the last three years alone, domestic machine building created about 1,600 new types of machines and mechanisms. It provides our national economy with all necessary equipment — from heavy rolling mills and giant excavators to the most precise instruments. Creating and introducing new machines, mechanisms, equipment, and instruments, Soviet designers, engineers, technicians, and workers carry out Comrade Stalin's instruction that technology cannot stand in one place, it must constantly improve, old technology must be retired and replaced by new, and new by the newest.

In the field of further technology development, of exceptionally great importance is direct and constant connection between research institutes and production enterprises. Close connection of science and practice, their mutual enrichment, is the path to new achievements and major successes in creating the material and technical base of communism and accelerating transition from the first to the second phase of communist society.

Complex mechanization, automation, chemicalization, electrification, and other types of newest technology are applied broadly and without restriction under socialism. Here production relations do not hinder, but in every way contribute to the development of productive forces; they are a decisive factor in perfecting and comprehensively applying technology. Working people and all members of society are vitally

interested in technology growth, for the faster instruments of labor develop and the wider they are applied, the more labor is eased and the well-being of working people rises. Comrade Stalin points out that in the Soviet Union machines always "save labor for society and ease the labor of workers, and since there is no unemployment in the USSR, workers with great willingness use machines in the national economy"[380].

Further development of productive forces and especially priority growth of the production of means of production will lead to creating the material and technical base of communism, to the broadest and comprehensive application of the newest technology.

Capitalism is incapable of mastering new technology in general, complex mechanization, automation, chemicalization, and electrification in particular. At the present stage of capitalist development, production relations limit the development and application of technology. Under capitalism, partial introduction of particular technology may take place, say, complex mechanization of an individual section or shop. But advantages of technology cannot be realized, and main of all, this technology even more enslaves and cripples the worker. Every step forward in introducing new technology means further growth in labor intensity, increased worker exploitation, increased unemployment, etc. Broad application of new technology is excluded. Complex, planned development of new technology having multifaceted connections with numerous enterprises and branches can develop only under conditions of public ownership of means of production. Private ownership of means of production excludes such development of technology and gives it a deformed shape.

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[380] J. Stalin, Economic Problems of Socialism in the USSR. Gospolitizdat, 1952, p. 43.

Capitalism cannot cope with solving a number of technical tasks successfully resolved in our country. In this respect a striking example is provided by the great construction projects of communism, which in technical complexity, pace, and scale of construction eclipse everything ever created in capitalist countries. Introducing new technology means moral obsolescence, depreciation of fixed capital. But capitalists do not want this and hold back technology growth. Utilizing monopoly prices, artificially inflating market prices, monopoly capital without introducing new technology and reducing production costs receives maximum profit. If to this we add chronic underutilization of enterprises and chronic mass unemployment, it becomes clear that application of new technology at the present stage of capitalist development is extremely limited; it is connected only with economy militarization. Modern technology has grown so much that managing it is beyond the capacity of the bourgeoisie. Its further development is limited by private property relations. "The economic law of mandatory correspondence of production relations to the character of productive forces has long been forcing its way in capitalist countries. If it has not yet forced its way into the open, it is because it meets strongest resistance from obsolete forces of society"[381].

In contrast to capitalism, in the USSR the economic law of mandatory correspondence of production relations to the character of productive forces has come out into the open and operates. As Comrade Stalin points out, the difference "between the proletariat, on the one hand, and other classes that ever carried out upheavals in production relations throughout history, on the other hand, consists in the fact that class interests of the proletariat merge with interests of the overwhelming majority of society, for the revolution of the

[381] Ibid., pp. 7-8.

proletariat means not destruction of a particular form of exploitation, but destruction of all exploitation, whereas revolutions of other classes, destroying only a particular form of exploitation, were limited to the framework of their narrow class interests in contradiction with interests of the majority of society"[382].

The working class, being interested in creating new, socialist relations, brought production relations into full correspondence with the character of productive forces. This means that under socialism, where there are no dying classes capable of organizing resistance, "matters usually do not come to conflict between production relations and productive forces, and society has the opportunity to timely bring lagging production relations into correspondence with the character of productive forces"[383].

In the Soviet Union, the social character of production is supported by the public form of ownership of the means of production, which gives unlimited scope to rapid, steady, and complex development of instruments of labor. Socialist society is both interested in and capable of planfully developing technology. In contrast to capitalist countries, where production relations long ago turned into fetters on the development of productive forces, in the Soviet Union socialist production relations are that main and decisive force that determines further steady and rapid development of productive forces, including implements of production.

All-round growth of productive forces, including implements of labor and technology, and construction of the material and technical base of communism play a huge role in developing and strengthening socialist production relations and their foundation — socialist ownership, in gradual growing over of

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382 J. Stalin, Economic Problems of Socialism in the USSR, p. 50.

383 Ibid., p. 51.

socialist production relations into communist ones, and in transition from socialism to communism. Socialist expanded reproduction represents not only continuous renewal on an ever broader scale of material elements of production, but also expanded reproduction of socialist production relations and their foundation — public ownership. Construction of new factories and plants, mines and electric power stations, railways and irrigation canals, increase in the quantity of machines in industry and agriculture, increase in crop areas and livestock numbers — all this means growth of socialist ownership of means of production.

Socialist property grows and develops not only in quantitative, but also in qualitative terms. Transition from socialist production relations to communist ones occurs not through explosions, not through conflicts, but in the order of gradual growing over. A condition for transition to communism is gradual raising of cooperative collective-farm property to the level of nationwide property, formation of a single all-people's communist property, and elimination of essential differences between town (industry) and country (agriculture). A large role in this process is played by growth of productive forces in socialist agriculture, further mechanization, electrification, and chemicalization of collective farm production. Soviet reality shows what a genuine revolution in our countryside was produced by collectivization and technical re-equipment of agriculture carried out by Soviet power. New shifts in this field carried out in the fifth five-year plan mean a new step forward along the path of eliminating essential differences between town and country. The material and technical foundation of this process is advanced, highly developed socialist heavy industry. If creation of the material and technical base of socialism served as a material source for eliminating opposition between town and country, creation of the material and technical base of

communism will serve as a material source for eliminating essential differences between them.

Growth of the material and technical base of socialism is the foundation for raising the level of knowledge and culture of all members of socialist society, the basis for cultural and technical rise of Soviet workers comprehensively studying technology, showing creative initiative in introducing newest achievements of technology, in perfecting machines and technological processes, rationalizing production, and improving methods of labor organization. Thereby development and perfection of the material and technical base of socialism and construction of the material and technical base of communism act as most important factors in eliminating essential differences between mental and physical labor.

In the process of building communism, the image of a new man is formed. As communism approaches, working people of the USSR will undoubtedly devote an even larger share of their time to their cultural growth. As production rises and labor productivity grows, gradual reduction of the working day will come onto the agenda, which will open new possibilities for further raising the cultural level of working people, for organizing broad polytechnical education. Directives of the 19th Party Congress for the Five-Year Plan already provide for implementing universal compulsory secondary education in major cities and taking measures necessary for transition to universal polytechnical education. At the same time, in the new five-year plan training of all workers of socialist production is significantly expanded. Every socialist enterprise is simultaneously a school of communist labor. Soviet people combine their production work with study and further qualification improvement. Almost at all enterprises there are schools for working youth, courses, and Stakhanovite schools. At many enterprises evening branches of institutes and

technical schools operate. Many workers improve their qualifications with the help of individual and team training. During the first year alone of the new five-year plan, 7 million people improved their qualifications through course and individual-team training. All these forms of training are expanding even further in the new five-year plan.
Fulfillment of the fifth Stalinist five-year plan will be a new major step forward in creating the material and technical base of communism and further developing socialist production relations, growing over into communist relations.

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N. VYAZMIN

I. V. STALIN ON COMMODITY PRODUCTION AND THE LAW OF VALUE UNDER SOCIALISM

I

The problem of commodity production and the law of value in a socialist society is one of the most important problems of the political economy of socialism. It has immense theoretical and practical significance. The comprehensive analysis of the nature and role of commodity production in a socialist society, given in I. V. Stalin's brilliant new work, *Economic Problems of Socialism in the USSR*, is a greatest contribution to the treasury of Marxist-Leninist economic theory. Stalin's analysis of commodity production under socialism represents a new stage in the development of the Marxist-Leninist doctrine of commodity and value.

It is known that in the works of Marx and Engels there is no direct answer to the question regarding the fate of commodity production under conditions where not the entire aggregate of the means of production, but only a part of them constitutes all-people's property, as is the case in the transitional period from capitalism to socialism, or when, alongside the all-people's form of property in the means of production, there still exists the collective farm-group form of property, as is the case, for example, in our socialist society.

Engels wrote in *Anti-Dühring*: "Once society takes possession of the means of production, production of commodities is done away with, and, simultaneously, the mastery of the product over the producer."[384] Comrade Stalin points out that this formula of Engels cannot be considered entirely clear and precise, since it does not indicate whether all the means of production are transferred to public ownership or only a part of the means of production. This formula of Engels can be understood one way or another. In another place of *Anti-Dühring*, Engels speaks of taking possession of "all the means of production," of taking possession of "the whole aggregate of the means of production." From this it follows that Engels, in his formula, has in mind nationalization, i.e., the transfer to public ownership, not of a part of the means of production, but of all the means of production, not only in industry, but also in agriculture. Thus, Engels has in mind such countries where capitalism and the concentration of production are sufficiently developed not only in industry, but also in agriculture, so as to expropriate all the means of production. "Consequently, Engels considers that in such countries it would be necessary, along with the socialization of all the means of production, to eliminate commodity production. And this, of course, is correct."[385]

Such a country at the end of the 19th century was only England, where the development of capitalism and the

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[384] Friedrich Engels, *Anti-Dühring*, Gospolitizdat, 1952, p. 267.
[385] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 12.

concentration of production in both industry and agriculture created the possibility, in the event of the proletariat seizing power, to transfer all the means of production to public ownership, and consequently to eliminate commodity production. As for other capitalist countries, even at the present time they have not yet attained such a degree of development of capitalism and concentration of production in agriculture as has been achieved in England. In all these countries there is still a sufficiently numerous class of small and middle producer-owners in the countryside whom the proletarian power cannot expropriate.But "how is the proletariat and its party to act if in one country or another, including our country, there are favorable conditions for the proletariat to seize power and overthrow capitalism, where capitalism in industry has so concentrated the means of production that they can be expropriated and transferred to the ownership of society, but where agriculture, despite the growth of capitalism, is still so fragmented among numerous small and middle producer-owners that it is impossible to raise the question of expropriating these producers?

To this question, Engels' formula gives no answer. Nor should it answer this question, since it arose on the basis of another question, namely, the question of what the fate of commodity production should be after all the means of production are socialized.[386]

[386] V. I. Lenin, *Collected Works*, vol. 33, p. 132.

The opportunists of the Second International—the Bernsteinites and Kautskyites of all stripes, and the Russian Mensheviks—asserted that in such countries, under such conditions, the proletariat should refrain from seizing power, "postpone" the socialist revolution, and wait until capitalism receives "proper" development in agriculture as well, until it ruins the multi-million mass of small and middle producers and concentrates the means of production in agriculture to such an extent that the question of the socialization of all means of production by the proletariat can be raised. Other enemies of the working class—the Trotskyites—called for the expropriation of small and middle producers in the countryside. The party of Lenin and Stalin decisively swept aside and crushed all these anti-Marxist attitudes designed to disrupt the cause of the proletarian revolution. The party of communists could neither take the capitulatory path of "postponing" the socialist revolution for an indefinite period, nor the criminal path of expropriating small and middle producers, which would undermine any possibility of victory for the proletarian revolution and throw the peasantry for a long time into the camp of counter-revolution.

The Communist Party followed the path charted by the great leaders of the working class and all working masses, Lenin and Stalin. The rout of all "theories" of the enemies of the working class was a necessary condition for the successful construction of socialism in the USSR.

In his works on the "tax in kind" and in his famous "cooperative plan," Lenin pointed out that the proletariat must not miss favorable conditions for seizing power, must take power, expropriate the means of production in industry, and transfer them to public ownership; must gradually unite small and middle individual producers into large agricultural enterprises, collective farms; must all-sidedly develop socialist industry and provide the collective farms with the modern technical base of large-scale production, without expropriating the collective farms, but, on the contrary, generously supplying them with first-class equipment; while for the economic link between town and country, between industry and agriculture, commodity production should be preserved for a certain time as the form of economic ties with the town that is solely acceptable to the peasants, and Soviet trade—state and cooperative-collective farm—should be fully deployed, ousting all manner of capitalists from commodity turnover.

