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F. Mikhalevsky

GOLD AS WORLD MONEY AND THE CURRENCY DICTATORSHIP OF THE USA

The devaluation of a large number of capitalist currencies carried out in the autumn of 1949 under the dictate of the USA is one of the links of the delusional plan for capturing world domination, which has seized the minds of the leaders of the American financial oligarchy and prevents them from seeing clearly and assessing reality soberly. In the sphere of monetary circulation, the US striving for world domination is expressed in their attempts to turn their currency — the dollar — into the currency of currencies, into world money. The devaluation of capitalist currencies, according to the plans of the US ringleaders, will put vassal currencies in their 'proper place', creating clear relations of dominance and subordination between them and the suzerain currency.

According to the designs of American bankers, gold, like other currencies, must derive its value from the dollar. Not 35 dollars should equal an ounce of gold, but an ounce of gold — 35 dollars! If such a price of gold is too understated, if gold industrialists complain about the drop in their profits, then let them calculate their profits not in dollars, but in their cheaper currency: devaluation has created a situation in which the profits of South African, Australian, etc., gold industrialists expressed in their currency increase without the need for the USA to raise the price of gold.

Until now, selling gold to England at a price corresponding to $35 per ounce was unprofitable due to the shakiness and 'elasticity' of the pound exchange rate. And this was one of the

reasons that forced the Union of South Africa to leave the sterling block. Now, at least as long as the pound holds more or less at the new parity, England will become no less profitable a buyer of gold than the USA. This does not mean that the USA is abandoning its policy of freeing other capitalist countries from their gold reserves. They are simply so confident in the leaky pockets of England that they are not bothered if some of the gold of capitalist countries reaches the USA via England.

In American bourgeois literature, much attention is paid to the question of the future of gold. This is not surprising given that the bulk of monetary gold belonging to the capitalist world is concentrated in the USA. There is no end to a variety of projects: from the immediate demonetization of gold to the immediate issuance of gold dollars into circulation. But the US authorities firmly stand on the viewpoint that the measure of value is the dollar, that world money is the dollar. At the same time, they recognize world circulation for gold as well, to which, by the grace of the USA, a hard, albeit understated, parity has been assigned.

In such a view of gold there is some echo of one of Keynes's diverse and successive 'conceptions', which found reflection in his 'General Theory of Employment', although he concocted this 'conception' not for the dollar, but for the needs of the sterling block.

Hardly is there any need to engage in serious polemics against assigning paper money the role of world money. In domestic circulation, behind paper substitutes for gold stands state coercion. However, 'this state coercion has force only within the boundaries of a given society, or in the sphere of domestic circulation...'[1]. On the world market, however, not only paper money, but even banknotes convertible into gold cannot count

[1] K. Marx and F. Engels, Works, vol. XVII, p. 144.

on general recognition and wide circulation, unlimited in time and space.

Such substitutes for gold whose purchasing power fluctuated little and whose exchange for gold at a certain rate, as well as the possibility of exporting and importing the gold received in exchange for them, caused no doubt whatsoever, could never achieve functioning as world money. The function of world money is inextricably linked with other functions of gold, first of all with the function of a measure of value, which paper money devoid of value cannot perform, and with the function of a hoard, for which paper money is unsuitable either physically or economically.

The fate of paper substitutes for gold devoid of intrinsic value is inextricably linked with what happens in the country that issued them. As for gold, which has intrinsic value, changes in the economic or political situation of the country where the gold was mined cannot exert any influence. Modern inflation in South Africa does not devalue sovereigns made from South African gold. At the same time, inflation in the USA has actually devalued the dollar by more than half. What would tires made of rubber be good for if its durability changed depending on the state of affairs in its homeland?

That is why, despite prolonged periods of stability in the parity and purchasing power of a number of currencies in the past, none of them could ever usurp the role of world money, freeing gold from this role[2].

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[2] The title of 'world currency' was assigned now to one, now to another currency: this title was enjoyed in its time by the pound sterling, in the early 1930s of the 20th century the franc was hailed by this title in the capitalist world, and now the dollar. The world currency was called at any given time not that currency which could replace gold, but that in exchange for which gold could be obtained more easily and surely. To identify 'world currency' with world money is no more legitimate than to identify a milk coupon with the milk itself.

How then, one may ask, can the paper dollar, which is not convertible into gold, which was devalued by 40% just 15 years ago, about whose further devaluation talk never ceases and whose purchasing power fell by half in a short time before the eyes of the whole world, count on the role of universally recognized world money? How little gold substitutes, including the paper dollar, are capable of fulfilling the role of world money could be reminded to the US ringleaders by the flight from the dollar, which took place in 1932, i.e., even when the dollar was still freely convertible into gold, and in 1937, when a rumor swept about the impending new devaluation of the dollar.

The foreign trade expansion of the USA, the forcing of American exports with every restriction of imports created a severe dollar shortage in most capitalist countries after the Second World War. This might have seemed to naive people a sufficient basis for assigning the dollar the function of world money. But the abnormally large import of American goods by an overwhelming number of capitalist countries, caused by the deepening unevenness of capitalist development, is possible only as long as the United States of America succeeds in artificially strangling the industry and agriculture of its buyers and competitors. Yet even under these conditions, the process of turning US 'clients' into their dangerous competitors on world capitalist markets is underway and broadening every day. If in words American imperialists oppose bilateral trade and favor the development of multilateral trade, in deed they fight against bilateral trade, for unilateral trade, for the forcible imposition of their goods, so that, following the example of the ancient Egyptians, other countries give the United States in lean years everything they have for a piece of bread and themselves into the bargain, and so that such lean years have no end.

1) The US monopolies will not succeed in turning the dollar into world money, for the function of world money is inseparable from gold. However, it by no means follows from this that the general crisis of capitalism has not introduced any changes into the forms of manifestation of this function.
The general crisis of capitalism caused profound changes in the character of gold's servicing of the reproduction process in the economy of the capitalist world, and this in turn changed the character of both the movement and distribution of gold and the balancing of international payment turnover of the capitalist world by gold.
In the period of the general crisis of capitalism, the metabolism in the capitalist world, capitalist international trade, degrades. The international market of the capitalist world not only narrows, but increasingly breaks up into separate segments. Multilateral trade ties are increasingly severed.
The first stage of the disruption of international trade turnover found expression in the development of the clearing system. At the modern stage of the general crisis of capitalism, things have gone even further. Clearings are giving way to more refined bilateral agreements precisely stipulating what kind of goods and for what amount will be exchanged.
The main goal of international trade measures of this type is to avoid the need to use money, to trade in such a way that goods are fully paid for by goods, so that as far as possible there are no balances that would have to be balanced by gold or currency.
The immediate, most obvious reason for this is the disruption of capitalist currencies. Country A, having received a certain amount of the currency of country B when reconciling accounts with the latter, is not only unsure that it will be able to receive an equivalent in other countries for this currency, but it is not even sure that it will receive an equivalent in country B itself. Firstly, because in a very short time the currency of B

can be devalued or simply depreciated. Secondly, because it is a big question whether the import of its own currency into country B will be permitted, and if permitted, whether the imported currency will be blocked. To avoid such surprises, bilateral trade and currency agreements are concluded, which are basically constructed with the expectation that the mutual trade balance of these countries will converge 'even-steven', in other words, that trade will be balanced without a balance. In case a balance arises, it is precisely agreed how much debtor currency, at what rate, and for what period can be accepted in payment.

The next self-evident direct cause of such a disruption of international metabolism is the shortage of gold in all, with very few exceptions, capitalist countries, the shortage of real world money for balancing international settlements.

But these very direct causes are only a consequence of such forms of manifestation of the general crisis of capitalism as the extreme aggravation of the unevenness of capitalist development, the unprecedented narrowing of international capitalist markets, the weakening and degeneration of credit ties of capitalist countries, the extreme militarization of their budgets, the launched offensive of capital against the living standard of the working people, as a result of which internal markets in capitalist countries are increasingly narrowing.

The aggravation of the unevenness of capitalist development creates large differences in labor productivity in industry among various capitalist countries. The 'International Labour Review' in its September 1948 issue writes: 'A comparison of output and employment in 32 branches of manufacturing in Britain and the USA shows that in the pre-war period — 1935–1939 — average labor productivity, measured by physical

output per worker, was almost 2.2 times higher in the USA than in the United Kingdom'[3].

This is one of the reasons for the development in the period of the general crisis of capitalism of a new form of competition, namely, currency competition, and the intensification of the old method of competition — through the merciless intensification of workers' labor and the progressive reduction of their real wages. The disintegration of the international market in the world capitalist economy into separate cells supports backwardness within the latter; here sellers of goods produced by obsolete methods meet buyers whose equivalent was produced by the same method. But the division into 'wolves and sheep' exists among backward countries as well, and bilateral trade treaties in the capitalist world are also unequal; one of the parties, the stronger one, exploits the backwardness of the other and tries in every way to intensify this backwardness.

In the manufacturing industry of the USA itself, labor productivity marked time during the last 10 years before the Second World War, and the higher level achieved during the war years has been falling all the time. Fearing the loss of its advantages over other capitalist countries in terms of labor productivity, the USA, by means of the 'Marshall Plan', hinders the raising of the technical level of industry and agriculture in other capitalist countries.

In the third chapter of the first volume of 'Capital', Marx wrote: 'World money functions as a universal medium of payment, universal purchasing power, and absolutely social materialization of wealth in general... The function of a medium of payment, a medium serving for settlements of international balances, predominates... Gold and silver serve as

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[3] The 32 industries covered by the indicated comparison account in aggregate for 4% of the value of net output in manufacturing in England and about % in the USA.

an international purchasing power essentially when the usual equilibrium of metabolism between different nations is suddenly disturbed. Finally, they function as an absolutely social materialization of wealth where it is a question not of purchase or payment, but of the transfer of wealth from one country to another...'[4].

It is clear that with such an unprecedented disturbance of the equilibrium of metabolism between countries, which is now observed in the capitalist world, the role of gold as a means of balancing international settlements is changing, increasingly approaching the role of a direct purchasing power.

In the statistical compendium 'Banking and Monetary Statistics' published by the US Federal Reserve System, an attempt was made to determine which specific factors conditioned the movement of gold to the USA from year to year. The table given in this compendium is very indicative, although it covers only the period from 1914 to 1940 and the figures are given largely on the basis of expert estimates that allow arbitrariness and bias, while discrepancies expressed in unallocated balances sometimes reach very large amounts: in 1939 — 789 million, in 1940 — 1,159 million dollars. The only stable item that gave a net inflow of gold to the USA was interest and dividends. Despite the fact that the export of long-term capital from the USA between 1931 and the beginning of the Second World War declined extremely, interest and dividends continued to provide the country with gold in the amount of 300 million dollars or more annually. As for the remaining income items, their significance for the US gold balance changed dramatically over the specified period. The inflow of gold on the basis of the balance of imports and exports of goods, which provided the USA up to 1930 inclusive with many hundreds of millions of dollars in gold per year, began to fall starting in 1931, and

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[4] K. Marx and F. Engels, Works, vol. XVII, p. 160.

dropped in 1936 to 33 million dollars. In 1938, thanks to a sharp drop in US imports and the increased military demand of other capitalist countries, the gold balance of the US trade balance leaped upward, rising above 1 billion dollars.

On the other hand, the balance of capital import and export, which sucked gold out of the USA in 1932 and 1933, began to provide a large inflow of gold into the country in 1934, embodying the capitals of other capitalist countries fleeing depreciation and fulfilling, according to Marx's definition, the function of transferring wealth from one country to another.

After the Second World War, commodity turnover again became the main source of gold inflow into the USA.

Information on the movement of gold in the USA published monthly in the Federal Reserve Bulletin shows that gold flows into the USA mainly from such countries that pay for goods with gold, which of course does not exclude the outflow of gold from these countries to the USA under other items of the balance of payments.

At the top of the list among these countries at present are South Africa, England, Argentina, and Belgium. In 1948, out of the total net import of gold into the USA equal to $1.7 billion, England accounted for $1.1 billion, South Africa — $491 million, Belgium — $135.5 million, Argentina — $103 million (in 1947 Argentina exported gold to the USA amounting to $335.5 million).

It is interesting to compare the ratio of gold exports by a number of countries to the USA with the balance of trade of these countries with the USA at present and for the five-year period 1926–1930. For 1926–1930, Argentina, with an average annual trade balance surplus in favor of the USA of $70.4 million, did not import gold into the USA, but exported $6.8 million in gold from there. South Africa, with an average annual trade balance surplus in favor of the USA equal to $42.3 million, exported to the USA on average only $29 thousand in

gold per year. Belgium, with a surplus in favor of the USA of $35.5 million, imported $838 thousand in gold into the USA per year. England, with a surplus in favor of the USA of $511.4 million, on average per year exported $15.6 million in gold to the USA.

These figures indicate that between the export of goods and the import of gold, despite the fact that by and large the significance of commodity exports for gold imports was very great, there still existed a long series of intermediate links through which the inflow of gold to the USA was not directly connected with the export of American goods.

This is explained by the fact that the apparatus of multilateral international trade was still functioning at that time and international mutual balancing of accounts was not yet paralyzed by currency ruin and was carried out through a very long series of intermediate links.

In 1948, Argentina, with a trade balance surplus of $198.8 million in favor of the USA, imported $103 million in gold into them, Belgium with a surplus of $220.8 million imported $135.5 million in gold into the USA, South Africa with a surplus of $356.9 million — $491 million, and England with a surplus of $360.8 million — $1,095.4 million in gold.

It should not be forgotten that all this is now happening under the conditions of the operation of the 'Marshall Plan', when a certain amount of American goods is exported without a direct increase in the active US trade balance. Nevertheless, in 1947 the gold inflow to the USA amounted to $1,866 million, and in 1948 — $1,700 million.

The character of the balancing of international gold payment turnover of the capitalist world has changed.

As a result of the decline of multilateral trade, complex multi-link paths of mutual settlement of payments are becoming ever shorter and simpler.

Gold increasingly acts, according to Marx's definition, as an international purchasing power.

The more the disintegration of international trade of the capitalist world deepens, the more simplified the paths of gold movement become.

'The gold and silver stream moves in a twofold direction. On the one hand, starting from its sources, it spreads over the entire world market, is absorbed to varying degrees by various spheres of national circulation, enters their internal channels of circulation, replaces worn-out gold and silver coins, provides material for luxury items, and freezes in the form of hoards. This first movement is accomplished through the direct exchange of national labor realized in commodities for the labor realized in precious metals of the countries producing gold and silver,ing. But, on the other hand, gold and silver constantly move back and forth between the spheres of circulation of various nations, following in this movement the continuous fluctuations of the exchange rate'[5].

This instruction by Marx, extremely important for the analysis of the movement of gold, retains its significance at the present time as well. It is only necessary to take into account that these lines were written by Marx even before the British possessions became the main suppliers of gold for the capitalist world. True, already during the period when Marx was working on 'Capital', Australia occupied an important place among world gold suppliers. However, the gold of Russia and the USA was of predominant importance. Leaving the places of extraction, gold indeed directly spread throughout the world. Since the discovery of large deposits of gold ore in South Africa and significant gold deposits in Canada, the picture of the movement of gold from its sources has changed significantly.

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[5] K. Marx and F. Engels, Works, vol. XVII, pp. 161–162.

In London, owing to the fact that the gold equivalent of the pound sterling was more stable than the gold equivalent of other currencies, including the dollar, a gold market had existed for a long time. Gold markets existed in other places as well; strictly speaking, a gold market existed everywhere the issuing bank 'bought' and 'sold' gold at a fixed 'price'. However, the London gold market played unquestionably the leading role.

London's dominance over India, which presented a constant demand for precious metals for thesaurization, was also of great importance.

The purchase and sale of precious metals in London was not an accidental matter, but one of the main branches of activity of certain large banking firms. A certain concentration of gold trade was dictated already by the very fact that due to the very small difference between the buying and selling 'price' of gold in issuing banks, gold trade could interest large dealers only with large turnovers. True, the quotation of gold on the small London gold 'exchange' (only six firms participated in it) was formed on the basis of the ratio of supply and demand, rather than on the basis of official parity. There were cases when the Bank of England itself departed from its strict norms and bought gold at a certain small premium. However, for very understandable reasons, the 'price' of gold could not deviate significantly from parity, for with significant deviations the seller or buyer always had the bank counter at their disposal, which was bypassed exclusively due to certain inconveniences and delays associated with it.

The object of trade on the London gold market was not only bullion, but also gold coin, which is valued higher than bullion only when, as is the case at present, thesaurization demand for gold intensifies. In ordinary times, foreign gold coin is purchased by weight minus the costs necessary to turn it into bullion of standard fineness and weight, unless there is an

intention to use the coin for payments to the country whose uniform it wears, which requires significant expenses to pay for transport and insurance.

The London gold market acquired exceptionally great importance since the time when, with the discovery of gold in Canada and South Africa, the gold mining of British possessions took the leading place. A large proportion of newly mined gold began to be directed straight from the place of extraction to London both by virtue of the trade and financial ties of the metropolis with its possessions, and, mainly, by virtue of special 'agreements', at the heart of which invariably lay the dictate of English colonizers.

However, the movement of mined gold indicated by Marx retained its main character. Through London or apart from London, newly mined gold spread throughout the world. During the First World War, British possessions were obliged to supply gold at the disposal of the English government. Moreover, throughout all the years of the war, gold was paid for by England in depreciated paper pounds at pre-war rates. After the departure of the pound sterling from gold in 1931, the quotation of gold in London turned into a very serious matter. The Bank of England began to take the most active part in buying up gold, for which this activity became the main means of protecting the pound exchange rate from rising and thereby preserving the competitiveness of English goods on the world market. For gold transactions, the Bank of England allocated a special 'equalization' fund in 1932, which energetically bought up gold.

The spreading of newly mined gold throughout the world encountered obstacles from the financial authorities of England, who sought to dam the gold stream flowing through London. They needed large gold reserves as a military reserve, as a means to restore at least partially the significance of the payment center of the capitalist world lost by London, and,

finally, in order to slow down as much as possible the growth of the US gold fist, this main antagonist of England.
But even before the Second World War, London's ability to attract gold was much stronger than its ability to retain gold. England's gold reserves began to melt rapidly as soon as it smelled of gunpowder again.
The Second World War again temporarily strengthened the significance of London, or rather, the Canadian and other cash desks where England concentrated gold, as a place of concentration of the latter. The countries of the sterling block formed a gold pool, which was managed by England.
But this was already the concluding song of the English gold saga. Over the years of the war, the USA stripped England as bare as a willow, while the latter in turn 'conscientiously cleaned out' the pockets of the members of its 'commonwealth'. The countries of the 'commonwealth' became convinced that carrying their gold to England was just as prudent for them as it was prudent in a well-known fable for animals to pay respects in the cave to the aging lion. The long-standing ties of the South African mines with London are increasingly weakening. The gold mined in South Africa is no longer concentrated in England, but neither does it spread, as of old, across the entire world market, but flows in one direction, into the capacious, double-armored basements of Fort Knox in the USA.
Such are the changes introduced by the modern stage of the general crisis of capitalism into the character of the movement of newly mined gold in the capitalist world.
Even more important changes occurred in the movement of gold between the spheres of circulation of various nations. If previously gold circulated freely between countries, leaving today to return tomorrow and leave again the day after tomorrow, etc., now capitalist countries, parting with this or that amount of gold, as a rule, perceive the irreversibility of

this fact. With minor exceptions, the gold of the capitalist world does not return from the USA.

After the Second World War, the movement of so-called 'hot money' from country to country is losing its significance. In the 1930s, it was caused by currency chaos. Now it stops not as a result of the easing of the disruption of monetary systems of the capitalist world, but, on the contrary, as a result of its extreme intensification. There was nowhere left to run. Universal expectation of dollar devaluation and the weakening of secrecy of private foreign assets in the USA put an end to the mass movement of 'hot money' to the USA. The connection of the movement of gold in the capitalist world with the movement of goods has intensified again, but this return to the old occurred not on an elevated, but on a sharply lowered basis. In our day, one can no longer speak of the circulation of gold in the exact sense of the word, in the sense of multidirectional movement. The golden shuttle flickers ever less frequently in the fabric of international trade relations. The gold of the capitalist world does not circulate so much as it goes to its 'resting place' in the USA.

However, the aggravation of the general crisis of capitalism led not only to the centralization of the gold of the capitalist world in the USA, but also to the decentralization of gold movement through the increasing stimulation of private thesaurization. Caused by the same reason, both centralization and decentralization have the same consequence: both of them, signifying the intensification of the decay of capitalism, divert more and more gold from servicing the reproduction process in the capitalist world and thereby increasingly complicate this process already disrupted by the general crisis of capitalism. Sharp changes in the forms of manifestation of the function of gold as world money are one of the numerous symptoms of the impending collapse of the capitalist economic system. But these changes have not only symptomatic significance. Being a

direct consequence of the breakdown of trade and credit ties of the capitalist world, they exacerbate this breakdown. However, the healers trying to save thoroughly rotten capitalism hope to prolong its age not by restoring broad international trade ties, but through an aggressive policy towards the USSR and the countries of people's democracy and the destruction of the sovereignty of individual capitalist countries, through self-seeking, predatory, uncontradicting dictate, not by a genuine resumption of international circulation of gold, but through stage-prop machinations. These machinations are calculated so that naive people think as if the USA is abandoning its old policy of persistently withdrawing gold from international circulation and as if it really wants to restore free multilateral international trade.

For the time being, it is still difficult to determine what concretely the new element introduced by the devaluation of capitalist currencies into the 'gold' policy of the USA will result in. But one thing is clear: devaluation, without changing the 'strategy' of the USA in their desire to replace gold as world money with the dollar, signifies a certain change in the tactics of American imperialists. As noted above, devaluation gives England the opportunity to significantly raise the price of gold in pounds and shillings, which facilitates its purchase of gold. But England will not have large funds for this purpose, and it will not be able to use gold with great advantage in its trade with the USA either, since the USA will for now accept gold at the old rate. True, England, which for a long time, albeit without much publicity, has sought the right to raise the 'price' of gold, will try to extract some benefit from the improved conditions on the London gold market.

It is reported that Italy has received the right to buy a certain amount of gold in the USA to increase its gold reserve. It is not excluded that the USA will give similar handouts to some other marshalled countries. But this by no means means that the

USA really intends to abandon its monopoly on the appropriation of the gold reserves of the capitalist world. This is a maneuver pursuing the goal of creating the appearance of a return of 'good old times', the appearance that the devaluation carried out by command from Washington has led to the stabilization of capitalist currencies. And the appearance of stabilization is needed by the US ruling circles not only to justify their offensive against bilateral trade, which is essentially an offensive against the last remnants of the independence of marshalled countries. The appearance of stabilization is needed by the US financial oligarchy in order to attract other strata of the bourgeoisie to participate in the export of capital, who until now have refrained from non-guaranteed foreign investments.

The 'Marshall Plan' is carried out at the expense of the US Treasury, i.e., ultimately at the expense of the working taxpayers. The export of new private capitals from the USA is hindered both by currency chaos and, mainly, by the growth of the labor and general democratic movement in capitalist countries. The North Atlantic Pact, directed with its spearhead against the USSR and the countries of people's democracy and intended, in the minds of its creators, to serve as a bulwark against the growing indignation of the popular masses and the further strengthening of the influence of communists on working people in capitalist countries, just like the appearance of ordering the monetary circulation of marshalled countries, must create a picture of returned well-being and order and remove serious doubts of capitalist circles regarding whether it will ever be possible to achieve the convertibility of marshalled currencies into dollars and whether American monopolies will be able to export their profits from marshalled countries in hard currency. And export of capital is export of goods, while export of goods is the hope of escaping the mounting crisis. Furthermore, devaluation has so increased the external

purchasing power of the dollar that American capitalists can cheaply appropriate industrial and transport enterprises, energy resources, and even entire branches of industry in marshalled countries. And this plus the Atlantic Pact already means, according to the calculations of the US financial oligarchy, the final breaking of the barriers protecting capitalist Europe from being completely squeezed into a fist by the United States.

A new tactic on the basis of the old strategy is also signified by the maneuver undertaken by the USA regarding the 'price' of gold. The parity of the dollar cannot change, they repeat overseas, for the reason that the dollar, as a measure of value, as world money, should not have a parity. Not the dollar, they say, has a parity in gold, but gold has a parity in dollars. But if the 'price' of gold resulting from its dollar parity does not suit gold industrialists, then let them, as already said above, calculate their profits not in US dollars, but in Canadian dollars, pounds, rupees, etc. For the USA it is not terrible if a certain amount of gold spends some time in one central bank or treasury or another. Such gold will either leave sooner or later, and sooner rather than later, for the USA, or will lie under US armor.

Such, apparently, are the new nuances that devaluation introduces into the old 'gold' policy of the USA.

As is known, far from all priests themselves believe in the holiness of those idols whose faith they try to instill in the world. The US leaders are far from confident in the stability of their newly minted 'world money'; they well remember the high price the USA paid in March 1933 for its delay in devaluing the dollar. It is possible that they foresee the necessity of devaluing the dollar as well in the interests of saving the competitiveness of their goods and that, having used the devaluation of currencies carried out by marshalled countries in order to cheaply buy up everything possible in these countries, they intend then to choose with the greatest convenience the

time and rate for devaluing the dollar. But the question of whether the US leaders themselves believe in the strength of the dollar or not is a purely subjective question. Objectively, the matter stands such that none of the goals that US leaders pursue by striving for exclusivity and 'supracyclical' invulnerability for their currency can be realized. Not only the delusional ideas of US world domination, one of the forms of which is the world domination of the dollar, are unrealizable. The immediate goals that US leaders set for themselves by forcing capitalist countries to tie their currencies to certain fractions of the dollar are also unrealizable. The 'devaluation plan' will no more help American monopolies escape the mounting crisis than the 'Marshall Plan' and the militarization of the US economy help them. To begin with, private capital does not show special enthusiasm even now and does not intend to head to marshalled countries in a wide stream. Neither the North Atlantic Pact, against which the working people of the whole world are energetically fighting, nor the nth devaluation carried out under duress will seem to American capitalists sufficient 'guarantee'[6]. As a rule, they will demand guarantees not from Western European governments, but from their government or, which is the same thing, guarantees from the US Export-Import Bank. The new plan will essentially be carried out at the expense of the state budget, i.e., at the expense of intensifying the exploitation of US working people, like the old plan, and, like the latter, will be curtailed in every possible way along the way.

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[6] One of the main leaders of the US financial oligarchy, Chase Bank Chairman Aldrich, admitted in the Senate Banking Committee that 'the current climate is not favorable for the export of capital abroad' (see 'Commercial and Financial Chronicle', 11/VIII 1949, p. 15). It is more than doubtful that anyone seriously believes that devaluations by command from outside can much improve the 'climate'.

The new currency parities turn out to be even less stable than all previous ones. Currency stability is currently ensured only in the USSR and the countries of people's democracy. In capitalist countries, there are no necessary prerequisites for currency stability. You can force a capitalist country to declare its currency equal to so many cents. But you cannot force it to keep the actual exchange rate of the currency at the declared level if it has an acute deficit in the trade balance and budget and if the 'aid' it receives goes entirely for the arms race. A vivid proof of this is the failure of the free exchange of the pound for dollars, declared by England in 1947 at the demand of the USA and lasting only six weeks, despite the billion-dollar dollar loans received by England from the USA and Canada.

By making the currencies of other capitalist countries cheaper and maintaining the expensiveness of its own currency, the USA has subjected the competitiveness of its goods to a severe test. No matter how much the USA hindered the restoration and development of industry and agriculture in Western European countries, the competition of England and other marshalled countries is becoming increasingly noticeable for US trade not only within the sterling block, but outside it and even in America itself. Now, thanks to the cheapening of currencies, the trade of the capitalist world external to the USA has received a definite trump card. When the economic crisis unfolds and engulfs the entire capitalist world, this advantage can be further enhanced by the fact that capitalist countries, except the USA, will go, this time on their own initiative and individually, to a further depreciation of their currencies. It is permissible to doubt whether the USA will then be able to balance the economic advantages of its competitors with political measures. It is permissible to doubt whether in the height of the crisis, in the height of the general scrum, the general fight with claws and teeth for markets, they will be able

to keep that deck which they tied to their legs in the form of the exceptional expensiveness of the dollar. It is more correct to think that the crisis will push the dollar where the dollar pushed other currencies. From the 'exclusivity' of the dollar, from its role as the 'measure of all values', from its claims to the role of world money, only a memory will then remain.

As for the struggle against bilateral trade undertaken by the United States, it is hardly likely that they will succeed in eradicating it at a time when it is caused by the ever-deepening disruption of capitalist production and circulation conditioned by the aggravating general crisis of capitalism. Nor will the goal be achieved that American monopolies set for themselves regarding accelerating the disintegration of the sterling block, which prevents the United States from expelling England from the markets of the sterling zone.

Of course, the circumstance that the depreciation of the pound 'legalizes' England's robbery of its creditors — the countries of the sterling block — to a certain extent strengthens even more the centrifugal forces within the latter and generally weakens the prestige of England. Nevertheless, devaluation as a whole will not accelerate at all the process of decomposition of the sterling block that began long ago, since due to the simultaneity and certain coordination of devaluations in all countries of the sterling block, conditions for export and import within the sterling zone have changed relatively little. As for South Africa, the rise in the 'price' of gold in shillings can somewhat strengthen its weakened tie with England.

However, all this does not diminish the force of the blow inflicted by devaluation on the working people of capitalist countries. Its consequence is an even greater drop in real

wages, an even greater increase in labor intensity, a further growth of unemployment[7].

It would be incorrect to think that the blow inflicted on the working people of capitalist countries by devaluation is only an indirect consequence of the new step undertaken by US leaders aimed at realizing their delusional idea of world domination. This blow directly enters into the calculations of the ruling circles of the USA, who insisted on devaluation, and the ruling circles of marshalled countries, who accepted the US dictate. The financial oligarchy of capitalist countries sees only one 'way out' of all the difficulties of the aggravated crisis of the capitalist system — the complete enslavement of the working class and all working people, the general reduction of that part of the product created by working people that goes to them, and accordingly an ever greater growth of monopoly profits. Systematically reducing the solvent demand of working people for consumer goods, monopoly capital tries in every way to expand demand for means of destruction.

Guided by Hitler's slogan 'guns instead of butter', the US financial oligarchy tries to make up for the drop in the solvent demand of working people for means of subsistence with the demand for guns. American monopolists imagine that by fanning war hysteria and causing the fire of a new war, they will achieve world domination and at the same time free the globe from the 'surplus of hungry mouths' burdening it.

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[7] English financier Einzig stated regarding the deadlock into which England fell due to the treacherous policy of the Labourites: 'English workers must understand that the only way out is either in increasing labor productivity or in cutting wages.' ('Commercial and Financial Chronicle', 21/VII 1949, p. 4). The arms-bearer of English monopolies was silent about such a way out as reducing the profits of his masters. He also remained silent about the fact that it is not a question of an alternative and that the bourgeoisie will apply both super-intensification of labor, and cutting real wages, and an even stronger reduction in budget expenditures for social needs.

Meanwhile, monopolies need every gun to bring them as much profit as possible, for which it is necessary to give the worker who manufactured it as little bread as possible. The most perfect instrument in the hands of the bourgeoisie, with the help of which it reduces the portion of bread getting to the worker, is the depreciation of money through inflation and devaluations.

The indignation of workers and all working people in capitalist countries caused by the new US currency adventure testifies to the fact that this adventure has been duly appreciated by them. There is no doubt that a new intensification of the offensive of the imperialist bourgeoisie against the vital interests of the working class will provoke an appropriate rebuff and intensify the struggle of the proletariat of capitalist countries for its vital rights and interests.

US currency policy is essentially a repetition of Hitler's currency methods, who also wanted to turn his currency, the mark, into world money, who also tried to both 'dethrone' gold and accumulate it in the largest possible quantity, for whom one of the means of exploiting the peoples of the countries enslaved by him was also the depreciation of their currencies. The fate of the first edition of Hitler's 'plans' will be the lot of these same plans in the new, but by no means corrected, Truman edition.

Questions of Economics, No.1 , 1950.

FALSE THEORY OF KEYNES

J. M. KEYNES, The General Theory of Employment, Interest, and Money. Translated from English. State Publishing House of Foreign Literature, 1948, 398 pp.

The period of the general crisis of capitalism could not fail to be reflected in vulgar bourgeois political economy. Nowadays, the reactionary bourgeoisie issues a social mandate to its hired scholarly clerks, consisting in the fact that bourgeois economists must, in addition to their usual embellishment of capitalist orders, concoct various kinds of measures for the "cure" and "improvement" of capitalism. Under the guise of a "struggle" against unemployment, crises, and other inevitable companions of capitalism, the apologists of the imperialist bourgeoisie in reality strive to strengthen in every possible way the shaken foundations of modern capitalism, to intensify the domination of a handful of monopolists over the people, and to increase the profits of the financial oligarchy through a further offensive on the living standard of working people. The inner meaning of the writings of modern vulgar economists is the struggle against the revolutionization of the popular masses, the struggle against the forces of socialism and democracy throughout the world.

This line of modern bourgeois political economy manifested itself most clearly in the activity of the English bourgeois economist Keynes, the author of the reviewed book.

An exhaustive and at the same time devastating characterization of Keynes's political physiognomy was given by V. I. Lenin in his report on the international situation on July 19, 1920. Touching upon Keynes's criticism of the Treaty of Versailles, Lenin pointed out that "the conclusions are drawn by a self-confessed bourgeois, a merciless opponent of

bolshevism, whom he pictures to himself, like an English petty bourgeois, in a monstrous, fierce, bestial form”[8].

All of Keynes's activity serves as the vividest confirmation of the correctness of this Leninist assessment; it was also visibly reflected in the reviewed book, first published in 1936. This book evoked lively responses and became a sort of gospel for shameless apologists of imperialism, propagating the delirious idea of “regulated” capitalism.

Keynes's “work,” consisting of deceitful and purposely confused arguments charlatanically passed off as the so-called “general theory,” is based on old, long-known vulgar-idealistic economic views.

Complete disregard for the economic and political essence of imperialism, the exchange concept, the assertion of the primacy of psychological factors over economic ones, the conscious distortion of the role of the bourgeois state—all these simple and hackneyed methods of apologetics for capitalism are widely used by Keynes.

The greatest attention in the reviewed book is paid to the problem of so-called “full employment,” i.e., the problem of unemployment. At the same time, the author quite definitely explains his interest in the question of increasing employment by the fear of revolutionary consequences that may be caused by excessively large unemployment. Comparing the state of affairs in the 19th century and in modern conditions, Keynes writes: “The average level of employment was (meaning the 19th century. — V. V.), of course, significantly lower than full employment, but not intolerably low so as to prompt revolutionary changes”[9].

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[8] *V. I. Lenin, Works, vol. XXV, p. 334.*

[9] *J. M. Keynes, The General Theory of Employment, Interest, and Money. State Publishing House of Foreign Literature, 1948, p. 301. Hereafter, pages of the reviewed book are indicated in the text.*

Trying to “explain,” or rather to confuse, the question of the causes of unemployment, Keynes puts forward the thesis that it is generated allegedly by a lack of demand for articles of personal consumption, on the one hand, and for articles of productive consumption—capital investments—on the other. As for the lack of demand for personal consumption items, Keynes attributes it to his invented “fundamental psychological law”.

“The fundamental psychological law,” Keynes writes, “upon which we are entitled to depend with great confidence a priori from our knowledge of human nature and from the detailed experience of facts, is that men are disposed, as a rule and on the average, to increase their consumption as their income increases, but not by as much as the increase in their income” (p. 90).

The absurdity and apologetic essence of this “law” are obvious, since it is derived not from capitalist relations of production, but from human “nature”.

If regarding the bourgeoisie the formulation of the question of using increasing incomes is legitimate, it is completely clear that for workers and all other categories of working people in capitalist society there is no problem of what needs to spend incomes on, for the latter do not increase, but on the contrary decrease, and furthermore are insufficient even to satisfy the most pressing needs.

Just as swindlingly does Keynes “explain” the cause of the lack of demand for articles of productive consumption or capital investments. The purposely complicated, tangled arguments of the author ultimately boil down to the assertion that the lack of demand for capital investments is caused by a discrepancy in the dynamics of changes in the rate of profit and the level of the loan interest rate. According to Keynes, the demand for capital investments falls to the same extent as the difference between the rate of profit and the level of the loan interest rate

decreases, and this demand ceases entirely as soon as the rate of profit reaches the level of the loan interest rate or falls below it.

To maximally veil these nonsensical arguments, Keynes substitutes for the rate of profit the artificial concept of the so-called “marginal efficiency of capital” and gives a false interpretation of the category of loan interest.

In all his pseudoscientific constructs, Keynes bypasses in every possible way the law of the tendency of the average rate of profit to fall, which is the inevitable result of the growth of the organic composition of capital. Having substituted for the rate of profit the so-called “marginal efficiency of capital,” Keynes asserts that the latter depends on... people's perceptions. Following the method of the “theory” of marginal utility beloved by vulgar economists, Keynes sees the cause of the inevitable decrease in the “marginal efficiency of capital” as capitalism develops in the increase of wealth as such.

Thus, upon inspection, it turns out that his “new” theories are merely a product of the long-known and exposed by Marxism-Leninism platitudes of vulgar bourgeois political economy, akin to the musings of the so-called Austrian school.

An important place in Keynes's system is occupied by the category of loan interest. At the basis of his “general theory” of money and interest lies the assertion that loan interest is generated by the property of money as such, outside of connection with their functioning as capital. Consequently, Keynes presents the origin and essence of loan interest in a completely false light. The latter is artificially torn by him from the movement of loan capital and presented as the result of some supernatural process of self-expansion of money.

Such arguments, falsely passed off as the “general theory” of money and interest, are needed by Keynes to “substitute” for the “conclusion” that under conditions of “unregulated capitalism” the rate of interest, being a “purely monetary

phenomenon" (p. 343) and being dependent on "constant psychological factors" (ibid.), has a tendency to constancy. Keynes carefully conceals the decay and parasitism of modern capitalism, which lead to a decrease in the demand for capital, for otherwise the thoroughly false scheme that lies at the basis of his "explanation" of the causes of the lack of demand for capital investments and accordingly the growth of unemployment would collapse.

By psychological causes Keynes also "explains" crises. He assures that crises arise due to... sharp changes in entrepreneurs' expectations regarding future returns from capital investments. "A boom," we read in Keynes, "is a state of affairs in which excessive optimism takes charge of a rate of interest which, measured in terms of more sober estimates, is too high" (p. 312). The moment of the onset of a crisis is "explained" by him as the replacement among entrepreneurs of the mood of excessive optimism by the opposite mood—excessive pessimism.

To what pillars of Hercules of absurdity Keynes goes can be seen from the following assertion of the author of the "general theory": "In estimating the prospects of investment, we must therefore take account of the nerves and hysteria and even of the digestions and reactions to the weather of those upon whose spontaneous activity it largely depends" (p. 154).