The history of socialist construction in the USSR shows that this path of development charted by V. I. Lenin fully justified itself and is the only correct one. For all capitalist countries having a more or less numerous class of small and middle producers, this path of development is the only possible and expedient one for the victory of socialism."...There can be no other economic link between the peasantry and the workers, i.e., between agriculture and industry," said Lenin, "than exchange, than trade. That is

the crux of the matter."[387] Trade was then the primary means of strengthening the bond between town and country; only through trade could the alliance of the proletariat with the toiling peasantry be strengthened, the leading role of the socialist town consolidated, and thereby the conditions created for building the foundation of the socialist economy. By virtue of this circumstance, the socialist state in the transitional period from capitalism to socialism must utilize commodity production and the market in the interests of building socialism.

Comrade Stalin developed these Leninist instructions and comprehensively substantiated the necessity for the proletarian dictatorship to utilize trade and the monetary system in building the socialist economy.

In his report "On the Results of the 13th Congress of the RCP(b)," Comrade Stalin pointed out: "What is the bond (*smychka*)? The bond is a permanent connection, a permanent exchange between town and country, between our industry and peasant farming, between the products of our industry and the food and raw materials of peasant farming. Peasant farming cannot live, cannot exist without disposing of its food and raw materials on the urban market and receiving necessary manufactured goods and implements of labor from the town in return. Likewise, state industry cannot develop without disposing of its products on the peasant market and supplying itself with food and raw materials from the countryside. Hence,

[387] I. V. Stalin, *Works*, vol. 6, pp. 240–241.

the source of existence of our socialist industry is the internal market and, above all, the peasant market, peasant farming. Therefore, the question of the bond is a question of the existence of our industry, a question of the existence of the proletariat itself, a question of life and death for our Republic, a question of the victory of socialism in our country.

We failed to effect this bond, this permanent connection between town and country, between industry and peasant farming, through the direct exchange of the products of industry for the products of peasant farming... Therefore, we were forced to introduce the so-called New Economic Policy, i.e., we were forced to proclaim freedom of trade, freedom of commodity circulation, to permit capitalism, to mobilize the efforts of millions of people among the peasants and small proprietors in order to create a stream of commodity turnover in the country, to develop trade and then, having mastered the key positions in the sphere of trade, to establish a bond between industry and peasant farming through trade. This is the establishment of the bond by a roundabout way, as Lenin says, not directly, not through the direct exchange of peasant products for industrial products, but through trade."[388]

Commodity production in the transitional period from capitalism to socialism differs from commodity production under capitalism. The commanding heights in the national economy, first of all the basic means of production in industry,

[388] I. V. Stalin, *Works*, vol. 7, p. 364.

already in the transitional period constitute all-people's property and are withdrawn from commodity turnover. Land, as well as labor power in large-scale industry, have ceased to be objects of purchase and sale. The necessity of commodity production in the transitional period is dictated by the existence, alongside all-people's state property, of millions of small peasant households. Yet small peasant farming, although it gives birth to capitalism under certain conditions, is still not a capitalist economy. As a result, the proletarian state acquires the possibility of placing commodity production within certain bounds, regulating it in a certain sense, utilizing commodity production to strengthen the economic bond between socialist industry and peasant farming, and utilizing it against capitalism, against the capitalist elements generated by small peasant farming during the transitional period, in the interests of the victory of socialism.Such a policy of the proletarian dictatorship, aimed at overcoming capitalist elements and building the socialist economy through utilizing the market rather than through direct product exchange outside the market, is the New Economic Policy.

Characterizing the New Economic Policy at the 14th Congress of the Party, Comrade Stalin pointed out: "NEP is a special policy of the proletarian state calculated on permitting capitalism, given the presence of commanding heights in the hands of the proletarian state, calculated on the struggle of capitalist and socialist elements, calculated on the growing role of socialist elements to the detriment of capitalist elements,

calculated on the victory of socialist elements over capitalist elements, calculated on the abolition of classes, on the construction of the foundation of the socialist economy."[389] In his speech "On the Program of the Comintern" at the Plenum of the CC CPSU(b) on July 5, 1928, Comrade Stalin emphasized that even the most developed capitalist countries will not be able to dispense with NEP during the transition from capitalism to socialism, because, firstly, immediately upon the proletariat coming to power there will not be ready-made distributive and supply apparatuses between town and country, between industry and small production, making it possible to immediately establish direct product exchange without a market, without commodity turnover, without a monetary economy; and because, secondly, the proletarian revolution cannot, after the seizure of power by the proletariat, "take the path of expropriating the middle and petty bourgeoisie, placing upon its shoulders the unbearable burden of employment and ensuring the means of livelihood for artificially created millions of new unemployed."[390]

In *Economic Problems of Socialism in the USSR*, Comrade Stalin deeply and comprehensively substantiates the necessity of commodity production and commodity turnover after the victory of socialism. Summarizing the experience of socialist construction in the USSR, Comrade Stalin showed that "commodity production and commodity turnover are at the

[389] I. V. Stalin, *Works*, vol. 11, p. 145.
[390] I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 16–17.

present time just as necessary with us as they were, say, some thirty years ago, when Lenin proclaimed the necessity of developing commodity turnover to the utmost."[391]

At the present time, Comrade Stalin points out, we have two basic forms of socialist production: state all-people's, and collective farm-group. In state enterprises, both the means of production and the products of production constitute all-people's property. In collective farm enterprises, although the means of production (land, machines) belong to the state, labor, as well as seed, is their own, while the land, which has been turned over to the collective farms for perpetual use, is disposed of by the collective farms practically as their own property, notwithstanding the fact that they cannot sell, buy, lease, or mortgage it. As a result, the produce of collective farm production constitutes the property of individual collective farms; the state can dispose of only the output of state enterprises, whereas collective farm produce is disposed of by the collective farms alone as their property. "...The collective farms do not wish to dispose of their products otherwise than in the form of commodities, in exchange for which they want to receive the goods they need. At the present time the collective farms do not accept any other economic ties with the town except commodity ties, except exchange through purchase and sale."[392]

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[391] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 16.
[392] *Ibid.*, p. 17.

Thus, commodity production and exchange through purchase and sale are the necessary form of economic connection between town and country, between state industry and collective farms, under our present conditions. Commodity production in the USSR, exchange through purchase and sale between the state and collective farm production sectors, is one aspect of the relations of cooperation and mutual assistance between the friendly classes of socialist society—workers and peasants.

Marxism-Leninism teaches that exchange of products as commodities, exchange through purchase and sale, takes place when producers are isolated from one another, i.e., confront one another as owners of these products. Under our conditions, such isolated producers, albeit collective ones, are the collective farms. And as long as two basic sectors of social production, two forms of socialist production, remain, commodity production and commodity circulation must remain in force.

I. V. Stalin gave a profound analysis of the nature of commodity production under socialism as commodity production of a special kind, fundamentally different from commodity production under capitalism.

“… Our commodity production," Comrade Stalin points out, "represents not ordinary commodity production, but commodity production of a special kind, commodity production without capitalists, which deals chiefly with the goods of united

socialist producers (state, collective farms, cooperatives), the sphere of operation of which is restricted to items of personal consumption, which obviously cannot possibly develop into capitalist production and which is destined to serve, jointly with its 'monetary economy,' the cause of developing and consolidating socialist production."[393]

This special character of commodity production in the USSR is determined by the entire economic system of socialism. Under socialism, commodity production "is placed within strict bounds thanks to such decisive economic conditions as public ownership of the means of production, the liquidation of the wage-labor system, and the liquidation of the system of exploitation."[394] I. V. Stalin teaches that commodity production cannot be regarded as something self-sufficing, independent of surrounding economic conditions, that commodity production cannot be identified with capitalist production—the highest form of commodity production. Commodity production by no means always and under all conditions leads to capitalism. Commodity production is older than capitalist production. It existed under the slave-owning system and served it, yet did not lead to capitalism; it existed under the feudal system and served it, yet likewise did not lead to capitalism, although it prepared certain conditions for capitalist production. Commodity production leads to capitalism only in the event that private ownership of the means of production exists, that

[393] *Ibid.*, p. 16.
[394] K. Marx, *Capital*, vol. I, 1951, p. 47.

labor power appears on the market as a commodity which a capitalist can buy and exploit in the process of production, that consequently the system of exploitation of wage workers by capitalists exists in the country. If, however, the means of production no longer constitute private property but socialist property, if the system of wage labor does not exist and labor power is no longer a commodity, if the system of exploitation is liquidated, then commodity production cannot possibly develop into capitalist production.

Commodity production under socialism deals mainly with goods produced at socialist enterprises. We have no capitalists either in the sphere of production or in the sphere of commodity turnover. And the specific weight of small individual farming of peasants and handicraftsmen is insignificant. The commodity in a socialist society expresses different production relations than in preceding societies, when commodity production was based on private ownership of the means of production. Under socialism, too, the commodity, like any commodity, bears a dual character, possessing use value and value. But in the socialist economy there are no antagonistic contradictions, and consequently the commodity in a socialist society does not contain an antagonistic contradiction within itself.,

Commodity production under socialism differs from commodity production under capitalism by the items of purchase and sale, by the objects of purchase and sale transactions. First of all, under conditions of socialism, labor power is not a commodity.

The socialization of the means of production and the destruction of exploitative relations led to the destruction of the system of purchase and sale of labor power. The working class, possessing the means of production, as I. V. Stalin explains, cannot hire itself, cannot sell its labor power to itself. Labor power is not a commodity in the collective farms either. Collective farm production is also based on public (though not all-people's, but group) property in the means of production, which excludes exploitation. Nor is land an object of purchase and sale with us. By the decree of October 26 (November 8), 1917, land, its interior, forests, and waters were declared state, all-people's property. Under our present conditions, not all products of production are commodities.

Previously, some economists expressed the opinion that all products of production—both items of personal consumption and means of production—are commodities in the USSR. Comrade Stalin exposed the erroneousness of such views, which are based on a misunderstanding of the essence of the commodity.

Marx and Engels pointed out that a product going into consumption via exchange is a commodity. "In order to become a commodity, a product must be transferred to the hands of him to whom it serves as a use value, by means of exchange."[395] They emphasized that in every act of purchase and sale

[395] K. Marx, *Capital*, vol. III, 1951, p. 358.

"ownership of the sold object is ceded each time. But value is not given away with it."[396] Developing these propositions, Comrade Stalin gave a classical definition of the commodity: "A commodity is such a product of production which is sold to any buyer, whereupon upon the sale of the commodity the commodity owner loses the right of ownership to it, while the buyer becomes the owner of the commodity, who can resell, mortgage, or rot it."[397] Proceeding from this definition, Comrade Stalin showed further that means of production under socialism in the sphere of economic turnover inside the country are not commodities. In the USSR, means of production are distributed by the state among its enterprises. At the same time, the state, in transferring means of production to this or that enterprise, fully preserves the right of ownership to them, while the directors of enterprises who have received means of production from the state are only plenipotentiaries of the Soviet state in utilizing the means of production in accordance with state plans.

Therefore, means of production under our system, Comrade Stalin says, cannot under any circumstances be brought under the category of commodities. They cease to be commodities, they lose the properties of commodities.

In the sphere of foreign trade, however—and only in this sphere—not only consumer goods, but also means of production produced by our enterprises retain the properties of

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[396] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 52.
[397] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 53.

commodities. This is explained by the fact that, in selling certain products of production abroad, our state loses the right of ownership to them, and they pass into the ownership of the buyer.

Not being commodities in the sphere of internal economic turnover, the means of production nevertheless retain the external shell, the outward appearance of commodities. This peculiarity is explained by the features of economic development under our socialist conditions, when, as Comrade Stalin points out, the old is not simply abolished cleanly, but changes its nature in adaptation to the new, retaining only its form, while the new does not simply destroy the old, but penetrates the old, changes its nature and its functions, without breaking its form, but utilizing it for the development of the new. "Such is the case not only with commodities, but also with money in our economic turnover, as well as with banks, which, while losing their old functions and acquiring new ones, retain the old form utilized by the socialist system."[398] I. V. Stalin's instruction on the necessity of strictly demarcating the content of an economic process and its form gives us the key to a correct understanding of many economic phenomena in socialist society, for "from the old categories of capitalism mainly the form, the outward appearance, has been preserved with us, whereas in essence they have changed radically in adaptation to

[398] *Ibid.*, pp. 53–54.

the requirements of the development of the socialist national economy."[399]

II

The specific features of commodity production in the USSR also determine the specific features of the operation of the law of value under socialism, inasmuch as the law of value is the law of commodity production.

I. V. Stalin teaches that "wherever there are commodities and commodity production, there the law of value cannot but be."[400]

Under conditions of commodity production, the amount of labor expended on the production of products is measured not directly by the amount of working time spent on their production, but in a roundabout way, through the medium of value and its forms. The value of a commodity is the abstract human labor embodied in it, the crystallization of this labor.

The law of value occupies a special place among economic laws. It cannot be classed among economic laws that are valid in all formations, since it operates only under definite economic conditions. But at the same time it is not a law operating in only some single social formation. Being a law of commodity production, it is valid under many modes of production. "It existed before capitalism and continues to exist, like

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[399] *Ibid.*, p. 19.

[400] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 37.

commodity production, after the overthrow of capitalism, for example, in our country, true, with a restricted sphere of operation."[401] Engels pointed out that the law of value holds sway over a period in the history of human society lasting 5–7 thousand years.

Commodity production is not something self-sufficing, independent of surrounding economic conditions. Therefore, the operations of the law of value cannot be identical under any and all economic conditions. In different social formations, under different economic relations, the sphere and forms of operation of the law of value must inevitably be different.

Under conditions of commodity production based on private ownership of the means of production, the objective necessity of reducing individual expenditures on the production of a given commodity to socially necessary expenditures manifests itself as the coercive force of competition, as the pressure of the market, which does not recognize individual expenditures of labor and reckons only with socially necessary expenditures. Under these conditions, the law of value acts not only as a regulator of exchange relations—it operates also in the sphere of production; it is a regulator determining, through the spontaneous deviation of commodity prices from their values, the distribution of labor and means of production among branches of the economy.

[401] Friedrich Engels, *Anti-Dühring*, pp. 255–256.

Commodity production based on private property, especially capitalist commodity production, is characterized by competition and anarchy of production. Under these conditions, the operations of the law of value bear a spontaneous character; economic necessity forces its way through as a spontaneously operating and destructive force. Engels characterized the operation of economic laws under conditions of private commodity production in the following way: "...Producers lose control over their own social relations. Each produces on his own account, with the means of production casually available to him and for his special need of exchange. No one knows how much of that product will appear on the market, or in what quantity it can find consumers; no one knows whether there is a real need for the product of his individual labor, whether his production costs will be covered, or whether it will be sold at all. Anarchy reigns in social production. But commodity production, like every other form of production, has its own special laws inherent in and inseparable from it; and these laws force their way in spite of anarchy, within this very anarchy, through it. These laws manifest themselves in the sole surviving form of social connection—in exchange—and act upon individual producers as the coercive laws of competition... Consequently, they assert themselves independently of the producers and against the producers, as blindly operating natural laws of their form of production. The product rules over the producers."[402]

[402] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 9.

Under capitalism, when the production of products as commodities has become universal, and labor power also appears as a commodity, the law of value has a wide sphere of operation. Comrade Stalin points out that under capitalism, given private ownership of the means of production, competition, anarchy of production, and crises of overproduction, the law of value is the regulator of production. Operating in the form of the law of prices of production, it plays, in particular, the role of regulator of the distribution of means of production and labor power among the various branches of capitalist production.

In our economic literature and in the practice of teaching political economy there was great confusion on the question of the law of value under socialism. In particular, the thesis on the "transformation" of the law of value under socialism became widespread.

Comrade Stalin, in his brilliant new work, exposed the untenability of the thesis on the "transformation" of economic laws, emphasizing that this thesis is a survival of the incorrect formula concerning the "abolition" and "formation" of laws. "One can restrict the sphere of operation of certain economic laws," teaches Comrade Stalin, "one can prevent their destructive actions, if they exist, of course, but one cannot 'transform' or 'abolish' them."[403]

[403] *Ibid.*, p. 22.

Under socialism, the operations of the law of value do not have such wide scope as under capitalism. The restriction of the sphere and character of the operation of commodity production means at the same time the restriction of the sphere and character of the operation of the law of value. Comrade Stalin points out: "Undoubtedly, the absence of private property in the means of production and the socialization of the means of production in both town and country cannot but restrict the sphere of operation of the law of value and the degree of its impact on production.

The law of planned (proportional) development of the national economy, which has replaced the law of competition and anarchy of production, operates in the same direction.

Our annual and five-year plans and our entire economic policy in general, resting on the requirements of the law of planned development of the national economy, operate in the same direction.

All this together leads to the fact that the sphere of operation of the law of value is strictly restricted with us, and the law of value cannot play the role of regulator of production under our system."[404]

Under conditions of socialism, Comrade Stalin teaches, means of production in the sphere of internal economic turnover go beyond the bounds of the sphere of operation of the law of value.

[404] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 20.

The sphere of operation of the law of value extends with us primarily to commodity circulation, to exchange through purchase and sale mainly of items of personal consumption. But even in this sphere the law of value retains the role of regulator only within certain limits. The operations of the law of planned development of the national economy lead to the fact that we have no "free" play of prices, since the production and circulation of commodities are planned with us, and prices for commodities of the organized market are established by the state. The spontaneous deviation of commodity prices from their values, the spontaneous fluctuation of prices, take place to a certain degree in regard to commodities of the unorganized market. But even the prices of commodities on the unorganized market are under the regulating influence of the state under socialism.

The Soviet state, in establishing prices for commodities in a planned manner, takes into account the requirements of the law of value. This means that the price of a ton of baked bread must be higher than the price of a ton of grain in view of the additional expenses of milling and baking.

I. V. Stalin speaks particularly about the impact of the law of value on the prices of agricultural raw materials. It cannot be denied, Comrade Stalin points out, that the law of value influences the formation of prices of agricultural raw materials, that it is one of the factors in this matter. But it can even less be denied that this influence is not and cannot be a regulating one.

The influence of the law of value on the price of raw materials produced in agriculture would be a regulating influence only if we had a "free" play of prices for agricultural raw materials, if the law of competition and anarchy of production operated with us, if we did not have a planned economy, if the production of raw materials were not regulated by a plan. But with us prices for agricultural raw materials are firm, established by plan, and not "free"; the production of agricultural raw materials, the scale of this production, is determined by plan; lastly, the means of production necessary for the production of agricultural raw materials are concentrated not in the hands of individual persons or groups of persons, but in the hands of the state (Machine and Tractor Stations). These economic factors regulate the operation of the law of value, place it within definite bounds.

"...The operations of the law of value are not restricted to the sphere of commodity circulation. They extend also to production."[405] But if in the sphere of commodity circulation the law of value retains the role of regulator only within certain limits, if even there its regulating role is restricted, then all the more cannot the law of value have and does it not have regulating significance in our socialist production. Yet it nevertheless exerts an influence on production, and this cannot but be taken into account in guiding production.

[405] *Ibid.*

The influence of the law of value on socialist production is due to the fact that "consumer products necessary to cover the expenditures of labor power in the process of production are produced and realized with us as commodities subject to the operation of the law of value. It is here precisely that the impact of the law of value on production is revealed. In connection with this, such questions as the question of cost accounting (*khozraschyot*) and profitability, the question of cost of production, the question of prices, and so forth, are of topical importance at our enterprises. Therefore, our enterprises cannot do and must not do without taking the law of value into account."[406]

The law of value exerts an influence on production not only in branches producing consumer goods, but also in branches producing means of production. Here and there in the process of production expenditures of labor power take place, and to cover these expenditures of labor power, for its restoration, consumer goods are necessary.

Labor power in a socialist society is not a commodity, therefore the wages of workers are not a converted form of the value and price of their labor power, but are the form of realization of socialist distribution according to work. But distribution according to work in the state, all-people's production sector takes place with us through the utilization of money. This is due

[406] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 20.

to the presence of commodity production and commodity circulation: developed commodity circulation can be realized only with the aid of money as a measure of value and a medium of commodity circulation. Therefore, production costs at any state enterprise include monetary expenditures on wages; one part of production costs must necessarily be accounted for in monetary form. By virtue of this, other production costs under socialism cannot be accounted for directly in working time; they must be accounted for in monetary form.

Means of production under our conditions are not commodities, but they retain the outward appearance, the external shell of a commodity. The costs of their production, like those of consumer goods, must be accounted for in value, monetary form. Such accounting is necessary for calculation, for accounting for all expenses of production of products, for settlements between enterprises, for checking and controlling the activity of enterprises, for determining the results of their work. Such accounting is also necessary in order to carry out the sale of means of production to foreign states in the interests of foreign trade. And in this sphere, the sphere of foreign trade, our means of production retain the properties of commodities both in essence and formally; they are genuinely commodities and are genuinely sold. It is precisely for these two reasons that people speak of the value of means of production, of their cost of production, of their price, and so forth.

Inseparably connected with the influence of the law of value on production is the struggle for lowering production costs, the struggle for economy. The regime of economy and the reduction of production costs connected with it are the most important levers for raising the socialist national economy. Lowering the cost of production, raising profitability, and for these purposes strengthening cost accounting (*khozraschyot*) to the utmost are of topical significance in the work of every enterprise. The struggle to eliminate unproductive expenditures, in particular to eliminate defective output, and the comprehensive struggle to lower every element of production costs acquire a definite monetary, value expression.*brak*

The influence of the law of value on production, the necessity of taking the law of value into account in the work of our enterprises, is of great importance. This circumstance, I. V. Stalin says, educates our economic managers in the spirit of rational production management and disciplines them. It teaches our economic managers to calculate production magnitudes, to calculate them accurately, and just as accurately to take account of real things in production, rather than engaging in chatter about "approximate data" plucked out of thin air. It teaches our economic managers to seek, find, and utilize hidden reserves lurking in the bowels of production, rather than trampling them underfoot. It teaches our economic managers to systematically improve production methods, lower production costs, carry out cost accounting, and achieve

enterprise profitability. "This is a good practical school which accelerates the growth of our economic cadres and their transformation into genuine leaders of socialist production at the present stage of development."[407]

Having shown the necessity and ways of the influence of the law of value on production, I. V. Stalin emphasizes that this influence cannot be and is not a regulating one. The law of value in a socialist society does not regulate the "proportions" of the distribution of labor among the various branches of production. Despite the continuous and stormy growth of our socialist production, the law of value does not lead us to crises of overproduction, whereas the same law of value, having a wide sphere of operation under capitalism, despite low rates of production growth in capitalist countries, leads to periodic crises of overproduction.

The fundamental moment of the process of reproduction in any society is the distribution of means of production and labor power among the various branches of production. The distribution of these basic factors of production by branches of production in different formations is regulated by different economic laws, and ultimately is determined by the operations of the basic economic law of the given formation. Under conditions of simple commodity economy, the law of value performs the role of regulator of production; it determines, in

[407] I. Stalin, *Economic Problems of Socialism in the USSR*, pp. 24–25.

particular, the proportions of the distribution of means of production and labor between individual branches of production.

Under conditions of capitalism, the law of value, operating in the form of the law of prices of production, likewise performs the role of such a regulator, being subordinated to the basic economic law of capitalism—the law of surplus value, and under modern capitalism—to the law of securing maximum capitalist profit.

Under conditions of socialism, the law of the average rate of profit, and consequently prices of production, have lost their force, like other economic laws inherent in capitalism expressing its specificity. Under socialism, unlike capitalism, neither means of production nor labor power are commodities. The law of value cannot be the regulator of their distribution among branches of production. The socialist state, in accordance with the requirements of the basic economic law of socialism and the law of planned (proportional) development of the national economy, distributes the means of production and labor resources of our society among branches of the economy and enterprises.

Precisely because the law of value is not a "regulator of proportions" of the distribution of labor among branches of production, we do not develop light industry, as the most profitable, preferentially over heavy industry, which is frequently less profitable and sometimes entirely unprofitable. Precisely because the law of value is not a regulator of socialist

production, our country was able in a short historical period to create heavy industry and turn into an advanced industrial power. The circumstance that the law of value is not a "regulator of proportions" of the distribution of labor among branches of production gives us the opportunity to steadfastly ensure the primacy of the production of means of production over the production of consumer goods, which is a condition for the continuous growth of the entire national economy.

In a socialist society, the question of the profitability of

enterprises also stands in a new way.