Hardly can one find a better illustration of the marasmus of modern vulgar political economy than these words of Keynes.

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In the reviewed book, written shortly after the catastrophic shock to the capitalist economy by the world economic crisis of 1929–1933, Keynes was forced to recognize the insolvency of one of the most important principles of bourgeois political economy—the principle of laissez faire.

Under the blows of real reality, Keynes had to agree that the colossal unemployment and acute economic crises inherent in the period of the general crisis of capitalism are not accidental. But having strained through his teeth an admission of the inevitability of unemployment and economic crises for so-called "unregulated capitalism" and having given a false explanation of the causes of their origin, Keynes simultaneously put forward the assertion that both unemployment and economic crises can be eliminated through the transition to so-called "regulated capitalism".

With this false dogma, Keynes tries to replace the old, bankrupt dogma—laissez faire.

Having put forward his main thesis, picked up by a host of bourgeois economists and politicians, from fascists to labor leaders, Keynes proposes a whole aggregate of measures aimed at the so-called "cure" of capitalism through the activation of the bourgeois state, the intensification of its intervention in economic life. Thus, Keynes acts as a convinced apologist for state-monopoly capitalism.

To correctly assess the meaning of Keynes's program, which is a screen for the offensive of financial capital bosses against the living standard of working people, one must always keep in mind the following fundamental instruction of Lenin on the class content of state capitalism: "In a capitalist state, state capitalism means that it is recognized by the state and controlled by it in the interests of the bourgeoisie and against the proletariat"[10].

It is also necessary to take into account that the intervention of the bourgeois state in the economy can be carried out only on the basis of the laws of economic development inherently intrinsic to capitalism. For, as Comrade Stalin pointed out, under conditions of capitalism it is not the economy that is in

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[10] *V. I. Lenin, Works, vol. XXVI, p. 460.*

the hands of the state, but, on the contrary, the state in the hands of the capitalist economy, which, being based on private ownership of the means of production and the exploitation of man by man, cannot develop otherwise than according to elemental laws. Therefore, the intervention of the bourgeois state is not only incapable of mitigating capitalist contradictions, as Keynes asserts, but on the contrary, only sharpens them. With special force this manifests itself in the era of the general crisis of capitalism.

Speaking of the necessity to "improve" capitalism, Keynes at the same time does not forget to praise the non-existent "advantages" of the capitalist system, and at the same time to cast the crudest slander on the socialist order. Thus, choking with delight, he paints the domination of the proverbial principle of individualism accompanying "private initiative and responsibility," which, according to him, provides the capitalist system with the greatest "efficiency," "the best guarantee of personal freedom," and "the best guarantee of the variety of life" (pp. 366–367). Keynes as an ardent defender of imperialism is not at all embarrassed that all these assertions are in crying contradiction with reality. Here the unbridledness of the apologist for the financial oligarchy crosses all boundaries.

The possibility under conditions of capitalism to "eliminate" unemployment and economic crises Keynes "substantiates" with chatter about the bourgeois state allegedly being able to regulate the demand for goods of both personal and productive consumption.

The measures proposed by Keynes to "eliminate" unemployment and economic crises are divided into two groups: measures providing for state regulation of the demand for capital investments, and measures for state regulation of the demand for personal consumption goods.

At the center of Keynes's attention is the first group of measures. And this is completely understandable, for the simplest, it would seem, way to increase general demand by raising the living standard of the broad popular masses is, of course, not to the liking of this servant of monopolies.

State regulation of the level of loan interest is one of the means by which Keynes proposes to increase the volume of capital investments. The possibility of this Keynes "substantiates" on the false dependence invented by him of the volume of capital investments on the ratio of the so-called "marginal efficiency of capital," on the one hand, and the loan interest rate, on the other.

Considering that the size of loan interest is determined by two factors—the so-called "psychological attitude to liquidity" (by this is meant the preference of people to keep the wealth belonging to them in the form of cash money) and the total amount of cash money, Keynes assures simpletons that the state is in a position to regulate the level of the loan interest rate with the help of regulating the total amount of money issued into circulation. This assertion is completely untenable, since Keynes cleanly tears the movement of interest from the causes actually determining the demand and supply of loan capital, which spontaneously establish the level of interest and are rooted in the process of capitalist reproduction.

It should be specially emphasized that in reality the policy of "regulating" loan interest proposed by Keynes through state "regulation" of the monetary-credit sphere pursues the goal of the widespread use by the ruling classes of inflationist methods of intensifying the exploitation of working people. He states with incredible cynicism: "In actual life, employers' attempts to lower money wages through revising agreements with workers will provoke much stronger resistance than the gradual and automatic reduction of real wages as a result of price growth" (pp. 255–256).

The reduction of wages associated with inflation Keynes tries to camouflage with the help of the completely false principle of the so-called “diminishing productivity of labor,” which is merely a variety of the proverbial principle of “diminishing fertility of the soil,” a annihilating critique of which was given by the classics of Marxism-Leninism.

Especially absurd looks the principle of “diminishing productivity of labor” under conditions of the general crisis of capitalism, when a huge mass of equipment turns out to be unused. In the period of the general crisis of capitalism, Keynes's assertion that an increase in employment will lead to a lack of equipment represents sheer nonsense. But this fabrication is needed by him for the apologetic conclusion that the only means of increasing employment is the reduction of real wages.

In this matter he recuts to his liking the bourgeois “theory” of the wage fund exposed already by Marx.

Keynes “theoretically” admits the possibility of raising real wages in application to the conditions of the so-called long period. But this is nothing other than demagogy, for the fuzziness and uncertainty of the demarcation of the artificial concepts of the “short” and “long” period allow any given moment in time to be attributed to the “short” period, for which, according to Keynes, a reduction in wages is lawful. That this is so is proved by Keynes's following cynical “argumentation”: “When involuntary unemployment exists, the marginal disutility of labor is necessarily less than the utility of the marginal product. It may be much less. For a man who has been unemployed for a long time, some expenditure of labor will not only not be burdensome, but may directly bring him satisfaction” (p. 123).

Thus, Keynes openly asserts that the presence of unemployment is a quite legitimate basis for capitalists to

further intensify the exploitation of workers by lowering wages.

Under the blows of real capitalist reality, which exposes the entire falsity of the opinion that by manipulating the monetary-credit sphere one can regulate the economic conjuncture, fight crises and unemployment, Keynes in the reviewed book was forced to express doubt in the effectiveness of applying only a single monetary policy for the needs of "curing" capitalism. Thus, from the thesis widely advertised by Keynes about the possibility of the bourgeois state implementing through appropriate monetary policy the regulation of the rate of interest, and consequently of the demand for capital investments, there remains only the fact that the implementation of the policy proposed by the author is an effective means of inflationist methods of lowering the living standard of working people.

It should be emphasized that Keynes purposely formulates vaguely and indefinitely measures aimed at the implementation by the state of direct "regulation" of capital investments. He babbles about the bourgeois state having to assume responsibility for the direct organization of investments, that it is necessary to seek compromise in cooperation between the state and private initiative, etc.

In reality, all these measures proposed by Keynes express nothing other than a program for strengthening the development of state-monopoly capitalism, a program calculated on the ever-wider use of the apparatus of the bourgeois state to consolidate the crumbling foundations of the capitalist system, to strengthen the positions of the magnates of monopoly capital, to ensure the super-profits of the financial oligarchy. Exactly this innermost goal is covered by Keynes's smoke screen about the potentially required implementation of "sufficiently broad socialization" as the sole means of "approaching full employment." This thesis is a demagogic

speculation on the popularity of the idea of socialism among the broad popular masses of the entire world, for Keynes himself understands by "socialization" merely the process of development of state-monopoly capitalism.

Keynes openly advocates the unlimited expansion of the functions of the imperialist state as "the only practically possible means of avoiding the complete destruction of existing economic forms (read: capitalism. — V. V.) and as a condition for the successful functioning of individual initiative" (read: a condition for monopolists to squeeze out as high profits as possible. — V. V.) (p. 367). As a vivid example of demagogy can be cited the theory of the "euthanasia of the rentier" concocted by Keynes. According to Keynes's assertion, the "euthanasia of the rentier" will lead to the elimination of the "repulsive" sides of capitalism. To achieve this goal, the state, he believes, must regulate capital investments in such a direction as to create in the future an abundance of capital at which the income from possessing it would drop to zero. Keynes assures that this would mean the elimination of loan interest, and consequently of the rentier class, which is allegedly the sole class living on unearned incomes.

If one recalls the Proudhonist ravings about "gratuitous credit," reflecting, in Marx's words, "the well-wishes of the petty-bourgeois point of view"[11], and, on the other hand, the demagogic fascist slogan about the elimination of "interest slavery," it becomes obvious that Keynesian "euthanasia of the rentier" is not only a nonsensical, but also a completely unoriginal theory. However, all the other fabrications of Keynes passed off by him as a new "general theory" bear the same character.

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[11] *K. Marx, Capital, vol. III, 1938, p. 537.*

The measures proposed by Keynes for the “elimination” of unemployment and crises through state “regulation” of demand directly for personal consumption goods bear, once again, a non-concrete, extremely vague character. If one excludes the author's call for the all-out increase of parasitic consumption of the ruling classes, these measures boil down to demagogic general wishes about the redistribution of incomes through the tax system, about regulating the loan interest rate, etc.

Not admitting even the thought of raising the living standard of the working masses, for the orthodox bourgeois is interested only in the constant reduction of this level, Keynes rants that the sole source of increasing demand for personal consumption goods is the forcing of all kinds of unproductive consumption, such as, for example, the parasitic consumption of the ruling classes, the increase of expenditures on armaments, the maintenance of a bloated police-bureaucratic state apparatus, etc.

Glorifying Malthus and other zealous defenders of the thesis on the “social usefulness” of increasing all kinds of unproductive, parasitic consumption, Keynes cynically states that “earthquakes, even wars may serve to increase wealth” (p. 124).

If one recalls the years of the first and second world wars, during which, at the cost of unheard-of sacrifices and privations of the working people, the largest monopolies of the USA, England, and other capitalist countries received fabulous profits, it becomes completely obvious whose wealth Keynes is worried about.

Direct apologetics for wars, the economic “cause” of which Keynes sees in the presence of... unemployment, sounds in his following statement: “If we except the period of war (meaning the first world war. — V. V.), we have scarcely had recent booms strong enough to lead to full employment” (pp. 312–313).

Thus, in Keynes's “general theory” a “proper” place is also assigned to the ideological justification of imperialist war and expansion. As is known, various kinds of delirious expansionist ideas are currently being especially warmly embraced by American imperialists—these new contenders for world domination, whom the fate of Hitler's Germany has taught nothing. Therefore, Keynes finds numerous zealous admirers in the USA.

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Keynes is a militant apologist for monopoly capital in general, British in particular. This explains the fact that his ideas received the greatest dissemination in modern England.

Keynes's program for “improving” capitalism, representing a masked offensive against the living standard of the working masses, proved to be a quite convenient “theoretical” base for the pseudo-socialist theory and practice of the Labourites.

The “nationalization” of individual branches of industry carried out by the Labour government can serve as a good illustration of the actual content of Keynes's thesis on the desirability for the state to assume “ever-greater responsibility for the direct organization of investments.” It is known that this sort of activity of the Labour government is very profitable for monopolists, for it contributes to the increase of their profits through a further offensive on the living standard of the working masses. On the other hand, this activity masks the deepening of the process of development of state-monopoly capitalism with the noise of bombastic phrases about supposedly implemented “socialization”.

Keynes's idea that the most flexible form of intensifying the exploitation of working people is the automatic reduction of real wages through the wide application of inflationist methods is zealously implemented by the Labour government, which has proclaimed a policy of “freezing” nominal wages while

simultaneously systematically raising prices for prime necessities.

Repeating Keynes's demagogic chatter about the desirability of some mitigation of property inequality through the implementation of appropriate tax policy, the Labour government in reality implements such a tax policy as a result of which the specific weight of indirect taxation falling with its main gravity on the shoulders of working people is sharply increased.

The Labour bosses of England very widely use also Keynes's method of masking their lackey role before monopoly capital with deceitful phrases about the defense of democracy, personal freedom, etc. In reality, however, their “democracy” and “personal freedom” boil down to the strangulation of elementary democratic freedoms, the persecution of everything truly democratic and progressive, the hounding of the Communist Party, support for the fascist thugs of Mosley, and unbridled slander against the Soviet Union and the countries of people's democracy.

To gloss over the true content of his program, Keynes resorted to socialist phraseology. Labour figures of the type of Attlee, Morrison, Bevin significantly surpassed Keynes in this respect. Their measures, aimed in reality at strengthening shaken British imperialism, they carry out under the swindling sign of the struggle for building so-called “democratic socialism,” representing nothing other than a variant of Keynes's “improved” capitalism.

The Labourites' “democratic socialism” is essentially an imperialist variety of “reactionary socialism,” which Marx and Engels branded a hundred years ago as bourgeois. “Bourgeois socialists want to preserve the conditions of existence of modern society, but without the struggles and dangers necessarily resulting therefrom. They want to preserve modern

society, however, without those elements which revolutionize and dissolve it”[12].

The results of the activity of the current Labour government, acting in the shameful role of the servant of two masters—its own domestic monopoly capital and the monopoly capital of the USA—are well known. They manifested themselves first of all in the sharp deterioration of England's economic situation, in the continuous growth of the profits of monopoly capital, in the progressive decline in the living standard of the working class and all working people.

If the attention of the current Labour government of England is attracted most of all by the reformist and pseudo-socialist side of Keynesianism, then in the openly fascist forms of domination of the magnates of financial capital the aggressive side of this “teaching” finds its most salient expression. Under fascism, signifying the open terrorist dictatorship of the most reactionary and chauvinistic elements of financial capital, the possibility of their using the governmental machine as one of the main weapons for intensifying their domination increases significantly.

It must be noted that the reviewed book was immediately, in the same year it was published in England, translated into German. In the preface specially written for the German edition, the author, without hesitation, noted that his theory is easiest to translate into life under the conditions of a totalitarian, i.e., fascist, state. Therefore, one does not have to be surprised that unbridled Keynesian apologetics found full approval among the ruling clique of Hitler's Germany. Schacht, for example, openly stated in the press that Keynes's ideas serve as “theoretical explanation and justification of the National Socialist economy”.

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[12] *K. Marx and F. Engels, Manifesto of the Communist Party. Gospolitizdat, 1948, p. 91.*

The Keynesian idea of the expediency for the ruling exploitative classes to transition to the ever-greater use of the state machine as one of the weapons for intensifying the omnipotence of monopoly capital and the further offensive on the living standard of the working masses has also been adopted by the ruling circles of the USA, which in the postwar period transitioned to an openly expansionist course.

It is characteristic that the American Keynesian Hansen in his book “America's Role in the World Economy,” published in 1945, openly defends the cosmopolitan ideas of American imperialism, asserting the necessity of “regulating” the capitalist economy on a world scale, of course, under the dictate of the United States of America.

The progressive deterioration of the situation of the working masses in the USA after the second world war, the colossal growth of monopolists' profits, anti-working-class legislation, fascist methods of persecuting communists and all progressive figures, the “Truman Doctrine,” the “Marshall Plan,” the inflating of military hysteria, the knocking together on Wall Street's initiative of aggressive military blocs calculated on unleashing a war against the USSR and the countries of people's democracy—all this clearly proves that the proverbial state “regulation” preached by Keynes and implemented by the ruling circles of the USA in the postwar period approaches more and more in its character to that type of “regulation” which is proper to the fascist form of domination of the financial oligarchy.

Keynes's “theory,” speculatively passed off by its author as new and original, is a baseless attempt to adapt well-known vulgar “theories” of bourgeois political economy to the conditions of modern imperialism and the general crisis of capitalism, to the era of the greatest sharpening of all contradictions inherent in the capitalist system.

It is completely understandable that Keynes, acting as an apologist for monopoly capital, did not even think of indicating either the real causes of economic crises and unemployment, or methods for eliminating them.

It is known that the sole means of destroying crises, unemployment, the poverty of the popular masses, and all other inevitable companions of capitalism is the liquidation of capitalism itself.

However, Keynes's program of measures for the "struggle" against crises and unemployment is not merely utopian nonsense. Being completely powerless to eliminate crises and unemployment, this program has this practical value for imperialists: it points out specific ways to strengthen the domination of monopoly capital, to increase its profits through a further offensive on the living standard of working people.

On the other hand, Keynesianism is profitable for the monopolistic bourgeoisie because it serves the purposes of spreading among the broad popular masses illusions about the possibility of peaceful, reformist ways of eliminating the "shortcomings" of capitalism, of transforming it into a "regulated," "planned" capitalism.

Precisely for this reason Keynes's apologetic ideas, as we noted above, proved to be a very convenient ideological weapon for modern reformism. It is known that the leaders of right-wing socialists and reformist trade unions, having completely betrayed the interests of the working class and slavishly serving monopoly capital, widely use Keynesian ideas. This is why the exposure of the true class content of Keynes's apologetics is one of the urgent tasks of Marxist-Leninist economic science.

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The successes of the Soviet Union—the country of victorious socialism—and the countries of people's democracy best of all refute Keynes's false ideas. The experience of the USSR and

the countries of people's democracy convincingly shows that the cause of unemployment and crises is rooted not at all in the "psychology" and "nature" of man, as Keynes asserts, but in the internal regularities of capitalism itself. The socialist economic system is the vividest proof that the sole means of eliminating crises, unemployment, and the poverty of the masses is not the "improvement" of capitalism, but its destruction and revolutionary replacement by socialism. Attempts by the ruling classes of the obsolete capitalist system and their scholarly lackeys to find a resolution to the ever-increasing contradictions of capitalism along the paths of a further offensive on the living standard of working people, the establishment of fascist orders, and the unleashing of wars will inevitably provoke only the acceleration of the final demise of the capitalist mode of production.

The publication of Keynes's "work" in the Soviet Union was supposed to acquaint the public with modern methods of apologetics for capitalism. This obligated the publishing house to provide the book with an introductory article exposing Keynesianism as the ideological weapon of monopoly capital. Meanwhile, the introductory article
to the Russian translation of Keynes's book "The General Theory of Employment, Interest, and Money," written by Prof. I. G. Blyumin, suffers from elements of pseudo-academism and objectivism. Setting forth in detail the content of Keynesian chatter, Prof. Blyumin does not subject it to sharp party criticism. He insufficiently uncovers the true content of those measures which Keynes puts forward under the demagogic sign of the struggle against crises and unemployment, and does not expose Keynes's conscious distortion of the role of the bourgeois state as one of the most important links of the Keynesian concept.

I. Blyumin almost does not draw upon facts of modern capitalist reality to expose Keynes's apologetic constructs. The

general statements scattered throughout Prof. Blyumin's introductory article that Keynesian apologetics expresses the ideology of monopoly capital, that it serves as a justification for strengthening the development of state-monopoly capitalism and pursues the goal of an offensive on the living standard of the working class, etc., sound declarative.

Nor can the work of the publication's editor G. Movshovich satisfy the Soviet reader, who did not bother to provide notes for a number of pages filled with praise for modern capitalism and at the same time vile slander against the socialist order of the Soviet Union.

Finally, the translation of the book cannot be recognized as satisfactory either. Due to insufficient literary processing, traces of English turns of phrase are very noticeable in the Russian text. As a result of this, the extremely tangled form of presentation of Keynes himself in the Russian translation is even further aggravated.

Inadmissible sloppiness begins with the title page, from which the reader, to his surprise, learns that the book was translated from the 1935 edition, while the first English edition came out in 1936. There are many other inaccuracies in the translation.

The defects permitted in the publication of the reviewed book should serve as a serious signal for the State Publishing House of Foreign Literature.

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V. Volodin

PROBLEMS OF POST-WAR JAPAN

T. A. BISSON. Prospects for Democracy in Japan. New York 1949, 143 p.

Aggressive American imperialism, struggling for the conquest of world domination, is turning Western Germany and Japan into its fiefdoms and colonies, into bridgeheads for preparing a war against the Soviet Union and the countries of people's democracy in the West and in the East. The allies of the American aggressors in this dark deed are the cliques of Ruhr and other finance capital magnates in Germany and the zaibatsu clique of financial magnates in Japan. The cosmopolitan-minded enemies and traitors of the German and Japanese peoples, who have just led their countries to the greatest national catastrophe in their history, see the sole path to saving their wealth and their power in a new national betrayal, in active assistance to the American policy of establishing permanent occupation statutes for Western Germany and Japan, their remilitarization, the refusal to conclude peace treaties, etc.

In this connection, the efforts of the American propaganda machine are aimed at helping the bosses of Wall Street save the German and Japanese monopolists, rescue the latter from the blow of international democracy, and "justify" them in the eyes of international public opinion. As for Japan, to achieve these goals, the overwhelming majority of American and English so-called "experts" on Japan are intensively propagating a thoroughly false legend about the "non-involvement" of the zaibatsu in aggression, about the fact that all responsibility for the Pacific War allegedly rests solely on a small group of aggressively minded Japanese generals and admirals who supposedly acted against the will of other cliques that ruled

Japan. American imperialist propagandists, apologists for MacArthur's gendarmes, contrary to reason assert that the elimination of this small group of generals and admirals is equivalent to the “democratization” of Japan.

Such a “theory,” despite its obvious absurdity, is intensively propagated in the USA in the press and on the radio, and only very rarely among books, brochures, and articles on Japan published in the USA or England are there works in which the authors give a serious analysis of the actual situation. To the number of such works belongs the reviewed book by Bisson, a well-known American researcher of economic and political problems of the Far East, author of the book “Japan's War Economy,” published in late 1945 in the USA and recently published by the State Publishing House of Foreign Literature in a Russian translation. The book “Prospects for Democracy in Japan” represents, as it were, a continuation of the author's previous works. In this book, Bisson seeks to analyze the paths and results of the economic and political development of Japan, which is under the heel of the American occupiers, from the moment of its surrender up to mid-1948.

In his work “Japan's War Economy,” Bisson categorically dismisses the official American version about the “non-involvement” of the zaibatsu in unleashing the Second World War. If the Japanese monopolists, Bisson writes, “are given the opportunity to preserve their position in Japan's weakened economy, then around them, as a center, will be grouped all those elements that will seek the opportunity to return once again to the struggle for the creation of an empire. If, moreover, the old bureaucratic state apparatus is preserved and is given the opportunity to operate on the basis of the 1889 Constitution, which is equivalent to the preservation of imperial power, then all prerequisites will be present for the resumption of Japanese aggression along old patterns. To eliminate the militarists and leave these elements of the

Japanese oligarchy untouched means to repeat the mistakes committed with regard to Germany after the First World War"[13].

The reviewed book consists of seven chapters. In the first chapter—"What did the occupation authorities encounter?"—the author attempts to answer the question of how and from whom the oligarchic top crust that ruled Japan was formed. "Japan, during the course of its modern history," writes the author, "was governed by a dictatorial oligarchy consisting of five groups: leaders of the army and navy, financial-industrial amalgamations (zaibatsu), the supreme bureaucracy, leaders of political parties, and large landowners. Acute struggle frequently occurred between these groups as each of them strove to strengthen its position within the ruling coalition. But complete agreement reigned among all five groups regarding the following main goals of the ruling coalition: jointly to maintain collective dictatorship over the Japanese people, having the emperor as their almighty representative, and to expand the power of the Japanese empire by all means that could produce the required effect"[14].

Bisson notes that "the zaibatsu families were in a certain respect the most powerful political power in Japan, not excluding the army and navy. Their political influence, unlike the influence of the militarists, penetrated all pores of the old regime. The Minseito and Seiyukai parties were the outspoken agency of the zaibatsu; the first of these parties was identified with Mitsubishi, and the second with Mitsui[15]. But political parties represented only one of the weapons in the political

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[13] *T. A. Bisson, Japan's War Economy, New York 1945, p. 204.*

[14] *T. A. Bisson, Prospects for Democracy in Japan, New York 1949, p. 3. Further page numbers of the reviewed book are indicated in the text.*

[15] *Mitsubishi and Mitsui—the largest of the zaibatsu concerns—Japanese monopolistic amalgamations.*

arsenal of the zaibatsu. The basis of their power was the monopoly on responsible posts in the state apparatus" (p. 8)[16]. Further, Bisson exposes the fiction of the "defensive strategy" of Japanese imperialism. Military defeat was by no means a surprise to the Japanese imperialist rulers. "Although they suffered a military defeat," the author states, "they had carefully worked out plans in advance in order to retain in their hands control over any state structure that might arise in the course of the occupation, and in order to resist any attempts to undermine their power and main privileges" (p. 11).

To this end, the ruling cliques of Japan once again resorted to their old, tested over many decades imperialist tactics, the essence of which is as follows: when it is necessary to make a compromise, maneuver, conduct negotiations, those groups of the aggressive bloc that pass for "moderates" are pushed to the foreground; when it is necessary to threaten or start a war, the so-called "moderates" step aside, put on the mask of opposition, and cede the playing of first fiddle to the so-called "extremists," who "take upon themselves the responsibility," thus saving the entire ruling gang.

After the defeat, in the conditions of occupation, the ruling camp of Japan decided to sacrifice those of the most zealous executors of its imperialist plans who, unlike "ordinary" war criminals, could in any case not count on the mercy of the US occupation authorities in view of the fact that they were directly involved in mass murders of American and other prisoners of war. In fact, only an insignificant part of Japanese war criminals was brought to trial. Emperor Hirohito remained on the throne; he took a most active part in the elaboration and execution of all bloody plans of Japanese aggression, in all

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[16] *Bisson has in mind the occupation by agents of Japanese monopolies of the most important positions at the emperor's court, in the Privy Council, and other highest links of the state apparatus.*

crimes of the Japanese imperialists against peace and humanity.

The trial in the case of former servicemen of the Japanese army that took place in the last days of 1949 in Khabarovsk revealed a number of new monstrous atrocities committed by Japanese militarists under the leadership of Hirohito and major Japanese generals, in particular Lieutenant General Ishii, whom the American authorities refused to bring to trial and to whom they afford all possible patronage. During the trial, it was irrefutably established that the command of the Japanese Kwantung Army headed the preparation for waging bacteriological warfare. On the territory of Manchuria, state-of-the-art death factories operated in which bacteria of plague, cholera, gas gangrene, anthrax, typhus, etc., were cultivated. Tests of this diabolical technique of mass extermination were carried out on living people, as a result of which thousands of Chinese, Russians, Mongols, and people of other nationalities were put to death. The Khabarovsk trial once again demonstrated before the whole world the great liberating mission of the Soviet Union, whose armed forces, having routed the Kwantung Army in a short time, put an end to the crimes of Japanese imperialism and saved humanity from the horrors of the bacteriological warfare contemplated by the Japanese invaders.

Having sacrificed only a small part of the war criminals, the American-Japanese reaction took measures to save from retribution and prepare for the commission of new war crimes the greater part of them headed by the emperor. Bisson in his work shows one of the methods of shielding war criminals—the “reshuffling” of prominent reactionary political figures, the change of their place of service, residence, etc.

The second chapter of the book—“The Main Goals of the Occupation”—the author begins with the fair general remark that the mere defeat of the aggressor's armed forces is not enough to strengthen democracy. A society that has already

created armed forces once “can create them again as soon as the opportunity arises,” writes Bisson. “In order to avoid this, it is necessary to so change society itself as to eliminate or seriously weaken those forces that originally prompted it to embark on the path of military aggression” (p. 15).
However, pausing specifically on these “desired changes,” Bisson, as befits a true bourgeois liberal, simply repeats those official American instructions and directives that speak in the most general terms about the “liquidation of restrictions on civil freedoms,” about the “liquidation of dictatorial control organs,” and other similar measures aimed at replacing some organs of the reactionary dictatorship of the imperialist bourgeoisie and landowners with other organs, slightly rebuilt and repainted in accordance with the interests of the American occupiers. Bisson's high-minded sighings about “democracy,” which in reality have nothing in common with genuine democracy, completely suit the most reactionary leaders of Japanese imperialism and their current American masters.
The author of the reviewed book sees the main “flaw” of US occupation policy in Japan solely in the fact that the American authorities in the first months after the occupation made the old Japanese government and the old state apparatus as a whole their support. In other words, the author's views are as follows: from the standpoint of the interests of Japan's democratization, the American directives were “acceptable” (!), but their implementation was “slowed down or even disrupted” as a result of the fact that it was entrusted to the “old Japanese government,” i.e., precisely to those Japanese groups against which these directives were allegedly directed. By recognizing the “acceptability” of the American directives, the author unconditionally repeats one of the main theses of American imperialist propaganda. At the same time, he either does not notice or does not wish to notice that the facts cited by himself, characterizing the development of political struggle in post-war

Japan, show how much his point of view contradicts objective reality.

A large part of the second chapter of Bisson's book, as well as the third chapter—"The Situation before the Elections," the fourth—"The Situation and Results of the Second Elections," and the fifth—"The Katayama Cabinet"—show the methods by means of which Japanese imperialist reaction, relying on the support of the American occupiers, uses the reactionary, anti-democratic procedures introduced by them to preserve and consolidate its domination.

Bisson recounts in detail how Japanese reactionaries, in the conditions of the continuous growth of the democratic movement and the consolidation of the camp of genuinely progressive forces of Japan, organized "new" political parties —the "Progressive" and the "Liberal"—before which the task was set to drown all attempts to democratize the country in chatter about democratization. Both these parties were successors to the old reactionary parties of the Japanese monopolistic bourgeoisie—Seiyukai and Minseito—and both of them were designated by the American-Japanese reaction for the role of government parties.

In the reviewed book we find an answer to the question of how reaction managed to secure this role for its political agency. The first post-war elections to the Japanese parliament, contrary to the protest of the Far Eastern Commission, were held in April 1946, i.e., at a time when the wartime state apparatus was still almost completely preserved. Such haste in holding elections was caused by the desire to hold elections under the leadership of precisely this old, reactionary state apparatus before the democratic forces succeed in organizing to rebuff reaction. In these, as in subsequent elections held in April 1947, Japanese reaction relied on the powerful political apparatus created over decades of its domination. To the most important links of this apparatus Bisson, apart from state

organs, attributes agricultural association organs scattered across the entire country, headed everywhere by landowners, large merchants, and reactionary officials, associations of political and other “bosses”—chieftains of various kinds of criminal-political gangs in the service of city mayors and village elders, as well as foreheads of artels, leaders of so-called “neighborhood associations,” and other rabble acting as mercenaries and support of the “Progressive” and “Liberal” parties. Changes in the Japanese electoral law and above all the restoration of the anti-democratic system of “middle districts,” carried out on the eve of the 1947 elections, in turn pursued the goal of raising the chances of electing reactionary candidates to parliament.

The book also portrays a vivid picture of the seizure by Japanese reaction of local government bodies, in which an absolute majority is made up of stooges of old reactionary politicians acting under the false mask of “independence” from political parties.

On the whole, as the author writes, “the control of the old forces over the new governmental structure remained as complete as it was under the former regime” (p. 74).

Having made a generally correct analysis of the fraudulent, anti-democratic machinations of Japanese rulers and shown the dominance of reaction in Japan under the rule of the American occupiers, Bisson, however, arrives at the fundamentally false conclusion that the permission for changes in the electoral law and other indulgences by MacArthur's headquarters toward Japanese reactionaries were nothing more than a “mistake” of the American authorities. This particular question reflects the fundamental flaw of the author's entire position, who vainly attempts to portray the American imperialists in Japan as naive simpletons making “mistakes” due to their “incompetence.” “The ease and rapidity,” he writes, “with which Japan's

military surrender was completed led to the SCAP[17] underestimating the determination and skill with which the Japanese ruling oligarchy intended to struggle for the preservation of its main positions. As a result, the occupation authorities failed to understand that the control of the old forces over the political and economic life of the country can be abolished only by granting actual freedoms to the Japanese people and rapid and decisive measures going far beyond the elimination of a comparatively small group of politicians, bureaucrats, and business leaders" (p. 72).

In reality, the measures proclaimed by the American authorities, even if they had been implemented, could not have led to the defeat of Japanese reaction and the establishment of democratic order in the country. The formal bourgeois-democratic "freedoms" announced by them sounded like mockery of Japanese democratic forces under the dominance of reaction that was and is being implanted in Japan by MacArthur's headquarters and which is sufficiently convincingly characterized in the reviewed work.

It is complete nonsense to assert that the measures provided for by the American directives were not implemented allegedly because the American authorities "underestimated" or "failed to understand" the maneuvers to which Japanese reaction resorts. Bisson does not understand, or rather pretends not to understand, that the so-called "non-interference" of the American authorities in the political and economic life of Japan in reality represents one of the methods of their very active interference on the side of Japanese reaction, which has concluded an alliance with the American imperialists against the democratic forces of Japan and does not oppose the policy

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[17] *SCAP—capital letters of English words meaning in translation into Russian "Supreme Command for Allied Powers," as the American supreme headquarters in Japan is officially called.*

of enslaving Japan by US capitalist monopolies. It is politically more advantageous for the American authorities to declare that the Japanese government has been granted “maximum independence.” By such a device, the American authorities attempt to mask the fact that it is they who are the full masters of post-war Japan, the patrons and inspirers of the current Japanese reactionary regime, and that it is they who bear primary responsibility for the situation that has now taken shape in Japan.

The actual path to defeating Japanese reaction, the actual path to democratizing Japan lies through the creation of a genuinely democratic government headed by fighters against fascism, militarism, and reaction tested in the years of the militarist regime—such a government that would carry out uncompensated confiscation and nationalization of the property of the zaibatsu and big capital in general, as well as uncompensated confiscation of landlord land and its provision to working peasants; such a government that would carry out a real purge of the state apparatus from war criminals and other reactionaries entrenched there and would deservedly punish war criminals, militarists, and fascists; in other words, such a government that would ensure, not in word but in deed, the implementation of measures for the democratization and demilitarization of Japan provided for by the Potsdam Declaration. But it is precisely against this that the ruling circles of the USA oppose. It is perfectly obvious that the creation of such a democratic government and the implementation of decisive measures for the democratization of the socio-political and economic life of Japan cannot be carried out in the conditions of the reactionary regime of American occupation, the dominance of American militarists, racists, and colonizers who came to Japan exclusively to turn it into a colony of Wall Street, into a bridgehead for preparing a war against the USSR and the countries of people's democracy

in the East. Therefore, the struggle of Japanese working people for democratic transformations merges with the struggle against the policy of the American occupation authorities, against the reactionary orders implanted by the American imperialists.

Characterizing the activity of the Japanese cabinet headed by the leader of the Japanese right-wing socialists Tetsu Katayama[18], Bisson attempts to prove as if this cabinet was "better" than its predecessors—the openly reactionary cabinets—and that the "success" of the reforms undertaken by it was allegedly hindered only by the fact that the "socialists" were forced to form a bloc with the reactionary "Democratic" party (in the first post-war year this party was called "Progressive"). Bisson falsely characterizes the creation of the "local police" by the Katayama government as a "democratic" police reform. At the same time, he is not at all embarrassed by the fact that the numerical strength of the Japanese police, as he himself reports, increased in connection with this reform from 125 thousand to 200 thousand people, while before the war there were 56 thousand people in the Japanese police. Meanwhile, in reality, the expansion of the "local police," as well as the central police, represents nothing other than one of the forms of the masked revival of Japanese armed forces. The USSR representative on the Allied Council for Japan, General Derevyanko, more than once drew attention to the danger concealed in the systematic increase in the numerical strength of Japanese police forces. He emphasized that "measures to create police detachments and headquarters, however they may be masked, very much resemble measures to create and train military units and military headquarters"[19]. General

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[18] *This cabinet was in power in Japan from June 1947 to January 1948.*

[19] *"Pravda," January 8, 1949.*

Derevyanko made a proposal that the numerical strength of Japanese police forces be limited to 125 thousand people and for the immediate dissolution of all secret police formations in Japan, the implementation of which was disrupted by the American representatives and their stooges on the Allied Council for Japan.

Chapters six of Bisson's work—"The Struggle on the Economic Front"—and the last, seventh—"Latest Trends of Occupation Policy"—are devoted almost exclusively to economic and social problems of post-war Japan and contain not a little material refuting the author's views on the question of the allegedly "passive role" of the American authorities in preserving and strengthening the power of Japanese reaction. First of all, Bisson states that post-war Japan is experiencing profound economic chaos and ruin. Two years after the end of the war, Japanese industrial production barely reached one-quarter of the pre-war level. At the same time—and the author emphasizes this as well—Japan after the war possessed sufficient material prerequisites for the relatively rapid restoration of its peaceful economy. Bisson sees the main cause of Japan's economic decline in the fact that "the occupation authorities failed to achieve a sufficiently rapid and complete destruction of the power of the zaibatsu, as a result of which the leaders of these monopolies were able to effectively sabotage efforts aimed at expanding production and develop inflation" (p. 96).

Indeed, the preservation of control over the economy in the hands of the zaibatsu was the main cause of economic ruin in post-war Japan. However, the author's assertion that the occupation authorities "strove, but were unable" to destroy the power of the zaibatsu and avoid the collapse of the Japanese economy has, of course, as already noted above, nothing in common with the actual situation. US policy in Japan is directed not at eliminating the zaibatsu, but, on the contrary, at

strengthening their power. This policy leads to the intensification of economic ruin, which helps American monopolists get a grip on Japan and exploit the Japanese working class even more strongly.

T. Bisson shows the methods of economic sabotage to which Japanese monopolists resort. The restoration of the Japanese economy required the strictest economy of available materials and raw materials. But this by no means entered into the plans of the zaibatsu, who not only hindered the establishment of control over the colossal material resources and capitals in their possession, but also demanded that they be paid 80 billion yen in compensation for wartime state obligations. Being on the leash of monopolies, the Japanese government paid them in the final weeks of August 1945 about 14 billion yen and, besides, transferred gigantic material reserves from military warehouses to their disposal.

The zaibatsu also managed to evade payment of property taxes. The sum of taxes on big property initially planned by the government at 100 billion yen was reduced to 43.5 billion yen, and collection thereof was postponed for a year (from March 1946 to March 1947), during which this sum, as a result of inflation, decreased by at least half.

After the war, the zaibatsu deployed on a wide scale speculation in materials hidden in their warehouses and scarce raw materials. Recounting some of these major scams, Bisson cites the following statement by former Japanese Minister of Finance Ishibashi: “Through the hands of the Ministry of Internal Affairs passed only materials worth 20 or 30 million yen, and nobody knows where materials worth 100 billion yen disappeared” (p. 115).

In the post-war period, while Japanese monopolies raked in gigantic profits with the help of various machinations, the situation of working people sharply deteriorated. Bisson, although very sparingly, nevertheless shows the growth of

impoverishment of the Japanese working class and all working people. He cites data from which it is evident that the real wages of workers at the end of 1947 were twice lower than in 1934–1936.