The operations of the law of planned development of the national economy and economic planning do not destroy the principle of profitability. "The matter stands precisely to the contrary," Comrade Stalin says. "If we take profitability not from the standpoint of individual enterprises or branches of production and not over the slice of a single year, but from the standpoint of the entire national economy and over the slice of, say, 10–15 years, which would be the only correct approach to the question, the temporary and unstable profitability of individual enterprises or branches of production cannot bear any comparison with that higher form of stable and permanent profitability which is given to us by the operations of the law of planned development of the national economy and economic planning, delivering us from periodic economic crises which destroy the national economy and inflict colossal material

damage upon society, and ensuring for us the continuous growth of the national economy with its high rates."[408]

Comrade Stalin repeatedly emphasized that profitability in a socialist society cannot be approached in a huckster-like fashion, from the standpoint of the given moment or solely from the standpoint of individual enterprises and branches of production. "But it would be incorrect to draw the conclusion from this," Comrade Stalin points out, "that the profitability of individual enterprises and branches of production is of no special value and does not deserve serious attention being paid to it. This, of course, is untrue. The profitability of individual enterprises and branches of production is of immense significance from the standpoint of the development of our production. It must be taken into account both in planning construction and in planning production. This is the ABC of our economic activity at the present stage of development."[409]

I. V. Stalin showed that the problem of commodity production and the law of value under socialism is most directly connected with the most important problems of communist construction—the strengthening of state planning of the national economy, the tasks of transition to communist distribution of the products of labor. Therefore, the problem of commodity production and the law of value cannot be bypassed not only in the theoretical analysis of the regularities of development of the socialist

[408] *Ibid.*, p. 56.
[409] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 21.

economy, but also in the practical solution of the immediate tasks of communist construction. Special tasks confront economic managers, the leaders of our enterprises. The instructions of Comrade Stalin on this issue pose before all economic managers the task of comprehensively studying the operations of the law of value and learning to utilize it better in their work. "The trouble is not that the law of value acts on production with us. The trouble is that our economic managers and planners, with few exceptions, are poorly acquainted with the operations of the law of value, do not study them, and do not know how to take them into account in their calculations."[410]

III

Commodity production in the USSR is called upon to serve socialist society for a certain period. It plays a subordinate, auxiliary role in the socialist economy. Its sphere of operation is restricted by the economic conditions of socialism, first of all by the socialization of the means of production. But the restriction of the sphere of operation of commodity production and the law of value does not mean that they are unnecessary. On the contrary, they are not only necessary, but also very useful elements of the socialist economy at the given stage of our development.

[410] *Ibid.*, p. 68.

The socialist collective farm-group form of property is a historically necessary form of transition from small-peasant private property to all-people's property. And this form of property has by far outlived itself, has by far not exhausted its possibilities. And this means that at the given stage of development of our society, commodity production and commodity circulation are necessary and useful. At the present time, collective farm property and commodity circulation, Comrade Stalin points out, "are successfully utilized by us for the development of the socialist economy, and they bring undoubted benefit to our society. Undoubtedly, they will also bring benefit in the near future."[411]

But at the same time one must not forget that collective farm property and the commodity circulation engendered by it are incompatible with the prospect of transition to the higher phase of communism, to the communist principle of distribution of products according to needs. If the means of production are even now not commodities in the sphere of internal economic turnover by virtue of the fact that the state, in distributing them among its enterprises, does not cede the right of ownership to them to anyone, then under communism all products of production, including items of personal consumption utilized by members of society as means of subsistence and enjoyment, will go into direct, immediate distribution.

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[411] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 23.

Some economists expressed the opinion that the law of value is a permanent law, obligatory for all periods of historical development, including the second phase of communism, that if under communism the law of value loses force as a regulator of exchange relations, it will nevertheless retain its force as a regulator of relations between various branches of production, as a regulator of the distribution of labor among branches of production. Comrade Stalin exposed the erroneousness of such assertions and emphasized that value is a historical category connected with the existence of commodity production, that with the disappearance of commodity production, value with its forms and the law of value will also disappear. "In the second phase of communist society, the amount of labor expended on the production of products will be measured not in a roundabout way, not through the medium of value and its forms, as happens under commodity production, but directly and immediately—by the amount of time, the number of hours expended on the production of products. As for the distribution of labor, the distribution of labor among branches of production will be regulated not by the law of value, which will have lost its force by that time, but by the growth of society's needs for products. This will be a society where production will be regulated by the needs of society, and accounting for society's needs will acquire paramount significance for the planning organs."[412]

[412] *Ibid.*, p. 66.

Comrade Stalin comprehensively substantiated the Marxist proposition that the transition from socialism to communism and the communist principle of distribution of products according to needs exclude any commodity exchange, consequently also the transformation of products into commodities, and along with this their transformation into value. "...You cannot achieve either an abundance of products capable of covering all the needs of society," teaches Comrade Stalin, "or the transition to the formula 'to each according to his needs,' while leaving in force such economic facts as collective farm-group property, commodity circulation, and so forth."[413]

Comrade Stalin points out that under socialism, too, there are and will be contradictions between productive forces and relations of production, inasmuch as the development of production relations lags and will lag behind the development of productive forces. This applies first of all to such economic phenomena as group, collective farm property, commodity circulation. "...It would be unforgivable blindness not to see," Comrade Stalin points out, "that these phenomena... are already beginning to hamper the mighty development of our productive forces, insofar as they create obstacles to the full coverage of the entire national economy, especially agriculture, by state planning. There can be no doubt that the further we go, the

[413] *Ibid.*, p. 68.

more these phenomena will hamper the further growth of the productive forces of our country."[414]

In a socialist society, given the correct policy of leading bodies, contradictions between productive forces and relations of production cannot turn into antagonism, and matters here usually do not reach the point of conflict between production relations and productive forces. The leading bodies of our society notice mounting contradictions in good time and take measures to overcome them by adapting production relations to the growth of productive forces. They have the opportunity to do this because there are no moribund classes in the composition of socialist society capable of organizing resistance. One of the most important tasks of leading bodies during the period of transition from socialism to communism is to liquidate the contradictions connected with collective farm property and commodity circulation.

How will commodity production and circulation with its "monetary economy" wither away with us? I. V. Stalin's work *Economic Problems of Socialism in the USSR* gives a clear and precise answer to this most important question.

The existence and operation in socialist society of commodity production and the law of value are the result of the existence of two basic forms of social production, the presence of group, collective farm property alongside state property. When, instead

[414] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 67.

of the two basic production sectors, there appears a single all-embracing production sector with the right to dispose of all consumer output of the country, then commodity production will disappear, and with it the law of value. And for this it is necessary "by means of gradual transitions carried out with advantage for the collective farms and, consequently, for the whole of society, to raise collective farm property to the level of all-people's property, and to replace commodity circulation, likewise by means of gradual transitions, by a system of product exchange, so that the central authority or some other socio-economic center can embrace the entire output of social production in the interests of society."[415]

Comrade Stalin discovered in the system of product exchange between the state and collective farms the real and decisive means which will ensure under our present conditions the gradual elevation of collective farm property to the level of all-people's property. The collective farms, Comrade Stalin teaches, are not the owners of the land they cultivate, are not the owners of the basic implements of production. But the collective farms own and can freely dispose of their produce. At the same time, a considerable part of collective farm produce—surpluses of collective farm production—goes onto the market and is included in the system of commodity circulation. "It is precisely this circumstance," Comrade Stalin says, "that now hinders raising collective farm property to the level of all-people's

[415] I. Stalin, *Economic Problems of Socialism in the USSR*, p. 93.

property. Therefore it is precisely from this end that work must be launched to raise collective farm property to the level of all-people's property."[416]

To raise collective farm property to the level of all-people's property, it is necessary to eliminate the surpluses of collective farm production from the system of commodity circulation and include them in the system of product exchange between state industry and collective farms. That is the crux of the matter.[417]

Product exchange means the direct exchange of items of consumption, consumer products, between the state and collective farm sectors of production. Under such a system, the collective farms will hand over the surpluses of their production—i.e., that part of their produce which does not go directly to satisfy the needs of the collective farm and collective farmers—to the state, receiving in return the necessary manufactured goods produced at state industrial enterprises.

I. V. Stalin points out that we already have embryos of product exchange at present in the form of partial "provision of goods" (*otovaryvaniye*) for agricultural products, mainly technical crops: beets, flax, cotton, and others. "The task is to organize these embryos of product exchange in all branches of

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[416] *Ibid.*
[417] *Ibid.*, p. 94.

agriculture and develop them into a broad system of product exchange so that the collective farms receive not only money for their produce, but chiefly the necessary manufactured goods."[35]

The transition to a system of product exchange will require, I. V. Stalin says, a tremendous increase in the output released by the town to the countryside. Therefore, product exchange must be introduced without undue haste, as industrial production expands, as urban manufactured goods accumulate. The system of product exchange, Comrade Stalin points out, must be introduced "steadily, without hesitation, step by step narrowing the sphere of operation of commodity circulation and expanding the sphere of operation of product exchange."

Product exchange, by narrowing the sphere of operation of commodity circulation, will facilitate the transition from socialism to communism, under which there will be no two forms of social production, and consequently no product exchange between them.

Thus, the gradual elevation of collective farm property to the level of all-people's property and the gradual replacement of commodity circulation by a system of product exchange are the most important tasks of communist construction in the USSR, and constitute one of the basic preliminary conditions for preparing the transition from socialism to communism.

Questions of Economics, No.12, 1952.

TASKS OF THE INSTITUTE OF ECONOMICS OF THE USSR ACADEMY OF SCIENCES IN CONNECTION WITH THE PUBLICATION OF THE GENIAL WORK BY J. V. STALIN "ECONOMIC PROBLEMS OF SOCIALISM IN THE USSR"

(Extended meeting of the Academic Council of the Institute of Economics)

On November 4–5, 1952, an extended meeting of the Academic Council of the Institute of Economics of the USSR Academy of Sciences was held, dedicated to the tasks of the institute in connection with the publication of Comrade Stalin's work "Economic Problems of Socialism in the USSR."
F. V. Samokhvalov, Acting Director of the Institute of Economics of the USSR Academy of Sciences, delivered the report. The speaker dwelt in detail on the greatest significance of J. V. Stalin's new genial work for Marxist-Leninist theory and for all our practical activity. J. V. Stalin's work, said the speaker, is a model of the inseparable connection between revolutionary theory and revolutionary practice. In "Economic Problems of Socialism in the USSR," Comrade Stalin gave answers to the fundamental questions posed by the course of historical development. In this work, Comrade Stalin comprehensively investigated the laws of social production and the distribution of material goods in socialist society, established the paths for the gradual transition from socialism

to communism, and elucidated the most important problems of the economy of modern capitalism.

Of exceptionally great importance is Comrade Stalin's substantiation of the objective character of the economic laws of socialism. Some economists erroneously claimed that under socialism economic laws are supposedly "created" or "formed" by the Soviet state. Comrade Stalin showed that under socialism, as under capitalism, the laws of economic development are objective laws that reflect the processes of economic development occurring independently of the will of people. People can discover these laws, cognize them, and, relying upon them, utilize them in the interests of society, but they cannot destroy them or create new economic laws. By emphasizing with all force the objective character of the economic laws of socialism, Comrade Stalin thereby smashed the ideological basis of adventurism in economic policy and defended political economy as a science.

In close connection with the doctrine of the objective character of economic laws stands Comrade Stalin's further elaboration of the economic law of mandatory correspondence of production relations to the character of productive forces, which has enormous cognitive and transforming significance. Economists who denied the objective character of the economic laws of socialism referred to the special role of Soviet power in the cause of building socialism, which supposedly gives it the ability to destroy old economic laws and "form" new ones. Comrade Stalin showed that Soviet power was able to accomplish the difficult and complex task of liquidating all exploitation and creating new, socialist forms of economy not because it allegedly destroyed existing economic laws and "formed" new ones, but solely because it relied on the economic law of mandatory correspondence of production relations to the character of productive forces. Only because this law operates in society is it possible to replace old

production relations that have ceased to correspond to the character of productive forces with new production relations corresponding to the character of productive forces.
In pre-socialist formations, the replacement of old production relations with new ones occurs in the order of social conflict, during which the advanced class, relying on the economic law of mandatory correspondence of production relations to the character of productive forces, overcomes the resistance of obsolete classes and brings production relations into correspondence with the character of productive forces. Under socialism, the utilization of the law of mandatory correspondence of production relations to the character of productive forces has certain specific features. Under socialism too, as Comrade Stalin showed, production relations can lag behind the development of productive forces, as a result of which contradictions arise between them. But unlike capitalist society, where bringing production relations into correspondence with the character of productive forces is possible only in the order of conflict, under conditions of socialism society has the opportunity to timely bring lagging production relations into correspondence with the character of productive forces, since it does not have within its composition obsolete classes capable of organizing resistance.
A major contribution to Marxist political economy is Comrade Stalin's discovery of the basic economic law of socialism.
It should be noted, said the speaker, that the participants in the economic discussion lacked clarity on this issue. Some speakers erroneously asserted that the basic economic law of socialism is the planning of the national economy; others said that such a law is the law of value "in a transformed form," etc. Comrade Stalin showed that the essential features and requirements of the basic economic law of socialism are: ensuring the maximum satisfaction of the constantly growing material and cultural requirements of the entire society through

the continuous growth and improvement of socialist production on the basis of higher technology. The basic economic law of socialism discovered by Comrade Stalin expresses the essence of socialist production — its goal and the means for achieving this goal. The goal of socialist production is ensuring the maximum satisfaction of the constantly growing material and cultural requirements of the entire society. The means for achieving this goal is the continuous growth and improvement of socialist production on the basis of higher technology. The basic economic law of socialism and its operation in the USSR demonstrate the greatest advantages of the socialist system over the capitalist system.