In the final chapter, Bisson writes in detail about the so-called "new stage" of American policy, which began, in his opinion, from late 1947, i.e., from the visit to Japan by American government missions. The most important of these missions—the Strike mission and the Draper-Johnson mission—consisted of direct representatives of major American banking and commercial-industrial companies endowed with state authority. How does Bisson evaluate the decisions of the US monopolistic missions that then became the basis of American occupation policy in Japan? Remaining faithful to his flawed conception, he writes that representatives of the American army and business made a "mistake." "Instead of," he writes, "urging SCAP to cease relying on the old regime, instead of encouraging the development of genuinely new democratic leadership both in governmental activity and in industry," the American missions proposed to restore Japan's industry basically to the pre-war level and preserve the economic power of the zaibatsu in the country with the only difference that "henceforth American capital should be a partner of the zaibatsu in international cartels of the pre-war type or else simply master some basic branches of Japanese industry through major capital investments" (p. 131). But after all, it is clear to any sane person that American government missions consisting of general-businessman Draper, Chairman of Chemical Bank & Trust Johnson, current administrator of the "Marshall Plan" Hoffman, and persons similar to them did not intend to "urge" the US Supreme Headquarters in Japan to cease relying on the forces of reaction and encourage the growth of democratic forces. Bisson stubbornly refuses to see that both the missions and MacArthur's headquarters

consistently implemented the American imperialist policy of preserving and strengthening Japanese reaction.

The author likewise does not wish to notice the organic connection between the American occupation policy of the first two post-war years, which led to the complete collapse of the Japanese economy, and subsequent steps by Washington, which sent monopolistic missions exclusively to give American monopolists the opportunity to quickly reap the fruits of MacArthur's stewardship.

Bisson pretends not to understand that American imperialism, as a primary condition for enslaving the “Land of the Rising Sun,” needed precisely a Japan struggling in the grip of economic ruin, a Japan in which the zaibatsu and all kinds of other speculators freely lord it. Four years after Japan's surrender, its industrial production constituted only 40% of the pre-war level. MacArthur's Japan is in last place among other countries of the world in the rates of restoring the pre-war level of industry.

There is a direct connection between the American policy of ruining the Japanese economy and the promotion to leading posts in the Japanese government of open reactionaries, right and “left” socialists, stooges of Washington, enemies of the people who use the distressed state of the economy to propagate the capitulatory demand about “the necessity of foreign capital investments.” The same direct connection exists between the American policy of restraining the restoration of the Japanese economy and the American slogan of turning Japan into a base for American trade expansion into the countries of Eastern and South-Eastern Asia, into a military-industrial bulwark of American imperialism in the East, into a country whose industrial companies are gradually turning into branches of American military-industrial concerns. But the author does not see and does not want to see all this.

Contrary to the vital interests of the Japanese people, the American imperialists pursue a policy of reviving the military-industrial potential of Japan while simultaneously hindering in every way the development of Japan's peaceful economy. The Soviet Union and all peace-loving peoples of the world resolutely object to such an aggressive policy.

Amidst the general enormous lag of Japanese industry from the pre-war level, light industry branches lag behind it especially sharply. In June 1949, with a general index of industrial production equal to 41, the index of the extractive industry amounted to 71; the production of cotton yarn and synthetic fabrics was 6 times, and of woolen yarn 5 times lower than the pre-war level.

The USA has developed the so-called “Hoffman Plan” for Japan, which envisages bringing steel smelting in the country up to 11 million tons by 1955, pig iron up to 6 million tons, rolled products production up to 12 million tons, i.e., bringing ferrous metallurgy—which constitutes one of the bases of the war economy—to a level one and a half times exceeding the wartime level. The USA, preventing Japan from paying reparations due from it and not permitting the export of equipment from the country on account of reparation deliveries, has preserved in Japan 301 aircraft plants, 178 weapon manufacturing plants, and a multitude of other military enterprises.

Having brought the Japanese economy to extreme exhaustion, the American authorities concentrated in their hands powerful means of pressure on Japanese industrialists and merchants. Dependent on the American authorities in Japan, wholly or partially, are access to participation in foreign trade; the provision of contracts for work for the occupation authorities; the purchase and sale of scarce types of raw materials and fuel; the purchase and sale of large blocks of shares and other securities of major companies; the provision of credits by semi-

governmental credit institutions; and much else. Thus, "granting freedom of action to the Japanese government," about which Bisson writes so much, turns out to be pure demagogy, the meaning of which is to conceal the ever-growing dominance of American monopolies in the Japanese economy and contribute to the intensification of the plunder of the Japanese economy by the United States.

Bisson brings his research up to the first half of 1948. In subsequent months, the US occupation authorities undertook new steps aimed at intensifying American domination and oppression in Japan. At the end of 1948, the so-called American "stabilization program" was announced, envisaging an even greater intensification of the tax burden on working people, mass layoffs of workers and employees as one of the measures of capitalist "rationalization," etc. Immediately following the publication of this program, in January 1949, there followed the abolition by the American command of the formal ban on foreign capital investments in Japan. Further, major Japanese economic laws were revised in such a way as to create even more favorable conditions for highly profitable investments of American capital (reduction of taxes, freedom to export profits, etc.).

As a result of all these measures, American capital—which even earlier, before the abolition of the formal ban on foreign investments in the Japanese economy, had begun to penetrate deeply into it—began to rush into Japan in an ever-broader stream. The US oil company California Texas Oil concluded an agreement with the Japanese company Nippon under which it received the "right" to acquire half of the Japanese company's equipment, including land plots, oil refineries, tanks, etc., and to receive half of the company's profits in exchange for supplying crude oil and providing technical consultation. Thus, California Texas Oil Company actually received for a song a monopoly on managing the Nippon company. Another

American oil company—Standard Vacuum Oil—received the opportunity to buy up 51% of the shares of the Japanese oil company Toa at pre-war prices and lease oil refineries from it in exchange for supplying crude oil, mainly for cash. Fragmentary reports about this appearing in the Japanese press only slightly lift the veil over the intensive process currently taking place of the seizure of key branches of Japanese industry by American monopolies.

A cardinal flaw of the reviewed work, apart from those already noted above, is Bisson's clear underestimation of the democratic forces that grew in post-war Japan and the extremely insufficient attention paid by him, despite the fact that the book is titled “Prospects for Democracy in Japan.” Bisson cites data on the enormous growth of trade unions and the intensification of the strike struggle in post-war Japan. The number of trade union members in Japan increased from 400 thousand people before the war to over 7 million people in 1949, which constitutes about 60% of the total number of workers in the country. Japan, which before the war was in one of the last places among imperialist states in the organization of the working class, has now moved to one of the first places in this respect.

In 1937, when the scope of the strike struggle in Japan was the highest in the entire pre-war history of the country, 2,126 so-called labor disputes occurred, in which 214 thousand working people participated. The rise of the strike struggle after the war is evidenced by the following data[20]:

Labor Disputes and Strikes in Post-War Japan

Indicator	1946	1947	1948
Total labor disputes	1,448	1,730	2,472
including strikes	607	541	673
Total	3,684	11,554	18,831

[20] *“Oriental Economist,” May 28, 1949.*

participants in labor disputes (in thous.)			
including strike participants (in thous.)	539	366	3,247

In post-war Japan, almost all workers and employees participated in labor disputes, with over 4 million workers taking part in strikes. Bisson, however, confines himself merely to citing certain numerical data characterizing the post-war upsurge of the working-class movement in Japan, but does not uncover the true significance of these data.

Meanwhile, these data testify not only to the quantitative growth of the strike movement, but also to fundamental, qualitative changes in the development of social and class struggle in Japan, to the fact that vast masses of Japanese workers and other working people are being drawn into active struggle against the yoke of American-Japanese monopolistic capital.

The democratic movement of Japan is characterized by the enormous growth and consolidation of organizations of the working class and peasantry and develops not along reformist, but along revolutionary paths. Led by the Communist Party of Japan, which has turned into a major force on the political arena of the country, it grows stronger in the struggle against the right-socialist mercenaries of Wall Street. In the parliamentary elections in January 1949, over 3.5 million voters voted for Communist Party candidates, i.e., about 10% of the total number of voters who took part in the voting. The communists received 36 deputy seats in parliament, whereas in the parliament elected in the previous elections, in April 1947, they possessed only 4 seats. In Tokyo, Communist Party candidates were elected in all electoral districts; in Osaka—in four out of five electoral districts. The Communist Party of

Japan is the recognized leader and organizer of all democratic forces of Japan waging a struggle for the defeat of reaction, for peace and freedom, for the independence and sovereignty of the Japanese people, against turning Japan into a colony of Wall Street and into a bridgehead for US imperialist aggression against the Soviet Union and the Chinese People's Republic. The Communist Party is on the path to winning over the majority of the working class.

Against the Communist Party and the trade unions led by it, as against all other democratic organizations of Japan, are directed the main blows of the American-Japanese police-gendarme apparatus. The suppression of the working-class movement in Japan, attempts to weaken trade unions and turn them into a Far Eastern branch headed by out-and-out reactionaries of the AFL—such is one of the main goals of the American "stabilization program." To achieve these goals in Japan in 1948–1949, a number of new police, terrorist laws were adopted, according to which state institution employees are forbidden to participate in political organizations and in the political life of the country, the rights of workers to defend their interests by organizing strikes are sharply restricted, etc. Mass layoffs of workers and employees carried out in accordance with the "stabilization program" are used to remove communists and activists of democratic trade unions from enterprises. Out of 94,300 people dismissed during July 1949 from state railways, 12,472 people were dismissed for active participation in trade union activity and in strikes. In August 1949, out of 40 members of the central strike committee of the communications workers union, 32 people were dismissed from work, and out of 28 communist committee members only ONE person was left at work. During the "purge" of schools and universities, thousands of progressive teachers and professors were dismissed from work, including almost all democratic figures of the Teachers' Union. Similar fascist

measures were carried out by the American authorities in most other left trade unions for the purpose of forcibly transferring their leadership into the hands of right-socialist traitors. Many hundreds of active participants in democratic organizations have been thrown into prisons on false and vile charges of "violating public order," on charges of "actions directed against the goals of occupation," etc. From the very beginning of the occupation, the American authorities together with the Japanese police and fascist-gangster organizations act as enemies and stranglers of the democratic movement in Japan. But Bisson passes over in complete silence all these and many other measures to restore the fascist-terrorist regime in Japan, the inspirers and organizers of which are the American occupiers.

Bisson's reviewed book, like his previous works, differs essentially from the majority of other, openly reactionary books on Japan written by American and English authors pursuing the goal of "justifying" aggressive American policy in Japan. It differs from such "works" above all by the fact that Bisson shows the reactionary forces of Japan who, having retained power in the country in their hands, disrupt the implementation of the policy of democratization and demilitarization of Japan. The extensive factual material cited by the author regarding the maneuvers of Japanese reaction undoubtedly helps to expose the imperialist policy of the USA in post-war Japan.

Unfortunately, the author stubbornly attempts to conceal the obvious fact that precisely thanks to the support of the US ruling circles, Japanese reaction—having concluded a treacherous alliance with American imperialism, acting as its "junior partner" in the Far East, and relying on its assistance—has proved capable of retaining power in its hands and continuing its subversive, anti-popular activity in new conditions. Thereby Bisson whitewashes US policy in Japan.

The bourgeois author does not see those genuinely democratic forces of Japan which in the struggle against international and domestic reaction have turned into a major detachment of the international camp of peace and democracy and to which the future of Japan undoubtedly belongs.

Ya. Pevzner

Questions of Economy, No.1, 1950.

A BOOK ON THE STATE BUDGET OF THE USSR

Prof. K. N. PLOTNIKOV, Budget of the Socialist State. Gosfinizdat, 1948, 374 pp.

The State Budget of the USSR is a most important link in the Soviet financial system. It vividly reflects the outstanding successes of socialist construction and the grandiose tasks being resolved by the Soviet people on the path to communism. The Party of Lenin and Stalin and the Soviet Government at all stages of socialist construction used the budget as one of the most important economic levers. The Budget of the Soviet State fundamentally differs from the budgets of bourgeois states and possesses enormous advantages over them. Therefore, the lively interest with which Soviet readers, especially economists, greeted the publication of Prof. Plotnikov's book devoted to the budget of the socialist state is understandable.

The reviewed book sums up a number of the author's previous works on the state budget. It consists of an introduction and four sections; it examines the Soviet budget during the years of the first, second, and third five-year plans and during the Great Patriotic War.

The structure of the first three sections is identical. Each of them contains three chapters in which, by five-year periods, a description is given of the revenue and expenditure parts of the budget, the measures of the Soviet State to mobilize the funds of the population, etc. In the fourth section, consisting of eight

chapters, the author defines the features of the state budget during the Great Patriotic War, its structural changes caused by the war, examines budget revenues obtained from the socialist economy and through the mobilization of population incomes, as well as wartime budget expenditures.

The book provides extensive factual material on the revenues and expenditures of the USSR state budget as a whole, as well as on its individual links. This material covering 18 years has been brought into a comparable form. The main data cited in the book had already been published by the author earlier. In the reviewed work, they are brought together, systematized, and supplemented with some new materials. However, as a whole, the book does not satisfy the Soviet reader. It is written at a low theoretical level and contains fundamental errors.

In a brief introduction, the author touches upon the question of the role of the Soviet budget in socialist construction and, emphasizing the importance of studying this issue, notes: "The study of the USSR State Budget in connection with its special role in the system of state administration of the USSR, in the system of planning and regulating all national economic processes, the study of the history of our country's state budget, especially during the years of the Stalin five-year plans and the war, is of great theoretical interest for economists, broad circles of the intelligentsia, and working people not only in the USSR, but also beyond its borders"[21]. This obliged the author to approach the exposition of the history of the USSR budget with special care and a sense of great responsibility.

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[21] *Prof. K. N. Plotnikov, Budget of the Socialist State. Gosfinizdat, 1948, pp. 7–8. Hereinafter, the pages of the reviewed book are indicated in the text.*

Meanwhile, even the first pages of the book lead to the conclusion that Prof. Plotnikov approached his work unseriously. Thus, for example, the reader gets the impression that securing the defense of the country is the main function of the state budget, while the socialist industrialization of the country and the collectivization of agriculture are merely auxiliary means of strengthening defense capability. The author quotes statements of the classics of Marxism-Leninism on the role of the state economy in war and then writes: "All the colossal work of the Soviet people under the leadership of the Party during the years of peaceful construction, and especially during the implementation of the five-year plans for the development of the national economy, was directed toward ensuring the strengthening of the defense might of our socialist Motherland through industrializing the country and collectivizing agriculture, raising the material and cultural level of the working people" (p. 4). It turns out that the policy of industrializing the country and collectivizing agriculture pursued only the task of strengthening defense capability. Meanwhile, the tasks were significantly broader: the author "omitted" that the Party and the Soviet people carried out the socialist industrialization of the country and the collectivization of agriculture, that this led to the creation of the foundation of the socialist economy and to the victory of socialism in our country, and that it was precisely this that constituted the main goal of the Stalin plan for the socialist industrialization of the country and the collectivization of agriculture. Undoubtedly, the socialist industrialization of the country and the collectivization of agriculture had grandiose, decisive importance in creating the defense might of our Motherland.

But it by no means follows from this that securing the defense of the country should be considered as the sole, main function of the Soviet budget. In K. Plotnikov's work, however, it turns out that the Party and the Soviet Government used the USSR budget system for a single goal — strengthening defense capability.

Prof. Plotnikov does not link the purpose of the budget either with the nature and phases of development of the socialist state or with its multifaceted tasks and functions. He essentially reduces the role of the budget solely to the function of national defense.

The author gives a confused, incorrect general characterization of the Soviet budget system. "The budget system of the USSR," he writes, "is not only a reservoir passively absorbing numerous financial sources in order to distribute them along specific channels. It is a militant institution of the Soviet State, actively influencing the timely and full influx of funds and the search for new sources of revenue" (p. 7). Thus, in Prof. Plotnikov's opinion, the Soviet budget system has two principles: passive and active, with the passive side — or, as the author incomprehensibly expresses it, "a reservoir passively absorbing financial sources" — being the primary, main one, while the role of the budget as a militant institution is merely a supplement. The author equates the concepts of "budget" and "budget system", "Soviet finances" and "Soviet budget" (pp. 7, 254), introducing confusion into scientific terminology.

Scientific illumination of the essence, role, and purpose of the Soviet budget is possible only on the basis of the Marxist-

Leninist doctrine of socialist reproduction and of the socialist state, its tasks, and functions. From this flows an historically new type of budget — the budget of the socialist state. The State Budget represents a state financial plan for the formation of a centralized fund of monetary resources and their utilization by the socialist state to carry out its functions. The budget in the hands of the state is a powerful, active instrument by means of which it distributes national income, concentrates necessary financial resources in its hands, and, in accordance with the national economic plan, directs them toward the goals of expanded socialist reproduction, the steady rise of the material and cultural living standard of working people, and the strengthening of the independence and defense capability of the country. These propositions of Marxist-Leninist science on the socialist budget found no reflection in the theoretical introduction to K. Plotnikov's book.

In the first section of the book, "The Soviet Budget during the Years of the First Five-Year Plan", the author examines state budget revenues as the primary source of financing the first five-year plan, the role and significance of mandatory and voluntary contributions of the population in budget revenues, and state budget expenditures during the first five-year plan.

In this section, the author made an attempt to present certain theoretical propositions on the nature of individual revenue sources and individual expenditure items of the Soviet budget. In subsequent sections, however, he limits himself merely to brief comments on changes in budget revenues and in the direction of expenditures. Such a structure of the book, in which theoretical questions are touched upon only in

connection with the analysis of materials for the first five-year plan, is unsuccessful: the author could not give an integral picture of the budget of a socialist state. But even worse is that Prof. Plotnikov does not rise in his judgments to genuine theoretical generalizations, belittles Marxist-Leninist financial theory, and illuminates questions concerning the budget of the socialist state essentially from objectivist positions.

In a voluminous book, the author does not characterize the essence of the Soviet budget; he also omitted the illumination of the foundations of the budget structure, failed to reveal the fundamental differences between the Soviet budget and the budgets of bourgeois states, and did not show its advantages. Meanwhile, all these questions should have taken a leading place in a book on the budget of a socialist state. Without illuminating these questions, it is impossible to show the role of the budget in historical perspective at various stages of socialist construction.

A deep analysis of the purpose of the Soviet budget is impossible without contrasting it with the budgets of bourgeois states. The author, however, reduced his analysis to a description of the revenues and expenditures of the USSR state budget from 1928 to 1945. As a result, the title of the book and its tasks, declared by the author in the introduction, do not correspond to its actual content.

Revenues and expenditures of the state budget are illuminated in the book in isolation from one another; the question of the ratio and interconnection of the revenue and expenditure parts is not even raised; the predominantly productive nature of

Soviet budget expenditures — i.e., the nature of the socialist budget, which is fundamentally opposite to the parasitic nature of bourgeois state budgets — is not revealed.

The entire issue of state financial assistance to collective farm construction is reduced by K. Plotnikov to a general phrase that the policy of the Party and Government in the sphere of collective farm construction required state financial assistance. The author did not consider it necessary to set forth the propositions of Marxist-Leninist theory on the role of state financial assistance in creating a new mode of production.

V. I. Lenin wrote in his work "On Cooperation": "Every social system arises only with the financial support of a specific class. There is no need to recall the hundreds upon hundreds of millions of rubles that the birth of 'free' capitalism cost. Now we must realize and put into practice that at the present time the social system that we must support beyond the ordinary is the cooperative system"[22].

Comrade Stalin pointed out in 1927: "Marx said that no new social system in history consolidated itself without being heavily financed, expending hundreds upon hundreds of millions on it. I think that we are already entering that phase of agricultural development when the state begins to gain the opportunity to heavily finance the new social, collectivist system"[23].

In his speech at the April (1929) Plenum of the Central Committee of the VKP(b), Comrade Stalin emphasized that

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22 *V. I. Lenin, Works, Vol. XXVII, p. 393.*

23 *J. V. Stalin, Works, Vol. 10, p. 225.*

recently the necessary conditions had appeared, including the state's possession of sufficient financial resources for implementing the plan for constructing collective and state farms.

The role of finances in creating and strengthening the socialist mode of production in agriculture manifests itself in three main forms: direct state appropriations for the construction of state farms, collective farms, and Machine and Tractor Stations (MTS); credit assistance; and indirect financial assistance (tax relief, insurance benefits, low prices for agricultural tools, etc.). The author ought to have comprehensively and scientifically illuminated the question of state financial assistance to the Soviet countryside on the basis of exhaustive instructions of the classics of Marxism-Leninism.

Characterizing the budgets of bourgeois states, Prof. Plotnikov writes: "In the budgets of capitalist states, expenditures on socio-cultural measures occupy a modest place (emphasis ours — P. L.) compared to expenditures on militarism, payment of state debts, the administrative apparatus, etc." (p. 73). This characterization contradicts the instructions of the classics of Marxism-Leninism, who emphasized not the "modesty", but the extreme pittance of expenditures on socio-cultural measures under capitalism. "In a bourgeois state," wrote V. I. Lenin, "the bourgeoisie cannot give anything truly for cultural purposes except pittances, for huge sums are needed by it to ensure the rule of the bourgeoisie as a class"[24]. The classics of Marxism-Leninism emphasized the forced nature of even these

[24] *V. I. Lenin, Works, Vol. 13, p. 312.*

pittance expenditures on socio-cultural measures. Consequently, here too the author replaces clear and deeply meaningful propositions of Marxist-Leninist science with incorrect reasoning.

The question of expenditures on strengthening the defense might of the USSR was reduced by K. Plotnikov to numerical data on budget appropriations for the People's Commissariat of Defense and the People's Commissariat of the Navy. The author did not even raise the question of the nature of defense expenditures in a socialist country, nor did he emphasize their fundamental difference from the military expenditures of bourgeois states. It is well known that expenditures on the Armed Forces of the USSR aim to ensure peace throughout the world and to strengthen the freedom and independence of the socialist Fatherland. Bourgeois state budgets, on the other hand, are imperialist in nature, reflect the military-adventurist policy of capitalist monopolies, and are directed toward preparing and waging predatory wars and enslaving other peoples.

K. Plotnikov not only bypassed these questions in silence, but even managed to explain the growth of militarism in capitalist countries by the interests of the "defense" of those countries. Having set forth the materials of the 18th Congress of the VKP(b), which noted the inevitability of an increase in USSR defense expenditures due to the growing threat of attack by imperialist predators on the Soviet country, K. Plotnikov concludes: "The intensity of the military threat was also reflected in the budgets of the principal countries of the world" (p. 141). Then he cites data on the growth of military budgets

in Germany, Japan, Italy, and other states. It turns out that this growth is a simple reflection in budgets of the intensification of the "military threat". Meanwhile, the matter stood precisely the opposite: the growth of militarism in Germany, Japan, Italy, and other countries, which had already unleashed World War II at that time, was the source of military danger, not its result.

Characterizing expenditures on maintaining the state apparatus, Prof. Plotnikov also commits an error. All budget expenditures on the management apparatus, including management expenses not pertaining to the sphere of material production, he defines as productive expenditures (p. 84). Thereby, the author essentially refutes the well-known instruction of Marx from the "Critique of the Gotha Programme" cited by him at the end of the section. K. Plotnikov's incorrect positions on administrative expenses contradict our Party's directives on a consistent struggle to reduce administrative and managerial expenses.

In the second and third sections of the book, extensive numerical material is presented on the development of the socialist national economy and the growth of the budget during the years of the second and third Stalin five-year plans. These data are accompanied by comments on the formation of budget elements, into which, without any system and outside of connection with the preceding and following exposition, individual theoretical propositions are interspersed. Thus, for example, only in the second section does the author touch upon the question of the nature of profits of socialist enterprises (p. 107); only in the third section do we find a mention of the high growth rates of USSR state budget revenues (p. 181).

The author speaks only in passing, in just a few words, about the slander of bourgeois economists regarding the nature of Soviet taxes, mentioning only the White emigré Haensel (p. 110). In general, K. Plotnikov does not touch upon bourgeois budget theories and does not expose their reactionary essence. Characterizing the Soviet budget, he compares it only in isolated, specific cases, and then only with the budget of Tsarist Russia.

The fourth section takes up more than one-third of the book. In it, the question of revenues and expenditures of the state budget during the Great Patriotic War is set forth in considerable detail; a characterization of the main features of the wartime state budget, its restructuring on a war footing, and changes in structure regarding both revenues and expenditures is given; the measures of the Party and Government to increase budget revenues are examined; and the question of the active participation of the Soviet people in strengthening the military-financial power of the Soviet Union, their patriotism as expressed in creating defense funds for the country and the Red Army and subscribing to war loans, is well illuminated. However, in this section, as throughout the book, the author abuses numerical material, quotations, references, and paraphrasing of instructions, fails to reveal the fundamental differences between financing our Fatherland's war expenditures and financing war expenditures in capitalist countries, and fails to show the great advantages of Soviet finances that manifested themselves during the war years.

The author does not emphasize that the burden of financing wars in capitalist states falls entirely on the shoulders of the

working people; that military expenditures are covered through even greater intensification of exploitation, increased taxation, colossal loans, paper money issuance, and inflation. He limits himself to the following objectivist proposition: "In peacetime, as is well known, military expenditures of capitalist countries are covered by ordinary budget revenues — taxes, loans, etc. With entry into war, the situation changes sharply. Covering military expenditures occurs at the expense of giving up (?) ordinary expansion of production, which liberates (?) a significant part of the productive forces in all branches of the national economy" (p. 258).

In the subsection "The Budget and Agricultural Development", the role of the budget is not shown, and the question of financing state farms is not touched upon at all.

The book contains many contradictory, erroneous, and careless formulations on individual issues. Thus, for example, on page 13 we read: "...The national income created by the labor of workers and peasants in our country goes not to the unproductive consumption of exploiting classes, but to the further development of industry." For some reason, the author directed the entire national income into industry, forgetting about other branches of the national economy and about the fact that part of it goes to the national consumption fund, part to national defense, etc.

K. Plotnikov writes that according to the 1930 tax reform, "for cooperative organizations, instead of deductions from profits, an income tax on socialized enterprise entities was introduced" (p. 22). In reality, the income tax existed prior to the reform as

well; as a result of the reform, the extraction was unified into two payments — the turnover tax and the income tax.

From anti-Marxist, vulgarly geographical positions, an explanation is given in the book for the economic backwardness and agrarian character of Bessarabia's development in the past. "Both under Tsarism and after the Romanian occupation," writes K. Plotnikov, "Bessarabia remained a predominantly agricultural country, which is conditioned by a number of factors: favorable climatic conditions permitting the growth and cultivation of a number of valuable crops on its territory, and the fertility of the soil, which placed Bessarabia among the top places in Tsarist Russia in grain and crop yields" (p. 230). A "number of factors" is reduced here to favorable climatic conditions, which are supposed to "explain" the backwardness in Bessarabia's development.

"Before Soviet power," writes Prof. Plotnikov, "history knew only one path of agricultural development — the creation of large-scale capitalist production in agriculture" (p. 65). This stands in clear contradiction to Marxist doctrine on pre-capitalist forms of agriculture and Lenin's doctrine of two paths of capitalist development in agriculture.

On page 233, the author writes about the "expropriation" in Estonia in the 1920s of the estates of German barons in favor of the Estonian peasantry, and then himself indicates that for this "expropriation" the peasants paid redemption payments to the barons.

The shortcomings of the book are not limited to those indicated above. The book bears the character of a collection of raw materials, theoretically unmastered, and clearly unfinished by the author.

P. Lyakhov

Questions of Economics, No.1 , 1950.

A. SHNEERSON

STALIN ON CRISES OF THE CAPITALIST SYSTEM OF THE WORLD ECONOMY

The question of the two crises of the capitalist system of the world economy, which constitutes an integral part of the Leninist-Stalinist teaching on imperialism and the general crisis of capitalism, was first posed in a developed form in Comrade Stalin's speech at the pre-election meeting of voters of the Stalin Electoral District of the city of Moscow on February 9, 1946. Comrade Stalin pointed out that "as a result of the first crisis of the capitalist system of the world economy, the first world war arose, and as a result of the second crisis, the second world war arose"[25]. V. I. Lenin and J. V. Stalin repeatedly emphasized that capitalism knows no other paths of development than economic crises and political wars. Comrade Stalin said that "the development of world capitalism in our time proceeds not in the form of smooth and uniform advancement, but through crises and military catastrophes"[26].

In Lenin's "Notebooks on Imperialism," there is a very interesting entry in which Lenin refers to international crises such armed conflicts as the Russo-Turkish War of 1877–1878, the Russo-Japanese War, etc. However, during that period there were as yet no world wars, and it was impossible to speak of crises of the capitalist system of the world economy, since only imperialism created the worldwide system of financial

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[25] J. Stalin, Speech at the Pre-election Meeting of Voters of the Stalin Electoral District of Moscow, February 9, 1946, Gospolitizdat, 1946, p. 7.

[26] Ibid., p. 6.

strangulation and colonial oppression and exacerbated to the extreme the contradictions between capitalist countries.

Crises of the capitalist system of the world economy could arise only at the monopolistic stage of development of capitalism. Military conflicts of a world scale, wars for the redivision of an already divided world, which are precisely the consequence of such crises, began to arise only when the capitalist system of the world economy had taken shape as a worldwide system of financial enslavement and colonial oppression by a handful of imperialist states of the giant majority of the earth's population, and when the contradictions between imperialist states in the struggle for world domination had reached their extreme point.

Pointing out the causes of the second world war, Comrade Stalin said that it "arose as the inevitable result of the development of world economic and political forces on the basis of modern monopoly capitalism"[27].

Crises of the capitalist system of the world economy are caused by the operation of the law of uneven economic and political development of capitalism in the era of imperialism. This law was discovered by V. I. Lenin and thoroughly analyzed and scientifically substantiated by J. V. Stalin. "The point is that the unevenness of development of capitalist countries usually leads with time to a sharp violation of equilibrium within the world system of capitalism, and that group of capitalist countries which considers itself less provided with raw materials and sales markets usually makes attempts to change the situation

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[27] Ibid.

and redivide 'spheres of influence' in its favor through the use of armed force. As a result of this, there arises a split of the capitalist world into two hostile camps and war between them"[28]. The restoration of violated equilibrium within the capitalist system of the world economy cannot be achieved by peaceful means. World war ultimately turns out to be the sole means of temporary resolution of imperialist contradictions. Thus, the relationship between crises of the capitalist system of the world economy and world wars is the relationship of cause and effect.

Comrade Stalin in a number of his speeches comprehensively revealed the content of crises of the capitalist system of the world economy leading to world wars. In March 1939, in his report at the 18th Congress of the CPSU(b), J. V. Stalin said: "The map of Europe, Africa, and Asia is being forcibly redrawn. The entire system of the post-war so-called peaceful regime has been shaken to its foundations"[29].

When the system of the peaceful regime is shaken to its foundations, capitalist countries transition to settling disputed issues through wars. The question of a new redivision of the world by means of weapons is placed on the agenda. Developing this thought, Comrade Stalin further pointed out: "War has created a new situation in relations between countries. It has introduced into these relations an atmosphere of alarm and uncertainty. Having undermined the foundations

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[28] J. Stalin, Speech at the Pre-election Meeting of Voters of the Stalin Electoral District of Moscow, February 9, 1946, p. 6.

[29] J. Stalin, Problems of Leninism [Voprosy leninizma], 11th ed., p. 564.

of the post-war peaceful regime and overturned the elementary concepts of international law, war has called into question the value of international treaties and obligations. Pacifism and disarmament projects turned out to be buried in the grave. Their place has been taken by the armaments fever"[30].

At the same time, Comrade Stalin showed that crises of the capitalist system of the world economy, leading to the resolution of international contradictions by violent, armed means, entail changes in both the foreign and domestic policy of monopoly capitalism. In his report at the 17th Congress of the Party, Comrade Stalin gave a vivid characterization of imperialist policy under the conditions of the ripening of the second crisis of the capitalist system of the world economy—a policy testifying to the fact that the imperialist bourgeoisie had proved incapable of finding a way out of capitalist contradictions other than on the paths of open violence.

"Chauvinism and preparation for war as the principal elements of foreign policy, the curbing of the working class and terror in the sphere of domestic policy as a necessary means for strengthening the rear of future military fronts—this is what particularly occupies modern imperialist politicians now"[31].

Fascism is a sign not so much of the strength as of the weakness of the bourgeoisie. The transition of the imperialist bourgeoisie to fascism shows that it is no longer able to rule by the old methods of parliamentarism and bourgeois democracy; in view of this, it is forced to resort in domestic policy to terrorist methods of administration, to the establishment of an

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30 Ibid., p. 573.

31 Ibid., p. 430.

open dictatorship of the most reactionary, most chauvinistic, most imperialist elements of capitalism. In the sphere of foreign policy, inasmuch as the bourgeoisie is no longer able to find a way out on the basis of a peaceful foreign policy, it is forced to resort to a policy of war. This is likewise a sign not of strength, but of weakness of the bourgeoisie, reflecting the presence of the general crisis of capitalism.

At the same time, wars shatter the capitalist system of the world economy even more. "Of course, there is no reason to assume," Comrade Stalin said in January 1934, "that war can provide a real way out. On the contrary, it must entangle the situation even more. Moreover, it will surely unleash revolution and call into question the very existence of capitalism in a number of countries, as happened in the course of the first imperialist war. And if, despite the experience of the first imperialist war, bourgeois politicians nevertheless grasp at war like a drowning man at a straw, it means that they have become completely entangled, have hit a dead end, and are ready to fly headlong into the abyss"[32].

Reality brilliantly confirmed this scientific forecast of Comrade Stalin. As a result of the second world war, there occurred a further strengthening of the economic, political, and military might of the world's first socialist state—the USSR—which achieved a world-historic victory over the block of fascist-imperialist countries. As a result of the USSR's victory in the war, a number of countries of Central and Southeastern Europe broke away from the capitalist system by revolutionary means;

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[32] J. Stalin, Problems of Leninism, 11th ed., pp. 430–431.

they established, with the fraternal assistance of the Soviet Union, a regime of people's democracy, performing the functions of the dictatorship of the working class, and firmly embarked on the path of building socialism; the people's revolution in China, where a people's democratic state was created, concluded with a great victory; the German Democratic Republic was formed; the national liberation struggle of the peoples of colonial, semi-colonial, and dependent countries rose to an unprecedented height. Already about 800 million people in Europe and Asia have freed themselves from imperialist yoke. The imperialists also lost their shock fist—the fascist aggressors Germany, Italy, and Japan—who were crushed by the Armed Forces of the USSR; England, France, and many other capitalist countries have weakened; the contradictions of American capitalism have sharpened. Thus, while the forces of the camp of peace, democracy, and socialism have immeasurably grown and strengthened, the capitalist system has sharply weakened.

Crises of the capitalist system of the world economy are not the only crises that capitalism knows. Beginning in 1825, capitalism has been experiencing periodic economic crises. During the period of the first world war, capitalism entered the era of its general crisis. The question arises of the correlation between crises of the capitalist system of the world economy, on the one hand, and the general crisis of capitalism and economic (cyclical) crises, on the other.

Crises of the capitalist system of the world economy are one of the forms of manifestation of the general crisis of capitalism. The general crisis of capitalism plays a decisive role in this: the

first crisis of the capitalist system of the world economy and the first world war generated by it were an expression of the mounting general crisis of capitalism, and the second crisis of the capitalist system of the world economy and the second world war generated by it—an expression of the sharply exacerbated general crisis of capitalism.

The general crisis of capitalism is the period of collapse of the capitalist system, the period of wars and revolutions, the period of maximum exacerbation of all contradictions of capitalism. The principal sign of the general crisis of capitalism is the split of the world as a result of the Great October Socialist Revolution into two systems—capitalist and socialist—and the struggle between the two systems. The general crisis of capitalism is characterized further by the crisis of the colonial system of imperialism, the unprecedented rise of the national liberation struggle of oppressed peoples, as well as chronic underloading of productive apparatus, permanent mass unemployment, exacerbation of the market problem, increased sharpness and increased duration of periodic economic crises, deformation of the cycle, and other signs of intensified decay of the capitalist economy.

The general crisis of capitalism began during the period of the first imperialist world war of 1914–1918. The first world war was at the same time a manifestation of the incipient general crisis of capitalism. "Being a reflection of the general crisis of capitalism, the war exacerbated this crisis and weakened world capitalism"[33].

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[33] "History of the CPSU(b): Short Course" [Istoriya VKP(b). Kratkiy kurs], p. 173.

Crises of the capitalist system of the world economy have the most direct bearing on the split of the world into two systems, on the struggle between the two systems, on the growth and consolidation of socialism, and on the weakening and decline of capitalism, which is the main thing in the content of the general crisis of capitalism. If the first crisis of the capitalist system of the world economy led to the split of the world into two systems and the formation of the Soviet socialist economic system, then the second, having caused the second world war, resulted in a further deepening of the general crisis of capitalism and a radical change in the correlation of forces of the two systems in favor of socialism, to the detriment of capitalism.

The first crisis of the capitalist system of the world economy began when capitalism was still the sole and all-embracing system of the world economy. The second crisis of the capitalist system of the world economy broke out in changed conditions, when capitalism had ceased to be the sole and all-embracing system of the world economy, when alongside capitalism there exists a new, socialist system which grows and prospers, daily demonstrating its superiority and its advantages over the dying system of capitalism.

Crises of the capitalist system of the world economy manifest themselves in the sphere of international relations of imperialist states. The direct result of these crises is imperialist world wars, as a result of which the map of the world is once again forcibly redrawn. Being a manifestation of the general crisis of capitalism, these crises in turn significantly weaken the capitalist system. After the split of the world into two systems,

crises of the capitalist system of the world economy can no longer occur in isolation from the struggle of the two systems, for the struggle of the two systems is the central contradiction in the modern world. Comrade Stalin teaches that every time capitalist contradictions begin to sharpen, the bourgeoisie turns its gaze toward the USSR: whether these contradictions can be resolved at the expense of the Soviet Union.

Already in 1927, Comrade Stalin foresaw the ripening of a new, second crisis of the capitalist system of the world economy. In the article "Notes on Current Themes," which was published in "Pravda" more than 22 years ago, Comrade Stalin, pointing out that the redivision of the world and spheres of influence produced as a result of the first imperialist war had already managed to "grow obsolete," revealed with full force the growth of imperialist contradictions, the class struggle, revolutionary выступления of the proletariat in capitalist countries, as well as revolutionary explosions in colonial countries. Comrade Stalin wrote: "But the growth of all these contradictions means the growth of the crisis of world capitalism, despite the fact of stabilization—a crisis immeasurably deeper than the crisis before the last imperialist war"[34].

The existence of the Soviet Union and the growth of the might of the socialist power deepen and exacerbate crises of the capitalist system of the world economy. This happens not only because the sphere of domination of capitalism has sharply narrowed and continues to narrow ever more as a result of the

[34] J. Stalin, Works [Soch.], vol. 9, p. 323.

dropping away of ever new countries in various parts of the globe from the capitalist system, but also because the very existence of the Soviet Union—which heads the mighty camp of peace, democracy, and socialism, pursues a consistent peaceful policy, and rallies around itself the forces of democracy throughout the world—prevents the imperialists from unleashing a new war for the redivision of the world. "Hence the 'natural' striving of certain circles of imperialists to push back contradictions in their own camp, to gloss them over temporarily, to create a single front of imperialists, and to launch a crusade against the USSR so as to resolve the deepening crisis of capitalism, at least partially, at least temporarily, at the expense of the USSR"[35].

The general crisis of capitalism is characterized by a colossal exacerbation of all contradictions inherent in imperialism, and the growth of unevenness in capitalist development. Consequently, the development of the general crisis of capitalism, the intensification of unevenness in the development of capitalist countries, and the further deepening of imperialist contradictions at a certain stage make the peaceful resolution of imperialist conflicts extremely difficult and lead to crises of the capitalist system of the world economy, which acquire an increasingly destructive character.

What is the interaction between crises of the capitalist system of the world economy and periodic economic crises?

Periodic economic crises of overproduction occurring in capitalist countries over the last 125 years on average once a

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[35] J. Stalin, Works, vol. 9, p. 324.

decade (moreover, under conditions of imperialism and the general crisis of capitalism, the intervals between cyclical crises become ever shorter) are caused by the operation of the fundamental contradiction of capitalism—the contradiction between the social character of production and the capitalist form of appropriation of the results of production. Economic crises of overproduction mean that the productive forces of capitalism come into conflict with production relations, with private capitalist ownership of the means of production, with relations of capitalist exploitation. The renewal of fixed capital, occurring periodically after each crisis, is the material basis of the cycle's movement. Economic crises lead to mass bankruptcy of enterprises, to an enormous growth of unemployment, to a sharp impoverishment of the proletariat and all toiling masses. Capitalists seek a way out of the crisis at the expense of reducing wages and further worsening the condition of the working class and working masses, as well as by reducing production costs, raising labor productivity and intensity, and renewing equipment. Economic crises, temporarily resolving the contradictions of capitalism at the price of colossal destruction of productive forces, at the same time create the prerequisites for new, even more devastating crises.

Periodic economic crises in the era of imperialism, with the emergence of crises of the capitalist system of the world economy—which are periods of exacerbation of the general crisis of capitalism in the sphere of relations between imperialist states—develop on the basis of the general crisis of capitalism and in close interaction with one of its

manifestations: crises of the capitalist system of the world economy. After the first world war, economic crises of overproduction develop under conditions of the general crisis of capitalism. The general crisis of capitalism determines the special depth, sharpness, and duration of economic crises.Economic crises, in turn, accelerate the onset of crises of the capitalist system of the world economy and exacerbate them.

The first world war broke out under conditions of an incipient economic crisis. This crisis exacerbated the struggle for markets, brought closer the deadlines for the start of the first crisis of the capitalist system of the world economy, and thereby accelerated the unleashing of the 1914–1918 war.

The deployment of the second crisis of the capitalist system of the world economy was strongly influenced by the world economic crisis of 1929–1933—the classical economic crisis of the era of the general crisis of capitalism, which sharply intensified international imperialist contradictions. The bourgeoisie began to seek a way out of the crisis in a war for a new redivision of the world.

The second world war broke out directly in the course of the crisis that began in 1937 in the economically most powerful countries. This crisis led to a further exacerbation of imperialist contradictions, accelerating the onset of the second crisis of the capitalist system of the world economy and the unleashing of the second world war.

Crises of the capitalist system of the world economy, in turn, exacerbate economic crises of overproduction.

The bourgeoisie seeks a way out of crises in war, in militarism, in the establishment of a military-inflationary conjuncture, in transitioning already in peacetime to the rails of a war economy, as was the case, for example, in Hitler's Germany on the eve of the second world war and as is currently happening in the United States of America and other imperialist countries. But the military restructuring of the economy leads to an even greater separation of capitalist production from the market, whose capacity is determined ultimately by the purchasing power of the working masses. Imperialists' military expenditures are paid for through taxes, i.e., at the expense of reducing the real wages of workers and incomes of other toilers. Capitalists' profits grow, while incomes of the broad masses of the population fall; at the expense of taxes weighing heavily on the shoulders of working people, capitalist monopolies are provided with profitable military orders, subsidies are issued to them, etc. Putting the country's economy on the rails of a war economy, Comrade Stalin teaches, means "to give industry a one-sided, military direction, to comprehensively expand the production of items necessary for war unrelated to the consumption of the population, to comprehensively narrow production and especially the release onto the market of items of population consumption, and consequently, to reduce population consumption and place the country before an economic crisis"[36].

The one-sided development of production on a military basis leads to the fact that the productive apparatus, increased to satisfy military needs, remains largely underloaded after the

[36] J. Stalin, Problems of Leninism, 11th ed., p. 567.

end of the war. Comrade Stalin at the 16th Congress of the Party said that the first world war left most capitalist countries a heavy legacy in the form of chronic enterprise underloading and permanent mass unemployment.

As a result of the second world war, the chronic underloading of basic industrial capital and permanent multi-million armies of unemployed, which are a manifestation of the general crisis of capitalism, increased even more.

The chronic underloading of the productive apparatus and permanent mass unemployment in capitalist countries lead to the periodic economic crises becoming even more destructive, prolonged, and acute than before, even more difficult and agonizing for the working class and all toilers. During the period of the general crisis of capitalism, emerging from an economic crisis at the expense of renewing fixed capital becomes extremely difficult due to the chronic redundancy of the productive apparatus. Coming to the forefront are such means of escaping the economic crisis as an offensive against the living standard of toilers, militarization of the economy, and imperialist wars, which leads to an exacerbation of class contradictions and an intensification of the struggle of the working class and working masses for a revolutionary way out of the crisis.

It would be incorrect to think that the second crisis of the capitalist system of the world economy was a simple repetition of the previous one. Comrade Stalin pointed out in his historic speech on February 9, 1946, that the second world war is not a

copy of the first: "On the contrary, the second world war differs substantially from the first in its character"[37].

What were the characteristic features of the first crisis of the capitalist system of the world economy and the first world war?

The first crisis of the capitalist system of the world economy, as noted above, began when capitalism was still the sole and all-embracing system of the world economy, although at the same time the war showed with full force that in the womb of the capitalist economic system, in the womb of imperialism, the prerequisites for a socialist revolution had matured, which triumphed in Russia and initiated the split of the world into two systems: socialism and capitalism. The second crisis of the capitalist system of the world economy ripened and broke out under conditions of the world's split into two systems. Thus, on the one hand, the new imperialist war harbored the possibility of a further expansion of the socialist economic system. On the other hand, the development and further deepening of the general crisis of capitalism sharply exacerbated all internal contradictions of the capitalist system.

A feature of the first crisis of the capitalist system of the world economy was, further, that imperialist states split into two aggressive camps equally guilty of unleashing the war. "The war of 1914 was a war for the redivision of the world and spheres of influence. It was prepared long in advance by all imperialist states. Its culprits are the imperialists of all countries"[38].

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[37] J. Stalin, Speech at the Pre-election Meeting of Voters of the Stalin Electoral District of Moscow, February 9, 1946, p. 7.

[38] "History of the CPSU(b): Short Course", p. 155.

In particular, this war was prepared by two imperialist alliances: Germany and Austria on the one hand, and France, England, and Russia dependent on them on the other. In 1907, the Triple Entente arose—an alliance of England, France, and Russia, which opposed another alliance concluded by Germany, Austria-Hungary, and Italy. At the beginning of the war, Italy left this latter alliance and subsequently joined the Entente. Germany and Austria-Hungary were supported in the war by Bulgaria and Turkey. Both of these imperialist blocs pursued aggressive goals in the war, and both of them concealed these goals by portraying the imperialist war as a "defensive" war, as a war "for freedom and democracy."

The first world war was a predatory war for the redivision of the world; it affected the interests of all imperialist countries, and therefore Japan, the USA, and a number of other states subsequently turned out to be drawn into it. Germany sought by violent means to take colonies from England and France, and Ukraine, Poland, and the Baltic states from Russia; it threatened England's domination in the Middle East by building the Baghdad Railway. Tsarist Russia, in turn, sought the partition of Turkey, dreamed of conquering the Dardanelles, of seizing Constantinople. The plans of the tsarist government also included the seizure of Galicia from Austria-Hungary. England intended to defeat its dangerous competitor Germany. The growth of German naval armaments threatened England; German goods began to increasingly crowd out English goods on the world market before the war. In addition, England sought to seize Mesopotamia and Palestine from Turkey and firmly establish itself in Egypt. France wanted to

seize the Saar Basin and Alsace-Lorraine from Germany. Imperialist states thus sought to tear away parts of each other's territories and colonies, to redivide an already divided world.

What were the distinctive features of the outcome of the first crisis of the capitalist system of the world economy?

As a result of the first world war, the capitalist world, missing one-sixth of the earth's land surface as a result of the victory of the Great October Socialist Revolution in Russia, attempted to stabilize the situation: in the sphere of domestic policy—through the most brutal suppression of the working movement, with the right-wing social democrats being the main support of the imperialists in this matter; in the sphere of international relations—through the conclusion of the Versailles and other treaties on the post-war order in Europe and the Far East. Among such agreements, first place belongs to the Washington Treaty of 1922, which was a deal among imperialists regarding the division of spheres of influence in the colonies, as well as the Dawes Plan, the Locarno Treaty, and several other deals that signified the temporary, relative, partial stabilization of capitalism in the sphere of international relations. "After the first imperialist war," Comrade Stalin pointed out, "the victor states, mainly England, France, and the USA, created a new regime of relations between countries, the post-war regime of peace. The main foundations of this regime were the Nine-Power Treaty in the Far East, and in Europe the Versailles and a number of other treaties"[39].

[39] J. Stalin, Problems of Leninism, 11th ed., p. 568.

However, in contrast to the stable, firm socialist stabilization in the Soviet Union, capitalist stabilization both in the sphere of economics and domestic policy and in the sphere of foreign policy could only be relative, rotten, and fragile, because it took place under conditions of the deepening general crisis of capitalism, the further exacerbation of all imperialist contradictions and class struggle in capitalist countries, under the impact of competition between the growing system of socialism and decaying capitalism—competition that invariably demonstrates the advantages of the socialist economic system over the capitalist one. Capitalist stabilization inevitably created the prerequisites for a new, most brutal economic crisis and a new revolutionary upsurge of the masses. The very character of capitalist stabilization determined the necessity and inevitability of a new crisis of the capitalist system of the world economy, a new imperialist world war. The character of the way out of the first crisis of the capitalist system of the world economy predetermined the ripening of a new, even more acute and destructive crisis of the capitalist system of the world economy.

As Comrade Stalin brilliantly predicted, capitalist stabilization quickly collapsed. It was finally blown up by the world economic crisis of 1929–1933, which accelerated the ripening of the new, second crisis of the capitalist system of the world economy. The crisis of 1929–1933, which broke out under conditions of the general crisis of capitalism, was especially severe and prolonged. It engulfed all capitalist countries, making it difficult for some countries to maneuver at the expense of others, and exerted a major influence on

international economic relations. The crisis struck the international credit system, caused a currency war; capitalist states stopped paying each other debts. It led to a new explosion of protectionism, to a significant increase in customs duties, as well as to the introduction of a number of protectionist restrictions previously applied only during wartime (for example, bans on capital export, a licensing system, import quotas, etc.). All this exacerbated international trade and financial-credit relations, i.e., in essence, caused a universal economic war in the capitalist world.

The world economic crisis led not only to a sharp exacerbation of competitive imperialist struggle, not only to the fact that the economy of capitalist states turned out to be thrown decades back—its inevitable consequence was an intensification of class struggle, an unprecedented exacerbation of the political situation in capitalist countries, and acute conflicts between them.

"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 demonstrating extreme nationalism in economic policy exacerbated relations between countries to the extreme, created the soil for military clashes, and placed war on the agenda as a means of a new redivision of the world and spheres of influence in favor of stronger states"[40].

Imperialist states sought to find a way out of the crisis at the expense of other states. Japan seized Manchuria and Northern

[40] J. Stalin, Problems of Leninism, 11th ed., p. 429.

China. During this same period, the creation of the aggressive fascist bloc of Germany, Italy, and Japan, which set themselves the goal of redividing the world in their own favor, began to be prepared.

Under the influence of the crisis of 1929–1933, the idea of a new anti-Soviet war began to ripen ever more clearly in the minds of imperialist politicians. The imperialists tried to resolve their contradictions at the expense of the Soviet Union. The "Promparty" trial taking place in 1930 showed that the ringleaders of France and England at that time thought to find a way out of imperialist contradictions at the expense of the Soviet Union by organizing a new anti-Soviet intervention. This is also evidenced by other attempts to organize a "crusade" against the Soviet Union, in which the Vatican had a hand, behind which stood the imperialist circles of the main capitalist countries; the armed conflict provoked by imperialist states on the CER (Chinese Eastern Railway), etc.

However, all attempts to knock together a single front against the Soviet Union and organize anti-Soviet intervention ultimately failed. This was due primarily to the wise and far-sighted Stalinist foreign policy of the USSR, this happened as a result of the successes of the Soviet Union and the support of it by working people of capitalist countries, as a result of the struggle of two tendencies in the policy of imperialist states—the tendency toward armed struggle with the USSR and the tendency toward developing business ties with the Soviet Union—and also thanks to the development of intra-imperialist contradictions.

As a result of the economic crisis of 1929–1933, hotbeds of the second world war in Europe and Asia were created, and the ripening of the prerequisites for the second crisis of the capitalist system of the world economy was accelerated.

The crisis of 1937–1938, which set in after a depression of a special kind, as Comrade Stalin pointed out, differed from the crisis of 1929–1933 not for the better, but for the worse for capitalism. This crisis began in the USA, England, France, and other bourgeois-democratic countries not after a period of industrial upsurge, as was the case in 1929, but only after a depression and some revival which, however, did not pass into prosperity. The crisis of 1937–1938 unfolded not in peacetime, but during a world war that had already begun. In the USA, France, and a number of other countries, production volumes did not even reach the 1929 level. The drop in production occurred at an even faster pace than during preceding crises, including the crisis of 1929–1933.

Aggressive fascist states, on the basis of a military-inflationary conjuncture, somewhat increased production by 1937, with Germany and Japan exceeding the 1929 level. However, such a revival could not last long. At the 18th Congress of the Party, Comrade Stalin noted that in Japan and Italy, which had carried out war preparations earlier than Germany, a period of downward industrial movement had already begun in 1938, and pointed out that "unless something unforeseen happens, Germany's industry will have to take the same path of downward movement which Japan and Italy have already

taken"[41]. Restructuring the economy of aggressive countries on a war footing did not create conditions for ridding them of the crisis. On the contrary, it placed these countries before a new, even more brutal crisis and, in essence, made a normal exit from the crisis difficult for them. All this meant, as Comrade Stalin pointed out, that "capitalism will have far fewer resources for a normal exit from the present crisis than during the preceding crisis"[42].

The crisis of 1937, which threatened to become even heavier and more prolonged than the crisis of 1929, intensified the economic war of imperialist states and created even more prerequisites for solving international issues by violent means, accelerating the ripening of the second crisis of the capitalist system of the world economy.

Comrade Stalin wrote: "Thus, before they had even managed to recover from the blows of the recent economic crisis, the capitalist countries found themselves facing a new economic crisis. This circumstance led to the fact that the contradictions between imperialist countries, as well as between the bourgeoisie and the proletariat, intensified even further. In connection with this, the attempts of aggressive states to compensate for domestic losses from the economic crisis at the expense of other, weakly protected countries began to intensify more and more"[43].

Both groupings of imperialist states—both the one that was dissatisfied with the previously made partition of the world and

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41 J. Stalin, Problems of Leninism, 11th ed., p. 567.

42 Ibid., p. 565.

43 "History of the CPSU(b): Short Course", p. 316.

sought to redivide the world, and the one that did not want to allow a redivision of the world in favor of Germany, Japan, and Italy—were heading toward a new world war.

The second world war, unleashed by the bloc of fascist states with the direct connivance and complicity of Franco-Anglo-American reaction, interrupted the crisis of 1937–1938 that had begun in a number of capitalist countries.

The second crisis of the capitalist system of the world economy, which caused the second world war, reflected the deepening of the general crisis of capitalism, the further intensification of the unevenness of capitalist development, and the sharp exacerbation of imperialist contradictions. It was the consequence of the collapse of capitalist stabilization, the sharp exacerbation of the struggle for markets, which, as already noted, turned into a universal economic war of imperialist states. The tension of international relations reached such a degree that prerequisites for a new world war were created.

The second world war unfolded after countless and unsuccessful attempts by imperialists to create a single front against the Soviet Union, in particular attempts to knock together with fascist Germany a single anti-socialist front, or to "localize" the war by directing it against the USSR, thereby weakening not only Germany as an imperialist competitor of the USA, England, and France, but above all the land of socialism.

The treacherous Munich deal concluded in September 1938 by English and French imperialists with German and Italian ones with the full agreement and approval of the ruling circles of the USA most clearly reflected the aspiration of world imperialists

to reach an agreement on an anti-Soviet basis. German fascists were given Czechoslovakia as the price for Germany's obligation to start a war against the Soviet Union. The Munich conspiracy of imperialists was preceded by the Locarno Treaty, the "Four-Power Pact" concluded in Rome in 1933, the German-Polish pact, Anglo-German and Franco-German declarations of non-aggression, etc.

"In the policy of non-intervention," Comrade Stalin pointed out in 1939, "there glimmers the striving, the desire not to hinder aggressors from doing their dirty work, not to hinder, say, Japan from entangling itself in a war with China, and even better with the Soviet Union, not to hinder, say, Germany from bogging down in European affairs, entangling itself in a war with the Soviet Union, to let all participants in the war bog down deep in the mire of war, to encourage them in this surreptitiously, to let them weaken and exhaust each other, and then, when they have weakened sufficiently, to step onto the stage with fresh forces, to step out, of course, 'in the interests of peace,' and dictate their conditions to the weakened participants in the war"[44].

Anglo-Franco-American imperialists continued to pursue the "policy of non-intervention" during the second world war as well. The so-called "phony war" on the western front in 1939–1940, before Germany's invasion of Belgium, Holland, and France, by no means represented merely "passive waiting for events to develop" or "criminal carelessness" of the Anglo-French bloc, as might seem at first glance. On the contrary, it

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[44] J. Stalin, Problems of Leninism, 11th ed., pp. 570–571.

reflected the active reactionary imperialist policy of the western powers directed at sabotaging the formally declared war on Germany and turning this war into a "crusade" against the Soviet Union. At the same time, imperialists of both camps rendered military assistance to the white Finns in their war against the USSR. The "phony war" meant carrying out an anti-Soviet policy that was a continuation of the policy of "Munich."

The policy of the ruling circles of the USA and England after Hitlerite Germany's perfidious attack on the USSR consisted in repeated deliberate criminal delays in opening the second front, in behind-the-scenes negotiations of representatives of the American and English governments with Hitlerites regarding the conclusion of a separate peace.

Already in the course of the second world war, Anglo-American imperialists began preparing a new war that would give them the opportunity to complete the plans begun by "Munich" but which had not brought them success. During the war years, Anglo-American imperialists saved their forces, striving to preserve them for the third world war they were preparing—a war against the camp of democracy and socialism, for the forcible establishment of their world domination.

Thus, imperialist politicians throughout the entire period of the ripening and development of the second crisis of the capitalist system of the world economy tried to find a way out of imperialist contradictions through organizing a single front against the Soviet Union. However, these attempts collapsed thanks to the foreign policy of the Soviet Union, as well as due

to the further intensification of the operation of the law of uneven development of capitalism. German fascism set itself the goal of establishing world domination, subjugating or exterminating peoples, destroying the independence not only of the Soviet Union, but also of England, France, and other countries. The brilliant Stalinist foreign policy of the Soviet Union made it possible to unravel and disrupt the designs of the imperialists. Contrary to the intentions of Anglo-Franco-American reaction, the war against Hitlerite Germany assumed an anti-fascist, liberating character from the very beginning. The Patriotic War of the Soviet Union against Hitlerite Germany, coinciding with the second world war, reinforced the anti-fascist character of the second world war.

Under pressure of circumstances, the ruling circles of the USA and England were forced to temporarily conceal their genuine goals and intentions. These imperialist states had to join the anti-fascist coalition headed by the Soviet Union. For the USSR, participation in the second world war was a logical continuation of the policy of collective security and curbing fascist aggressors, which it had tirelessly pursued before the war. But for the ruling circles of the USA and England, participation in the anti-fascist war meant not a rejection of imperialist goals, but their forced temporary camouflage.

In the report on the 31st anniversary of the Great October Socialist Revolution, Comrade V. M. Molotov said:

"When the second world war broke out, the Soviet Union did not have to change its policy by entering the anti-Hitler coalition together with England and the United States of America. This was a natural continuation of that foreign policy

which the Soviet government pursued even before the second world war.

The formidable danger hanging over Europe, and not only Europe, from fascist Germany and aggressive Japan with their insane plans for world domination and the rout of all states opposing this, forced the ruling circles of England and the United States of America to unite with the Soviet Union against the forces of aggression and fascism"[45].

The decisive role of the Soviet Union in the war against Hitlerite Germany, Italy, and Japan determined its content. This was a war of peoples for their existence, against Hitlerite enslavers. In it, the fascist states were defeated; in it, the imperialists' designs to weaken the Soviet Union suffered complete bankruptcy. The main result of the second world war is the victory of the Soviet Army, the victory of the Soviet social and state system—the truly popular and most viable and stable system in the world, the further strengthening of the Soviet Union, the radical change in the correlation of forces of the two socio-economic systems in favor of socialism.

As a result of the second world war, there occurred a deepening of the world's split into two camps: the camp of democracy and socialism headed by the USSR, and the camp of imperialism, reaction, and war headed by the USA. Simultaneously, contradictions within the imperialist camp intensified. This is explained primarily by the fact that capitalism has become tighter, for the sphere of its domination has again significantly narrowed as a result of the dropping away from the imperialist

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[45] V. M. Molotov, The 31st Anniversary of the Great October Socialist Revolution, Gospolitizdat, 1948, pp. 27–28.

system of a number of countries in Europe and Asia that established a regime of people's democracy and are marching toward socialism. At the same time, the market problem for imperialists has exacerbated even more due to the growth of impoverishment of the popular masses of capitalist countries during and after the war.

The current post-war period differs substantially from the period that followed the first world war. The most important of these differences lies in the fact that at present the correlation of forces of the two systems has changed so much in favor of socialism, to the detriment of capitalism, that in the given concrete historical situation capitalism no longer has prospects for a general upsurge and there are no real possibilities for a new stabilization of capitalism, even temporary, relative, and fragile. In the sphere of economics, the capitalist world is increasingly being drawn into a new destructive economic crisis.

The process of further weakening of the capitalist system, which was the direct result of the second world war and the world-historic victory of the USSR, not only has not halted, but continues to progress. Following the countries of people's democracy, China broke away from the capitalist system, which was a new blow of enormous force against the system of imperialism. In this great country with a population of 475 million people, a People's Republic has been formed, the dictatorship of people's democracy has been established; under the leadership of the working class and its Communist Party, China has begun its development in the direction of socialism. The peoples of the colonial countries of Vietnam and

Indonesia, Malaya and Burma are fighting with arms in hand for their independence and freedom, against the imperialists. A democratic republic has been created in Germany.

The successful and pre-schedule fulfillment of the post-war Stalin five-year plan in the USSR, the first successes of socialist construction in the European countries of people's democracy, the powerful nationwide movement of struggle for peace also contribute to the further deepening of the general crisis of capitalism.

No sooner had the second world war ended than Anglo-American imperialists began actively preparing for a new, third world war. This testifies to the absence of conditions for capitalist stabilization in international relations, as well as to the genuine goals of Anglo-American imperialists in the second world war. For them, the war was a means of redividing the world in their own favor, of eliminating their imperialist competitors—Germany, Japan, and Italy—from world markets. But at the same time, the magnates of American and English capital strove to preserve hotbeds of fascism in these countries, hotbeds of struggle against the forces of democracy. Simultaneously, they sought the exhaustion of the Soviet Union in the war. The calculations of Anglo-American imperialists that the war would bring them world domination, as is known, failed. Anglo-American capitalists not only failed to become masters of the world: on the contrary, they lost many of their former positions.

In the modern situation, Anglo-American aggressors are striving in a new form, under the aegis of the USA, to resurrect the single anti-Soviet front created in Munich and then

collapsed, and to conquer world domination. Imperialists are once again trying to resolve their contradictions at the expense of the socialist system, at the expense of the Soviet Union and the countries of people's democracy, preparing a war against the camp of peace, democracy, and socialism. Such is the most important feature of the policy of the United States of America and England at the present stage.

As a result of the further exacerbation of the general crisis of capitalism and the intensification of the unevenness of development of capitalist countries, the problem of markets has exacerbated for them with renewed force. American capitalism strives to retain and expand even further the markets conquered by it during the second world war. Utilizing the economic weakening of other capitalist countries, the USA—with the help of the "Marshall Plan" and expansionist programs similar to it, imposed agreements, and military blocs—seizes markets, subjugates countries where the bourgeoisie rules. By inflating the military budget and organizing military alliances, American monopoly capital also counts on partially resolving the market problem through huge state military orders, domestic and foreign.

American imperialists, trying to mitigate the economic crisis mounting in the USA with the help of the arms race, thereby ultimately expand the foundations of the economic crisis and accelerate its deployment both in the USA and in the capitalist countries of Europe, which are an extensive sales market for American goods.

Imperialists' military expenditures are paid for at the expense of working taxpayers, lead to an intensification of the

impoverishment of the working class, to a reduction in the purchasing power of the masses. The attempts of American imperialists to establish their monopoly domination on world markets and turn other states into their vassals run into the resistance of the entire democratic camp headed by the Soviet Union. The camp of peace, democracy, and socialism is fighting for the final defeat of fascism and reaction, for preventing the threat of a new war. By virtue of this, the expansionist course of American imperialism aimed at achieving world domination is above all an anti-Soviet course directed against the USSR, against the countries of people's democracy, against the workers' and general democratic movement in all countries.

Like the Hitlerites, American imperialists trumpet the creation of a "defensive wall" against bolshevism. This means that American imperialism is frightened by the growth of the forces of democracy and socialism. On the other hand, cries about "defense" against communism are designed to cover up the USA's struggle for world domination. Cries about the "bolshevik threat" masked the imperialist aggression of Hitlerite invaders. Now, with talk about the "bolshevik threat," American imperialists are trying to camouflage the true goals of the policy of aggression and preparation for a new imperialist war carried out by them. The "Marshall Plan" and the North Atlantic Pact most vividly express the aggressive policy of American imperialism at the present stage.

The second world war not only failed to resolve imperialist contradictions, but, on the contrary, deepened them. Contradictions within the imperialist camp are growing,

especially the main one—the contradiction between the USA and England. The struggle is proceeding within imperialist blocs; it is intensified by the USA's striving to turn other capitalist countries into its satellites and obedient tributaries. The exacerbation of imperialist contradictions leads ultimately to a new crisis of the capitalist system of the world economy and, consequently, to a new war.

If imperialists unleash a third world war, it will be the grave of world capitalism. "A situation has been created," Comrade V. M. Molotov pointed out, "in which the imperialists who have unleashed a new world war will inevitably provoke such a universal rebuff on the part of peace-loving peoples and the entire democratic camp that will lead not simply to the defeat of these or those aggressive powers, as has been the case until now, to the liquidation of the entire system of world imperialism"[46].

However, although war is an inevitable companion of capitalism, it by no means represents a fatal product of some inexorable element. The question of war is not only an expression of the spontaneous development of capitalist economy; it is at the same time a question of the correlation of forces between the camp of peace and democracy and the camp of reaction and war. One must not forget the active, effective role of the political, organizational, and ideological struggle of working people for peace. The camp of peace and democracy, uniting the mighty forces of progress, is immeasurably more powerful than the camp of imperialists and warmongers. If

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[46] "Bolshevik" No. 24, 1949, p. 21.

these forces are used for an active struggle for peace, war can be prevented.

In his speeches, Comrade Stalin warns against a fatalistic attitude toward war, showing that it depends on the peoples to prevent war. The peoples of the world are fighting against the military danger, and the attempts of Churchill and other warmongers to unleash a new slaughter can end only in the shameful failure of the warmongers of a new war. Comrade Stalin teaches: "The horrors of the recent war are too fresh in the memory of the peoples and the public forces standing for peace are too great for Churchill's disciples in aggression to overcome them and turn things in the direction of a new war"[47].

The forces of democracy, socialism, and peace have grown so much now that the solution of the central task of communist and workers' parties, of the entire democratic camp—to rally the broadest popular masses of all countries in the struggle against Anglo-American imperialist warmongers, for peace—is a fully feasible matter. However, the growth of the forces of the camp of democracy and socialism must not cause complacency among fighters for peace led by the working class and its communist vanguard. "It would be a deep, unforgivable mistake to assume," says the resolution of the Information Bureau of Communist Parties, "that the threat of war has allegedly diminished. Historical experience teaches that the more hopeless the cause of imperialist reaction, the more it rages, the more the danger of military adventures increases.

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[47] "Bolshevik" No. 20, 1948, p. 2.

Only the greatest vigilance of peoples, their firm determination to actively fight for peace with all forces and means will lead to the collapse of the criminal designs of warmongers of a new war"[48].

Questions of Economics, No.1 , 1950.

[48] "Pravda", November 29, 1949.

A. TERYAYEVA

STALIN AND SOCIALIST COMPETITION IN COLLECTIVE FARMS

The great leaders of the Soviet people, V. I. Lenin and J. V. Stalin, discovered in socialist emulation a new powerful factor for raising productive forces, generated by the socialist attitude toward labor and by new, socialist social production relations between people, which naturally arise only on the basis of public ownership of the means of production.

Comrade Stalin is the inspirer of the deployment of socialist emulation in the USSR and of the emergence and development of the Stakhanovite movement. Comrade Stalin developed Lenin's teaching on socialist emulation and created the teaching on the Stakhanovite movement as its highest form. Under the leadership of Comrade Stalin, the Bolshevik Party organized a powerful upsurge in the labor activity of the masses on the basis of deploying socialist emulation in all branches of the national economy, transforming it into a mass nationwide movement. Socialist emulation has become a most important regularity in the development of the Soviet economy.

Comrade Stalin revealed the sources of socialist emulation and the Stakhanovite movement, showing that they lie in the new character of labor in a socialist society, in its fundamentally different conditions.

"Under capitalism, labor has a private, personal character... You work for the capitalists, you enrich them? And how else?

You were hired precisely so that you would enrich the exploiters. You do not agree with this—go into the ranks of the unemployed and vegetate as best you can—we will find others, more compliant... It is clear that under such conditions there can be no place for the Stakhanovite movement. It is a different matter under the conditions of the Soviet system. Here the toiling man is held in honor. Here he works not for the exploiters, but for himself, for his class, for society. Here the toiling man cannot feel himself abandoned and lonely. On the contrary, the toiling man feels himself to be a free citizen of his country, a sort of public figure. And if he works well and gives society what he can give—he is a hero of labor, he is surrounded by glory. It is clear that only under such conditions could the Stakhanovite movement be born"[49].

The very understanding by the masses of the character of labor under socialism, revealed by Comrade Stalin, as a public affair, a source of social wealth and a prosperous life, becomes a greatest force accelerating the movement toward communism.

Socialist emulation at all its stages is linked by Comrade Stalin with the solution of the fundamental tasks of socialist construction. The wide development of socialist emulation is an integral part of the carefully elaborated plan of country industrialization by Comrade Stalin, the plan for preparing the decisive offensive of socialism against capitalist elements along the entire front. The emergence and development of socialist emulation in agriculture is inextricably linked with the construction of new, socialist forms of economy—machine and

[49] J. Stalin, Problems of Leninism [Voprosy leninizma], 11th ed., pp. 499–500.

tractor stations (MTS), collective farms—and their organizational, economic, and political strengthening.

"The great significance of collective farms," Comrade Stalin pointed out, "lies precisely in the fact that they constitute the principal base for the application of machines and tractors in agriculture, that they constitute the principal base for remaking the peasant, for recasting his psychology in the spirit of socialism"[50].

Warning against a spontaneous drift (samotyok) in collective farm construction, against the mechanical identification of the opportunities inherent in the collective farm form of economy with their realization in reality, Comrade Stalin advanced the task of Bolshevik leadership in collective farms.

The new, socialist attitude toward labor and socialist emulation in collective farms had to fight their way through in struggle against kulak and wrecking elements that had wormed their way into collective farms to blow them up from within, in struggle against the egalitarian tendencies of yesterday's individual peasant, and in struggle for socialist forms of labor organization and the growth of the social economy of collective farms. The protection and multiplication of public socialist property, the strengthening of labor discipline, the correct organization of labor, and the raising of its productivity become the main tasks of socialist emulation in collective farms.

At the initiative of Comrade Stalin, the First All-Union Congress of Collective Farm Shock Workers took place in

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[50] J. Stalin, Works [Soch.], vol. 12, p. 165.

February 1933. At that time, the country's agriculture, having overcome the difficulties of the reorganization period, was beginning to develop rapidly. In an appeal to all peasant collective farmers, the congress set as the central task of collective farms the establishment of strict economic order, the establishment of firm labor discipline, and the strengthening of collective farm property.

Comrade Stalin, in his speech "On Work in the Countryside" at the Joint Plenum of the Central Committee and Central Control Commission of the CPSU(b) in January 1933 and in his speech at the First All-Union Congress of Collective Farm Shock Workers, formulated the new tasks for the organizational, economic, and political strengthening of collective farms in a brief, extremely clear appeal for every collective farmer: to make all collective farms Bolshevik, and all collective farmers prosperous. Comrade Stalin opened up before the multi-million masses of the collective farm peasantry not only a clear, close prospect of a prosperous life, but also defined a practical program of struggle: to work honestly, fulfill the tasks of the worker-peasant state, distribute collective farm incomes according to labor, guard collective farm property, guard tractors and machines, strengthen collective farms, and oust from collective farms the kulaks and sub-kulaks who had wormed their way in. He pointed out that if all collective farmers work honestly, we will achieve a situation where in some 2-3 years we will raise all collective farmers—both former poor peasants and former middle peasants—to the level of prosperous people, to the level of people enjoying an abundance of products and leading a fully cultured life.

The most important link in the system of measures aimed at strengthening the socialist foundations of the agricultural artel was the organization and remuneration of collective farms on socialist principles according to the principle "from each according to his ability, to each according to his work" depending on its quantity and quality. At the initiative of Comrade Stalin, in 1931 the workday (trudoden) was approved as a measure of the quantity and quality of labor and, accordingly, a measure of consumption determining the participation of the individual collective farmer in collective labor and thereby his share in income distribution. Normalization of basic agricultural operations and piece-work were introduced. The permanent production team was consolidated as the basic form of artel labor organization.

All this created the necessary conditions for the development of a new, socialist organization and discipline of labor in collective farms, and for the deployment of socialist emulation.

Of exceptional importance for strengthening the collective farm system was the Stalin Model Charter of the Agricultural Artel, elaborated with the direct participation of Comrade Stalin and adopted in February 1935 by the Second Congress of Collective Farm Shock Workers. The Charter was based on the socialist principle of correctly combining the personal interests of collective farmers with their public interests, the principle of subordinating the personal interests of collective farmers to public interests. The Charter consolidated everything most advanced and progressive in the organization of labor in collective farms; it played a decisive role in the

development of socialist emulation in collective farms and its highest form—the Stakhanovite movement.

The growth of the production and political activity of collective farmers and the rise of socialist emulation find expression in the strengthening of labor discipline and the high productivity of collective farmers' labor. Labor productivity in collective farms by the beginning of the second five-year plan had increased compared to small-scale peasant farming by almost 2 times. In subsequent years, on the basis of further mechanization of processes and improvement of labor organization, collective farmers' labor productivity rose even higher.

Year after year, the output of workdays per able-bodied person and per household steadily increased in collective farms, which testified to the strengthening of new, socialist labor discipline.

Output of Workdays in Collective Farms of the USSR[51]

TABLE DATA PLACEHOLDER

(Output of workdays: 1932: 118 / 257, 1933: 148 / 315, 1934: 166 / 354, 1935: 181 / 378, absolute % to 1932: 153.4 / 147.0)

The task set by Comrade Stalin—to make all collective farms Bolshevik and all collective farmers prosperous—is being successfully resolved. The average issuance of money per household over the years of the second five-year plan increased by 3.5 times, and of grain—by 3 times. The collective farm system not only liquidated the poverty and destitution of the

[51] "Collective Farms in the Second Stalin Five-Year Plan" [Kolkhozy vo vtoroy stalinskoy pyatiletke], Gospolitizdat, M.-L., 1939, p. 36.

toiling peasantry, but also ensured a new high material and cultural level of its life.

"Life has become better, comrades. Life has become more joyous. And when life is joyous, work goes well. Hence high output norms. Hence heroes and heroines of labor. This is first of all the root of the Stakhanovite movement,"[52] Comrade Stalin pointed out.

A special role in the development of the Stakhanovite movement in agriculture was played by conferences of leading workers of collective farms, MTS, and state farms with party and government leaders, in which more than 3,000 people participated and which were personally led by Comrade Stalin. In November 1935, a reception for female collective farm five-hundred-noters, shock workers of beet fields, took place in the Kremlin; on December 1, 1935—a conference of leading combine operators; on December 4 and 19—conferences of leading collective farmers of cotton-growing regions; on December 27—a conference of grain yield innovators, tractor drivers, and thresher operators. In February 1936, a conference of leading livestock breeders took place, and in March 1936—leading flax and hemp growers.

The exchange of work experience and live communication of thousands of rural innovators with party and government leaders contributed to the organizational and economic strengthening of collective farms and the deployment of socialist emulation in the countryside. At the proposal of Comrade Stalin, participants in the conferences—agricultural

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[52] J. Stalin, Problems of Leninism [Voprosy leninizma], 11th ed., p. 499.

innovators—were awarded by the government. Their achievements became the property of the masses of the Soviet peasantry. The conferences served as an impetus for a further rise in the creative initiative of the masses, which took on the most diverse forms. In beet-growing regions, the movement of beet-growing five-hundred-noters, far surpassing the record achieved by M. Demchenko and her friends, unfolded widely; in technical crop regions—the movement for obtaining high crop yields on plots assigned to teams and individual team members; in the grain regions of Siberia—the Yefremov movement.

The conference of leading combine operators was a turning point in the development of the Stakhanovite movement in grain farming. At this conference, Comrade Stalin set a concrete task for agricultural workers—"to achieve in the near future an annual grain production of 7–8 billion poods." In the struggle to implement this Stalinist appeal, the talents of tens of thousands of rural workers who actively joined the mass movement for high yields manifested themselves. The implementation of organizational and agrotechnical measures ensuring the harvesting of 7–8 billion poods of grain per year becomes the main obligation under socialist emulation.