Before the economic discussion, the opinion was widespread in economic literature that the planning of the national economy itself is an economic law. Comrade Stalin showed in his work that one must not confuse the planning of the national economy, which is the result of the activity of our state and economic bodies, with the objective economic law of the planned, proportional development of the national economy. The law of the planned development of the national economy is an objective law; it arose on the basis of the socialization of the means of production, after the law of competition and anarchy of production lost its force.

Much attention, the speaker continued, was devoted by Comrade Stalin in his work to the question of commodity production and the law of value under socialism. Before Comrade Stalin's genial work, there was much confusion on this issue. During the discussion on the draft of the political economy textbook, many incorrect and mutually contradictory viewpoints were expressed regarding the causes and nature of commodity production in the USSR. Some economists erroneously tried to deduce the necessity of commodity production under socialism from state ownership of the means of production, others from the necessity of labor accounting

and distribution according to labor; even those economists who sought explanations along the lines of the two forms of socialist ownership could not correctly solve this issue. There were statements that the law of value is supposedly an eternal law, that it will operate under communism as well. Some comrades asserted that the law of value under socialism is also a regulator of production, that it regulates the "proportions" of the distribution of labor among various branches of production, etc.

In his new work, Comrade Stalin developed the Marxist-Leninist doctrine of commodity production and defined the causes and the nature of the operation of commodity production and the law of value under socialism. J. V. Stalin showed that commodity production at present is objectively necessary with us, since there are two main forms of socialist production: state nationwide and collective farm, which cannot be called nationwide. The state can dispose only of the output of state enterprises, whereas collective farm output, as their property, is disposed of only by the collective farms. The collective farms currently do not accept any other economic ties with the city except commodity ones, except exchange through purchase and sale. But commodity production under socialism differs radically from commodity production under capitalism. It is commodity production of a special kind, commodity production without capitalists, which deals mainly with the goods of united socialist producers, the sphere of operation of which is limited to items of personal consumption and which cannot by any means develop into capitalist production. Comrade Stalin showed that the means of production under socialism in the sphere of economic turnover within the country lose the properties of commodities, retaining only the outer shell of commodities (calculation, etc.).

In connection with the analysis of commodity production under socialism, Comrade Stalin put forward the exceptionally

important methodological proposition that under the conditions of socialism, economic development occurs not in the order of upheavals, but in the order of gradual changes, where the old is not simply abolished cleanly, but changes its nature in relation to the new, retaining only its form, and the new does not simply destroy the old, but penetrates into the old, changes its nature, its functions, without breaking its form, but utilizing it for the development of the new. This methodological instruction of Comrade Stalin is of immense importance for the development of our science, for understanding the essence of economic phenomena in our socialist society. It warns against the danger of sliding along the surface and demands penetration into the depths of phenomena. Only proceeding from this instruction can one understand, in particular, the features of commodity production under socialism.

Comrade Stalin showed the incorrectness of the proposals of certain economists to restore such economic categories proper to capitalism as, for example, labor power as a commodity, surplus value, capital, profit on capital, average rate of profit, etc.

J. V. Stalin pointed out the necessity of discarding certain other concepts taken from Marx's "Capital," where Marx was engaged in the analysis of capitalism, and which are artificially glued to our socialist relations, and set economists the task of replacing old concepts with new ones corresponding to the new situation.

Having substantiated the necessity of commodity production under socialism and uncovered its nature, Comrade Stalin provided a solution to the question of the law of value in socialist society. The existence of commodity production and commodity circulation also determines the operation of the law of value under socialism. When, instead of the two main production sectors — state and collective farm — there appears a single all-embracing production sector with the right to

dispose of all consumer production of the country and commodity production disappears, value with its forms and the law of value will also disappear.

In our economic literature, before the discussion on questions of political economy, an incorrect formula came into general use to the effect that under socialism the law of value operates in a "transformed" form. Comrade Stalin pointed out that economic laws cannot be transformed, just as they cannot be created or destroyed, and that the thesis about the "transformation" of laws is a survival of the incorrect formula about the "destroying" and "forming" of laws. One can limit the sphere of operation of certain laws, but one cannot "transform" or "destroy" them. Under socialism, the sphere of operation of the law of value is strictly limited and placed within bounds. It extends above all to commodity circulation, to the exchange of goods through purchase and sale, to the exchange mainly of items of personal consumption. The actions of the law of value also extend to production. The law of value does not have a regulatory significance in our socialist production, but it nevertheless exerts an influence on production, and this cannot be ignored when managing production. Therefore, such questions as cost accounting and profitability, cost of production, prices, etc., are urgent for our enterprises. But while exerting an influence on production, the law of value cannot play the role of a regulator of production with us; nor is it and can it be a "regulator of proportions" in the distribution of labor among various branches of production.

Much attention in his work was devoted by Comrade Stalin to problems associated with the gradual transition from socialism to communism. As we move forward toward communism, these problems acquire an increasingly urgent significance. J. V. Stalin established that in order to prepare the actual transition to communism, it is necessary to implement at least three main preliminary conditions. It is necessary, Comrade

Stalin points out, first, to firmly ensure the continuous growth of all social production with the preferential growth of the production of means of production. It is necessary, second, by means of gradual transitions carried out to the advantage of the collective farms and, consequently, of the whole society, to raise collective farm property to the level of nationwide property, and also to replace commodity circulation by means of gradual transitions with a system of product exchange, so that the central power or some other socio-economic center can encompass all output of social production in the interests of society. It is necessary, third, to achieve such a cultural growth of society as would ensure to all members of society the comprehensive development of their physical and mental abilities, so that members of society have the opportunity to receive education sufficient to become active figures of social development, so that they have the opportunity to freely choose a profession and not be chained for life, by virtue of the existing division of labor, to some single profession.

The speaker described in detail the genial Stalinist programmatic provisions on the main preliminary conditions for preparing the transition to communism, emphasizing at the same time that our party and the Soviet government are taking all necessary measures for the unswerving implementation of these conditions.

Tied closely with the problem of transition from socialism to communism, the speaker continued, is the question of the elimination of the opposition between town and country, between physical and mental labor, as well as the question of the liquidation of differences between them. Comrade Stalin showed that under the conditions of socialism, the opposition of interests between town and country has disappeared, and this means that the soil for the opposition between town and country, between industry and agriculture, has already been liquidated by the socialist system. Equally, the opposition of

interests between people of physical and people of mental labor has also disappeared under socialism; not a trace remains of the former hostility between them. In the present period, the practice of our socialist construction has posed a new problem — the problem of the disappearance of differences between town (industry) and country (agriculture), between physical and mental labor. This is a completely new problem, which the classics of Marxism did not and could not pose. The problem of liquidating essential differences between industry and agriculture, between physical and mental labor, is of paramount importance for us, and therefore its elaboration by Comrade Stalin is a major contribution to Marxist-Leninist science.

A large place in his genial work is assigned by Comrade Stalin to the characterization of modern capitalism, the analysis of its main problems, the analysis of economic and political relations that have developed in the international arena during and after the Second World War. Comrade Stalin's discovery of the basic economic law of modern capitalism is a major contribution to Marxist political economy. The basic economic law of capitalism makes it possible to understand and explain all major phenomena in the sphere of the development of capitalist production, the glaring contradictions of capitalism. Comrade Stalin's discovery of this law strikes a crushing blow at all apologists of capitalism. A simple comparison of the basic economic law of modern capitalism and the basic economic law of socialism shows the immeasurable superiority of the socialist system over the capitalist system. The working people in capitalist countries are doomed to exploitation, unemployment, poverty, hunger, and bloody wars. In a socialist society, all social production is subordinated to the task of maximum satisfaction of the constantly growing requirements of people; the material well-being and cultural level of the working people under socialism are steadily rising.

Of extremely great importance is the question elaborated by J. V. Stalin on the disintegration of the single world market and the deepening of the crisis of the world capitalist system. Comrade Stalin showed that after the single all-embracing world market split and the sphere of application of forces of the main capitalist countries to world resources began to contract, the conditions of the world market for the sale of goods for these countries will deteriorate, while the underloading of enterprises in these countries will increase. Although the cyclical character of the development of capitalism in the main capitalist countries should persist, the growth of production in these countries will occur on a narrowed basis, since the volume of production in these countries will contract.

Of great importance for a correct understanding of the prospects of development of modern capitalist countries is Comrade Stalin's elaboration of the question of the inevitability of wars between capitalist countries. At the political economy discussion, some comrades put forward the proposition that in the new international conditions that developed after the Second World War, wars between capitalist countries had allegedly ceased to be inevitable, and that Lenin's thesis that imperialism inevitably generates wars should be considered obsolete. J. V. Stalin exposed the untenability of such opinions and emphasized that in order to eliminate the inevitability of wars, it is necessary to destroy imperialism.

By the enumerated main problems, the speaker continued, the content of Comrade Stalin's genial work is by no means exhausted. The work "Economic Problems of Socialism in the USSR"represents the highest stage in the development of Marxist-Leninist political economy. It is an inexhaustible treasury of ideas. The 19th Congress of the Communist Party took Comrade Stalin's genial work as the basis of its work. All decisions of the congress are permeated with ideas flowing from this work. The congress adopted a resolution that in the

revision of the party program, one should be guided by the main provisions of Comrade Stalin's work "Economic Problems of Socialism in the USSR."

Passing to the tasks of the Institute of Economics, the speaker emphasized that Comrade Stalin, with his new genial work, rendered invaluable assistance to workers in science and created the necessary conditions for the fruitful work of economists on the problems of political economy. Before the economists of our country stands the responsible task of moving economic science forward on the basis of Comrade Stalin's instructions. In the report to the 19th Congress of the Party on the work of the Central Committee of the CPSU(b), Comrade G. M. Malenkov emphasized that "the tasks of our movement forward obligate party figures, workers in the field of social sciences, first of all economists, guided by Comrade Stalin's programmatic instructions, to comprehensively elaborate the questions of Marxist-Leninist theory in inseparable connection with practical constructive work." A matter of honor for Soviet economists is the implementation of the tasks set by the party.

Before the collective of scientific workers of the Institute of Economics of the USSR Academy of Sciences, which is one of the most important detachments of the army of Soviet economists, there arose large and responsible tasks in connection with the publication of Comrade Stalin's work. The requirements placed upon the Institute of Economics are currently increasing many times over, and the responsibility of the collective of research workers as a whole and of each researcher individually for the work of the institute is rising. The Institute of Economics, which has hitherto lagged behind the requirements of the practice of building communism, must eliminate this lag in the shortest possible time.

Before all of us at present, the speaker continued, stands the task of deeply studying Comrade Stalin's classical work. Now

it is impossible to conduct research work in the field of economics without mastering that huge contribution to Marxist-Leninist theory which Comrade Stalin's work "Economic Problems of Socialism in the USSR" represents. To render assistance to our staff in the study of Comrade Stalin's work, the party organization of the institute is conducting a lecture cycle and organizing theoretical conferences. All staff members of the institute, both communists and non-party members, must deeply study Comrade Stalin's work, attend lectures and reports on the main problems posed and solved by Comrade Stalin in this work, and actively participate in the theoretical conferences conducted by our party organization.
We must reorganize all research work of the institute. The institute must significantly strengthen the elaboration of the problems of the political economy of socialism, ensuring a deep theoretical analysis of national economic problems. The research work of the institute must not duplicate the activities of economic and planning organizations. The Institute of Economics must, on the basis of a deep study of the processes occurring in economic life, draw generalizing conclusions and bring them to the relevant state and economic bodies for practical use.
Its main attention, Comrade Samokhvalov emphasized, the institute must concentrate on the preparation of serious theoretical works based on the ideas set forth by Comrade Stalin in his genial work. We must prepare a work highlighting the role of Comrade Stalin as the creator of the political economy of socialism. This is a difficult but honorable task. The sector of the political economy of socialism must play a leading role in the preparation of this work. Our institute must complete the collective monograph begun last year dedicated to the law of the planned development of the national economy. We have every right to expect that the comrades working on this monograph will produce a work corresponding to the

increased requirements placed upon our institute. We must prepare serious studies on the operations of the basic economic law of socialism and the basic economic law of modern capitalism. Together with the Institute of Philosophy, we must prepare a collective work dedicated to the problems of the gradual transition from socialism to communism in the light of the three preliminary conditions put forward by Comrade Stalin for preparing this transition. On the agenda is the preparation of a monograph on commodity production and the law of value under socialism. The institute must elaborate the root issues of socialist reproduction: on national income, on the preferential growth of the production of means of production, on the application of Marx's reproduction schemes to the socialist economy. It is time for us to include in the plan of our work the preparation of a monograph on the balance sheet of the national economy. This is, of course, a very difficult task, which our institute will be able to fulfill only in cooperation with workers of the USSR Gosplan and the USSR Central Statistical Administration. But this task has long been overdue.