The response to Comrade Stalin's appeal was the organization of Yefremov high-yield teams in Siberia. These teams were named after their talented initiator, team leader of the "Iskra" Collective Farm in the Altai Territory, M. E. Yefremov. In the harsh conditions of the Kulunda Steppe, he obtained a yield of 60 centners of spring wheat per hectare in 1936. His record was surpassed in 1937 by collective farmer I. E. Chumanov, head

of the cottage laboratory, who harvested 85.9 centners per hectare on a record plot. By 1938, there were already over 10,000 Yefremov teams in Siberia. They sowed 58,000 hectares of spring wheat, harvesting an average of 30 centners per hectare from this area.

Comrade Stalin's speeches revealed to all working people the features of labor under socialism as a matter of valor and heroism, and showed the deeply revolutionary and progressive significance of the Stakhanovite movement. At the same time, they outlined a clear goal and a concrete program of struggle at each stage of socialist construction. Thanks to Comrade Stalin's daily leadership of the Stakhanovite movement, enemy attempts to disrupt the great nationwide movement were exposed, and distortions permitted by individual workers were corrected in time. Thus, for example, some collectives, striving at all costs to put forward record-holders, did not surround the entire mass of Stakhanovites and shock workers with proper attention and did not render them assistance. These distortions, which threatened the further development of the Stakhanovite movement, were cut short in time. The decision of the Party Central Committee dated December 28, 1937, drew the attention of the Party and all toilers of the USSR to the main tasks of leadership in the Stakhanovite movement, serving as a model of Bolshevik leadership in this movement on the part of its wise helmsman—Comrade Stalin.

Comrade Stalin's words spoken in November 1935 to the effect that there were still few Stakhanovites, but no one could doubt that tomorrow there would be ten times more, were brilliantly confirmed by the entire course of socialist emulation. The

Stakhanovite movement, breaking old technical norms, old design capacities, and old production plans, developed unusually rapidly, with enormous force and depth. Thus, while at the conference of leading combine operators in 1935 there were 200 combine operators from MTS and grain state farms who harvested from 300 to 1000 hectares per season on a single combine, overfulfilling established norms by 2–3 times, in 1936 such output was achieved by 22,000, in 1937 by 35,000, and in 1938 by 43,000 MTS combine operators.

At the conference of grain yield innovators in the same year 1935, there were 437 MTS and state farm tractor drivers. Two years later, 38,000 tractor drivers from MTS alone harvested from 451 to 1000 hectares and above on an SKhTZ tractor, and 6,300 tractor drivers on a ChTZ tractor harvested from 1501 to 2500 hectares and more. Participating in the same conference were 595 high-yield grain innovators, and in 1939 over 9,000 collective farms, 2,000 team leaders, and 1,300 team members who achieved high grain yields received the right to participate in the All-Union Agricultural Exhibition organized at Comrade Stalin's proposal.

If 60,000 applications were submitted to participate in the All-Union Agricultural Exhibition in 1938, then at the All-Union Agricultural Exhibition in 1939, besides 156,000 innovators and notable agricultural figures, 15,000 collective farms, 11,000 collective farm livestock sections, 268 MTS, and 795 state farms were represented. By 1941, the number of collective farms, MTS, and individual innovators who overfulfilled the indicators established for participants in the All-Union Agricultural Exhibition had almost doubled

compared to 1939. This testifies to the rapid upsurge of Soviet agriculture and the development of the mass movement to raise crop yields and livestock productivity.

The output of workdays per able-bodied person increased by 1940 by more than two times compared to 1932. At the same time, the labor expended (man-days) on producing 1 centner of grain in collective farms became 40–50% less than in 1933, and almost 3.5 times less than in individual peasant farming.

The growth of workday output alongside a decrease in labor costs per unit of output characterized the rapid growth and comprehensive development of the social economy of collective farms and the strengthening of labor discipline. A remarkable, qualified army of workers in large-scale mechanized socialist agriculture has grown. Millions of people have turned into experienced organizers of social economy who master advanced science, are imbued with the spirit of Soviet patriotism, and on the basis of socialist emulation achieve ever new production victories.

The achievements and working methods of advanced collective farms, teams, and sections reveal the inexhaustible possibilities for raising labor productivity inherent in the collective farm form of economy and the socialist organization of labor. The broad masses of working people, from the experience of advanced collective farms, became convinced of the full reality of achieving high indicators in agricultural development. By bringing all collective farms up to the level of advanced ones, the country can harvest 40% more grain, 60% more flax and cotton, and almost twice as much beets. And the yield in

advanced teams was 1.5–2 times higher than the average yield indicators for the economy.

The peaceful creative labor of the Soviet people was interrupted by the invasion of fascist barbarians onto our country's territory. The collective farm peasantry, together with the working people of the city, had to solve exceptionally complex economic tasks upon which the fate of the socialist Motherland depended.

Socialist emulation unfolded in collective farms with renewed vigor. The Party and Government mobilize agricultural workers to overcome wartime difficulties, provide the front and population with agricultural products, and render all possible assistance to the Soviet Army. A patriotic movement unfolds among collective farmers to create a defense fund and to pre-fulfill and overfulfill the tasks of the Soviet State for the production and procurement of grain and livestock products. An all-Union socialist emulation of collective farmers, MTS workers, and collective farms arises, in which all territories, regions, districts, and tens of thousands of collective farms, teams, and sections participate. Agricultural workers assume high obligations under socialist emulation before the entire country, setting them out in letters to Comrade Stalin. At Comrade Stalin's initiative, competition winners are awarded government prizes and challenge red banners.

For the successful execution of spring sowing and the fulfillment of the half-year livestock development plan in 1944, 10 regions and republics received prizes; the good work of 43 regions and republics was noted. The Challenge Red Banner of the State Defense Committee for high yields was awarded in

1944 to Moscow and Kalinin Regions and the Chuvash ASSR, and in 1945 to 6 regions and the Udmurt ASSR; for achievements in livestock development—to 6 regions and the Dagestan ASSR.

Socialist emulation to render assistance to the front, the high patriotism of the collective farm peasantry manifested in the growth of labor activity, and a deep understanding of state interests were an effective force directing the development of the social economy of collective farms during the war years. The annual workday output of all groups of collective farmers for 1941–1943 increased everywhere by 30–50% and more. At the same time, in many collective farms, marketable produce delivered to the state increased by one and a half to two times or more.

The collective farm system honorably weathered the trials of wartime. Throughout the entire war period, collective farms and state farms ensured the supply of agricultural products to the country.

"Of course, without the collective farm system, without the selfless labor of collective farmers and female collective farmers," Comrade Stalin said, "we would not have been able to solve this most difficult task. If in the third year of war our army experiences no shortage of food, if the population is supplied with food and industry with raw materials, this reflects the strength and vitality of the collective farm system, the patriotism of the collective farm peasantry"[53].

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[53] J. Stalin, On the Great Patriotic War of the Soviet Union [O Velikoy Otechestvennoy voyne Sovetskogo Soyuza], Gospolitizdat, 1949, p. 117.

The victorious conclusion of the Great Patriotic War set new tasks before the Soviet people. These tasks were exhaustively defined by Comrade Stalin; they inspired workers, peasants, and intellectuals to a new labor upsurge and the further deployment of socialist emulation.

Socialist emulation in the post-war period assumed a truly nationwide character, encompassing all branches of the Soviet national economy and all branches of agriculture.

The powerful upsurge of socialist emulation in the countryside found vivid expression in collective letters to Comrade Stalin, which are discussed at collective farm meetings and in the drafting of which tens of millions of collective farmers, MTS and state farm workers take part. In these letters, the Soviet peasantry undertakes obligations to achieve high, stable yields of all crops and high livestock productivity, to introduce and master the grass-field system of agriculture, and to fulfill the obligations of collective farms and state farms to the state in the best possible manner. An enormous influence on the further deployment of socialist emulation in the countryside in the post-war period was exerted by the Decrees of the Presidium of the Supreme Soviet of the USSR adopted at Comrade Stalin's proposal on conferring the title of Hero of Socialist Labour and awarding orders and medals to agricultural innovators for successes in crop farming and livestock breeding. The significance of this decision was well expressed by Hero of Socialist Labour, Chairman of the "Borets" Collective Farm Comrade Azhirkov: "In the struggle for the yield, we acted on an unfolded front," said he. Collective farmers understood the main idea of the government decision: it is a matter of

obtaining high yields not on single-hectare plots, but on large areas. Therefore, discussing plans, collective farmers spoke no longer of record plots, but of the entire field, of raising yields on the entire area."

The smallest area from which awards are made for obtaining high yields is, for team leaders, e.g., for wheat and rye, at least 12–20 hectares; for team supervisors this area is 2–3 times larger, for collective farm chairmen—6–7 times larger, and for MTS leading personnel—50–60 times larger. At the same time, all groups of workers have the right to receive an award only on condition of fulfilling (and for Heroes of Socialist Labour—overfulfilling) established yield plans on the entire area of crop plantings and other crops assigned to them, provided for by the award decrees.

Socialist emulation under these conditions leads to yield increases not only among innovators, but on average across the entire area, i.e., across the collective farm, team, and brigade. This can be seen in the example of collective farms in Salsky District, Rostov Region:

Winter Wheat Yield in Advanced Collective Farms of Salsky District, Rostov Region, for 1947–1948 (in centners per hectare)

TABLE DATA PLACEHOLDER (Advanced collective farms / Advanced brigade leaders: 1947/1948 high yield plots vs other area vs highest yield)

Decrees on awarding agricultural innovators mobilize the broad masses of collective farmers to fulfill and overfulfill state plans for the development of collective and state farm production, mandatory deliveries to the state for all types of agricultural produce, and ensuring seed for planting all crops in the amount of full requirement.

Just how great a scope the struggle to implement Stalin's plans for agricultural upsurge has acquired can be judged by the fact that on the results of 1947–1948 alone, about 110,000 agricultural innovators were awarded orders and medals, of whom over 4,000 people received the title of Hero of Socialist Labour.

A characteristic feature of socialist emulation in the countryside during the wartime and post-war periods is the active participation of women. The emancipation of the female peasant and her inclusion in active creative labor in collective farm agriculture, as Comrade Stalin pointed out, is one of the most progressive aspects of the collective farm system. Comrade Stalin defined the involvement of female collective farmers in active socialist construction as a necessary condition for the victory of socialism and the gradual transition from socialism to communism, as a prerequisite for high rates of development of productive forces in socialist agriculture.

During the Great Patriotic War, the female peasant collective farmer bore the main burden of labor in agriculture on her shoulders. She displayed a deep understanding of nationwide interests and showed examples of selfless labor. In the post-war period, the activity of female peasants continues to rise. Among agricultural innovators awarded in 1947–1948, half are

women; among team leaders—almost 74%; and among rank-and-file collective farmers—63%.

The nationwide character of socialist emulation testifies to the decisive successes achieved in shaping communist consciousness and creating a new discipline of social labor in agriculture.

Lenin and Stalin teach that socialist emulation must be stimulated by the personal material interest of working people in production upsurge. Therefore, the system of encouraging innovators, improving the organization and remuneration of labor, the growth of collective farm incomes, and their correct distribution among collective farmers play an important role in the development of socialist emulation in agriculture. The system of material encouragement for agricultural innovators established at Comrade Stalin's initiative has had an enormous impact on the deployment of the Stakhanovite movement and the introduction of team labor organization in collective farms.

In his report at the 18th Congress of the CPSU(b), Comrade V. M. Molotov pointed out: "It was enough for the government, at Comrade Stalin's initiative, to establish special bonuses for increasing cotton deliveries" and "in two years cotton harvesting doubled." Similar decisions were made regarding flax and sugar beets. In 1939, bonuses and increments paid for successful cultivation and delivery of technical crops to the state amounted to 1,321 million rubles.

The outstanding achievements of flax growing in 1949 are largely the result of monetary incentives and supplying flax-growing collective farmers with wheat, carried out at Comrade Stalin's proposal.

In December 1940, at Comrade Stalin's proposal, a decision was adopted on additional remuneration of collective farmers in kind and money for overfulfillment by a team or brigade of state yield plans for agricultural crops and livestock productivity.

In the post-war period, the significance of this powerful economic lever for further upsurge of socialist emulation in collective farms increased even more. Additional labor remuneration for overfulfilling state yield plans contributed to strengthening the brigade and team, and raised the personal interest of collective farmers in the results of their labor.

New measures strengthening this labor incentive are provided in the resolution of the USSR Council of Ministers dated April 19, 1948, "On Measures to Improve Organization, Raise Productivity, and Streamline Labor Remuneration in Collective Farms," adopted in furtherance of the decisions of the February Plenum of the Central Committee of the CPSU(b) of 1947. The resolution pays special attention to strengthening brigade-team labor organization, introducing medium-progressive norms, individual and small-group piece-work, labor remuneration taking into account final work results—crop yields, livestock productivity—and establishing plannedness in all links of collective farm production. The government resolution makes it possible, when distributing incomes, to fairly determine the share of each member of the artel economy in accordance with his participation in social labor and to materially reward innovators.

The decisions of the February Plenum of the Central Committee of the CPSU(b) and the resolution of the USSR

Council of Ministers of April 19, 1948, strengthened the economic and organizational basis for the further deployment of mass socialist emulation in collective farms. Consistent implementation of these decisions in life is of great importance for bringing backward plots up to the level of advanced ones and thereby for the general upsurge of productivity in collective farm agriculture.

Just how great the reserves uncovered by socialist emulation are even in advanced collective farms is shown by the table characterizing the large yield gap across plots of different teams of the same collective farm in 1948:

Innovators' Yield Reserves (Yield of winter wheat per 1 ha in centners)

TABLE DATA PLACEHOLDER (Collective farm name: 1 May / Stalin / Path of Lenin / Budyonny - average, highest, lowest)

Socialist emulation, bringing backward workers up to the level of advanced ones, leads to the utilization of these reserves and a general production upsurge.

In the post-war period, socialist emulation is inextricably linked with the struggle not only for high yields, but also for high product quality (grade, numbering). Just what enormous national economic significance this struggle has can be illustrated by the example of collective farms in Gorky Region. Advanced collective farms of this region obtained flax fiber compared to backward collective farms by 6 times more, and monetary income by 60 times more, since they delivered flax

grades Nos. 14–18, while backward collective farms delivered Nos. 4–7.

At the First All-Union Conference of Stakhanovites on November 17, 1935, Comrade Stalin emphasized that the Stakhanovite movement was "hindered by old technical norms and people standing behind those norms." In agriculture, the development of Stakhanovite movement was hindered by conservative routinists from science who kowtowed to pseudo-scientific theories of bourgeois scientists. Bourgeois science, fulfilling the order of its masters, proclaimed the poverty of working people an eternal law of nature. To conceal the causes of the impoverishment of rural toilers under capitalism, dozens of "theories" and "laws" on yield limits and diminishing soil fertility are fabricated. Science, enslaved by capital, confronts the toiler as a force hostile to him.

The practice of socialist agriculture completely refuted the pseudo-scientific "theories" of bourgeois apologists. In the Soviet Union, where science and technology are placed at the service of the people and communism, there are unlimited opportunities for the continuous increase of soil fertility. The great agronomical discoveries of advanced scientists of our Motherland—Timiryazev, Michurin, Williams, Kostychev, Dokuchaev, Lysenko—created the widest prospects for the steady upsurge of Soviet agriculture. A small group of followers of the bourgeois Weismannist-Morganist trend in biology suffered complete defeat. The rout of idealistic reactionary theories in agrobiology, carried out under the leadership of the Party and Comrade Stalin, opened a new stage in the development of Soviet Michurinist agrobiological

science and the introduction of its achievements into the practice of socialist agriculture.

The further deployment of socialist emulation in collective farms, MTS, and state farms is inextricably linked with the struggle to implement the grandiose Stalinist plan for the transformation of nature and with the three-year plan for the development of social collective and state farm productive livestock breeding.

Measures for the pre-schedule fulfillment of the Stalin plan for the transformation of nature, as well as the three-year livestock development plan, became the basis of obligations of collective farms, MTS, and state farms given to Comrade Stalin in 1948–1949.

In the combination of the most advanced agronomical science, the conclusions of which form the basis of the grandiose plan for the transformation of nature, and the most advanced agronomical practice lies the mighty transforming force and peculiarity of the present stage of socialist emulation in agriculture.

Field Stakhanovites creatively perceive the achievements of Soviet science. They struck a crushing blow at the "theories" of limiters and not only give new proofs of the correctness of the teachings of representatives of advanced Russian agronomical science, but make their valuable contribution to science. In the Kulunda Steppe, spring wheat yields of 60–100 centners per hectare were obtained. Thereby the absurdity of the anti-scientific "theory" of limiters about the alleged ineffectiveness of fertilizer application on chernozem soils in steppe regions was proven.

Advanced collective farms of the central and northern regions of the country harvest yields of 25–40 centners of spring and winter wheat per hectare on large areas. They have thrown into the dustbin the notorious theory of the "white spot" (the "theory" about the impossibility of cultivating wheat in these regions).

Field Stakhanovites proved that in large-scale socialist production it is possible to harvest 30–35 centners per hectare on large areas both on the rich chernozems of the south, and on the chestnut soils of the arid steppe of the southeast, and on degraded chernozems and grey forest soils of the central non-black-earth belt, and in the northern regions, and in the sub-taiga part of Siberia. It is characteristic that across regions the fluctuations in wheat and rye yields, as well as potatoes grown by innovators, are insignificant.

Yields in Advanced Collective Farms (in centners per hectare)

TABLE DATA PLACEHOLDER (Zones: Non-Black-Earth Belt, North Caucasus, Eastern Siberia, Western Siberia/Urals, USSR, Kazakhstan & Kirghiz SSR - wheat/rye and potatoes)

Livestock innovators overthrew the widely circulated "theory" of the biological limit of increasing cow productivity, according to which milk yield growth can go only up to the 5th –6th lactation, reaching the highest level in the 3rd and 4th lactation. Remarkable masters of their craft, milkmaids and Heroes of Socialist Labour Mmes. Morozova and Koltovaya from the Dimitrov Collective Farm, Kholmogory District,

Arkhangelsk Region, proved that with skillful cow care and high milking technique, rapidly growing milk yields can be obtained not only after the 5th–6th, but even the 7th–8th lactation. Let us illustrate this with the following data on the group of cows assigned to these milkmaids (in liters):

TABLE DATA PLACEHOLDER (Cow milk yields for 1946/47 and 1947/48 across Kamfara, Kukolka, Kvitantsiya, Sbruya, Kladovaya)

The average milk yield for the entire group of cows assigned to Comrade Koltovaya amounted to (in liters per fodder cow): 1943: 1722, 1944: 1399, 1945: 3475, 1946: 4203, 1947: 4155, 1948: 5045.

As for the collective farm as a whole, the milk yield in 1948 increased to 3,715 liters against 1,882 liters in 1940, while the fat percentage in milk not only did not decrease, but rose from 3.55 to 3.68.

The practice of Stakhanovites entirely confirms the Marxist-Leninist teaching that there are no absolutely immutable properties in the nature of plants and animals, that by creating certain conditions one can direct their development in the necessary direction. Stakhanovites proved in practice the correctness of the teaching of Marx-Engels-Lenin-Stalin that by cognizing nature and its laws, man subordinates it to himself and can regulate the pace and direction of processes occurring in nature.

In a socialist society, new paths in science, alongside well-known scientists, are also paved by collective farmers, such as, e.g., Mssrs. Maltsev, Yefremov, Ozernoy, Baskakova, Angelina, swineherd Lyusko, and thousands of other agricultural Stakhanovites. M. Ozernoy bred the high-yielding corn hybrid "Partizanka"; advanced collective farmers of the Krasnoyarsk Territory—in cooperation with scientists—a local wheat variety "Kamalinka"; senior shepherd of the "14 Years of October" Collective Farm, Kuibyshev Region, bred a new meat-wool sheep breed "Kuibyshev."

Tens of collective farmers and female collective farmers received the honorary title of Stalin Prize laureate for outstanding inventions and production improvements. Heroes of Socialist Labour harvest 40 centners of wheat, 900 centners of sugar beets, 100 centners of cotton, and over 11 centners of flax fiber per hectare on large areas.

The historical task of eliminating the antithesis between mental labor and physical labor is implemented on the basis of raising the cultural and technical level of the toiling masses to the level of engineering and technical labor workers. This process is accomplished through the steady, ever-accelerating rise of the general level of culture and science, directed and organized by the Party and the socialist State. The general level of culture in the collective farm countryside is incomparable either with the level of the pre-revolutionary Russian countryside or with the level of farming in the USA and other capitalist countries. In high-yield corn master M. Ozernoy's team, all girls have secondary education. In the First of May Collective Farm, Kaluga Region, out of 525 able-bodied persons, 105 have

complete secondary education, 203—seven-year education, and the rest primary (3–4 classes).

Universal agronomical training of the collective farm peasantry, in-depth training of leading collective farm personnel, and organized introduction and propaganda of advanced experience have been deployed in the USSR. The scope of this work, headed by party organizations, is illustrated by the following data on Altai District, Altai Territory. In Michurin schools of this district, 3,000 collective farm innovators improved and enhanced their knowledge in 1949. In addition, agronomical circles worked in every collective farm of the Altai MTS zone; 1,180 talks and reports on various scientific and technical topics were conducted among collective farmers; agronomical and zootechnical conferences are held monthly. In the Altai Territory in 1949, over 100,000 collective farmers were covered by various types of training. Training of collective farm personnel is included as one of the most important conditions in the obligations of republics, territories, and regions given in letters to Comrade Stalin in 1948–1949.

The great Stalinist ideas on the advantages and transforming power of collective labor, having gripped the masses, have become a mighty material force in the victorious construction of communism.

The decisive offensive against drought, the gigantic work of transforming nature, the complex mechanization and electrification of agricultural production, and the mobilization of new reserves for raising agricultural labor productivity are organized and directed by the Bolshevik Party and personally

by Comrade Stalin. The organizational work of the Party, its wise leadership, and the unprecedented upsurge in the labor activity of the peasantry on the basis of socialist emulation have prepared the necessary conditions for the further development of collective farm agriculture and the speedy transition to communism.

The nationwide movement for the pre-schedule fulfillment and overfulfillment of state plans and new obligations undertaken for the 70th birthday of Comrade Stalin has uncovered new mighty springs of initiative of the masses, inspired by love and gratitude to their leader, father, and teacher, the genius architect of communism, Joseph Vissarionovich Stalin. Socialist emulation in the countryside, which unfolded with new unprecedented force in these momentous days, is a guarantee of further successes in the development of socialist agriculture.

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A. Savin

THE STALIN PLAN FOR THE TRANSFORMATION OF NATURE IN ACTION

(Based on materials from the central and local press)

Slightly more than a year has passed since the adoption, on the initiative of Comrade Stalin, of the historical decree of the Council of Ministers of the USSR and the Central Committee of the All-Union Communist Party (Bolsheviks) "On the Plan for Field-Protective Forest Plantations, the Introduction of Grass-Field Crop Rotations, and the Construction of Ponds and Water Reservoirs to Ensure High and Stable Crop Yields in the Steppe and Forest-Steppe Regions of the European Part of the USSR." This grandiose plan of offensive against drought opened a new era in the struggle for a further powerful upsurge of socialist agriculture, the economy of collective and state farms, and for creating an abundance of food in our country, necessary for the transition to communism.

The Communist Party, the Soviet State, and the great Stalin have always paid immense attention to the fight against drought. Back in 1924, Comrade Stalin pointed out the necessity to "do everything possible to insure ourselves in the future against the contingencies of drought..."[54] Comrade Stalin then outlined the first measures to combat drought. He wrote: "We think to begin the work with the formation of the minimum required melioration wedge along the Samara - Saratov - Tsaritsyn - Astrakhan - Stavropol zone... Next year we will move to the southern provinces." Thus was laid "the beginning of the revolution in our agriculture"[55].

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54 J. V. Stalin, Works, vol. 6, p. 275.

55 Ibid.

After the victory and consolidation of the collective-farm system, Comrade Stalin, in his report at the XVII Congress of the VKP(b) in 1934, set forth as immediate tasks of agriculture "the introduction of proper crop rotations, expansion of clean fallows, improvement of seed growing in all branches of agriculture" and "the planting of forests and field-protective forest belts in the eastern districts of the Trans-Volga region..." Carrying out the directives of the Party and the Government, thousands of collective farms carried out great work in planting field-protective forest belts. Over 10 years (1931–1941), on the fields of collective farms, predominantly in the steppe regions of the country, field-protective forest belts were planted over an area of 452 thousand hectares, in addition to ravine and gully plantations over an area of 170 thousand hectares. Many collective and state farms firmly protected their crops from droughts. However, across the vast expanses of the steppe and forest-steppe zones of the country, which play a major role in our agricultural production, frequently recurring droughts still inflict huge damage on agriculture.

The great Stalinist plan set the task of a fundamental transformation of nature in the arid and semi-arid regions of the south and south-east of the European part of the USSR. Characterizing the exceptional significance of this great plan of work, Pravda in its editorial on October 24, 1948, pointed out that "even among other decisions of the party and government that determined the paths of development of our agriculture," the resolution of the Council of Ministers of the USSR and the Central Committee of the VKP(b) stands out for the "grandeur of the tasks set in it."

In the shortest possible time — within two to three five-year periods — a grass-field system of agriculture will be introduced on an area of 120 million hectares of arable land, and forest plantations will be created on an area of up to 10 million hectares. Powerful green barriers in the form of state

protective forest belts will stretch for more than 5,320 km over an area of 117.9 thousand hectares. Alongside state forest belts, forest plantations over an area of more than 4 million hectares are being established on the fields of collective and state farms. A huge area will be occupied by forest plantations in the state forest fund, on ravines, gullies, and sands. All this will lead to a radical reshaping of the nature of the steppes. The most fertile lands of the south and south-east of our Motherland will be protected from the destructive effects of drought, soil erosion will be prevented forever, the moisture supply of fields will sharply increase, and climatic conditions in arid and semi-arid regions will improve.

Such a complex of measures, revolutionarily transforming nature in the interests of the people, is unthinkable in any capitalist country. Under capitalism, man, land, natural forces, and resources are exploited predatorily. In the USA, tens of millions of hectares of once fertile land have been turned into desert. Soil erosion there has assumed the character of a national disaster. American farmers are just as helpless before the hostile element — drought — as the peasants of Tsarist Russia once were.

A gigantic transformation of nature, systematically organized on a nation-wide scale, is possible only under the conditions of a socialist economy.

The plan of great works relies on the achievements of Soviet agronomic science and the practice of collective and state farms, the pinnacle of which is the grass-field system of agriculture. The scientific foundation of this system was created by the leaders of domestic agronomic science — Michurin, Dokuchaev, Kostychev, Williams, Timiryazev, Lysenko. The introduction of the grass-field system creates prerequisites for restoring and steadily increasing soil fertility and ensures obtaining high, stable crop yields regardless of weather conditions.

The majestic Stalinist program for the transformation of nature, carried out according to a specific plan, was new proof of the invincible strength of the Soviet socialist system, its decisive advantages over capitalism.

The Soviet people greeted the state plan of great works adopted by the party and government with exceptional enthusiasm. The Stalinist program of struggle for high and stable yields was widely discussed at meetings of collective farmers, workers of MTS and state farms, and agricultural specialists. It caused an unprecedented surge in the political and labor activity of the masses. "Our hearts," wrote Stalingraders in November 1948 to Comrade Stalin, "are filled with pride for our mighty Soviet Motherland. The socialist system opens before us the broadest perspectives, and we clearly see how in the very near future drought will be defeated forever, and every collective and state farm will receive high and stable yields under any weather conditions."

In numerous letters to Comrade Stalin, agricultural workers of the Volga region, Central Black Earth Belt, Don, North Caucasus, and Ukraine pledged early fulfillment and overfulfillment of planned assignments.

The great Stalinist idea of transforming nature took hold of millions of Soviet people and turned into a powerful material force. It became the banner of the struggle for raising the culture of socialist agriculture, for creating the material and production base of communism in the countryside.

In the autumn of 1948, and especially in the spring of 1949, socialist competition launched broadly for all-round acceleration of field-protective afforestation work, for early fulfillment of the Stalinist offensive program against drought. Imbued with a high patriotic feeling, agricultural workers in many regions, districts, collective farms, state farms, machine-tractor, and forest-protective stations set themselves the task of significantly reducing the timeline for executing the plan of

great works. Thus, agricultural workers of the Kharkiv region committed to implementing the Stalinist plan of nature transformation in 5 years instead of the planned 15 years. Collective farms of the Novo-Annensky district (Stalingrad region) pledged to complete the state tree planting plan 10 years ahead of schedule. Already by 1955, every crop rotation field of the collective farms will be bordered by forest belts. Collective farmers of the Tselinsky district (Rostov region) pledged to complete the field-protective forest belt planting plan 7 years early and the crop rotation adoption plan 4 years early; collective farmers of the Kinelsky district (Kuybyshev region) pledged to fulfill the tree planting plan 5 years early and crop rotation adoption 2 years early. Collective farmers of the Kamensko-Dneprovsky district (Zaporizhzhia region) decided to complete the 15-year plan in 5 years. Individual collective farms pledged to cut tree planting execution timelines by 12 years, such as the "Bolshevik" collective farm (Rostov region).

The initiator of early execution of the Stalinist plan for nature transformation in state farms was the team of the Tikhoretsky grain state farm, which pledged to fully complete the tree planting plan as early as 1951. Its initiative was followed by many state farms in the Odessa and other regions.

Komsomol members actively joined the mass movement to reduce the time for creating state forest belts. In December 1948, Komsomol members of the Traktorozavodsky district of Stalingrad called upon all Stalingrad youth to declare the Kamyshin – Stalingrad state protective forest belt (170 km long and 3,300 hectares planting area) a Komsomol project and complete all afforestation work in 3.5 years instead of the planned 15 years. The initiative of the tractor plant workers was supported by all youth in the city and region. Almost simultaneously, Komsomol members of Chkalov and Chkalov region pledged to construct by autumn 1952 a large section of

the Chkalov – Ilek state protective forest belt going towards Mount Vishnevaya – Caspian Sea, 100 km long with a planting area of 3,600 hectares. The example of Stalingrad and Chkalov youth was followed by Komsomol members of Voroshilovgrad, Stalino, Kharkiv, Voronezh, Saratov, and other cities and regions. Komsomol members of the Voroshilovgrad and Stalino regions declared a 470 km section of the state protective forest belt along the Seversky Donets a priority Komsomol construction site and decided to complete it in 4–5 years. Komsomol organizations in towns and villages of the Voronezh region took sponsorship over the Voronezh – Davydovka section of the Voronezh – Rostov-on-Don belt. Komsomol members of the Saratov region pledged to plant state protective forest belts along both banks of the Volga from Saratov to the village of Zolotoye in 5 years.

Many forestry enterprises are participating in the socialist competition for early execution of the Stalinist plan of nature transformation. The team of the Pugachevsky forestry enterprise (Saratov region), together with the forest-protection station staff, decided to complete the tree planting plan on its section within 8 years instead of the planned 15 years.

All these facts clearly demonstrate that Soviet people, raised by the party of Lenin – Stalin, are filled with determination to fulfill the Stalinist nature transformation plan ahead of schedule.

The struggle for the practical implementation of the Stalinist plan for the transformation of nature unfolded as early as autumn 1948. In a short period — less than two months after the publication of the decision of the party and government — collective farms, state farms, and forestry enterprises overfulfilled the annual plan, having established protective forest plantations on an area of 198.9 thousand hectares. Major successes in planting protective forest belts in the autumn period of 1948 were achieved by collective farms of the

Ukrainian SSR, which completed the plan by 137%, the Tambov region by 156%, Stalingrad region by 134%, Kursk region by 127%, and Voronezh region by 111% of the annual plan. Already in 1948, 269.5 thousand hectares of soil were prepared for tree planting against a plan for the whole of 1949 of 275 thousand hectares. In state, collective farm, and state farm nurseries, 1,868.5 million units of planting material were harvested, and new nurseries were established over an area of 2,885 hectares; a large quantity of tree and shrub seeds and fruit-technical crops were collected, especially oak acorns as the most valuable and durable species.

In the spring of 1949, measures to transform nature developed on an even larger scale. Thousands upon thousands of collective farmers gathered wild oak, ash, and other tree saplings from self-sown growth in forests. As reported by Sotsialisticheskoye Zemledeliye (May 15, 1949), collective farms of the Krasnodar Krai prepared 40 million wild saplings for all types of tree planting, Stavropol Krai — 38 million, Oryol region — 18 million, Saratov region — about 15 million; hundreds of tons of acorns were collected, and millions of poplar and tamarisk cuttings were prepared. Simultaneously, collective farms sowed tree and shrub species in their nurseries, completing the plan established for establishing nurseries for 1949 by 192%. State farms also harvested many seeds and seedlings. From the resources of the Ministry of Agriculture of the USSR alone, over a thousand tons of tree and shrub seeds and over 200 million seedlings were sold to collective farms, state farms, and forestry enterprises.

The Soviet State allocated large sums to complete such a huge volume of work. In 1949, more than one billion rubles of state and collective farm funds were released for these purposes. In the winter of 1948/49, broad preparation and retraining of mass cadres for directing forest reclamation construction and mass

agronomic education in rural areas were conducted. About 100 thousand people studied in schools and special courses. With great perseverance, workers of socialist fields studied afforestation techniques, grass sowing, and pond and reservoir construction.

The Stalinist plan for nature transformation elevated agricultural planning to a new level. To compile unified prospective afforestation plans in a region, krai, or republic, planning organizations needed to define the work of every collective and state farm for these 15 years. Such a task required a thorough study of the economy and a comprehensive accounting of the capabilities of each farm, as well as the development of long-term planning issues. Meanwhile, in a number of districts until now, long-term planning issues were given little attention. An exceptionally large volume of work had to be completed in short periods. Compiling unified afforestation plans was a necessary condition for proper afforestation organization in districts, krais, and regions, giving a serious impetus to further in-depth study of the economy and reserves of every collective and state farm.

As a result of the gigantic organizational work of the Party of Lenin – Stalin and the socialist state, the labor enthusiasm of rural workers, and the widespread development of socialist competition in collective farms, state farms, forestry enterprises, machine-tractor and forest-protection stations, brigades, and teams, the first major successes were achieved in the spring of 1949. The plan established by the party and government for creating forest protective belts for the entire year 1949 was accomplished in a shorter period compared to the schedule — in spring, during the best time period. In all krais, regions, and republics of the steppe and forest-steppe zones of the European part of the USSR, the spring planting plan was overfulfilled. The Ukrainian SSR completed the annual plan by 105.9%, collective farms of the Chkalov region

completed the annual planting plan in spring by 136%, Stalingrad region by 152.5%, Kuybyshev region by 149.9%, Oryol by 130%, Kursk by 117.5%, Ryazan by 204%, Penza by 212%, and collective farms of the Krasnodar Krai by 183%. State farms in Ukraine, Kuban, Don, Stavropol, Volga, and many other steppe and forest-steppe districts overfulfilled the annual tree planting plan for 1949; forestry enterprises and forestry services fulfilled the plan by 124.7%. The forest nursery establishment plan was overfulfilled by 11%. Overall, the annual forest plantation plan by collective farms, state farms, and forestry enterprises was fulfilled in spring by 102%. Tree plantings were carried out over an area of over 280 thousand hectares. 540 thousand hectares were prepared for future forest sowing. This volume of work exceeds tree planting work carried out earlier over 10 years.

Summing up the results of a year of great work, the head of the Main Administration of Field-Protective Afforestation under the Council of Ministers of the USSR, Comrade E. M. Chekmenev, wrote: "These first successes in implementing forest plantings were achieved because local party, Soviet, and agricultural bodies conducted great organizational and mass-political work among rural workers, broadly launched socialist competition for implementing the Stalinist plan of nature transformation, and for maximum reduction of execution timelines for field-protective forest plantations" (Bolshevik No. 19, 1949).

Spring afforestation work in 1949 revealed the possibility of significantly reducing the originally planned timelines for completing the work.

"The experience of this spring has shown," writes the Rostov newspaper Molot (Sept 13, 1949), "what inexhaustible reserves all our districts possess to reduce state afforestation plan deadlines two- to three-fold. We have every opportunity to fulfill the assignment set for 1950 already in autumn." Some

collective farms completed their fifteen-year plans as early as the autumn of the current year, such as the Stalin, Novaya Zhizn, and Pervoye Maya agricultural artels in the Vinnitsa region, while several other collective farms, such as the Budyonny collective farm in the Odessa region, will complete them in spring 1950.

Collective farms in the steppe and forest-steppe regions of the European part of the USSR overfulfilled the autumn field-protective forest belt planting plan by 1.5 times. In the Tatar ASSR, the autumn planting plan was overfulfilled six and a half times, in Bashkiria four and a half times. Kursk, Ryazan, Kuybyshev, and Ulyanovsk regions overfulfilled the plan. Many other districts successfully carried out autumn forest belt plantings. Autumn plantings in many districts were carried out towards fulfilling the 1950 plan. Collective farm forest belts established this year stretched along field boundaries for 100 thousand km.

According to the Central Statistical Administration, protective forest plantings were carried out over a total area of 590 thousand hectares, of which in 1949 — over an area of more than 370 thousand hectares. Collective and state farms almost doubled the afforestation plan for 1949. 800 thousand hectares of land were prepared for future forest plantings.

Planting a forest belt is only the beginning of a big task. The ultimate fate of a forest belt depends on careful and painstaking management of young plantations. Therefore, the work of permanent agro-forest melioration teams becomes exceptionally important. Plots designated for afforestation and tree plantings are assigned to these teams for 5–7 years, i.e., for the period necessary to grow forest stands until the canopy closes. The creation of permanent agro-forest melioration teams has fully justified itself: such teams master afforestation techniques faster and ensure thorough care of field-protective plantations. Leading teams in the Stalingrad region, despite

unfavorable climatic conditions in the summer months, achieved survival rates of forest plantings of up to 85–90%.
One of the most important sectors in the struggle to fulfill the Stalinist plan for nature transformation is the creation of state protective forest belts. The routes of future forest belts pass through 204 districts, across the lands of 2,279 collective and state farms. In 1949, survey and design work was conducted to create state forest belts over an area of 401 thousand hectares with route lengths of 3,845 km. The best specialists from the Ministry of Forestry, scientists from the Lomonosov Moscow State University, forestry and agro-forest melioration research institutes, and universities participated in route surveys. In summer, 14 detachments of a large complex expedition of the USSR Academy of Sciences studied the main routes of state forest protective belts. Scientific expedition detachments included soil scientists, foresters, botanists, hydrologists, microbiologists, zoologists, and other specialists. Dozens of mobile field laboratories were at the disposal of the detachments. Scientists performed detailed soil analyses, determined water regimes and climatic conditions, studied vegetation, and mapped exact outlines of future forest belts on topographic maps. The USSR Academy of Sciences expedition also established the first permanent complex scientific-research stations in open steppe in the region of the Penza – Yekaterinovka – Veshenskaya – Kamensk protective forest belt and in the Lower Volga region.
At present, land allocation design work has been largely completed. Land demarcation in kind for state protective forest belts is underway. Over three hundred qualified specialists are working on detailed technical designs for forest plantings for each belt, and within belts — for each region.
On individual sections of the state protective forest belts Mount Vishnevaya – Chkalov – Uralsk – Caspian Sea and Saratov – Astrakhan, initial plantings have already been carried out.