We must also prepare a number of works on the economics of industry, first of all on ways to increase labor productivity, on the effectiveness of capital investments, on the utilization of production capacities, on the scientific foundations for determining material reserves in production and construction. Our institute must provide a theoretical solution to these problems, persistently advanced by the practice of building communism. The sector of industrial economics in the shortest possible time must complete the preparation for publication of a textbook on industrial economics so that this textbook is published in 1953.

Large tasks in elaborating problems of the further development of socialist agriculture, the strengthening of collective farms, MTS (Machine and Tractor Stations), and state farms confront the sector of agricultural economics. The work of the turnover

and statistics sectors in preparing theoretical papers on topical themes must be seriously improved. It is necessary to prepare serious studies on the economics of the People's Democracies. In this area, we have done very little so far.
The work of the institute's sectors dealing with the issues of capitalist economy must be decisively reorganized. Now the Presidium of the Academy of Sciences is discussing a new structure of the institute, according to which, instead of sectors studying individual capitalist countries, the organization of problem sectors is planned. It is necessary to ensure the preparation of a number of capital works on the economics of modern capitalism, in which, on the basis of Comrade Stalin's instructions, the deepening of the general crisis of capitalism, the predatory, parasitic character of monopoly capitalism, which systematically plunders and enslaves colonies and other backward countries, dooming the overwhelming majority of the population of the capitalist world to severe exploitation, ruin, poverty, and bloody wars, would be shown. We must prepare works exposing American imperialism and works showing the struggle of the working class of capitalist countries for the overthrow of imperialism.
The question of the direction of the work of the institute's sectors dealing with the issues of the territorial distribution of productive forces stands seriously. Undoubtedly, the institute needs to engage in studying the economics of regions, to work on compiling hypotheses of economic development in individual regions. But the center of attention must be the theoretical problems of the distribution of productive forces under socialism. The question of the character of the work of the institute's sectors dealing with the problems of the distribution of productive forces and the study of individual economic regions, we will have to discuss specially.
At present, the speaker reported, work is underway in the Institute of Economics to introduce changes into the draft plan

for 1953 in connection with the publication of Comrade Stalin's work and the decisions of the 19th Congress of the Communist Party of the Soviet Union. At the same time, work is underway to compile a draft of the five-year plan of the institute's research work. In the draft plan for 1953 and in the draft five-year plan, we must reflect to the maximum extent the requirement of reorganizing the work of the institute, which would ensure the preparation of serious theoretical works based on a deep study of Comrade Stalin's work "Economic Problems of Socialism in the USSR" and the generalization of the practice of building communism in the USSR.

Of particularly great importance at present is the question of strengthening the ties of the institute with economic organizations. Only on the basis of strengthening the ties of the theoretical work of the institute with the practice of building communism, said Comrade Samokhvalov, will our institute be able to prepare high-quality scientific works worthy of the great Stalinist epoch. At the same time, ties with practice should not be reduced for us only to visits by our scientific staff to industrial enterprises, collective farms, state farms, and other economic organizations. Visits to enterprises by staff members of the institute working in the field of the economics of branches of the national economy are an elementary requirement. A senior researcher who develops, for example, questions of industrial economics only from materials collected for him by a junior researcher, and who does not visit plants and factories himself, cannot produce a full-fledged work.

But this is not all. It is necessary to study more deeply the processes occurring in the socialist economy, to make broad theoretical generalizations and conclusions that would help practice. This can be achieved only on the basis of a deep study of the works of Lenin and Stalin and daily painstaking work on materials characterizing our socialist economy.

The speaker noted that the Institute of Economics has every opportunity to prepare high-quality theoretical works, to sharply increase the output of printed products. Recently, the institute's bureau of the party organization checked the output of printed products by senior researchers and doctors of sciences. It turned out that many staff members over a number of years produce only 1–2 printed sheets per year. This is a completely abnormal situation, testifying to the unsatisfactory work of a number of our most qualified scientific staff members. We need to increase the workload of scientific staff and demand a larger volume of planned printed output. The management is currently developing model workload norms for scientific staff. In the near future, this question will be submitted for discussion by the Academic Council.

We must ensure in the shortest possible time, the speaker continued, the revision in the light of Comrade Stalin's work of those manuscripts that are currently in publishing houses or that are to be submitted to publishing houses in the fourth quarter of the current year. We must remember that higher requirements will be placed on work that is now published than on works published before the publication of Comrade Stalin's work. Our researchers must not resemble Comrade Shneerson, who after the end of the economic discussion superficially revised his manuscript dedicated to state-monopoly capitalism and submitted it to print with such serious shortcomings that he was subsequently forced to revise it twice more. And even after this double revision, it turned out that in Comrade Shneerson's manuscript the emergence of state-monopoly capitalism was not shown in the light of the basic economic law of modern capitalism discovered by Comrade Stalin. We must take this sad experience into account and demand from researchers a serious and responsible attitude toward revising their works in the light of Comrade Stalin's work.

The speaker reported that in the near future at a scientific session of the Department of Economics and Law and the Academic Council of the Institute of Economics dedicated to J. V. Stalin's genial work "Economic Problems of Socialism in the USSR," the first results of our work on the implementation of Comrade Stalin's instructions will be summarized. The Institute of Economics must prepare a number of reports for the session. We are obliged to treat this event with great responsibility. The scientific reports prepared by the Institute of Economics must be at a high ideological and theoretical level.

Comrade Stalin's genial work is of immense significance for the struggle against all kinds of errors and distortions of Marxist-Leninist theory. Some staff members of our institute repeatedly expressed erroneous views on root issues of political economy at meetings of the Academic Council, at conferences, and theoretical meetings. Errors of a voluntary character were committed by a former staff member of the institute, Comrade Anchishkin; deeply erroneous views on the nature of Soviet money were repeatedly expressed by Comrade Kronrod; erroneous views on the character of economic laws under socialism and on the question of measures to raise collective farm property to the level of nationwide property were held by research worker of the institute Comrade Venzer. Incorrect propositions were expressed on certain issues by other comrades as well. In our institute, at a meeting of the sector of the political economy of socialism, L. Yaroshenko spoke in defense of his anti-Marxist views. The sector of the political economy of socialism rejected Yaroshenko's erroneous views and gave them a basically correct assessment. The incorrect views of Comrades Anchishkin, Kronrod, and others were also criticized. However, despite the criticism, these comrades continued to defend their erroneous propositions.

The speaker noted that scientific criticism is still developed quite insufficiently in the Institute of Economics. Creative discussions have not become the main method of scientific work. The discussion of researchers' manuscripts in sectors does not always take place at the proper level. The Academic Council of the institute and its sections rarely discuss scientific problems. The approval of manuscripts by the Academic Council of the institute often takes place formally. One of the reasons for this is the incorrect organization of the work of the Academic Council. But at the same time, it should be noted that the members of the Academic Council themselves show little initiative in discussing scientific problems or researchers' manuscripts. Members of the Academic Council do not show the necessary interest in the works that they approve for publication under the brand name of the institute. As a rule, they do not read these works, and therefore do not participate in their discussion.

The increased requirements placed on the institute in connection with the publication of Comrade Stalin's work, the necessity of eliminating the institute's lag and ensuring the preparation and release of high-quality theoretical works, said the speaker, obligate us to comprehensively develop scientific criticism and self-criticism in the institute. We must so organize the discussion of manuscripts of the institute's staff that the exposure of all shortcomings and errors present in them is ensured. It is necessary to patiently and persistently explain their errors to young scientific workers and achieve the correction of these errors. It is necessary to show irreconcidility to all kinds of anti-Marxist, anti-Leninism distortions in scientific work. The slightest attempt to smuggle in views alien to Marxism-Leninism must meet with the most decisive rebuff from the members of the Academic Council and the collective of staff members of the Institute of Economics.

Comprehensively developing criticism and self-criticism, we

must cultivate high principledness in scientific work among our scientific staff.

Unfortunately, we have facts of group-fighting, an unprincipled attitude of certain comrades toward the evaluation of manuscripts, facts of backslapping criticism, isolated attempts to use the press to praise one's own works and denigrate the works of other staff members. We must suppress these unhealthy phenomena in the most decisive manner. An atmosphere of intolerance toward such phenomena must be created in the institute. The best means for this is the comprehensive development of criticism and self-criticism.

The Institute of Economics has not yet fulfilled the instructions of the Presidium of the Academy of Sciences on eliminating the "monopoly" of individual scientists. This "monopoly" seriously hinders the growth of new scientific cadres. It is necessary to boldly advance young scientific workers, to boldly entrust them with the elaboration of serious questions. It is necessary to ensure that the elaboration of scientific problems in any branch of economic science is carried out not by a single specialist, but by a group of scientific workers. This will help us eliminate the "monopoly" of individual scientists and will contribute to the development of creative criticism and self-criticism.

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In the debate on Comrade Samokhvalov's report, Academician E. S. Varga was the first to take the floor.

We, workers of the Institute of Economics, from graduate students to academicians, said Academician Varga, express a feeling of deep gratitude to Comrade Stalin for his new classical work, for that huge contribution he made to Marxist economic science, for that invaluable assistance he rendered to all scientific economic workers.

Deep study of Comrade Stalin's genial work will help us avoid errors in our work, will help each of us improve our scientific

work. The basic economic law of modern capitalism discovered by Comrade Stalin gives us orientation among the huge multitude of facts that we encounter when studying the economy of capitalist countries, allows us to single out important facts and discard secondary ones, gives a key to understanding and explaining the present situation of imperialism and the prospects of its further development. This law defines all the main features of monopoly capitalism, the fiercest exploitation in capitalist countries, the exploitation and plunder of the peoples of colonies, and the resulting aggravation of all contradictions of capitalism.

Speaking about his work, Academician Varga admitted that he was mistaken in believing that under modern conditions, in connection with the extreme aggravation of contradictions between imperialism and socialism, with the enormous preponderance of the USA over other capitalist countries, Lenin's thesis on the inevitability of wars between capitalist countries had become obsolete.

I admit, stated Academician Varga, that I was mistaken on this issue. Comrade Stalin gave an exhaustive substantiation of the inevitability of wars between capitalist countries at the present stage as well. I believe that if in the process of our work we made a mistake, we are obliged to honestly admit it and not repeat it anymore.

J. V. Stalin's genial work "Economic Problems of Socialism in the USSR," Academician L. N. Ivanov said in his speech, represents the greatest contribution to science, and first of all to social sciences. This Stalinist work is an outstanding model of creative Marxism, in which root problems of political economy are posed and solved. Comrade Stalin's new work has also brought clarity to the most complex issues of the history of international relations and modern international politics. The basic economic law of modern capitalism, which determines all the main phenomena of modern capitalism, conditions the

inevitability of imperialist expansion and aggression of capitalist states, whose foreign and domestic policy is directed in the interests of ensuring the maximum profits of monopolies. Having pointed out that the disintegration of the single all-embracing world market is the most important economic result of the Second World War, Comrade Stalin gave a genial analysis of the further deepening of the general crisis of the world capitalist system. The formation of two parallel world markets confronting each other has further sharpened imperialist contradictions and the struggle of imperialist powers for markets. Comrade Stalin decisively rejected the erroneous assertion of certain comrades that wars between capitalist powers had supposedly ceased to be inevitable by virtue of the development of new international conditions after the Second World War. Comrade Stalin on concrete examples exposed the growth of imperialist contradictions and showed that Lenin's thesis on the inevitability of wars between capitalist countries remains in force, that it is inadmissible to ignore inter-imperialist contradictions. The events of our days are a living illustration of these genial Stalinist instructions. Comrade Stalin's instructions on the question of imperialist contradictions and the inevitability of wars between capitalist countries, Academician Ivanov concluded, give a firm support to all of us scientists working in the field of the history of international relations, and direct our research work along the right path.

In our institute, scientific work on issues of international relations is still conducted extremely insufficiently. Meanwhile, these issues have important practical significance for our country, for our state. We know what an outstanding victory our Stalinist diplomacy achieved in the past war, what a huge role Comrade Stalin's genius played in creating the anti-Hitler coalition.

I believe that in the topics of the institute and in individual works included in the institute's plan, much more attention needs to be paid than has been done hitherto to the analysis of contradictions between imperialist countries.

Candidate of Economic Sciences V. G. Venzer emphasized in his speech that before the Institute of Economics stands the important and honorable task of propagating Comrade Stalin's new genial work. The staff members of the institute should speak with brochures and journal articles dedicated to root problems posed and solved in Comrade Stalin's work, with lectures and reports before a wide audience. Our propaganda work, Comrade Venzer said, we must develop much more actively than we are doing now. We must ensure that articles and lectures dedicated to Comrade Stalin's work are at a high ideological and theoretical level. We must think through our public speeches on problems posed by Comrade Stalin with special care.

Turning to the issues of reorganizing the research work of the institute, Comrade Venzer proposed to subordinate the topics of all the work of the Institute of Economics to problems associated with the basic economic law of socialism and the basic economic law of modern capitalism.

We, workers of economic science, Comrade Venzer concluded, must be especially demanding of ourselves. Misunderstanding or incorrect interpretation of a particular provision leads to an incorrect conclusion, to an error. Exactly this happened to me. Comrade Stalin in his reply subjected the serious theoretical errors committed by me to entirely fair criticism. I consider the criticism of my errors given by Comrade Stalin to be unconditionally correct and accept this criticism wholly and entirely.

Comrade Venzer assured the Academic Council of the institute that he deeply understands the essence of the serious theoretical errors committed by him and exposed by Comrade

Stalin, and that he will make every effort to correct his errors in further scientific work on the basis of and in strict accordance with Comrade Stalin's instructions. However, Comrade Venzer did not give a developed criticism of his non-Marxist views, in particular his idealistic position on the question of the character of the economic laws of socialism.

J. V. Stalin's genial work "Economic Problems of Socialism in the USSR" has world-historic significance and is a most valuable contribution to the treasury of Marxism-Leninism, Doctor of Economic Sciences A. D. Gusakov said in his speech. This classical Stalinist work poses tasks anew before the Institute of Economics, creates all the main prerequisites so that we can lead our institute out of that breakthrough in which it has been for a long time, and pay off our debt to the country, to the broad public in the elaboration of topical problems of economic science.

First of all, the Institute of Economics is obliged to prepare a work in which the richest content of Comrade Stalin's doctrine on economic laws and the character of their manifestation both under capitalism and under the conditions of socialism would be scientifically disclosed and shown at a high theoretical level. Indisputably, we alone, economists, on our own strength will not be able to cope with such a task and that we need to cooperate on this issue with philosophers.

It is necessary to prepare another work — on Comrade Stalin's doctrine of commodity production and the law of value. The institute's plan should also be supplemented by such a new topic: "Ways of developing product exchange between state industry and collective farms." This is a complex problem that the turnover sector and the agricultural economics sector could elaborate mainly by the forces of workers of these two sectors. The old topic "On the economics of the agricultural artel" needs to be revised. Currently, the investigation of concrete

questions associated with raising group, collective farm property to the level of nationwide property is topical.
The turnover sector, and indeed the Institute of Economics as a whole, must pay more attention to issues of price formation. Currently, the preparation of a monograph and a collection of articles on issues of price formation is coming to an end. In addition, a group of graduate students is working on these issues. It seems to me, Comrade Gusakov concluded, that the inclusion in the institute's five-year plan of a summary, synthetic topic on the foundations of price formation in the USSR will make it possible to summarize the work that has been conducted in the Institute of Economics for several years.
Doctor of Economic Sciences A. I. Notkin devoted his speech to the question of the objective character of the laws of nature and society. As is known, in understanding this issue Comrade Notkin committed a serious theoretical error, asserting that the proposition that society is not helpless in the face of the laws of science, that people, having cognized economic laws, can use them in the interests of society, that this proposition cannot be extended to other formations of society, that it can have force only under socialism and communism, that the spontaneous character of economic processes, for example under capitalism, does not give society the opportunity to use economic laws in the interests of society. One might have expected that Comrade Notkin would subject this and his other errors to thorough analysis and developed criticism. However, he limited himself only to a general statement of recognizing his errors and even tried to justify himself by reference to the fact that the erroneous views defended by him "had wide currency among scientific workers and teachers."
Corresponding Member of the USSR Academy of Sciences T. S. Khachaturov emphasized in his speech that works advancing Marxist-Leninist theory further are expected from the Institute of Economics. However, serious scientific works and

theoretical generalizations are impossible without combining theory with practice, without studying large concrete material, without studying statistics, without knowing economic practice and economic policy. For the economic policy of the Soviet state is precisely the concretization and conscious application of the objective economic laws of socialism in the practice of state management of the branches of our national economy. Should we, scientific workers, economists, and if so to what extent, touch upon questions of economic policy?

Comrade Stalin teaches that to burden political economy with questions of economic policy means to ruin it as a science. In this connection, Comrade Khachaturov continued, questions arise not only of political economy, but also of branch economic sciences. We have still done little to clearly define the main content and subject of branch economic sciences. Comrade Khachaturov expressed the view that the task of branch economic sciences is to study the reflection in a particular concrete branch of production of the operation of economic laws characteristic of the socio-economic formation as a whole.

In conclusion, Comrade Khachaturov dwelt on the issues of organizing the work of scientific staff. All of us scientific workers, he said, are heavily overburdened with organizational work, and this undoubtedly affects our scientific work. We must discuss scientific problems and the manuscripts of our staff much more than we have done hitherto, and work more with young scientific cadres. Comrade Stalin's genial work has posed huge tasks before economists, and we must mobilize all our forces, work very hard and persistently to fulfill the tasks confronting us.

Doctor of Economic Sciences Ya. E. Segal emphasized in his speech that although the reorganization of the Institute of Economics along the lines of creating problem sectors is extremely necessary, this measure should in no case lead to

weakening the study of the economy of each individual capitalist country. The institute almost completely does not engage in studying the economy of the so-called small capitalist countries. Meanwhile, it is necessary to closely monitor all processes occurring in the economic and political life not only of the main capitalist countries, but also of those so-called small countries which American imperialism is turning into a bridgehead of the aggressive war prepared by it against the countries of the democratic camp.

Candidate of Economic Sciences Ya. A. Kronrod dwelt in his speech on issues of Marxist methodology. We must be fully armed with Marxist methodology, materialistic Marxist-Leninist dialectics, he said, for only under this condition can we work correctly in the field of political economy. The root cause of the errors of many of us, workers of economic science, lies in the fact that we often insufficiently mastered and were guided by Marxist methodology.

Comrade Kronrod admitted that he himself committed serious theoretical errors on the question of the nature of Soviet money. The root of these errors, Comrade Kronrod said, lay in his insufficient mastery of Marxist methodology. Comrade Kronrod expressed confidence that, guided by the genial Stalinist instructions, he will be able to overcome his errors.

Confused was the speech of Candidate of Economic Sciences A. Z. Uralsky. Comrade Uralsky spoke about some "theoretical basis of the production process," which research organizations supposedly should engage in. It remained unclear what this proposition of Comrade Uralsky means.

J. V. Stalin's genial work "Economic Problems of Socialism in the USSR," published on the eve of the 19th Congress of the Party and placed by the congress at the basis of its historical decisions, said Deputy Director of the Institute of Economics Candidate of Economic Sciences A. M. Alekseev in his speech, illuminates with the bright spotlight of Marxist-Leninist theory

the laws of social development of the modern epoch, the laws of building socialism in our country, the regularities and conditions of the gradual transition from socialism to communism in the USSR, the ways of strengthening the peaceful economy of all countries of the single and powerful democratic camp, the inexorable regularities of the intensifying decomposition of the world economic system of capitalism, and the further deepening of the general crisis of world capitalism.

The actions of the basic economic law of modern capitalism and the basic economic law of socialism discovered and scientifically substantiated by Comrade Stalin show the root differences and deep opposition of the capitalist and socialist modes of production, give a key to understanding and explaining all processes and all regularities of the economic development of the imperialist and socialist camps, and determine two paths of economic development: the countries of socialism, on the one hand, and the imperialist countries, on the other.

In the report to the 19th Congress of the Party, Comrade G. M. Malenkov emphasized that ideological work must play an important role in purging the consciousness of Soviet people from capitalist prejudices. One of the tasks of the Institute of Economics is the decisive struggle against all kinds of hostile theories of all directions and all shades.

Comrade Stalin's new work "Economic Problems of Socialism in the USSR," Comrade Stalin's discovery of the basic economic laws of modern capitalism and socialism strikes a crushing blow at all apologists of capitalism. However, in the work of the Institute of Economics, criticism and exposure of modern bourgeois theories of all directions and shades are still developed weakly. These issues are actually handled by only two senior researchers — Comrades Blumin and Dvorkin. They are doing a good, useful deed by preparing for print

monographs exposing modern bourgeois apologetic teachings. But this is not enough. It is necessary in all our works to wage a persistent struggle against modern bourgeois theories. Recently, the Institute of Economics published the book "Position and Struggle of the Working Class of Western Europe," which is necessary and on the whole useful for our reader. Unfortunately, this book does not expose the newest variants of the bourgeois theory of wages criticized still by Marx, nor the apologetic theory that taxes supposedly equalize the incomes of all classes of bourgeois society.

In the plan of the Institute of Economics, Comrade Alekseev concluded, are the topics: "Socialism and Capitalism over 35 Years," "The Basic Economic Law of Modern Capitalism," "The Basic Economic Law of Socialism," "The Main Conditions of Transition from Socialism to Communism." These collective works and monographs, which must be based on the instructions given by Comrade Stalin in his new genial work, are called upon to show the results to which the operations of the basic economic laws of modern capitalism and socialism lead, and to disclose the greatest advantages of the socialist mode of production.

J. V. Stalin's classical work "Economic Problems of Socialism in the USSR," Professor I. Yu. Pisarev said in his speech, arms our party, our entire people with a powerful ideological weapon of struggle for building a communist society. The most complex, root issues of political economy are resolved in this work with the greatest depth and utmost clarity. The publication of Comrade Stalin's work immensely increases responsibility for our work, obliges us in the shortest possible time to overcome the lag existing in the work of the Institute of Economics, and to provide full-fledged theoretical studies that would help the struggle of the Soviet people for communism. Comrade Stalin's work is the basis of all our further scientific work.

The task of the Academic Council and the entire collective of the Institute of Economics is to correctly outline those concrete measures that would allow us to raise the theoretical level of the institute's work. Our first task is to comprehensively develop scientific criticism and self-criticism. In particular, we must organize a comprehensive discussion of works preparing for publication. Comradely criticism even at the stage of preparing a work for print is extremely necessary: it will contribute to improving the quality of the institute's scientific output. In such a comprehensive discussion of new works, the role of the institute's sectors is especially great, around which scientific workers, an active body of specialists, workers of higher educational institutions and research institutes would be grouped.

Our task also consists, Comrade Pisarev stated further, in putting an end to the multiplicity of topics in the institute's plan. Each topic of the plan can be topical in its own way, but the plan as a whole will turn out to be untopical if it is not subordinated to a single organizing idea. The work of the institute must be concentrated on the nodal problems of the political economy of socialism and capitalism posed and solved in Comrade Stalin's work "Economic Problems of Socialism in the USSR."

Comrade Pisarev dwelt on the tasks of theoretical work in the field of statistics in connection with the new tasks confronting the Institute of Economics. The entire process of expanded socialist reproduction is covered by statistical observation, Comrade Pisarev said. A system of generalizing statistical indicators is being created which, taken in their totality, comprehensively characterize the course of social production. However, in our statistical practice there are weak links, in particular the unsatisfactory state of agricultural statistics. Theoretical work in the field of statistics also lags, as a result of which very strange, confused views have become

widespread. An attempt is being made to turn statistics into some kind of universal social science. Thus, for example, one of the statisticians, Comrade Chermensky (see "Voprosy Ekonomiki" No. 9, 1952), considers it possible to assert that the subject of statistics is broader than the subject of political economy. There is no doubt that Comrade Stalin's genial work will help Soviet economists and statisticians find a correct solution to debatable questions of statistical theory and move Soviet statistical science forward.