As is well known, the Mount Vishnevaya – Chkalov – Uralsk – Caspian Sea state protective forest belt is the first and most powerful barrier against destructive hot dry winds. It passes along the geographical border of Europe and Asia, extending 1,080 km. Tree plantings in this belt will occupy 22 thousand hectares, and with inter-belt spaces (so-called "water-collecting stores" for accumulating snow and meltwater) — 70 thousand hectares. The construction of this belt, according to the plan, was scheduled to begin in 1950. Komsomol organizations of Chkalov, Orsk, Krasnokholmsk, and Ilek requested permission to undertake the construction of the belt and start work not in 1950, but in the spring of 1949. Their initiative was supported by the Chkalov regional Komsomol organization. Applications from young men and women requesting to be sent to build the Komsomol forest belt poured continuously into the regional committee of the VLKSM. The 6th regional VLKSM conference in January 1949 took on the commitment to create, through youth efforts by autumn 1952, a 100 km forest protective belt towards Chkalov – Ilek covering 3,600 hectares. The Komsomol request was granted by the government. Construction was moved up from 1950 to 1949.

The Pavlovsky forest-protection station (Chkalov region) was staffed by Komsomol tractor drivers, hitchers, team leaders, drivers, mechanics, and turners. At enterprises in Chkalov and Mednogorsk, Komsomol members manufactured and transferred to the forest-protection station turning and drilling lathes, electric motors, mobile field trailers for tractor teams, tree planting equipment, and other valuable items outside working hours. 14 thousand young men and women were trained in agro-forest melioration. Komsomol members organized a special ski survey detachment of topographers and foresters to assist the Ministry of Forestry expedition in routing the belt line, collected tens of thousands of kilograms of tree and shrub seeds, and prepared almost 2 million poplar cuttings.

Under extremely difficult spring off-road conditions, when most cargo had to be carried manually across muddy places, Komsomol members delivered 12 tons of acorns required for sowing from remote forestry stations.
More than a thousand Komsomol members worked enthusiastically on the Chkalov – Ilek line; in nine days they planted oak and acacia over an area of 135 hectares (100 hectares were planned). Five-fold weeding was carried out over the entire area. Thanks to high-quality plantation care, the average survival rate of oak plantings and sowings reached 75–80%. 1,180 hectares of early fallow were prepared for tree planting and sowing in autumn 1949 and spring 1950. The winter fallow plowing plan was overfulfilled, with 1,294 hectares already plowed. This will allow starting plantings along the entire line in spring 1950. Simultaneously, Komsomol members are preparing for afforestation on other sections of the Mount Vishnevaya – Caspian Sea belt.
Tree planting has always been considered the most labor-intensive work in agricultural production. Mechanizing tree planting increases labor productivity 7 to 12 times. According to calculations, planting one hectare of forest belts using a manual planting tool — the Kolesov sword — requires 10 man-days, whereas using a tractor-driven tree-planting machine takes only 0.74 man-days. Growing field-protective forest plantings (with care over 5 years) without machines requires 185 man-days per hectare, while applying tractor-driven machines requires only 31.5 man-days.
In the "Gigant" state farm (Rostov region), out of 654 hectares of forest plantations, 550 hectares were established using mechanized methods. Manual planting of five-row forest belts takes 15.9 man-days per hectare at a cost of 197 rubles 49 kopecks; planting with a unit of 5 machines takes 3 man-days at a cost of 66 rubles 02 kopecks. Furthermore, applying

machine units allows planting within tight, optimal timelines, which is just as important as in field crop work.
The 118 forest-protection stations created in spring 1949 mechanize the most labor-intensive tasks in protective afforestation and pond/reservoir construction, easing collective farmers' labor. The power base of forest-protection stations consists of tractors of various models — from powerful diesel "S-80" machines to small garden-garden tractor units ("TOP"). The available set of trailed tools allows deep plowing with subsoilers, as well as plantation plowing in heavy chestnut soil zones. Stations are equipped with tree-planting machines, forest seed drills, special cultivators, tools for digging up seedlings/saplings from nurseries, and self-propelled sprinkler units. In addition, they possess road, reclamation, and transport machinery — excavators, bulldozers, graders, scrapers, ditch diggers, and motor trucks.
Proper, highly productive utilization of machinery at forest-protection stations will further accelerate work rates while yielding significant savings in labor and resources.
Forest-protection stations have already provided substantial assistance to collective farms during their short existence. For instance, the Chuguevskaya station completed its spring afforestation plan by 450%, Izyumska by 174%, Tsyurupinska by 153%, and Novo-Annenskaya by 112%. The Elanskaya station prepared 2,400 hectares of land for tree planting and performed plantation plowing for forest and nursery establishment over an area of 87 hectares. The Sol-Iletskaya station overfulfilled its spring afforestation plan and organized exemplary care for young trees. Communists at this station inspire workers to new achievements by personal example. The Yekaterinovskaya forest-protection station, tasked with establishing a state forest belt within Bakursky and Yekaterinovsky districts (Saratov region), worked in a Stakhanovite manner. The station's 4th production section,

headed by Comrade Barbashova, completed forest planting and sowing in five days over 36.5 hectares instead of the planned 23.5 hectares. Machine planting of forest belts covered 31 hectares, manual planting 1 hectare, and acorn sowing covered 4.5 hectares.

Soviet agro-biological science provides immense assistance in implementing the great Stalinist plan of nature transformation. Academician T. D. Lysenko proposed the nest-sowing method for main forest species — oak, pine, and others — in combination with agricultural field crops. This sowing method protects young trees from destructive wild steppe vegetation while allowing forest belt areas to be utilized for cultivating grains and other crops.

In spring 1949, instructed by the Council of Ministers of the USSR and Central Committee of the VKP(b), research and experimental institutions organized experimental forest belt plantings using the nest-sowing method across many districts and regions with diverse soil and climate conditions over an area exceeding 2,700 hectares. Simultaneously, nest sowings of forest belts were carried out on the fields of many collective and state farms. Both experimental and production sowings using the nest method yielded brilliant results.

On the fields of the Lysenko All-Union Selection and Genetics Institute, nest sowings of oak covered 150 hectares. Despite unfavorable climate conditions in 1949, most acorns sown in nests produced good, robust sprouts. Young trees reached heights of 22–25 cm and penetrated roots into the ground over 0.5 m deep. Under the cover of cultivated plants — rye, wheat, barley, alfalfa — not only are optimal conditions created for growing young oak plantations, but any need for additional expenditures on young forest cultivation is eliminated. Forest belts established by nest sowing in Askania-Nova over an area exceeding 80 hectares compare very favorably in survival rate and plant development rates with neighboring forest belts of

the Chaplinsky state farm planted with saplings using conventional methods. At the Kharkiv State Selection Station, belts established over 15.7 hectares using the nest method look very good; plants reach heights of 25 cm and develop much faster than oaks planted as seedlings.

"In the 'Kultura' collective farm," writes Candidate of Agricultural Sciences V. Lebedev in Volzhskaya Kommuna (July 26, 1949), "it is now well known that cultivating belts sown by the nest method requires significantly less money and labor than planting belts with seedlings. The collective farm spent an average of about 8 man-days per hectare sowing acorns, sunflower, and corn, whereas labor costs per hectare for seedling planting amount to up to 20 man-days. Each oak care cycle in rows per hectare is provided by 4 people. Inter-row maintenance was eliminated completely." It should be noted that the cost of acorns required for sowing one hectare is significantly lower than the cost of standard planting material for the same area.

Summing up the results of nest afforestation in state farms, Sovkhoznaya Gazeta (Sept 22, 1949) wrote: "This year's practice in grain state farms of the Kuban and other districts, where oak nest-sowing directly into belts was applied for the first time over significant areas, confirmed its high efficiency. In several places, steppe herbaceous vegetation suppressed seedlings, retarded their development, and in places even killed them. Where acorns and seeds of other tree species were sown in nests under the cover of cultivated agricultural plants, they sprouted well and developed even under unfavorable climate conditions. This sowing method has another important advantage: it accelerates field afforestation significantly, reduces labor requirements and other costs, and is therefore the most advantageous method of field-protective afforestation."

The nest-sowing method of forest belts according to Academician Lysenko's method is a major achievement of

Soviet Michurinist agro-biological science. Consistent application of dialectical materialism principles, deep understanding of living nature laws, and the inseparable link of theory with socialist agricultural practice ensured Michurinists successfully fulfilled party and government assignments to develop a new method of steppe afforestation.

Beginning in spring 1950, forest belt establishment by collective farms, state farms, forestry enterprises, machine-tractor, and forest-protection stations will generally be carried out using the nest method according to Academician T. D. Lysenko's system. Applying the nest method makes it possible to accelerate the execution of the grandiose forest plantation plan many times over. Already in 1950, afforestation will cover 700 thousand hectares, nearly twice as much as originally envisaged.

In 1950, work will begin in several regions to create oak groves of national economic importance. On Comrade Stalin's proposal, in addition to state protective belts, an oak grove of 137 thousand hectares is being created in the Stalingrad region passing through seven districts: Dubovsky, Balykleysky, Gorodishchensky, Krasnoarmeysky, Malo-Derbetovsky, Sarpinsky, and Voroshilovsky. Powerful oak stands covering 170 thousand hectares are also being created in treeless districts of the Rostov region. An industrial oak grove will also be established in the Astrakhan region. Creating oak groves in these regions serves not only water conservation and soil protection purposes; it will meet national economic needs for valuable timber. Stalingrad and Rostov regions will become not only primary grain regions of the country, but also major forest regions.

As reported by Les i Step magazine (No. 3, 1949), the area of all forest plantations (including state and collective farm forests) in steppe and forest-steppe regions will increase by 32.5% in 1965 compared to 1949. In Voronezh, Oryol,

Stalingrad, Rostov, and other regions, forest area will double, triple, or more after completing the plan.
Developing irrigation based on utilizing local runoff waters through pond and reservoir construction is exceptionally important in combating drought. Pond and reservoir construction, together with afforestation and other elements of the grass-field agriculture system, ensures water regime regulation in steppes, microclimate softening, and elimination of harmful hot dry wind effects. From 1949 to 1955, 41,300 ponds/reservoirs in collective farms and 3,928 in state farms are scheduled for construction, including 4,903 collective farm ponds in 1949. As of December 1, 1949, collective farms completed construction of 3,538 ponds and restored/repaired 2,807 ponds and reservoirs.
In many regions and districts, ponds and reservoirs are created using community construction methods. As reported in Pravda (Aug 18, 1949) by S. Elagin, Secretary of the Kamensko-Dneprovsky District Committee of the VKP(b), in February 1949, collective farms of this district (Zaporizhzhia region), fulfilling socialist pledges taken in competition with the Shpolyansky district (Kyiv region), began constructing a large reservoir in the Belozerka River valley. Collective farmers had to excavate and move over 230 thousand cubic meters of earth. Surrounding artels alone could not complete this massive workload; hence, all 42 collective farms in the district assigned construction brigades and draft power. Construction was joined not only by collective farmers but also by district center employees, doctors, agronomists, and MTS workers. A construction settlement grew on the riverbank. Daily, 700–900 people worked on site, and over 2 thousand on Sundays. People worked with immense enthusiasm. Reservoir construction was completed in under 5 months. A large lake formed in the dried-up Belozerka bed. 12 district collective farms utilize Belozersky reservoir waters. Additionally, a powerful water-

pumping station was built in Belozersky liman along with 12 pumping stations on collective farms. Through these stations, 3.5 thousand hectares of land are currently irrigated, with another 3 thousand hectares to be irrigated next year. Many irrigated plots already yield 40 centners of wheat per hectare. Community construction methods are also applied in state farms. In Krasnodar and Stavropol Krais, state farm workers, Komsomol members, youth, and the entire able-bodied population actively participate in dam construction. Consequently, in Kubansky, Sosyksky, and Podgorny grain state farms, new ponds and reservoirs were completed long before set deadlines. In the Kubansky grain state farm, a new pond for irrigating an inter-state-farm nursery covers 10 hectares, and the Sosyksky reservoir covers 6 hectares. Reservoirs were created in Kirov, "Bolshevistskaya Iskra", and Kropotkinsky grain state farms.

The state provides extensive assistance to collective farms in pond and reservoir construction: long-term credits are granted; special hydrographic survey work is organized; districts receive valuable machinery, equipment, and building materials; technical supervision is provided by qualified construction engineers. With state assistance, Tambov region collective farms have already built 258 ponds/reservoirs and created 232 irrigation plots covering 12,883 hectares. 150 Voronezh region collective farms built irrigation systems, dozens of hydroelectric stations, and hundreds of ponds and reservoirs. During spring and summer, 180 ponds were created in the Kharkiv region — 60 more than planned by state assignments. Construction of another 241 ponds was carried out in autumn. Creating ponds and reservoirs opened broad opportunities for waterfowl breeding. All this expands collective farm public economies, strengthens their financial positions, and increases income.

The Saratov Agricultural Economics Research Institute compiled a water-supply plan across 16 collective farms served by the Arkadak MTS. Currently, these farms have only 5 ponds. Upon completing land reclamation and water-supply works, most collective farms will have 3–5 ponds each. Large-scale irrigation plots are planned based on major ponds. In Chkalov collective farm — one of the largest — an irrigation plot of 450 hectares is designed. Calculating earthwork execution loads accounting for specific conditions and labor resources of each farm, institute staff established that even farms with the largest relative work volume can complete any pond construction within 3–4 weeks.

Pond and reservoir construction mechanization is carried out by forest-protection stations, and in districts lacking them — by machine-tractor stations. Single-bucket and multi-bucket excavators, scrapers, bulldozers, tractor-driven winches, and conveyors are used in dam construction and pond digging. Under machine application, manual labor handles only minor finishing work and bank reinforcement. Many forest-protection stations have executed substantial mechanization work. In a short time, large dams were built in "Novy Buzuluk", "Novaya Zhizn", and Voroshilov collective farms. Work volume in "Novaya Zhizn" reached nearly 33 thousand cubic meters; the farm now possesses a 39-hectare pond. High labor productivity and fuel savings significantly reduced earthwork unit costs.

In the Tambov region, earthwork mechanization levels in pond construction rise steadily. This year, all MTS participate in reservoir construction, land leveling, and irrigation network cutting. In autumn 1949, MTS assigned 160 crawler tractors for dam construction and manufactured 190 skid-type tractor scrapers. This permitted completing 142 dams in 1949 and fulfilling state irrigation plans over 25 thousand hectares.

To understand the efficiency and vast advantages of irrigated agriculture, the following examples may be cited. In 1948,

construction of the Nevinnomyssk Canal was completed, diverting Kuban waters into the Bolshoy Yegorlyk — a small steppe river in the Rostov region that previously dried up in summer. Irrigating thousands of hectares adjacent to the Bolshoy Yegorlyk River became possible in Salsky, Peschanokopsky, and Razvilensky districts. Irrigated plots guaranteeing high crop yields are being established on collective farms. Comprehensive mechanization and electrification of agricultural production are vital conditions for mastering guaranteed high-yield plots. Establishing guaranteed high-yield irrigated plots yields immense economic results. Introducing irrigation over 5,400 hectares across 20 Salsky district collective farms along the Bolshoy Yegorlyk River generated production growth value (minus production achieved without irrigation) estimated at 3,216 rubles per irrigated hectare (at state procurement prices). This enables paying off capital investments for irrigation setup within a single year. Irrigated plots also significantly bolster livestock forage bases. Workers of socialist fields witness firsthand the immense benefits of irrigation systems. Last year, in "Progress" collective farm (Pichayevsky district, Tambov region), irrigated fields yielded 22 centners of millet per hectare compared to 12 centners on adjacent unirrigated land. This year, irrigated crop yields are even higher. In "Dudachnoye" state farm (Stalingrad region), which has not yet mastered crop rotations, irrigated lands yield 30–50% more grain and vegetables than rainfed lands. Crop yields will rise even higher when proper grass-field crop rotations and field afforestation are introduced alongside irrigation.

The Stalinist plan of nature transformation is also being successfully implemented in grass-field crop rotation adoption. By late 1948, grass-field crop rotations were introduced in over 60 thousand collective farms across steppe and forest-steppe regions — including all collective farms in Kuybyshev and

Stalingrad regions and Stavropol Krai. In 1,204 steppe and forest-steppe collective farms, grass-field crop rotations are already fully mastered.

The plan set the goal of introducing field crop rotations in over 17 thousand collective farms during 1949–1950. All crop rotations must be fully mastered by 1955. As of December 1, 1949, the annual crop rotation introduction plan was fulfilled by 101% across steppe and forest-steppe districts, and the grass-field crop rotation mastery plan by 88.4%. In the Ukrainian SSR, as well as Kursk, Chkalov, and Tula regions, the 1949 grass-field crop rotation mastery plan was overfulfilled. Introducing forage crop rotations is particularly significant following the Council of Ministers and VKP(b) decree on the three-year plan for developing communal collective and state farm productive livestock. Much work remains in this area.

Great interest attaches to the experience of the Novo-Annensky district (Stalingrad region), described by Chief Agronomist and Hero of Socialist Labor P. Sergeyev in Sotsialisticheskoye Selskoye Khozyaystvo (No. 8, 1949). Across 37 collective farms in this district, arable land totals 73,767 hectares, with field crop rotations accounting for 80%, forage rotations 18.4%, and special rotations 1.6%. Ten-field systems predominate among field rotations. Introduced rotations ensure meeting state grain/industrial crop goals while supporting soil fertility and yield growth.

"Work experience in mastering crop rotations," writes Comrade Sergeyev, "has shown that the decisive condition here is creating a solid perennial grass seed base in every collective farm... Full crop rotation mastery in district farms is scheduled for completion in 1952. Over 4 thousand hectares of perennial grasses will be sown this year. Extensive work is underway in perennial and annual grass seed production. This year, 850 hectares of pure perennial grass seed plots were sown,

including 150 hectares of irrigated alfalfa. Summer alfalfa sowings using Academician T. D. Lysenko's method increased significantly. Up to 2 thousand hectares of alfalfa and wheatgrass from past years were set aside for seed purposes."
Widespread grass sowing using cereal-legume mixtures and especially perennial grass seed growing is essential to accelerate crop rotation mastery. In 1949, according to the Central Statistical Administration, major successes were achieved in expanding annual and perennial grass sowings. In Ukraine during 1949, collective farms sowed more than in 1948: annual grasses by 66%, perennial open grasses by 64%, and under-cover grasses by 3.4 times.
Introducing grass-field crop rotations is inextricably linked to proper soil cultivation systems — stubble skimming, deep autumn/fallow plowing with jointer-plows, extensive organic/mineral fertilizer application, and sowing high-yielding pedigree seeds. In 1949, considerable successes were achieved here. Black and clean fallow areas increased by 2.6 million hectares compared to pre-war 1940. Fallow quality improved significantly. Two-thirds of tilled fallows were plowed using jointer-plows, and in steppe/forest-steppe districts — about 80%. Autumn-plowed area using jointer-plows increased nearly 4-fold in steppe and forest-steppe districts compared to pre-war times. As of October 15, 1949, autumn plowing covered 3.4 million hectares more than in 1948. Collective and state farms in many regions are striving to autumn-plow the entire 1950 spring crop wedge. Movement initiators in the Kuybyshev region — farms of the Bolshe-Chernigovsky district — completed autumn plowing for the entire 1950 spring wedge over 55 thousand hectares in early October.
This year, transitioning to high-yielding pedigree seed sowing proceeded significantly better than before. In Krasnodar and Stavropol Krais, Rostov, Chkalov, Astrakhan regions, and the

Tatar ASSR, almost all winter grain crops were sown with high-grade pedigree seeds.

Michurinist biological and agricultural science achieved major successes through its close, unbreakable connection with socialist agriculture. The defeat of the reactionary, idealist direction in biological science — Weismannism-Morganism — carried out under the guidance of Comrade Stalin, played a decisive role in strengthening the materialist Michurinist direction in biology. Research activities of the V. I. Lenin All-Union Academy of Agricultural Sciences acquired even greater scope. Achievements of advanced biological and agronomic science are now being implemented in agricultural production on a huge scale.

However, shortcomings in the work of several research institutes have not yet been fully overcome. Thus, the 1948 book by Prof. N. I. Sus, Protective Afforestation, contains anti-scientific assertions that confuse and disarm practitioners. Contrary to the October 20, 1948 decree of the Council of Ministers of the USSR and Central Committee of the VKP(b), which provides scientifically grounded differentiated recommendations on forest belt widths for different districts (nowhere should width be under 10 m, except Ukrainian SSR where minimum width is 9 m), the author recommends impermissibly narrow belts incapable of protecting soil from erosion. Prof. Sus also recommends backward methods of afforestation, forest belt care, and stand types that fail to ensure oak cultivation — the primary species in European USSR afforestation. In his concept, Prof. Sus relies on the so-called intraspecific struggle for existence, invented by Malthusian-influenced scientists and refuted by Michurinist agronomic science and practice. Serious shortcomings also affect the second edition of Agroleosomelioratsia edited by I. I. Khanbekov. Major errors were committed by the Gedroyts All-Union Research Institute of Fertilizers, Agricultural

Engineering, and Soil Science in the Agronomist's Handbook on Fertilizers published in 1948. The recommended fertilizer system ignores grass-field crop rotations, relying instead on crop-rotation fallow-row variants. As Pravda revealed (Sept 23, 1949), the book is based on the reactionary theory of complete nutrient return, directly linked to accepting the notorious law of diminishing soil fertility. These textbook errors led to practical shortcomings in individual districts. Some collective farms, state farms, and forestry enterprises planted/sowed too little oak — that valuable, long-lived species — creating narrow belts or low planting densities per hectare, reducing forest stand quality.

At the head of nation-wide competition for early fulfillment of the Stalinist plan of nature transformation stands the great party of Lenin – Stalin. It directs, organizes, and unites all agricultural workers to raise farming standards, adopt grass-field systems, and secure high, stable yields everywhere.

The Soviet press fulfills a responsible role in competition. It explains the vital importance of the Stalinist nature transformation plan for strengthening economic power and raising material well-being. The press collects and generalizes rich experience from leading workers, promotes achievements, and educates working masses through concrete examples. Developing competition requires eliminating shortcomings obstructing progress through Bolshevik criticism and self-criticism without regard for personalities. In several places, serious defects in tree planting and crop rotation implementation were exposed and must be corrected. For example, in some Oryol region districts, early summer planting survival exceeded 80%, but dropped to 25% by late summer. The press must fight for high-quality forest plantations and Bolshevik-style supervision over young trees, sharply criticizing defects, as vital national interests depend on it.

Major successes were achieved in transforming nature. But these successes are only initial steps towards a grandiose goal. Work scope will increase annually. Supported by the Soviet state, collective farms, state farms, and MTS grew stronger organizationally and economically in the post-war period. Technical bases expanded. Thousands of new qualified workers and active, conscious nature transformation fighters emerged in villages. The collective farm system possesses inexhaustible reserves. Proper utilization of socialist agricultural forces guarantees steady execution of the Stalinist nature transformation plan and its complete, early fulfillment. Developing and supporting the patriotic movement to reduce execution timelines 2- to 3-fold is a paramount task for party and Soviet bodies.

The grandiose plan of nature transformation is a vivid expression of Stalin's genius and the greatness of his world-transforming ideas. The great vision of the leader and teacher, Comrade Stalin, is being brought to life by the Soviet people. Transforming nature according to the Stalinist plan, the collective farm peasantry fully masters natural forces to build food abundance in our country and construct a communist society.

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L. BERRY

WAYS TO IMPROVE THE UTILIZATION OF EQUIPMENT IN LABOR-INTENSIVE INDUSTRIES

Raising the level of utilization of industrial equipment is one of the most important indicators of the growth of productive forces in the country. Under the conditions of a socialist planned economy, the highest degree of equipment utilization is achieved; the main prerequisite for this is the complete correspondence of production relations to the character of productive forces. Socialist production relations, as is well known, determine the possibility of full utilization of high-performance equipment and such advanced machinery, the application of which is impossible under capitalism. Only under public ownership of the means of production is it possible to apply modern cutting-edge technology most effectively, in particular, a rational system of electrification, comprehensive mechanization and automation of production processes, etc. For the first time in history, this technical progress takes place in the interests of the working people.

Equipment is the most active part of fixed production assets. Intensive utilization of equipment and mechanisms increases the volume of output and improves the economic indicators of production, raising the mechanization of labor and its technical equipment. This is of especially great importance in such labor-intensive industries as coal, forestry, construction, and in loading and unloading operations. In these branches, increasing equipment utilization allows not only to increase the volume of

production, but also to a significant extent to replace manual labor with machine labor.

Full loading of the huge and rapidly growing fleet of machines in the USSR means the growth of social labor productivity, better utilization of materialized labor, and an increase in the working capacity of living labor.

In recent years, in the national economy of the USSR, the fleet of equipment mechanizing labor-intensive and heavy work has been growing at rates unprecedented even in the history of our country. In the coal industry, the number of mechanisms is growing rapidly. At the same time, machines of new types are being introduced on a mass scale: thus, in 1949, about 1.5 thousand coal-loading and rock-loading machines worked in mines, which were not used at all before the war. The fleet of machines in the forestry industry of the USSR is increasing exceptionally rapidly. In 1949, the number of electric saws in the forestry industry increased by 2 times compared to 1948, auto-cranes by 4 times, motor locomotives by almost 2 times. In 1949, the production of metallurgical equipment increased by more than four times, electric motors by two and a half times, excavators by ten times, etc., compared to 1940.

With the current scale of the Soviet production apparatus, even a relatively small increase in equipment utilization has important national economic significance. Thus, increasing the productivity of the existing fleet of excavators in 1947 by 15%[56] was equivalent to additional excavation of approximately

[56] It should be noted that back in 1934 the entire fleet of excavators in the USSR numbered 553 units.

40 million cubic meters of soil or the commissioning of more than 800 new excavators with an average bucket capacity of 0.6 cubic meters.

The Bolshevik Party and the Soviet Government have paid and continue to pay serious attention to issues of mobilizing reserves of production capacities. In 1949, the Soviet state implemented measures as a result of which the level of utilization of production capacities increased significantly. The struggle for better utilization of fixed assets has become a nationwide movement, turning into a new form of socialist competition. The initiative of Muscovites received a wide response throughout the country.

The report of the Central Statistical Administration under the Council of Ministers of the USSR on the results of the implementation of the state plan for the restoration and development of the national economy of the USSR in 1949 indicates that in many industrial branches, average-progressive norms of equipment utilization were fulfilled and overfulfilled. In a number of industries, pre-war equipment productivity norms were significantly surpassed. Thus, at the enterprises of the Ministry of Metallurgical Industry, the utilization of the useful volume of blast furnaces in 1949 was 18%, and the steel yield per 1 sq. m of open-hearth furnace hearth area was 24% higher than in the pre-war year of 1940.

In the Moscow Coal Basin, during the years of the post-war five-year plan, the utilization of machines improved: coal-cutting machines from 62.7% in 1946 to 82.2% in 1949; conveyors respectively from 72 to 75.5%. The average-

progressive monthly productivity norm of a coal-cutting machine established for the Moskvaugol combine for 1948 at 4,100 tons was overfulfilled. The pre-war level of output of coal-cutting machines was also surpassed at the Tulaugol combine.

But the huge opportunities for better equipment utilization inherent in the socialist economy have by no means been fully mobilized. In the CSA report on the results of the implementation of the state plan for the restoration and development of the national economy of the USSR in 1949, it was noted that large reserves of equipment capacities exist in mechanical engineering, that the equipment utilization norms established by the plan for 1949 were not achieved in the forestry, cotton industry, and some other branches. The plan for the utilization of machines and mechanisms in construction was also not fulfilled.

Despite the fact that the productivity of construction machines in 1946 exceeded the pre-war level, it was still on average 2 to 2.5 times lower than established norms. By the beginning of 1949, in construction ministries and the Ministry of Power Stations, equipment productivity norms had increased compared to 1946: they were fulfilled for excavators by 70–89%, for concrete mixers by 47–80%, for mortar mixers by 74–83%. Surveys of many construction sites conducted recently have shown that more complete utilization of the existing fleet of construction machines would allow increasing its productivity by no less than 1.5 times.

How great the unused reserves of equipment in the forestry industry still are is evidenced by data on the productivity of electric saws — the main mechanism used in timber harvesting — which in many forestry trusts until recently was 2 times lower than the established norm. In the timber enterprises of the Karelo-Finnish SSR in the first half of 1949, the output of one timber truck averaged only 75% of the norm for the republic, and a skidding tractor — only 50%.

The established norms for the utilization of mechanisms are quite realistic. This is evidenced by the fact that many tractor drivers, electric saw operators, and other workers are already overfulfilling these norms. Lagging enterprises negatively affect the level of equipment utilization. Thus, for example, at the Pail timber enterprise by July 1, 1949, only 50% of electric saws, 74% of tractors, 62% of auto-derricks were in working order, and even operating machines worked with incomplete load and frequently stood idle.

As the analysis of the work of this and other timber enterprises shows, poor equipment utilization is the result of a lack of strict technological discipline, organizational troubles, shortcomings in production planning, elements of depersonalization, etc.

One can judge how great the equipment reserves are by the sharp gaps in the level of productivity of machines operating at various enterprises. The fulfillment of output norms for such machines as excavators, mobile cranes, stone crushers, concrete mixers, etc., in advanced construction trusts is 2 to 3 times higher than the corresponding indicators of lagging

trusts. Often in the same trust, some machines are used well, others poorly.

The Skorodumsky pilot-demonstration timber enterprise of the Sverdles trust gives excellent examples of mastering new technology. In the second quarter of 1949, the output per CT-12 tractor in the timber enterprise was 13% higher than the plan. At the same time, as a whole for the Sverdles trust, the lack of a proper system for utilizing the existing fleet of equipment led to the fact that the output per skidding tractor was more than 2 times lower than planned.

The advanced timber enterprise Udmurtles in the autumn-winter season of 1948/49 operated all power plants and achieved a stable output per power plant of 242 cubic meters of wood per day. At the same time, in the lagging trust Medvezhyegorles (Karelo-Finnish SSR) out of 21 power plants only one was working, and the timber harvesting plan by electric saws in the third quarter of 1949 was fulfilled by August 1 only by 13%.

In 1949, the shift productivity of CT-12 skidding tractors at the Belorucheysky timber enterprise of the Cherepovetsles trust was 3 times lower than at the enterprises of the Komiles trust, where a stable productivity of these machines of 60 cubic meters per tractor per shift was achieved, etc.

Stakhanovites — operators of coal-cutting machines and combines — achieved an output per machine several times higher than the average. Thus, at mine No. 31 of the Karagandaugol combine, the productivity of Makarov's GKM-6-M combine reached 10 thousand tons or more per

month, which was almost three times the average productivity for the combine.

The experience of Stakhanovite work is the most striking proof of the existence of huge unused reserves.

The level of utilization of the machine fleet is determined primarily by the qualifications of workers, the degree of their mastery of advanced methods of operating mechanisms, the scale of socialist competition, and the collective Stakhanovite struggle for better equipment utilization in time (extensive utilization) and in power (intensive utilization). The socialist attitude towards labor and the means of production is a crucial source for increasing the yield of output per unit of equipment. The Central Committee of the All-Union Communist Party of Bolsheviks (VKP(b)) pointed out as early as 1935 that it is necessary "to draw up technical norms defining the capacities of individual equipment units on the basis of the verified experience of the best Stakhanovites."[57]

The level of equipment utilization depends on the social organization of the production process, on the skillful placement, concentration, and specialization of equipment, on equipment maintenance and timely compensation of its wear through repairs, on timely supply of spare parts, on the capacity of the repair base and the structure of the equipment fleet itself, its complete and uniform replenishment.

The organization and culture of production, the linking of adjacent production links, the introduction of advanced

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57 "VKP(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the Central Committee," Part II, Gospolitizdat, 1940, p. 630.

technology, flow methods, and comprehensive mechanization have a powerful influence on the level of equipment utilization.

The most important condition for increasing equipment utilization is improving planning and strengthening the action of economic levers (piece-rate and progressive piece-rate wage systems, bonuses, intra-plant cost accounting, etc.). Economic levers stimulate production growth and full loading of equipment; they contribute to the implementation of all main measures improving equipment utilization (improving workers' qualifications, introducing advanced technology, etc.).

Let us examine the main ways to mobilize equipment reserves in labor-intensive industries.

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In a socialist society, on the basis of public ownership of the means of production, a rational organization of productive forces on the scale of the entire national economy becomes possible for the first time. It consists primarily in the fact that the instruments of production in a socialist economy are concentrated in large, specialized organizations, which eliminates their dispersion and ensures their full load.

This proposition is vividly confirmed by the effect of the work of machine-tractor stations. The concentration of agricultural machines in state MTS and their application in large-scale socialist agriculture over large land areas ensure their most rational utilization.

The network of machine-road stations being created by decision of the Council of Ministers of the USSR means a

genuine revolution in road construction and makes it possible to most rationally utilize the fleet of road machines. Each station, comprehensively equipped with graders, scrapers, rollers, bulldozers, crushers, dump trucks, tractors, trucks, and other machines, is also provided with experienced engineering and technical personnel, qualified workers, and a repair base.

As the experience of specialized machine-road stations and detachments has shown, high equipment operating efficiency is achieved with such concentration and specialization. Especially successful results are produced by such specialization in cases where one detachment performs only earthworks, the second prepares foundations for asphalt concrete, the third engages in the construction of small structures, the fourth works on improved coatings, etc., i.e., when the flow system of work of specialized detachments is applied.

Earthmoving machines (excavators, etc.) are best utilized in specialized organizations — in the Soyuzekscavatsiya trust, in the machine-road stations of Glavdorupra, etc. At machine-rental bases established under the Ministry of Construction of Heavy Industry Enterprises and a number of other ministries and possessing a complex fleet of complex machines and auxiliary equipment, the output per mechanism is also higher than at individual construction sites having their own machines.

The experience of railroad construction trusts is also interesting. Even in comparatively small columns of light-type excavators (five in a column), the level of their utilization is on average 2/3 higher than that of single excavators. However, in

specialized columns as well, there are significant unused reserves. Thus, in one column of Tsugeldorstroy, excavator output amounted to 395 thousand cubic meters, and in another — 546 thousand cubic meters of soil. In the Soyuzekscavatsiya trust, the gaps in the output of individual detachments are also very large. This testifies to the great possibilities of raising the average level of mechanism utilization in specialized organizations as well.

The concentration of equipment in specialized organizations makes it possible to improve the planning of its operation, to bring the plan down to each machine, as evidenced by the positive experience of planning by the Yuzhavtostroy trust and the machine-road detachment of road construction district No. 4 of Gushosdor construction.

In the construction industry, with factory specialized production of parts and semi-finished products, equipment is better utilized than with production of parts and semi-finished products dispersed across construction sites.

The possibilities of concentrating equipment at specialized enterprises are currently not yet fully utilized. In a number of branches, first of all in construction and road business, the number of such organizations should be significantly increased.

To increase equipment utilization, the further development of specialization and cooperation of enterprises, individual shops and sections is necessary. This especially applies to the engineering industry. Specialization and cooperation make it possible to expand so-called bottlenecks and load poorly utilized production sections, sharply raising the level of

equipment utilization. Thus, for example, in tool shops of engineering plants having a universal character, the level of equipment utilization is much lower than at specialized tool plants and in specialized tool shops. Thanks to specialization, the equipment load level rises from 50–60% to 80–85% and higher.

Average monthly losses on equipment readjustment in tool shops with their excessively diverse nomenclature ranged from 6 to 10% of the monthly fund of equipment operating time, and at the specialized tool plant "Frezer" — from 1 to 1.75%.

The level of equipment utilization depends on the organization of the repair economy. High-quality and rapid repair of machines reduces equipment downtime, increases its load, and lengthens the inter-repair period. To ensure proper equipment care, depersonalization in its utilization must be finally eliminated.

An indispensable condition for the highly efficient operation of mechanisms is the uninterrupted supply of spare parts to enterprises. In September 1949, at the mines of the Leninugol trust, Kemerovougol combine, 16 coal-loading machines were not working due to the lack of spare parts. At the mines of the Kuzbassugol combine, dozens of coal-loading machines are standing idle. Rock-loading machines "UMP-1", as well as mining combines "Donbass", are supplied with spare parts untimely and systematically stand idle.

The lack of spare parts is the main reason for the duration of excavator repairs, which are frequently repaired for 4–6 months or more. Machine builders are obliged to steadily fulfill

the government decree on supplying consumers with new excavators with a mandatory set of spare parts in the amount of 7% of the total weight of manufactured excavators. Delays in repairs are also caused by artisanal local manufacture of replacement parts of substandard quality. Construction organizations must establish a repair system, eliminate its dispersion, and strengthen the technical base of repair enterprises.

In the forestry industry, the repair base also requires radical improvement. Repair shops must be at every mechanized forest station. In timber trusts, large repair shops should be available for major repairs of all types of mechanisms and equipment, with the exception of especially complex ones (for example, steam locomotives). A network of mechanical plants should be created in timber harvesting areas for repairing the most complex machines and producing the simplest timber harvesting equipment (for sled forgings, light cars, etc.).

A very important prerequisite for a high level of utilization of fixed assets is the complete supply of equipment to enterprises and construction sites. The lack of completeness leads to downtime of individual links. In the Soyuzekscavatsiya trust, the scraper fleet until recently was equipped with tractors (tugs) by only 60% of demand. Incomplete equipment is also supplied to Gushosdor construction sites. As a result, the scraper fleet — the most powerful earthmoving machines — is used poorly.

In construction, the existing fleet of excavators is not always provided to the proper extent with earth-carrying rolling stock,

which leads to downtime of excavators and scrapers. At the facilities of the Ministry of Construction of Heavy Industry Enterprises, more than 30% of excavators' working time is spent waiting for transport to haul away excavated soil. In particular, the fleet of dump transport vehicles (self-unloading cars and platforms, dump trucks, etc.) should be sharply increased.

Often, weak equipment utilization is explained by the absence of necessary types of machines. For example, at construction sites there are few self-propelled loaders for bulk, most mass loads; there are no small automobile-mounted excavators that could quickly move from site to site to perform small volumes of earthworks, etc. Equipment has to be used not for its intended purpose, while its utilization coefficient is low. The absence of interchangeable working equipment on universal crane-excavators (and according to state standards it should be) limits the possibility of their application. For better utilization of the machine fleet, machine specialization must be combined with their universalization.

Not infrequently, discrepancies between individual links of production are caused by the unskillful placement of equipment. For example, the Ministry of Construction of Heavy Industry Enterprises has a solid fleet of cars, but allocates extremely few cars for earthworks.

In order to improve equipment utilization, measures must be taken by individual ministries (organization of specialized machine columns and stations, development and ordering of the repair economy and spare parts production, ensuring

completeness in machine supply, increasing the number of types of produced machines, improving the distribution of machines among enterprises, etc.). Of decisive importance, however, are the improvement of the work of enterprises, construction sites, and mines, raising the qualifications of personnel, and the rational organization of production.

Raising the level of equipment utilization ultimately depends on the main productive force — on the people who set the instruments of production in motion, on their production experience and labor skills, on the development of socialist competition. Therefore, great work is needed to train qualified personnel of machine operators who have mastered modern advanced technology, and to comprehensively deploy the Stakhanovite movement.

The Soviet state displays exceptionally great care for the training of machine operator personnel. In the course of just one year, the number of mechanized labor workers in our industry as a whole increased by 17.5%, including in timber harvesting by 62%, in construction by 31%, in the peat industry by 47%, etc. Within one year, new hundreds of thousands of workers received qualifications as electric locomotive drivers, excavator operators, crane operators, coal combine operators, and other complex machines.

Still, despite these successes, the training and retraining of personnel who have mastered modern advanced technology lags behind the needs of our economy. The shortage of qualified machine operators directly affects the level of

utilization of mechanisms both in the coal and forestry industries; it is also acutely felt in construction.

The level of workers' qualifications is of immense importance for equipment utilization. Thus, for example, some cars and tractors fail due to the insufficient qualifications of drivers and tractor operators. All of them know how to drive a car or tractor, but far from all are able to fix even a minor defect, which is especially important when working in the forest or at a construction site. Breakdowns and premature wear of earthmoving machines (excavators and others) are also frequently caused by their unskilled maintenance. Qualified workers ensure not only good equipment maintenance, but also a reduction in labor intensity and an increase in equipment power. Therefore, only the unswerving fulfillment of personnel training and retraining plans can ensure better equipment utilization.

Raising the level of mechanism utilization depends on the operating mode of enterprises and the shift coefficient of equipment operation. As experience shows, at the majority of enterprises (except those requiring a continuous technological process), a two-shift equipment operation mode is most rational.

At the end of 1947, the USSR government established that coal mining should, as a rule, have a two-shift face operation mode, so that repair and preparatory work would be carried out in the third shift. When working in three shifts, no time is left for putting mine workings in order and repairing mechanisms, the workplace is prepared untimely, etc.

Greater economic efficiency of a two-shift mode compared to a three-shift one can be judged by data from the Moscow Coal Basin (see table on page 23).

Unproductive downtime in the faces of the Moskvaugol combine under the new mode decreased on average across the combine by 10%. Despite the obvious advantages of two-shift work, not all mines have switched to this mode.

The task of raising the shift coefficient also faces many engineering and other enterprises, where quite a few shops and sections operate even in one shift. The shift coefficient in Moscow industry as a whole exceeded 1.7 before the war. In 1948, this coefficient was only 1.38 for Moscow and 1.53 for the region.

Reporting data show that excavators widely used in construction and loading and unloading operations, as well as in the coal, ore, and peat industries, operated in 1946–1947 only for 1/3 of the total calendar time. Even in the specialized trust "Soyuzekscavatsiya" of the Ministry of Construction of Heavy Industry Enterprises, the coefficient of calendar time utilization of excavators averaged 0.38 in 1946 and 0.31 in 1947 (in the first half). In 1949, most earthmoving machines worked in one shift, although they can and should work for two shifts, and planned tasks per machine should be given based on the calculation of 16 hours of work.

Thus, increasing the shift coefficient of equipment operation is a very large reserve for improving its utilization and output growth.

Before many enterprises lies the task of increasing the productive utilization of machines within a working shift. Chronometric observations have shown that in a number of mines, the coal plow on main operations for coal extraction is loaded for an insignificant part of the shift time. Due to downtime of CT-12 tractors at the enterprises of Lenles and Lenpromtrest due to organizational and technical troubles at the beginning of 1949, only about 50% of the total shift time of the tractor was spent on useful production work. At the Zemlyanushchensky forest station (Sverdlovsk Oblast), where good performance indicators of CT-12 tractors were achieved, downtime for reasons beyond the control of operators amounted to about 25% of all working time per shift. Eliminating downtime and reducing time for auxiliary operations will double and triple the productivity of these machines. Losses of machine working time are great even in engineering, where the share of auxiliary manual work is still significant.

A high level of equipment utilization largely depends on the correct organization of production, on the correspondence of its adjacent links, the introduction of flow methods, advanced technology and comprehensive mechanization, and the intensification of production processes.

Indicator / Mode	1948	April 1949
es with three-shift mode:		
verage daily output per section (t)	216	202
bor productivity per ker per shift (t)	6.7	6.7

tput per hewer per day (t)	2.5	2.6
es with two-shift mode:		
verage daily output per section (t)	222	240
bor productivity per ker per shift (t)	7.6	8.4
tput per hewer per day (t)	2.9	3.1

At one instrument-making plant until recently, the lathe equipment fleet ensured an output of up to 300 instruments, drilling up to 3,200, milling up to 450, pressing up to 650, while the fleet of engraving machines was only up to 200, and grinding machines up to 170 instruments. With such gaps in the production capacities of sections, full equipment utilization is impossible. It is necessary to eliminate these gaps either by transferring excess equipment to other enterprises, or by cooperation (loading equipment to fulfill outside orders), or by increasing the shift coefficient at bottlenecks, increasing equipment in the limiting section, etc.

Discrepancies in the throughput capacity of individual sections can be caused by technical progress in one of them in the absence of technical improvements in another. Thus, the introduction of a coal combine in a mine, a skidding tractor in the forest, an excavator at a construction site is sometimes carried out without restructuring adjacent production links. This leads to weak utilization of new powerful equipment.

When the new "Donbass" combine operates in combination with the "ST-11" conveyor, which does not ensure the reception of all coal being loaded, the combine stands idle part of the time. In order for the combine to work normally, it is

necessary to introduce a powerful scraper conveyor into production in the shortest possible time.

To fully utilize mechanisms, comprehensive mechanization and simultaneous technical progress along the entire line of the technological process are needed. Mechanization of one operation while maintaining previous methods of performing other production operations inevitably entails underutilization of installed equipment. For example, the capacity of molding machines in a number of foundry shops of engineering plants is utilized by only 30-40%, because the delivery of empty flasks, loading molding sand into flasks, and transporting finished molds are not mechanized.

Bringing the capacities of adjacent production links into mutual correspondence can and should be carried out mainly by the forces of the enterprises, construction sites, and mines themselves. For example, at some engineering plants, foundry shops are a bottleneck. They make it impossible to fully utilize the capacity of mechanical equipment. Discrepancies in shop capacities are caused mainly by high scrap rates in foundry shops. Eliminating shortcomings in the organization of foundry work and reducing scrap to a minimum will ensure better loading of mechanical shops of such enterprises as well.

Flow-speed methods of production play a huge role in improving equipment utilization. One of the most important prerequisites for continuous-flow production is correspondence between individual production sections and their equal throughput capacity.

In the construction industry, some of its features (lack of stationarity and continuity in production; the need to move the machine fleet and the territorial attachment of construction objects) create specific difficulties in utilizing the fleet of construction machines. The introduction of the flow method and schedule-based work at construction sites sharply affects the utilization of the machine fleet. This is evidenced, for example, by the experience of flow-speed construction of multi-story buildings in Moscow. Here, excavators, cars, and attending personnel, after completing the assignment on one object, switch to another provided for by the flow-speed schedule. Machine utilization is significantly increased. As a result of utilizing powerful equipment and applying the flow-speed method of earthwork, which previously lasted many months, it is now completed on average within 10 days.

Great effect is also produced by the combined construction schedule, i.e., the simultaneous work of various specialized organizations both on a single object and on various sections of the construction site.

In the coal industry, the coal-cutting machine works for an insignificant part of calendar time mainly as a result of the lack of flow in the extraction process and lagging behind coal extraction, loading, and transportation. The coal combine, which performs cutting, breaking, and loading, creates prerequisites for continuous coal mining provided that mines are simultaneously equipped with new powerful transport vehicles.

The introduction of elements of flow production is also of great importance in the forestry industry. It is difficult to ensure full loading of forest mechanisms due to their dispersion and often small volume of work. Here, as in construction, the instruments of production are mobile. The division of the timber harvesting production process into separate successive operations performed according to schedule by specialized units also creates relative continuity in work and sharply increases the level of equipment utilization. For example, at the Balakhna timber enterprise of the Gorkles trust, where comprehensive mechanization of timber harvesting was carried out and the flow method was applied, the level of equipment utilization rose and labor productivity increased significantly. The introduction of flow organization of timber harvesting in the Ufa timber enterprise of the Ministry of Forestry and Paper Industry led to a doubling of output per power plant and saw per shift.

The introduction of flow methods at the Kolomna Engineering Plant named after Kuibyshev made it possible to increase locomotive production by 82% compared to the pre-war period. The introduction of high-speed cutting regimes at a number of engineering plants doubled the yield of output from metal-cutting equipment.

The most important condition for achieving high equipment load indicators is the deployment of socialist competition for overfulfilling output norms and for the full utilization of fixed assets.

Workers' labor productivity is in direct dependence on the level of equipment utilization. On the other hand, overfulfilling output norms on the basis of socialist competition leads to increased machine productivity. Thus, Stakhanovites of the forestry industry — electric saw motor operators Comrades Krivtsov, Gotchiev, Noskov, and many others, systematically fulfilling norms by 200–300%, achieved high output per electric saw — up to 60–100 cubic meters of wood per day.

At the Ozersky timber enterprise of the Sverdles trust, 4 brigades of electric saw operators using energy from a single mobile power plant on one day, March 17, 1949, overfulfilled output norms several times, harvesting 942 cubic meters of wood in assortments; they exceeded the daily norm of timber harvesting per power plant by 6.3 times. At the same time, Popov's brigade harvested 280 cubic meters per electric saw, overfulfilling output norms by 7.2 times. An important role in this was played by the development of socialist competition for better equipment care. In the forestry industry in 1949, on the initiative of Stakhanovites Lisitsin, Shmatin, and Musin (Karelo-Finnish SSR), a new form of socialist competition was born for the preservation of mechanisms, for extending the inter-repair service life of equipment in timber harvesting. The initiators of this movement have already achieved remarkable successes, ensuring a long operating period of skidding tractors without major repairs and performing minor and running repairs on their own. Stakhanovite drivers of the Sumy timber enterprise (USSR) achieved car mileage of 100 thousand kilometers without major repairs with systematic overfulfillment of norms by 16–20%.

The development of competition requires bringing progressive output norms for basic types of equipment down to enterprises and construction sites. Such norms have not yet been developed in all ministries, and accounting for their fulfillment by individual machines and units is not established everywhere.

The experience of front-rank workers and best Stakhanovites in the field of equipment utilization is still weakly studied and disseminated. In the forestry industry, the experience of Stakhanovite electric saw operators is insufficiently disseminated. In construction, the experience of the best Stakhanovites, in particular excavator operators and other machine operators who showed high examples of labor productivity, is also weakly publicized.

We have all conditions for the full utilization of machines and equipment. The newspaper "Pravda" noted in an editorial: "Where economic managers take up this matter warmly and skillfully, where party organizations lead the struggle for mastering modern first-class machines and mechanisms in a Bolshevik way, successes are present. The experience of advanced enterprises eloquently testifies to this... However, in many cases new technology is mastered slowly, introduced unsatisfactorily. Not infrequently first-class equipment is utilized at 50–60 percent of capacity. This is observed both in the coal industry, and in timber harvesting, and at construction sites. The main reason for this state of affairs is the carefree and sometimes even ossified attitude of some economic

managers towards the new technology received by enterprises."[58]

Anti-mechanizer tendencies, which are anti-state, are still not eradicated at individual enterprises. Due to the underestimation of mechanization, in some forest trusts many mobile power plants and electric saws are not operated.

In Karaganda, as a result of anti-mechanizer tendencies in 1949, the use of high-performance Makarov combines decreased every month. Over the year, 20 combine faces were liquidated in the Karaganda basin, and until recently 20 high-performance expensive machines were idle. Some managers discredit new technology. For example, one combine had its conveyor that mechanizes loading removed, and hewer-loaders were placed with the combine. At mine No. 83, a qualified combine operator works as a hewer-loader, and the combine, lowered into the face more than a year ago, is not used at all. It is only moved along the working face following coal extraction.[59]

Anti-mechanizer tendencies also manifest themselves in a number of construction organizations that have large stocks of unused equipment.

The elimination of heavy manual labor and its replacement by qualified machine labor is one of the most important duties of managers of socialist enterprises. The introduction and mastering of new technology encounters some difficulties, but

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58 "Pravda", July 26, 1949.

59 See "Pravda", June 29, 1949.

they must be eradicated just like any manifestations of the underestimation of mechanization.

The forms of workers' remuneration also influence the level of equipment utilization. On the whole, the wage systems currently applied (piece-rate and progressive piece-rate) stimulate production growth and at the same time better equipment utilization. However, some bonus systems clearly hindered the utilization of machines. At one engineering plant, for example, auto-truck drivers were decided to be given bonuses for electricity savings; as a result, the utilization of auto-trucks deteriorated sharply. In construction, earthmoving machine operators in most cases are established fuel consumption norms per machine hour. Such rationing does not stimulate increasing machine productivity. Sometimes bad drivers have significant "fuel savings," while intensively working ones have an overconsumption. Fuel and electricity savings are a very important task. However, in order to achieve fuel savings with a growing volume of mechanized work, it is necessary to develop fuel consumption norms per unit of output of a given machine, rather than per machine hour. This means that for earthmoving machines, fuel consumption norms per 1 cubic meter of soil excavated and moved over a certain distance must be determined. The bonus system must also be restructured accordingly.

A significant part of equipment downtime in engineering and other industries is caused by organizational troubles (untimely supply of material, tools, etc.). Consequently, the struggle for high production culture, for clear intra-plant planning, for uniform work according to schedule, for strengthening labor

discipline, good maintenance of the workplace, keeping the machine clean are exceptionally important factors in increasing equipment utilization at our enterprises.

The socialist economic system has indisputable advantages over the capitalist one in the field of equipment utilization. However, the possibilities of the socialist economy are still not sufficiently utilized. Under conditions of public ownership of the means of production and a planned economy, a significantly higher level of equipment productivity can be achieved. It is necessary to fully uncover and eliminate the shortcomings still existing in this area. An active struggle must be deployed for the introduction of new equipment and technology, for full equipment utilization, for increasing the effectiveness of economic levers in this matter. Realizing all the huge reserves in our socialist economy is the most important duty of the workers of socialist industry, who are entrusted with a fleet of equipment of enormous power.

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G. ZELTSER

QUESTIONS OF INTRA-PLANT ECONOMIC ACCOUNTING

(From the Experience of the Joseph V. Stalin Kuznetsk Metallurgical Combine)

The Joseph V. Stalin Kuznetsk Metallurgical Combine is an integral part of the eastern coal and metallurgical base of the Soviet Union, created according to the wise blueprint of Comrade Stalin.

Having first-class technology and remarkable personnel of workers, engineers, and technicians, the Kuznetsk Combine played a major role in fulfilling the pre-war Stalinist five-year plans and in the victory of the Soviet Union over the fascist hordes during the Great Patriotic War.

In the postwar period, the Kuznetsk metallurgists, together with the entire Soviet people, launched a struggle for the early fulfillment of the new five-year plan. For steel and rolled products, the postwar five-year plan was fulfilled in 3 years and for pig iron in 3 and a half years. The collective of the combine achieved significant successes both in improving product quality and in reducing its cost. Over 3 years and 9 months of the five-year plan, the cost of production in comparable prices was reduced by more than 20%, and savings from surplus-plan cost reduction alone amount to over 100 million rubles. Labor productivity in 1949 grew by 38% compared to 1946, and in the blast furnace shop by 46%. Due

to the acceleration of asset turnover, 90 million rubles were freed up in 1949.

The combine already in 1948 (before the revision of selling prices) became a profitable enterprise and yielded 26.2 million rubles in profit to the country.

Product quality significantly improved in 1949; production defects decreased severalfold, as can be seen from the following table:

Indicator	1940	1945	1949 (9 mos.)
Smelting of substandard pig iron in the blast furnace shop (in %)	3.8	3.4	0.5
Steel defects in open-hearth shops (in %)	3.8	2.6	0.3
Defects due to the fault of steelmaking and rolling shops (in kg/t)	60.2	90.5	16.9
Yield of first-grade steel rails (in %)	79.7	33.3	96.8
Yield of first-grade large beams (in %)	85.4	87.3	98.0

In 1949, the combine took a leading place among the metallurgical enterprises of the country: for three quarters it was awarded first place in the All-Union Socialist Emulation and the Red Banner of the Council of Ministers of the USSR.

The title "best shop of the Soviet Union" was won during these same quarters by the coke and blast furnace shops; open-hearth shop No. 1 received this title twice; first and second places were also awarded to other shops of the combine.

For radical improvements in production management and technology that ensured high productivity and economical work in 1949, the Council of Ministers of the USSR awarded the Stalin Prize

to a group of combine workers: Comrade R. V. Belan—Director of the Combine, Comrade V. D. Smirnov—Chief Engineer, Comrade L. I. Stepanenko—Party Organizer of the Central Committee of the All-Union Communist Party of Bolsheviks (VKP(b)), and others.

At the Kuznetsk Combine, socialist emulation and the Stakhanovite movement received wide development. Here 96% of workers, engineering and technical personnel, and employees are competing. Among the initiators of emulation who undertook personal obligations for the early fulfillment of the plan are rank-and-file workers, foremen, workers of leading professions, including foremen of the 4th blast furnace Comrades Dogadaev and Ermachenko, open-hearth steelmakers Comrades Kosolapov (now a Stalin Prize laureate) and Serkov, senior rollers Comrades Somov (now a Stalin Prize laureate), Zavarykin, Merkulov, and others. Communists and Komsomols, heading socialist emulation, play an avant-garde role in production. Many brigades and shop collectives have become Stakhanovite. About 300 brigades joined the emulation for excellent product quality, of which 140 received

the title of excellent quality brigade. Among them, first places are occupied by the brigades of Comrades Privalov (now a Stalin Prize laureate), Tomilin, Shirokov, Romanchuk, and others.

The most important indicators of emulation at the Kuznetsk Combine are the fulfillment by all workers of new, medium-progressive output norms, the utilization of equipment, raw materials, materials, fuel, electric energy, the acceleration of working capital turnover, the reduction of product costs, and the creation of above-plan accumulations.

The successful work of the combine was greatly facilitated by the introduction of economic accounting in all shops, sections, and brigades. Only the agglomeration plant, mining and timber enterprises, which are territorially distant from the metallurgical plant, are on full economic accounting as independent enterprises. Settlements between them and the metallurgical plant are made through corresponding branches of the State Bank; they are regulated by planned prices and intra-combine technical specifications. The remaining enterprises entering the combine are managed as shops.

Shop economic accounting has existed at the combine for many years, but recently it has acquired a more complete form. The system of economic accounting now covers all aspects of the shops' activities and is aimed at developing their initiative in achieving better production and economic indicators.

Each shop is approved a detailed plan establishing the volume of product output, its quality and cost, indicators of unit and equipment utilization; in addition, the plan sets norms for the

consumption of raw materials, fuel, semi-finished products, interchangeable equipment, and other materials; the number of workers, the staff of engineering and technical personnel and shop employees, as well as the payroll fund, limits on commodity-material value balances for the most important groups of working capital, planned turnover, and product output per 1 ruble of working capital are approved.

Basic means of production are fixed to the shops, and the shops bear full responsibility for their correct utilization. The safety of fixed assets is controlled by periodic inventories; maintaining them in working order is ensured by fulfilling schedules of planned-preventive, medium, and capital repairs.

Relations between shops are regulated primarily by the plan. The plan determines the quantity and quality of products transferred from shop to shop; delivery deadlines are established, which are additionally specified by operational production schedules; the cost of production of the overwhelming majority of types of products and services is calculated.

The economic accounting of shops at the Kuznetsk Metallurgical Combine is based on the following conditions:

1. Settlements between shops for all materials and services are carried out according to documents vised (accepted) by shop managers. Expenditures of electric energy, water, steam, etc., are determined by the energy control group under the department of the chief power engineer on the basis of instrument readings. Such a form of settlement gives shop

managers the opportunity to control the quantity, quality, and price of received materials and services.

2. On the overwhelming majority of sections, the weighing of raw materials, semi-finished products, fuel, materials, as well as the accounting of services rendered by shops, is ensured. Iron ore, agglomerate, non-metallic raw materials coming from mines and agglomeration plants are re-weighed at the plant, despite the fact that they were already weighed upon dispatch from the mines. The weight of all scrap metal, pig iron, and ferroalloys coming to steelmaking shops, refractories, castings, ingots, metal chips, and other materials and semi-finished products is checked; up to 40-50% of incoming coals and Magnitogorsk ore arriving at the plant is re-weighed.

To ensure the weighing of the maximum amount of raw materials and fuel received by the plant, a number of organizational and technical measures were carried out. The largest of them is the construction of a sorting hump with car scales at the Zavodskaya-sortirovochnaya station; this makes it possible to perform operations on sorting and weighing cars in parallel. In 1948–1949, many new control and measuring instruments were additionally installed in shops to measure energy consumption by shops and individual sections, which also contributes to improving accounting and correctly attributing costs. Mutual claims of shops on these issues have been reduced to a minimum.

3. All types of costs—raw materials, fuel, materials, semi-finished products, interchangeable equipment, all types of

energy, and other rationed expenses—are accounted for in shop economic accounting cost mainly at planned prices.

At the Kuznetsk Combine, as at other metallurgical enterprises, material costs in accounting calculations are accounted for at actual prices, which makes it possible to correctly determine the full plant and shop cost of production. The results of the economic accounting activity of shops are determined on the basis of full accounting calculations by excluding from the cost of production deviations of actual prices from planned ones. This calculation is performed by the planning department of the combine. Thanks to such a system, shop economic accounting has not caused an increase in the staff of the accounting apparatus.

4. In the economic accounting cost of production of shops, as a rule, deviations from planned costs resulting from changes in the composition of basic types of raw materials and fuel are not accounted for.

Supply functions are concentrated in the corresponding departments of the plant administration, which provide shops with the necessary raw materials and materials. The choice of one or another material for a shop is very difficult, even impossible, and therefore it is impossible to place responsibility on the shop for changes against the plan in the composition of materials. An exception is made in the case when the replacement of some types of raw materials or materials by others is advantageous to the shop and is made on its initiative. In the practice of the enterprise's work, this

happens quite often, and therefore in each individual case the conditions of procurement are taken into account.

5. Losses from production defects are included in the cost of production of the shops through whose fault the defects occurred, regardless of where they are detected; this accounting is performed by the main bookkeeping of the combine on the basis of Technical Control Department (OTK) documents.

This applies first of all to metal defects through the fault of open-hearth and electric steelmaking shops, detected in rolling shops. Cast defects discovered in mechanical shops are formalized by separate acts (with the participation of the OTK) and charged to the foundry shop after the acts are vised by the shop manager. On the basis of the acts, the foundry shop reflects defects in its calculations and reimburses consumers for losses on casting processing. A practice has been established where the foundry shop replaces defective parts and rolls with good ones without including them in the volume of production.

Charging losses from defects to the corresponding shops, as well as taking into account the presence of defects when evaluating plan fulfillment and awarding bonuses to managerial workers of shops, serve as a serious measure of influence on the culprits of defects. This largely contributes to reducing the number of defects and substandard products, and increasing the output of first-grade products.

6. The results of the economic activity of shops (shop economic accounting balances) are determined by the difference between the planned cost of production and the

actual shop economic accounting cost, accounted for by costs depending on the shop. Depending on these results, bonuses are awarded to shop workers.

The listed main conditions of shop economic accounting have fully justified themselves in the practice of the combine, and have made it possible to establish correct relations between shops and with the plant administration. Disputes that distracted the attention of shop managers from their main work have been eliminated. Each shop is responsible for the indicators depending on it, and this is fully reflected in the reporting. Only in individual cases do questions arise requiring special resolution. Thus, in order to further reduce metal consumption in rolling shops in 1949, an exact ingot weight was established for rolling each profile. For the most mass types of rolled products, the type of molds, the level of their filling, and the average ingot weight are established. To ensure that ingot weight is observed, over-expenditures due to exceeding the average ingot weight for each melt, as well as over-expenditures caused by insufficient mold filling, are charged to the account of open-hearth shops. Special accounting of the average ingot weight of each profile for both open-hearth shops has been organized. Excess metal weight is evaluated in the economic accounting balance of open-hearth shops at scrap prices. This forces shops to be more attentive to steel pouring.

Of the same importance is control over the weight of castings coming from the foundry shop to the open-hearth shops. Until 1949, only rough castings were weighed; now weighing of processed parts has been introduced, which makes it possible to

precisely determine processing losses. Such data are necessary to organize work on reducing allowances in the foundry shop. Excess casting weight must be charged to the foundry shop.

The economic accounting balance of shops also reflects fines charged by the railway shop to other shops of the plant for car demurrage and damage. This has great disciplining significance and contributes to improving the work of intra-plant transport. In the economic accounting results of the railway shop, fines received by it from other shops are not reflected. Firstly, fines are greater than the actual damage from a particular violation, and reflecting them in the economic accounting results of the railway shop would distort its indicators; secondly, the railway shop's lack of interest in the total amount of fines ensures objectivity of approach when imposing them, especially since this shop to some extent is also responsible for violating the rules of rolling stock operation permitted in other shops.

A special role in economic accounting at the Kuznetsk Combine is played by the planning and accounting of repair costs.

To establish special control over costs for the repair and maintenance of equipment, since 1948 the practice of limiting expenditures on current repairs has been introduced. In the presence of an over-expenditure against the established limit, the main bookkeeping and planning department of the combine stop vising orders to repair shops. Special control over expenditures on current repairs has yielded very positive results. In 1949, expenditures on materials and spare parts decreased against the 1948 level. The consumption of castings,

forgings, and metal structures related to repairs per 1 ton of rolled products amounted to 14.4 kg in 1945, 10 kg in 1948, and 8.8 kg in 1949. The consumption of refractories per 1 ton of smelted steel in open-hearth shops decreased from 37.7 kg in 1945 to 26.6 kg in 1949.

On the scale of the entire combine, the economy of metal and refractories used for repairs is estimated at tens of thousands of tons with a total cost of approximately 20 million rubles.

The economy of funds on current repairs was obtained due to better operation of equipment and units. The practice of regular preventive and medium repairs was introduced, which made equipment operation more reliable and sharply reduced the number of accidents and breakdowns. The correct organization of the repair economy, the increase in connection with the introduction of economic accounting of the responsibility of foundry-mechanical and repair shops for the timely manufacture of parts and their quality, for the good execution of repairs, and for the cost of parts and repair services played a major role.

The transfer of repair shops to economic accounting required improving the planning and accounting system and, above all, drawing up production assignments in a rigid nomenclature of products and works. This applies to foundry, mechanical, boiler, repair-mechanical, repair-construction, electrical repair, and refractory shops. Nomenclature plans fully take into account the needs of basic shops and are coordinated with repair schedules of basic equipment. The number of parts in the nomenclature plans of foundry and mechanical shops reaches

approximately 4,500–5,000 items. Shops are loaded with assignments in a rigid nomenclature to 80–90% of their capacity. The remaining part of capacity is left as a reserve to perform unforeseen work.

To lay a solid foundation for expanded shop planning in a rigid nomenclature, labor intensity norms were developed for machine casting in the foundry shop (by classes in relation to casting weight); for mechanical shops, technical norms were developed and approved for a large group of parts and types of equipment. Planning according to progressive norms, drawing up reports according to norms adopted in the plan, strict observance of the nomenclature plan—all this imparted great mobilizing force to the planning of these shops. Planning discipline was significantly strengthened here. Only the director of the combine can change the assignment by nomenclature of works and products, and the right to fill the reserve is granted to the chief mechanic of the combine. When awarding bonuses to engineering and technical workers of these shops, works and products produced outside the approved nomenclature are excluded from plan fulfillment. At present, plans according to the given nomenclature are basically fulfilled by all shops.

The previously used calculation of products of repair-mechanical shops by individual orders had a number of shortcomings (complexity of accounting, detachment from the general plan for cost reduction). Now, in mechanical shops, accounting for the cost of a machine-hour per normed machine time has been introduced. The cost of an assignment for 1 ton of mechanically processed parts is determined separately. For

this purpose, average waste norms and metal consumption coefficients by rough weight of parts to finished weight for cast iron, steel, non-ferrous casting, forging, and section metal are established. These norms were derived on the basis of a large number of reporting data, and despite fluctuations in part configuration and processing complexity, they more or less correctly reflect actual metal consumption.

The introduction of such a method of calculating the products of mechanical shops makes it possible to correctly evaluate the results of their work, and stimulates not only the reduction of metal losses, but also the reduction of conversion costs. On the basis of data on the labor intensity of each part, the cost of a machine-hour, and the cost of the rough weight of metal, one can very easily determine the cost of fulfilling any order.

Although machine time on machines of different types cannot be the same (there are high-performance and low-performance machines), and when revising norms the value of a machine-hour changes, nevertheless the above-indicated system of calculating the products of mechanical shops yields positive results with a constant machine park and an organized character of norm revision.

In the foundry shop, casting cost is calculated for each section. At the same time, the cost of all types of interchangeable equipment is determined: molds, bottom plates, ladles, heat insulators, cinder pots, cast iron and steel rolls. The cost of cast iron machine casting and steel machine casting is established by classes. A general calculation is drawn up by section (for all cost items), on the basis of which the average cost of one ton of

castings is derived. Then separate assortment calculations are drawn up, in which casting costs by types and classes are determined. In assortment calculations, the cost of assignment, waste, and defects is taken into account directly by casting types. Accounting for conversion costs by individual casting types within each group (cast iron, steel) is very difficult and requires a significant increase in accounting work. Therefore, conversion cost in assortment calculations is determined using labor intensity coefficients (deviations of conversion costs from the average are taken proportional to the conversion labor intensities of each assortment). For intra-plant planning and analysis of shop work, this accounting is fully justified.

In open-hearth shops, calculating the cost of a unit of repair work has been introduced. For more careful control over costs, refractory consumption norms have been developed for each type of repair by furnace types. These norms are annually reviewed and specified. Having developed norms, it is not difficult to determine the cost of each repair. At the same time, the wages of production workers and the expenses of the metallurgical furnace repair shop are distributed in proportion to the amount of refractories expended on repairs, since the basis of this shop's work is refractory masonry.

In planned and reporting calculations, the consumption of new brick and used brick is indicated separately. A detailed calculation of conversion cost is drawn up for the shop as a whole, which makes it possible to control all cost items.

Such are the general fundamental principles of shop economic accounting that have fully justified themselves in the practice

of the Joseph V. Stalin Kuznetsk Metallurgical Combine. The successful application of economic accounting has become possible thanks to an expanded system of planning, accounting, and analysis covering all aspects of the enterprise's activity and each shop individually. This is accompanied by continuously conducted painstaking work to identify shortcomings and eliminate them, and to develop new forms and methods of analysis to correctly evaluate the activity of each shop, section, and brigade. In recent years, systematic compilation of daily operational calculations of the cost of production of basic shops has also been introduced, which contributes to identifying shortcomings in the course of production and eliminating them.

In the economic accounting of shops, a clear distinction between expenses depending and not depending on the shops is of great importance. Incorrectly attributing costs to individual executors can play a negative role in mobilizing workers for the struggle for economy.

According to the directive of the Ministry of Metallurgical Industry, in shop economic accounting cost, the costs of local raw materials, semi-finished products, items, and major services are accounted for at planned prices, and of imported raw materials and fuel at actual prices. Accounting for the costs of imported raw materials and fuel at actual prices is necessary to take into account deviations from the plan in the quality of this raw material and fuel. With such accounting, fluctuations in quality and grade are compensated by corresponding price changes. Higher quality raw materials yield better results and find reflection in consumption norms. There are many

examples when shops refuse high-quality but more expensive raw materials and materials. They find it more advantageous, where this is not caused by production necessity, of course, to receive raw materials and materials with smaller surcharges for quality. With correct planning of procurement prices and more or less stable suppliers, sharp price fluctuations are not observed. This makes it possible, even when using actual prices, to correctly reflect the costs of raw materials and materials in economic accounting shop cost of production. For the Kuznetsk Combine, practically it can be considered that shop cost is reflected in stable prices, at least in the overwhelming majority of shops.

In costs depending on the work of shop collectives, the consumption of raw materials, fuel, materials, etc., occupies the main place.

The most important achievement of the combine is the rationing of almost all material costs of raw materials and fuel, semi-finished products, interchangeable equipment, refractories, all types of energy, and individual types of services. In shop cost of production, these costs make up over 80% and are the main group of costs depending on the shops. Identifying the causes of over-expenditures of basic types of raw materials and semi-finished products used in metallurgical production, even for auxiliary shops, does not present special difficulties. For this purpose, it is sufficient to subject primary documents containing almost all necessary data to a more careful analysis.

The second large group of costs depending on the work of shops is wages, which make up up to 80–90% of all costs in individual auxiliary shops. At the Kuznetsk Combine, thanks to implemented organizational and technical measures, it was possible to significantly reduce the number of workers, engineering and technical personnel, and employees with a sharp increase in metal production. Wage costs per ton of produced output decreased in 1949 against 1945 by 41%, despite the increase in average wages. Economy in the payroll fund as a result of staff reduction reaches 60 million rubles a year.

Amortization of shop fixed assets, labor protection, and various shop expenses are also costs fully depending on the shop. As for plant-wide expenses, they depend on the shops and are charged to their account only in the part of relative over-expenditure or economy caused by a change in the volume of production.

The methodology of accounting for expenditures on current repairs and intra-plant transport in shop economic accounting cost of production is most debatable. These expenses (if wages and refractories are excluded from them, which are accounted for mainly according to norms and planned prices) make up about 6–7% in the gross cost of production of the Kuznetsk Combine shops. In the practice of the combine, in order to simplify calculation, they are considered depending on the shops and are accounted for in actual prices according to bookkeeping data.

To stimulate the struggle to reduce repair costs, a system of economic accounting has been established at the combine in which both shops engaged in manufacturing parts and performing repairs and shops—consumers of parts and repair services—are interested in reducing repair costs. Foundry-mechanical and repair shops are transferred to economic accounting, and workers of these shops are awarded bonuses only when fulfilling the established plan for cost of production or cost estimate (repair shops). At the same time, consumer shops, seeking to reduce expenditures on current repairs, began to use used parts. During repairs of open-hearth furnaces, up to 20% of used refractories are used. If previously there was a tendency, even for small works, to apply for services to repair shops, now shops try to better use repair workers inside the shop and perform not only small but also large repairs partially by the forces of their repair and duty personnel. At the same time, the Kuznetsk Metallurgical Combine is moving along the path of centralizing the repair business, ensuring a further reduction in the cost of repair work.

When evaluating the cost of repair shop services, it is always necessary to take into account its sharp fluctuation for parts and products of varying complexity. For example, in mechanical shop No. 1 of the Kuznetsk Combine, the cost of production by six complexity classes fluctuates within very large limits.

Complexity class of processing	Specific weight in general production (in	Number of machine-hours by complexi	Average number of machine-hours per 1 t	Average cost of 1 t of processing (in rub.)

	%)	ty classes	for given month	
I	0.12	over 2000	4,300	52,790
II	1.67	50–2000	892	11,029
III	7.1	200–750	362	4,531
IV	13.6	100–200	149	1,925
V	40.0	30–100	51	727
VI	37.5	up to 30	22	373

An insignificant part of parts requiring processing of high complexity costs very much; the main mass of parts costs many times less than parts of complex processing. Therefore, for the correct evaluation of the work of foundry-mechanical shops and the elimination of unjustified claims against them, it is necessary to improve planning, accounting, and product cost analysis in these shops.

Transport expenses are also fully charged to the cost of production of production shops. Although the quantity of cargo and necessary transport vehicles can be determined relatively accurately, the costs of cargo movement can fluctuate within significant limits. This depends not only on changes in tariffs (railway and motor transport shops), but also on the degree of utilization of the load capacity of cars and trucks, on the timeliness of unloading and loading, and the coordination of shop work schedules with transport work. The correct use of transport vehicles by production shops largely determines transport costs for the enterprise as a whole. In individual cases the sum of costs depends on the choice of transport vehicles,

the state of access tracks, and the mechanization of loading and unloading. Therefore, charging the entire sum of costs under the article "cargo movement" to economic accounting shops is fully justified.

In individual cases, when it is impossible to make settlements between shops at planned prices, establishing a double interest in saving these costs is fully justified. Thus, the metallurgical furnace repair shop, producing high-quality repairs, ensures the necessary durability of open-hearth furnaces. In addition, better utilization of refractories (reduction of breakage, secondary use of used refractories) and reduction of shop repair expenses depend on this shop. On the other hand, the correct operation of furnaces by open-hearth shops also increases their durability. Thus, furnace durability is ensured by the joint efforts of two shops. Therefore, it will be fair to reflect open-hearth furnace repair costs in full volume in the economic accounting results of both the metallurgical furnace repair shop and the open-hearth shops.

The train makeup shop is responsible for the operation of molds, bottom plates, and other interchangeable equipment for steel pouring. Open-hearth shops bear no less responsibility for this. In the practice of the Kuznetsk Combine, the consumption of molds and other interchangeable equipment is taken into account in the results of the economic activity of both open-hearth shops and the train makeup shop.

Cropping sections of rolling shops cannot be responsible for metal defects of steelmaking origin, but by removing defects it is possible to reduce a certain amount of defects. In the

interests of the enterprise, products should not be turned into defects if there is an opportunity with certain additional costs to make them good. Increasing the volume of cropping at product finishing sections leads to an increase in costs at these sections, which naturally reduces their interest in correcting defects caused through the fault of other shops. To stimulate the correction of external defects, responsibility of cropping sections for losses from this type of defect has been established. At the same time, defects are also charged to the direct culprits. The significance of this factor is hard to overestimate: increasing the yield of sound products yields tens of millions of rubles in savings.

Establishing responsibility according to economic accounting for downtime, as well as for incomplete delivery of products and services, creates many "justifying" moments, "objective" reasons for consumer shops to explain poor work. An opportunity arises to shift responsibility to adjacent shops instead of taking measures to eliminate shortcomings. Dual responsibility of adjacent shops for fulfilling individual indicators contributes to improving the work of the enterprise as a whole.

The analysis of product costs and shop activities cannot be fitted into the narrow framework of a scheme. This is major creative work that must be continuously improved. In the course of cost analysis, shortcomings are revealed not only in the production and economic activity of shops, but also in planning and accounting. These shortcomings must be immediately eliminated and taken into account in subsequent work.

Shop economic accounting yields particularly positive results if it is supplemented by economic accounting of sections, departments, and brigades. Economic accounting brought down to the grassroots unit turns into a powerful lever of planned management within the shop. Socialist emulation acquires a more concrete form in this process.

The entire collective of the shop becomes involved in the struggle to improve economic indicators.