Not only we, contemporaries, but also future historians of Soviet economic thought, Doctor of Economic Sciences P. A. Khromov said, will undoubtedly consider the publication of Comrade Stalin's classical work "Economic Problems of Socialism in the USSR" as the beginning of a new, higher stage in the development of Marxist political economy and Marxist economic thought. Comrade Stalin's new work provides a key to solving major economic problems.

In the industrial economics sector, a work plan has been drawn up on the basis of provisions contained in Comrade Stalin's work and the decisions of the 19th Party Congress, with the central theme for the next two to three years being the problem of increasing labor productivity in Soviet industry.

Comrade Khromov in his speech dwelt on some issues of the structure of the Institute of Economics and the organization of research work. The sectors dealing with the study of branches of the national economy and the sector of the political economy of socialism, Comrade Khromov stated, are in a difficult position. At the same time, the sectors dealing with issues of the geographical distribution of the economy are hypertrophied.

Comrade Khromov criticized the decision of the Management of the Institute of Economics to merge the sector of the history of economic doctrines and the sector of the history of the national economy, which, in his opinion, led to the curtailment

of the institute's work in the field of economic history. One should also think, he stated further, about creating a cell studying the economics of our communal, primarily housing economy, for the radical improvement of housing conditions is one of the conditions for preparing the transition to communism.

Individual remarks made by Comrade Stalin in his new work — on taking wheeled tractors out of service, on state losses from taking old machines out of service and replacing them with new ones, on the payback of expenses, etc. — compel a fresh look at a number of issues, such as the problem of introducing new technology, the question of moral wear and tear of machines in the socialist national economy, the problem of the effectiveness of capital investments, etc.

It would be appropriate to create in the institute, Comrade Khromov concluded, a creative research cell that would engage in studying the problem of labor in socialist society in a theoretical, and not only in a branch aspect. It is necessary to create in the institute a sector of the economics of transport and communications.

Candidate of Economic Sciences E. V. Prikazchikova emphasized in her speech that Comrade Stalin's new classical work constitutes an epoch in the development of economic science, like K. Marx's "Capital" and V. I. Lenin's "Imperialism, the Highest Stage of Capitalism."

In "Capital," Marx generalized the centuries-old history of capitalism, discovered the economic law of motion of bourgeois society in the period of pre-monopoly capitalism, investigated the production relations of this society in their emergence, development, and decline, and scientifically substantiated the inevitability of the demise of the capitalist mode of production and the world-historic mission of the proletariat as the expropriator of expropriators, the gravedigger of capitalism, and the builder of socialism.

At a new stage of historical development, in the period of monopoly capitalism, V. I. Lenin continued and developed further the doctrine of Marx and Engels. With his work "Imperialism, the Highest Stage of Capitalism," V. I. Lenin enriched Marxism with a new, completed theory of proletarian revolution, the theory of the possibility of the victory of socialism in individual countries.

In our time, in a new historical setting, under conditions where socialism won in the USSR and we entered the period of gradual transition from socialism to communism, when one third of the population of the entire globe has already embarked on the path of building socialism, the creative genius of Comrade Stalin opened a new chapter in the development of Marxist-Leninist theory, raised this theory to a new, higher stage, and moved Marx-Engels-Lenin's economic theory far forward. The creative genius of Comrade Stalin scientifically generalized the entire gigantic path of struggle and victories of the working class of our country, which built socialism in the USSR in alliance with the peasantry and under the leadership of the Communist Party. In Comrade Stalin's work, the laws of social production and distribution of material goods in socialist society are comprehensively investigated, the scientific foundations of the development of socialist economy are defined, and the paths of gradual transition from socialism to communism are indicated.

One of the features of the classical works of our great teachers Marx, Engels, Lenin, Stalin, Comrade Prikazchikova continued, is that these genial works are by their very essence critical. In Comrade Stalin's work "Economic Problems of Socialism in the USSR," anti-Marxist views of certain economists are exposed and criticized. Comrade Stalin teaches us how to use the instrument of Marxist scientific criticism, without which science cannot develop or move forward. We must widely unfold scientific criticism in our institute.

In the concluding part of her speech, Comrade Prikazchikova dwelt on the tasks of the sector of the history of economic doctrines. Comrade Stalin's genial work, she said, obliges us to eliminate the inadmissible lag in the study of the history of Marxist-Leninist economic science and to produce a capital study worthy of the Stalinist epoch. A major shortcoming in the work of the Management of the Institute of Economics is the failure to implement the decision of the Department of Economics and Law on strengthening the sector of the history of economic doctrines and replenishing it with new cadres. Instead, two sectors were merged — the sector of the history of the national economy and the sector of the history of economic doctrines. As a result, the sector of the history of economic doctrines does not possess the necessary scientific cadres capable of creating a capital study of the Marxist-Leninist stage of the development of economic science.

Professor V. F. Vasyutin, having emphasized in his speech the necessity of raising the theoretical level of scientific works on the issues of the distribution of productive forces and intensifying work on the issues of the regularities of the distribution of socialist production, at the same time expressed the view that it is necessary to continue the elaboration of concrete questions of the distribution of production, economic regionalization, correct specialization and complex development of the economy of regions and republics. Extremely important and topical, Comrade Vasyutin said, is also the elaboration of problems associated with the economic relations between our country and the People's Democracies, and the new international division of labor in the camp of socialist countries.

Comrade Vasyutin criticized Comrade Samokhvalov's report for not posing the important question for determining the correct direction of the work of the Institute of Economics regarding the interrelations of political economy and branch

economic sciences. However, Comrade Vasyutin himself subsequently spoke very confusedly about the distribution of productive forces as a "science of an economic character" studying "the distribution of socialist production as the unity of productive forces and production relations."

Doctor of Economic Sciences A. M. Gurevich emphasized in his speech [cite: 1, 2, 6, 5] that in connection with the task currently confronting the communist and democratic parties of capitalist countries to rally around themselves the majority of the people, to unite all patriotic forces of the nation in the struggle for democratic freedoms and national sovereignty against American imperialist aggressors, the problem of the alliance of the working class and the peasantry acquires the most topical significance. The Institute of Economics, Comrade Gurevich stated further, must in this connection strengthen the study of processes occurring in the agriculture of modern capitalist countries and the study of the position of the peasantry in capitalist countries. Comrade Gurevich proposed creating a special sector in the institute to study the agrarian problems of capitalist countries.

Professor F. P. Koshelev devoted his speech to the significance of Comrade Stalin's new genial work for studying the economic problems of the People's Democracies. A characteristic feature of the People's Democracies making the transition from capitalism to socialism, Comrade Koshelev said [cite: 1, 2], is the multi-sectoral nature of their economy. At the same time, as the socialist sector of the economy grows and strengthens, and as the dictatorship of the proletariat strengthens in these countries, the sphere of operation of the economic laws of socialism expands ever more [cite: 6]. Thus, for example, the basic economic law of socialism and the law of the planned, proportional development of the national economy receive ever greater scope for their operation in the People's Democracies. At the same time, the basic economic

law of modern capitalism has already lost its force in these countries [cite: 5].

In conclusion, Comrade Koshelev urged the research staff of the sector of the economics of the People's Democracies to raise the theoretical level of their works and, above all, to ensure that the collective work "Socialist Industrialization of the European People's Democracies" preparing for print, as well as the planned elaboration of the theme "Economic Cooperation and Mutual Assistance of Countries of the Socialist Camp," are fully based on genial Stalinist instructions, and to ensure that the actions of the economic laws of socialism in the People's Democracies are disclosed in these works.

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In his concluding remarks, Comrade Samokhvalov noted that the meeting of the Academic Council took place with great activity of the research staff of the institute — academicians, heads of sectors, senior researchers. All speeches were penetrated by a single thought: how to improve the work of the Institute of Economics so as to eliminate its lag in a short time and provide those works demanded of us by the party.

Comrade Samokhvalov admitted that the report missed the most important question on the propaganda of Comrade Stalin's new genial work. Our institute, he reported, is currently carrying out work on propagating Comrade Stalin's work, but we face the task of expanding this work much wider. We have planned to publish several brochures on the basic economic law of socialism and the basic economic law of modern capitalism, on commodity production, on the law of value, and on some other issues of political economy. Staff members of the Institute of Economics are already speaking with reports on root problems posed and solved in Comrade Stalin's work. The collective of the institute faces the task of preparing a cycle of

lectures for working people of Moscow and other cities in a short time.

Then Comrade Samokhvalov briefly dwelt on the speeches of individual comrades. He pointed out that Comrades Venzer and Kronrod, who committed serious theoretical errors, should have given a developed criticism of these errors in their speeches, and not limited themselves to acknowledging them in a general form. Comrade Kronrod's statement that he is being criticized "by the method of the dish of the day" cannot be regarded otherwise than as an attempt to evade criticism to some extent. Further, Comrade Samokhvalov criticized the speech of Comrade Uralsky. If Comrade Uralsky had in mind the mode of production, Comrade Samokhvalov said, then the question is raised here not about the "theoretical basis of the production process," but about the fact that theory generalizes practice and illuminates the path for practice. Comrade Stalin teaches that revolutionary theory is the experience of the working movement taken in its general form. This instruction gives a key to a correct understanding of the question of the connection between theory and practice.

Comrade Prikazchikova is undoubtedly right when she raises the question of the necessity of strengthening the sector of the history of economic doctrines, Comrade Samokhvalov continued. However, one cannot agree with her that the merger of the sectors of the history of economic doctrines and the history of the national economy led to a weakening of work in them. On the contrary, under conditions where both sectors had two or three researchers each and proper leadership was lacking, the merger of the sectors was appropriate. Now, some work is beginning to be established in the merged sector, whereas previously there was almost none. Nor can one agree with Professor Vasyutin's demand that a solution to the question of the subject of branch economic sciences be given in the report. This is a big and complex question that cannot be

resolved in passing, in a report. We must work further on this question.

In conclusion, Comrade Samokhvalov expressed confidence that the collective of research workers of the Institute of Economics, inspired by Comrade Stalin's new great work and the historical decisions of the 19th Congress of the Party, will honorably fulfill the tasks set before it by the party and will give our beloved Motherland works worthy of the Stalinist epoch.

The Academic Council of the Institute of Economics of the USSR Academy of Sciences adopted a resolution on Comrade Samokhvalov's report, which emphasizes that the publication of Comrade Stalin's new work, the decisions of the 19th Congress of the Party, and J. V. Stalin's historical speech at the final session of the congress are major events in the ideological and political life of our party and the Soviet people, fraternal communist and workers' parties, and all progressive humanity. These documents, the resolution states, define the program of communist construction in the USSR, arm the peoples of the world with knowledge of the ways of revolutionary restructuring of society and the richest experience of our party's struggle for communism. Comrade Stalin teaches our cadres how to move science forward, teaches them to penetrate into the depths of phenomena, into the very essence of the processes of society's development, to see in the embryo those phenomena that will determine the course of events.

Soviet economists, including economists of the Institute of Economics, have still produced few works in which criticism is deployed and anti-scientific bourgeois and petty-bourgeois economic theories are exposed. An urgent task confronting Soviet economists and all economic science as a whole is to unceasingly expose reformist and apologetic ideas of bourgeois economists, and to decisively suppress attempts to smuggle bourgeois views into Soviet economic science.

The Academic Council of the Institute of Economics resolved:

To significantly strengthen the elaboration of the problems of the political economy of socialism and the political economy of modern capitalism.

To provide in the plans of the institute for the preparation of a work highlighting the role of Comrade Stalin in creating the political economy of socialism, and the preparation and release in 1953–1954 of a number of works on issues posed and solved in Comrade Stalin's new work.

To hold theoretical conferences in sectors in 1952 and 1953 on individual problems elaborated in Comrade Stalin's work. In order to propagate the main ideas of Comrade Stalin's work "Economic Problems of Socialism in the USSR," to prepare and publish a number of popular science brochures in 1952 and in the first half of 1953, involving the most qualified scientific workers in writing them.

The Academic Council drew the special attention of all scientific staff members of the institute to the necessity of waging a decisive struggle for the purity of Marxist-Leninist theory, persistently fighting against the propaganda of all kinds of non-Marxist "viewpoints" and "conceptions."

Comrade Stalin's work obliges Soviet economists, first of all staff members of the Institute of Economics, to move economic science forward, to elaborate new problems of political economy advanced by our socialist practice, which are dictated by life itself. Only by fulfilling all tasks will Soviet economists be able to actively help our people in their struggle for building communism.

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