At the Joseph V. Stalin Kuznetsk Metallurgical Combine in 1949, economic accounting within shops existed in two forms —in the form of economic accounting of large independent sections and in the form of economic accounting of small auxiliary sections, units, and brigades. Economic accounting of independent sections differs significantly from brigade economic accounting. This stems from their production and economic independence, from the possibility of organizing separate accounting of the full cost of production of each such section.

Starting in July 1949, 35 sections were transferred to economic accounting, and starting in December—another 15 sections. In the coke-chemical shop, all large sections—coal preparation, coke ovens, chemical departments—were separated into independent economic accounting units; in rolling shops—sections for cropping and finishing products, roll-turning workshops; in the refractory shop—sections for raw material preparation, roasting furnaces, dolomite department; in the foundry shop—sections for cast iron, steel, and non-ferrous casting, open-hearth furnace section, and others; in the railway

shop, all services are on economic accounting: locomotive, car, traffic, track, crane, loading and unloading. Basic sections were also separated in other shops.

All production indicators are accounted for separately for these sections, product cost calculations are drawn up, and plan fulfillment for production and cost is analyzed monthly. Section plans are approved by the plant administration and communicated to the shops along with shop plans. The section plan is an integral part of the shop plan. Reporting calculations by sections are drawn up by the main bookkeeping of the combine on a par with calculations by shops by separating the costs of the given section. If a section produces a separate type of product, the calculation of this product is separated. For this purpose, current bookkeeping reporting is used; costs are written off in the usual order. Only in some cases was the introduction of additional codes required for more accurate cost calculation. When analyzing the product cost of a section, the influence of external factors, i.e., the price factor and the material replacement factor, is excluded.

The effectiveness of section economic accounting is ensured with the help of economic levers. From the moment of transfer to independent economic accounting, engineering and technical workers of sections are awarded bonuses only depending on the results of their work. If previously all shop workers received a production bonus on condition of fulfilling the cost plan for the entire shop, now the bonus is paid when fulfilling the plan by section, even in the case when the cost in the shop is higher than planned. This significantly increased the interest of section workers in reducing costs.

The introduction of economic accounting in sections yielded very positive results. Thus, in the first half-year, i.e., before transfer to economic accounting, during three months in almost all sections of the foundry shop, costs were higher than provided for by the plan. For the foundry shop as a whole, there was an over-expenditure for two months. After transferring sections to economic accounting, there was only one case of over-expenditure (in the first month of introducing economic accounting—July). Cost savings on each section increased significantly, as can be seen from the table given on the next page.

The introduction of economic accounting in sections also favorably affected plan fulfillment and cost in shops. Shops that periodically had unsatisfactory indicators now fulfill the cost plan from month to month and yield above-plan savings. The number of shops exceeding planned costs has decreased

Foundry shop	**1st half-year of 1949 (+ over-expenditure, - economy)**	**4 mos. of 2nd half-year of 1949 (+ over-expenditure, - economy)**
Cast iron casting department	-18	-345
Steel casting department	+374	-292
Open-hearth furnace department	-113	-156
Open-hearth workshop	+73	-216

Refractory shop No. 1		
Chamotte department	+447	-220
Dinas department	+50	-505
Mechanical shop No. 1		
Forging department	25	-164
Mechanical department	49	-277

in 2-3 times; over-expenditure against planned cost becomes a rare phenomenon.

The introduction of economic accounting in sections had a positive effect on the quality of accounting. Previously, the correct distribution of costs by product types and sections was not given due importance. Individual indicators were distorted in this connection and became unsuitable for economic analysis. The introduction of economic accounting required specifying primary documentation, timely write-off of costs, and correctly attributing them to corresponding sections and product types. For example, in the consumer goods shop, three independent sections were separated—a strip for rolling waste, a bed section, and a stitched tableware section. Before the introduction of economic accounting, accounting in the final stage was carried out in such a way that the distribution of costs by sections had to be made proportional to production wages. The bonus was paid according to the results of the shop's work, so the distortion of accounting did not cause

"objections within the shop." After the introduction of economic accounting, the absurdity of such "accounting" immediately surfaced, since each section has its characteristic expenses that cannot be attributed to other sections. This shortcoming was immediately eliminated, and basic expenses are accounted for by sections. Section managers zealously monitor the correctness of product cost calculations of their sections and do not allow arbitrary write-offs.

In individual shops and sections, due to uneven load, a labor reserve is periodically created. Previously, freed labor was used on secondary work, without real benefit to production. Now each shop strives to have a minimum labor force, and there are many examples when shop managers and section managers achieve the use of excess labor (during periods of load reduction) in other shops. This is observed in cropping and finishing products in rolling shops during open-hearth furnace repairs, etc. In 1949, a practice was introduced in which labor during periods of load reduction is used on construction work.

Along with separating independent sections having a completed product cost calculation, a large place in the system of intra-shop economic accounting at the Kuznetsk Combine is occupied by the economic accounting of small sections, brigades, and units. For these sections and brigades, there is no need to draw up separate calculations. One can fully limit oneself to accounting for the fulfillment of basic indicators and, where possible, major articles of production expenses. The plant administration has developed indicators amenable to separate accounting for each brigade. They include assignments for production, personnel size and payroll fund,

consumption of basic types of raw materials, fuel, materials, tools, and product quality. A model regulation has been drawn up in which the principles of organization, the order of planning and accounting of indicators of economic accounting brigades are set forth. It is established that the planning, accounting, and determination of results of work of brigades and sections are carried out by the forces of the shops.

The most important feature of brigade economic accounting is its mass character. Economic accounting of brigades is organized mainly on the initiative of the working people themselves, who set themselves concrete tasks connected with improving the production and economic indicators of their brigade (section, unit). In this form of economic accounting, the creative initiative of workers, foremen, and grassroots production commanders is manifested most of all. The participation of the broad masses in improving the economic indicators of the enterprise is the most powerful factor in reducing costs and increasing profitability. Although the plan of economic accounting brigades stems from the general shop plan, the planning of work of small production units cannot be reduced to a formal distribution of the general shop plan without taking into account the concrete conditions and achievements of each unit. Even in basic metallurgical shops, work indicators of individual units differ significantly from average indicators for the shop. In addition, they fluctuate depending on the state of the unit, product assortment, and other conditions. Therefore, in the model regulation approved for the combine, the following is stipulated: "Planned assignments and consumption norms for individual articles to

economic accounting brigades are approved by the shop manager monthly, based on the best indicators achieved by these brigades."

Under the conditions of a metallurgical enterprise, metallurgical units must become the most important objects of economic accounting. A blast or open-hearth furnace, a rolling mill are fully completed production units. They can be fully separated into independent economic agencies, since each unit includes the entire complex of expenses for the production of a given type of product.

When organizing economic accounting in grassroots production links, significant difficulties arose connected with an increase in planning and accounting work. It is especially difficult to organize accounting of economic indicators by shifts under the conditions of continuous metallurgical production. Such accounting is possible only in rolling shops, and even then with the exception of costs for equipment repair and maintenance.

The organization of economic accounting by individual units and sections has the advantage that the production ties of workers serving an individual unit are strengthened. Economic accounting by units includes indicators accessible to every worker.

Without having the opportunity to fully set forth the economic accounting system for all metallurgical shops, let us dwell on solving the main issues when organizing economic accounting in open-hearth shops. Here, each furnace, as well as the gas producer station, charging yard, pouring bay, ladle economy,

have been transferred to economic accounting. The mixer is separated into an independent section with a completed calculation.

The organization of economic accounting on open-hearth furnaces is connected with difficulties in accounting for charge materials, which are weighed and accounted for in melt passports.

To establish consumption for each furnace, it is necessary to make corresponding selections from melt passports. Considering the cumbersomeness of this work, special books have been established at the plant to record charge consumption by furnaces by basic grades of steel for every 24 hours with a running total. The total volume of accounting work does not decrease at the same time, however, it is distributed over a longer period, and in addition, an opportunity is created to daily control this most important cost article in steel cost. Ferroalloy costs are also accounted for by each steel grade by furnaces. The cost of assignment makes up over 70% of the entire steel cost, and control must be especially careful. To account for this indicator in monetary terms, the average planned price for pig iron and scrap metal is established.

An essential indicator of furnace brigade work is fuel consumption per 1 ton of steel smelted. Since fuel composition is not constant and not all components can be accurately accounted for by furnaces, part of the fuel costs (25–30%) is determined by calculation. Despite some conventionality, accounting for this indicator is of great significance. Specifications were required in accounting for materials such

as iron ore, dolomite, and magnesite powder, which are not weighed. Economic accounting indicators also include the wages of the furnace brigade, furnace amortization, shop expenses; at the same time, the planned sum is distributed over actual steel output.

A significant difficulty is reflecting costs for current repairs of each furnace, since the furnace campaign (from repair to repair) lasts 3–4 months. Therefore, such costs are planned in accordance with the schedule of cold and hot repairs, including hearth repairs. Unplanned repair work will lead to cost excess in individual months. Comparison of furnace durability indicators and current repair costs in full volume is possible only at the end of the furnace campaign. It should be noted that planning costs for cold and hot repairs of furnaces is facilitated by the introduction of calculating the cost of a unit of repair work at the Kuznetsk plant.

In addition to planned steel cost for each furnace, the smelting plan, steel yield from 1 sq. m of furnace hearth area, and productivity in 1 hour of work are approved. In addition, actual indicators for defects and technology violations are reflected.

The economic accounting system on the open-hearth furnace section quite fully reflects all work indicators of this unit. In approximately the same form, the introduction of economic accounting on blast furnaces is outlined.

Among auxiliary shops, brigade economic accounting has been most successfully introduced in the railway shop and refractory shop No. 1. In the railway shop, for example, 115 economic accounting brigades and sections are organized. In the personal

accounts of locomotive brigades, fuel consumption, lubricating and wiping materials, costs for current and medium repairs, the number of unscheduled entries to the depot, etc., are reflected. Economic accounting in loader brigades is of great interest. For each brigade, the cost of loading or unloading 1 ton of cargo, including general service expenses, is established. At the same time, the type of materials, work method (mechanized, manual), and other conditions are taken into account. Brigade leaders and foremen receive production bonuses depending on plan fulfillment for cost. Therefore, they are interested in correctly reflecting both the volume of cargo and work conditions. As a result of the wide introduction of economic accounting, the cost of one ton-kilometer of transportation and one ton of loading-unloading decreased sharply. For 10 months, the shop received almost 2 million rubles in savings.

In refractory shop No. 1, the following have been transferred to economic accounting: the gas producer station, mechanical workshop, steam-fan economy, electrical repair workshop, repair-mechanical and repair-construction brigades. After transfer to economic accounting, the repair-construction brigade, which monthly expended tens of cubic meters of timber and hundreds of kilograms of nails, using used timber and nails, reduced the consumption of new timber and nails severalfold. The need for parts decreased sharply, which made it possible to transfer the mechanical workshop to work in one shift instead of two, etc.

In the coke shop, economic accounting is organized on coke sorting, in the engine room, on individual sections of chemical production.

Many more examples of the successful introduction of brigade and unit economic accounting can be cited. Experience shows that its mass application on small production units yields a large production and economic effect. In some cases, the circle of issues is not yet fully outlined, there are still shortcomings in the planning and accounting of indicators. As experience accumulates, these shortcomings will be eliminated. But already now the application of unit and brigade economic accounting has made it possible to organize in a concrete form the active participation of the masses in the struggle to save funds and improve production indicators.

Economic accounting within the shop imposes a certain responsibility on its manager. For a brigade or section to fulfill its economic accounting indicators, necessary conditions must be created for them, especially regarding material and technical supply. A clearer resolution of all issues arising in the process of work, timely adoption of measures to eliminate shortcomings, and operational response to all requests of grassroots production links are necessary.

The most complex issue of economic accounting is the organization of accounting by established planned indicators. In some shops, accounting is not adapted to reflect the results of parallel working units. Although primary documentation makes it possible to account for material costs and services for their direct purpose, document processing is carried out in such a way that individual objects and sections are not highlighted. The organization of accounting indicators by sections, brigades, and individual units should not be accompanied by a mechanical increase in accounting work at all. It is a matter of

improving its quality. If small changes are made to primary documentation and the order of document processing is changed, necessary data for economic accounting of brigades and sections can be obtained without a significant increase in the volume of accounting work.

Mechanization of accounting, currently carried out at the combine, acquires great significance. It is also necessary to pay special attention to raising the qualification of shop office managers, planning and rationing workers. In shops where the qualification of these workers is higher, issues of intra-shop economic accounting are solved faster and better.

Deepening economic accounting is impossible without systematically improving methods of product cost calculation. Individual production expenses are still not always correctly reflected. It is necessary to resolutely fight against the tendency to "dump everything into a heap." Direct and immediate distribution of costs by sections and product types is a most important condition for introducing shop economic accounting.

Preliminary accounting of all costs and their regulation in the course of production acquires serious significance. In those shops where managers pre-coordinate their expenses with production results, cost exceeding is almost never observed. Recently, shop managers have begun to pre-account for upcoming expenses on major repairs and other costs, creating a reserve for them. As a rule, the combine does not allow writing off production bonuses for two months at once. Jumps in the level of product costs have decreased significantly. This creates

conditions for systematically fulfilling the planned assignment for cost reduction, for continuously reducing production costs.

Major tasks face economists regarding the development of methodology for planning and analyzing costs for auxiliary shops of metallurgical enterprises. In these shops, more than in basic ones, one has to use conventional indicators (even to account for production). To correctly evaluate plan fulfillment for cost, for example, at the Kuznetsk Combine, a double approach to analyzing production costs is widely applied. Thus, in the railway shop, the cost of a ton-kilometer of transport is determined. However, a large part of shop costs is not in direct proportion to the indicated indicator. Based on this, all of them are strictly limited by a total sum, and only production wages and fuel for locomotives are rationed separately and coordinated with the volume of production. In the water supply shop, overfulfilling the water supply plan at the expense of increasing its consumption in basic shops is not difficult. But this is economically disadvantageous for the enterprise. That is why the shop is established a rigid budget, which creates an interest in reducing total water consumption. Electricity consumption, however, is planned separately per 1,000 cubic meters of water, and compliance with this norm is controlled. Where it is possible to isolate material costs and establish at least an approximately correct norm, such norms must be established. Practice shows that cost rationing, systematic stubborn work to establish medium-progressive norms has great mobilizing significance.

A further step in the development of economic accounting should be establishing responsibility of procurement

departments for the procurement cost of raw materials, fuel, and materials. This will contribute to reducing procurement costs, and will also stimulate the procurement of materials in nearest regions. Plant administration departments directly answer for fulfilling the plant-wide cost estimate. At the Kuznetsk Combine, all articles of this estimate are detailed by departments, which makes it possible to control the activity of each of them. It is necessary to interest departments more in improving the enterprise's economy, since their role in this is very significant.

Economic accounting must be supported by appropriate material stimulation. A very effective factor in strengthening economic accounting of shops and independent sections is awarding bonuses for production indicators only on condition of fulfilling the cost plan. But for greater interest of shop and section managers in saving funds, it would be expedient to introduce a bonus system depending on the size of savings. At present, direct interest is expressed in not allowing cost exceeding. When establishing a system of progressive bonus awarding depending on the size of savings, an interest in significantly overfulfilling the cost assignment will appear. Material stimulation of brigade and unit economic accounting is especially necessary.

At the Kuznetsk Combine, socialist emulation of economic accounting brigades within shops and across the plant is organized. Brigades that achieved the best indicators are awarded first places and some sums are allocated to encourage the best members of the brigade. But at present, a relatively small number of brigades and emulation participants are

encouraged. Establishing a direct bonus system for achieving best economic indicators by an economic accounting brigade would yield very positive results.

The introduction and development of intra-plant and intra-shop economic accounting acquire special urgency in connection with the huge scale of the nationwide movement to increase enterprise profitability, to accelerate working capital turnover, to achieve high product quality, to improve fixed asset utilization. These problems deeply concern every patriot of our Motherland. Unprecedented interest in economic issues obliges us to more resolutely introduce economic accounting on all production sections. Within the framework of a single enterprise, these issues cannot be fully resolved. It is necessary to organize a wide exchange of experience between enterprises, as well as to strengthen the connection of scientific institutes, especially economic ones, with production.

From the Editor. Publishing the article by G. Zeltser, head of the planning department of the Kuznetsk Metallurgical Combine and Stalin Prize laureate, the editor asks workers of other plants to highlight their experience in organizing intra-plant economic accounting on the pages of the journal.

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RISE IN THE MATERIAL WELL-BEING AND CULTURE OF THE SOVIET PEOPLE

The continuous and rapid rise in the material well-being and cultural level of the working people is an immutable law of the development of socialist society. This is an internally inherent, inalienable property of the socialist system, corresponding to the essence, goals, and driving motives of socialist production. The struggle for communism is a struggle for an abundance of consumer goods, for the transformation of all members of society into prosperous and educated people, for the full flourishing of science and art.

With the elimination of private ownership of the means of production and the exploiting classes in the USSR, the wastefulness of idlers inherent in capitalism has ceased, the possibility of using national income for parasitic purposes—for the whims of exploiters and their lackneys, for imperialist wars, for maintaining the apparatus of oppression of the working masses—has been destroyed.

The Socialist Revolution, having transferred public wealth into the hands of its creator—the working people—ensured the distribution and utilization of national income in the interests of the working people. It gave the people material and cultural benefits, ensured the planned increase of public property, the strengthening of the economic and military might of the country, and a systematic rise in the well-being of workers, peasants, and intelligentsia. In our state of victorious socialism,

Comrade Stalin says, "the development of production is subordinated not to the principle of competition and ensuring capitalist profit, but to the principle of planned leadership and the systematic rise of the material and cultural level of the working people." In this lies the fundamental advantage of socialism over capitalism.

In contrast to the general law of capitalist accumulation, which signifies the absolute and relative impoverishment of the overwhelming part of the population while a handful of exploiters grow rich at the same time, the socialist law of the growth of popular well-being consists in the steady rise of the material and cultural level of all members of society. This socialist law finds expression in the fact that year by year the level of prosperity and education of all citizens of the Soviet Union rises. From year to year, the quantity of consumer goods increases and their quality improves; the number of those employed in the national economy grows, full employment of the population in socially useful labor is ensured; the state network of public education and healthcare institutions, and the network of scientific institutions, expands; state social insurance, social security, allowances to mothers, and stipends to students increase; working conditions, labor protection, and safety engineering improve, and labor is facilitated thanks to its ever greater mechanization and automation. From year to year, living conditions improve: the housing stock grows, towns and villages are increasingly well-appointed; the network of cultural and educational institutions—theaters, cinemas, libraries, stadiums, parks—increases; and the network of children's and public welfare institutions expands.

The entire activity of the Bolshevik Party and the Soviet Government is permeated with concern for the welfare of the people. "As for us, members of the Central Committee, members of the government," Comrade Stalin said, "we have no other life than life for our great cause, than life for the struggle for the universal well-being of the people, for joy for all working people, for the millions-strong masses." The policy of the Communist Party and the socialist state is a policy of accelerated rates of raising the material and cultural living standards of workers, peasants, and intelligentsia. All the forces of the socialist state, all achievements of science and technology are mobilized for this purpose. State plans ensure the rapid development of industry and agriculture, the production of consumer goods, the expansion of assortment and improvement of product quality, the development of the retail network, high rates of housing and cultural construction, and the wide introduction of the latest technology that eases labor. A significant share of state budget funds is expended on diverse socio-cultural measures. Soviet trade unions annually expend huge funds of state social insurance on improving living conditions and treating working people, and on paying pensions and allowances. The Soviet state implements a policy of systematically lowering retail prices, ensuring an increase in the population's purchasing power, the growth of real wages, the incomes of collective farmers, pensions, and allowances.

Vivid evidence of the all-out concern of the Communist Party and the Soviet state for the growth of popular well-being is the postwar Stalinist five-year plan.

Over four years of the five-year plan, the production of major consumer goods has increased significantly. In 1949, the output of cotton fabrics was 2.2 times greater than in 1945, woolen fabrics 2.7 times, silk fabrics 2.9 times, linen fabrics 2.1 times, hosiery 4.1 times, leather footwear 2.6 times, meat 1.5 times, butter 2.8 times, vegetable oil 2.5 times, fish 1.7 times, sugar 4.4 times, and soap 3 times. In 1949, the population of the USSR was sold more animal and vegetable oil, sugar, meat, fish, pasta, woolen, silk, and cotton fabrics, footwear, and many other goods than in pre-war 1940. The pre-war level of goods sales on collective farm markets has been significantly exceeded.

The gross harvest of grain crops in 1949 reached 7.3 billion poods against 7.2 billion poods in 1940. At the same time, not only in the USSR as a whole, but also in regions that underwent occupation, the gross harvest of grain crops, sugar beets, flax, hemp, sunflowers, potatoes, and other crops in 1949 exceeded the pre-war level. The number of machine and tractor stations in all regions of the country became greater than before the war.

The Soviet state, relying on growing production, already at the end of 1947 abolished the ration-card supply system, which the majority of capitalist countries of Western Europe still cannot achieve.

In capitalist countries crawling into a new economic crisis, the want and misery of the working masses are growing. Under the guise of "aid," the USA is preparing bridgeheads of war in Western European countries. The textile and food industries of

France, Italy, and other Marshallized countries are falling into decay, as stagnant American goods are imported into these countries duty-free. As Comrade G. M. Malenkov noted, "along with the Marshall Plan, the mounting American economic crisis has been imported into Western European countries, and along with the crisis, its immediate companions —unemployment and the impoverishment of the working masses"[60] .

In the USA, under the blows of the economic crisis, the production of major types of consumer goods is being curtailed. The consumption of the working masses is dropping even more sharply, since an ever greater share of consumer goods is absorbed by the bourgeoisie and its lackneys, the army and exports, and accumulates in the form of stagnant reserves. While maintaining a high level of retail prices for consumer goods, the wages of American workers are falling. According to understated data from the US Department of Labor, from October 1948 to September 1949, workers' wages fell in the coal industry by 29%, in the ore industry by 10%, in the steel industry by 14%, and in the machine-tool industry by 8%.

In Britain, struggling in the grip of dollar hunger, significantly less food products are imported than before the war, and a large share of industrial goods produced in the country is exported. According to official data, the level of food consumption of British workers in 1949 was on average 40% below pre-war. Even lower is the consumption level of French workers, whose real wages do not reach 50% of pre-war.

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60 "Pravda", March 10, 1950.

In all capitalist countries, mass unemployment is growing. In the USA, according to trade union data, in the third quarter of 1949 there were 5 million fully unemployed and 14 million partially unemployed; this means that unemployment has already engulfed more than one-third of the entire US working class. Throughout the capitalist world, the number of unemployed and partially unemployed reaches the colossal figure of 45 million, which dooms to poverty and vegetation, including the families of the unemployed, more than 150 million of the globe's population.

In socialist society, there is no and cannot be the unemployment inevitable under capitalism. The steady and rapid upsurge of all branches of the economy and the planned management of the economy guarantee the Soviet people against unemployment, and guarantee the universal right to work in the USSR.

The number of workers and employees employed in the national economy of the USSR grows annually by 1.8–2 million people. The real wages of workers and employees and the incomes of collective farmers are rising. A vivid indicator of the rise in the living standards of the working people of the USSR is the accelerated growth in the consumption of industrial goods, especially high-quality ones. In 1949, the sales of sausage products (by 37%), pasta (by 30%) and confectionery (by 22%), fruit (by 21%), woolen (by 67%) and silk fabrics (by 50%), furniture (by 38%), watches (2 times), bicycles (38%), motorcycles (35%), gramophones (more than 1.5 times), etc., increased most significantly. It is precisely in these high-quality goods that the greatest reduction in

production is observed in the USA, Britain, France, Italy, Belgium, and other capitalist countries. The workers of these countries, due to unemployment and shrinking real wages, and farmers suffering extreme want, cannot acquire in sufficient quantities even prime necessities.

The continuous rise in the well-being of the Soviet people, Comrade Stalin's great activity for the welfare of the people inspire workers, peasants, and intelligentsia to new labor feats, to new successes in the development of the national economy and in the flourishing of the culture of the Soviet country.

A vivid expression of the powerful upsurge of activity of the Soviet people, of their devoted trust and cohesion around the party of Lenin-Stalin is the brilliant victory of the bloc of Communists and non-party people won on March 12 in the elections to the Supreme Soviet of the USSR. On this day, more than 111 million voters participated in the voting—99.98% of all those having the right to vote; 99.7% of those who participated in the voting voted for the candidates of the Stalinist bloc.

The rapid growth of the living standards of the working people of the USSR in the postwar period was achieved primarily thanks to the energetic measures of the party and government to raise all branches of the Soviet national economy and, in particular, agriculture and consumer goods industries. In all branches of industry, new forms of socialist emulation received wide development: the struggle for economy of raw materials, materials, fuel, electric energy, for accelerating asset turnover, and for better utilizing fixed assets became truly nationwide.

The most important thing, V. M. Molotov said in his speech at a meeting of voters of the Molotov electoral district of Moscow on March 10, 1950, "lies in the fact that the public movement for the further upsurge of industry and for improving the quality of industrial products now embraces the majority of workers, foremen, technicians, and engineers, that the number of remarkable production innovators is growing at our enterprises, that the cooperation of science with production is strengthening, based on the joint work of Soviet scientists with advanced workers and engineers, and that such a public movement increasingly embraces industry and transport, as well as agriculture." All this ensures a systematic growth in labor productivity and a reduction in product costs.

Labor productivity in 1947–1949 grew in the industry of the USSR annually by 13–15%, and product costs decreased in 1948 by 8.8% and in 1949 by another 7.3% (in comparable prices).

Nothing of the kind exists or can exist in capitalist countries, where workers have no interest in raising production, since the fruits of economy and increased labor productivity are appropriated by exploiters, while bourgeois governments and trade union traitors, lackeys of capitalist monopolies, are concerned only with keeping workers in check and ensuring a high level of profits for the bourgeoisie. While millions of people are starving, the US Department of Agriculture proposed destroying 1,360 thousand tons of potatoes purchased by the government, and is seeking a 23% reduction in cotton sown areas for 1950 compared to 1949. In order to maintain prices at a high level, the US government organization

Commodity Credit Corporation of Kansas is letting thousands of tons of food rot in a cave. The US Commodity Credit Corporation destroyed 1.7 billion fresh eggs.

American monopolists are trying to combat the developing crisis by increasing military orders for industry, inflating the military budget, marketing unnecessary goods under the cover of "aid" to Marshallized countries, and unfolding a trade war (US dumping), covering losses directly from the budget at the expense of taxes on the population. This policy leads to increased impoverishment of the population and the growth of unemployment. At the same time, exploiters grow richer and richer. Net profits of American monopolies after deducting all taxes increased in the USA from $2.3 billion in 1938 to $21.2 billion in 1948.

No less concern for the profits of capitalists is shown by the Labour government. It pursues a policy of "freezing" wages, has carried out the devaluation of the pound sterling, calls on British workers to tighten their belts, and encourages the continuous growth of profits of capitalist monopolies. From 1938 to 1949, the profits of British firms increased from 676 million to 1,275 million pounds sterling. The French and Italian bourgeois governments go along with curtailing domestic production to please American monopolies, apply the harshest repressions against strikers, and flood their countries with paper money, which leads to a further drop in the real incomes of working people.

The powerful upsurge of the Soviet national economy, the growth of labor productivity, and the reduction of product costs

in the postwar period serve as the basis for the systematic reduction of state retail prices for all goods.

Comrade Stalin teaches that the policy of steadily lowering prices for industrial goods is the cornerstone of the economic policy of the Bolshevik Party and the Soviet state. It is diametrically opposed to the policy of bourgeois states.

Capitalist monopolies, Comrade Stalin points out, strive "to raise prices for industrial goods inside the country, to turn these prices into monopoly prices, to pump out more profits on this basis and create a fund for exporting goods abroad, where capitalists sell the same goods at low prices for the purpose of conquering new markets"[61].

The monopolies of the USA and Britain resort to dumping for exported goods and inflating prices on domestic markets.

In all capitalist countries, the postwar period has been marked by inflation, as a result of which retail prices everywhere rose in 1949 compared to 1948, becoming higher than in 1938: in the USA 2 times, in France almost threefold, in Britain 20 times, in Italy 60 times. Currency devaluation in more than 30 capitalist countries gave impetus to a further rise in prices. In December 1949, prices jumped again in Britain. It was recently announced about a new rise in food and industrial prices in France, Norway, Greece.

In contrast to the anti-people policy of capitalists striving to squeeze out more profits at the expense of curtailing the consumption of working people, the Soviet state and the

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61 I. V. Stalin, Works, vol. 10, pp. 229–230.

Communist Party care about increasing the purchasing power of the population, which in the USSR always outpaces the growth of production. The price reduction policy pursued by the party and Soviet power contributes to the growth of the population's needs, raises the capacity of the domestic market, both urban and rural, and thereby strengthens the stimuli for the continuous expansion of production and ensures a systematic rise in the well-being of working people. Over the past three years, the party and government have carried out three successive stages of retail price reduction.

The first price reduction, in December 1947, was carried out simultaneously with the monetary reform, which liquidated the consequences of the war in the sphere of monetary circulation and restored a full-value Soviet ruble. This price reduction gave the population a gain for 1948 of more than 86 billion rubles.

The second stage of price reduction, which began in April 1948 and was completed on March 1, 1949, increased the population's gain calculated for one year to 157 billion rubles.

With price reductions, the money incomes of workers, employees, and collective farmers not only did not decrease, but grew, which accelerated the rise in real wages. In 1948 alone, the real wages of workers and employees increased more than 2 times. In 1949, the incomes of workers and employees calculated per worker in comparable prices rose by another 12% and exceeded the 1940 level by 24%. The incomes of collective farmers calculated per worker in agriculture in comparable prices in 1949 rose against 1948 by 14% and

exceeded the 1940 level by 30%. Since the sizes of pensions and stipends remain unchanged during price reductions, each retail price reduction also improves the material position of pensioners and stipend recipients.

From March 1, 1950, by decision of the Council of Ministers of the USSR and the Central Committee of the All-Union Communist Party of Bolsheviks, a new, third reduction of retail prices was carried out, which increases the population's gain by another 110 billion rubles a year. The third stage of price reduction provides a particularly large rise in the living standards of the working people of the USSR, since prices were reduced on average by 21%.

Of enormous importance is the fact that prices were reduced to the greatest extent on everyday goods. Thus, for example, prices for bread and flour were reduced by 20–30%, for meat from 24 to 35%, for butter and margarine from 30 to 35%, for soap from 40 to 50%. Such a price reduction contributes to a sharp increase in the consumption of high-quality goods. This is confirmed by data on the course of trade for the first week after the price reduction across the 60 largest cities of the USSR. During these days, all grades of bread were sold on average 2% more than what was sold per week in February. At the same time, purchases of rye bread decreased and purchases of white, wheat bread increased. At the same time, average daily sales of meat increased one and a half times, animal fats two times, fish canned goods two and a half times, meat canned goods three times, champagne more than three times, wines and cognacs six times, woolen fabrics two and a half times, various footwear three times, nylon stockings three and

a half times, pocket watches four and a half times, gramophones more than five times, etc.

Analyzing these data, Comrade A. I. Mikoyan drew the following conclusion: "Thus, only a part of the savings obtained by the population from the price reduction on bread is used here to increase the consumption of white bread, while the major part of the savings is directed toward the increased purchase of more valuable food products, such as meat, sausage products, animal fats, canned goods, and others, as well as toward increasing purchases of goods such as watches, bicycles, motorcycles, radio receivers, gramophones, toilet soap."

"These trends are entirely natural and present our industry with demands to further increase the production of precisely those goods for which the greatest demand from the population is presented after the price reduction, in order to fully satisfy the new increased demand."

Each new price reduction in the USSR, expressing the growth of the economic might of our Motherland, raises the purchasing power of the Soviet ruble, strengthens the effectiveness of money as an economic lever in the hands of the Soviet state, and improves the exchange rate of the ruble in relation to foreign currencies.

The systematic reduction of prices and the rise in the exchange rate of the Soviet ruble are vivid evidence of the powerful upsurge of the national economy of the USSR, new proof of the immeasurable advantages of the socialist system over the capitalist, a new victorious step of the Soviet power on the path

of economic competition between the socialist and capitalist economic systems.

The socialist system ensures an unprecedented flourishing of culture, an all-out improvement in the working and living conditions of the people. In the Soviet Union, working people have long been provided with working conditions unattainable in any capitalist country. Mechanization of labor in the coal industry is currently being completed, mechanization of plowing, and all labor-intensive processes in other branches and primarily in metallurgy, construction, the timber industry, and loading and unloading operations are being widely mechanized.

Nothing of the kind can be out of the question under the conditions of the capitalist system, where the "scientific sweat-sweating system" reigns, where all achievements of science and technology are turned into means of oppressing working people.

The expenditures of the Soviet state on socio-cultural measures —on healthcare and education, on the payment of allowances and pensions for social insurance and social security, on free and concessional passes to sanatoriums, rest homes, and children's institutions, on allowances for large and single mothers, on free medical care, on the payment of stipends to students and a number of other payments and benefits, as well as on paid vacations of at least two weeks—in 1949 exceeded 110 billion rubles and were almost three times greater than in 1940.

Housing construction has developed widely. Over four years of the postwar five-year plan, housing with a total area of over 72 million square meters has been restored and built, and 2.3 million residential houses in rural areas. Hundreds of sanatoriums, rest homes, palaces of culture, and clubs have been restored and built. Major work has been carried out on the improvement of towns, workers' settlements, and villages. The network of hospitals, medical districts, and feldsher-midwife stations has been increased. In 1949 alone, the number of beds in state hospitals and maternity homes was increased by 38 thousand.

36 million Soviet working people are improving their qualifications and general educational level in schools, technical secondary schools, and higher educational institutions. Compulsory seven-year education is ensured in the USSR. In 1949, 1,128 thousand students studied in 864 higher educational institutions of the USSR—40% more than in 1940. The total number of specialists who graduated from higher education and technical schools and are employed in the national economy was 68% greater in 1949, and the number of scientific workers was almost two times greater than in 1940. At present, scientific work in the Soviet country is conducted by more than 100 thousand people, whereas in tsarist Russia there were only about a thousand scientific workers. Now scientific personnel are trained in 1,115 scientific institutions and higher education institutions, whereas before the war they were trained in 678 scientific institutes and higher education institutions.

The opposite picture is seen in capitalist countries. US Attorney General Clark publicly admitted that in the USA several million children do not study, more than 2 million children attend completely unsatisfactory schools, 3 million adults have never studied, and 10 million people are semi-literate. The degradation of culture in the USA is evidenced by the decline in the number of students studying in higher educational institutions. From 1940 to 1946, the number of students in 150 technical higher educational institutions of the USA decreased threefold.

Even Truman was forced to admit that in the USA many millions of people are not provided with medical care and live in slums. Instead of satisfying the elementary needs of the people, this president, by the will of American monopolies, recommended that Congress increase the US military budget to 71–76% of all state expenditures, reduce already meager expenditures on socio-cultural measures to 5–6% of the budget, including less than 1% for medical care and only 1% for education.

The Labour rulers of Britain also inflate military expenditures by increasing taxes on workers and cutting allocations for housing and cultural construction.

The socialist state, performing the cultural-educational function, ensures all conditions for the flourishing of science and art in all republics of the Soviet Union. Year by year, the culture of the Soviet peoples, socialist in content and national in form, rises to new, higher peaks. The rise in culture, finding expression in the stream of scientific works, inventions, radical

improvements in production, in outstanding works of fiction, painting, sculpture, cinematography, and theatrical productions, is just as natural under socialism as the rise in the material living standards of the Soviet people.

In his historic speech before the voters of the Stalin electoral district of Moscow on February 9, 1946, Comrade Stalin particularly emphasized the necessity of a further upsurge in research work, and set our scientists the task "not only to catch up with, but also to surpass in the near future the achievements of science outside our country." Facts show that Soviet science is successfully moving along this path.

Vivid evidence of the flourishing of Soviet culture in the postwar period is the achievements of Stalin Prize laureates, whose ranks multiply every year.

In March 1950, the Council of Ministers of the USSR awarded Stalin Prizes for outstanding scientific works in the most diverse branches of science published in 1949. Along with general theoretical studies in mathematics, physics, and astronomy, Soviet scientists produced many works of major importance for the main branches of the national economy. Thus, for example, a team of scientific workers headed by Moscow State University Professor A. S. Predvoditelev conducted theoretical and experimental studies of the carbon combustion process, set forth in the monograph "Carbon Combustion". This theoretical work has great practical value for the metallurgical, chemical, and other industries. Prof. V. Z. Vlasov in his works on shell theory developed provisions of serious importance in designing civil and industrial structures.

In the works of V. I. Danilov, head of the crystallization laboratory of the Central Scientific Research Institute of Ferrous Metallurgy, the transition process of a substance from a liquid to a solid state is investigated: the cognition of this process opens scientific ways of obtaining high-quality metals and ingots of various structures.

The thorough work of Prof. I. E. Glushchenko on vegetative hybridization of plants is an example of the creative development of biological problems on a materialistic basis; it deals a new blow to pseudo-scientific Morganist genetics. A remarkable discovery of major practical significance was made by Leningrad University Professor B. P. Tokin. In his work, which is the fruit of 20 years of work, he established the existence of phytoncides secreted by plants—microbe killers. At present, it has been established that more than 500 plants possess phytoncidal properties (garlic, onions, horseradish, radishes, etc. have particularly powerful phytoncides).

A major contribution to Soviet geographical science was made by M. V. Tronov, associate professor at the V. V. Kuibyshev Tomsk State University. For more than 30 years he investigated the glaciers of the Altai Mountains. Along with general regularities explaining many phenomena of ancient and modern glaciation, Tronov's works make it possible to approach with justification the analysis of the water resources of rivers fed by glaciers, which is of great importance for designing hydro-energy construction.

A number of valuable works by Soviet historians were awarded Stalin Prizes. Prof. A. S. Erusalimsky in his work from Marxist

positions thoroughly analyzes the foreign policy and diplomacy of German imperialism in the late 19th century. Doctor of Historical Sciences I. I. Smirnov in a fundamental study recreated the picture of Bolotnikov's uprising—a broad popular movement in Russia at the beginning of the 17th century. Prof. B. F. Porshnev in his work on popular uprisings in France before the Fronde exposes the false notions of bourgeois historians about the "golden age" in France of the 17th century, showing that behind the magnificence of Versailles pageantry lay the poverty of the popular masses, which pushed them into powerful popular uprisings. Prof. T. S. Passek in her work summed up the results of many years of archaeological research on Trypillian settlements of the 3rd–2nd millennia BC. This work sheds light on the question of the origin of the Slavs.

Stalin Prizes were awarded to three works devoted to the history of Russian technology and industry. Prof. M. A. Shatelen in the book "Russian Electrical Engineers" exposes bourgeois pseudo-historians who tried by distorting facts to misappropriate the achievements of the Russian people. Prof. P. M. Lukyanov in a two-volume work on the history of chemical industries and the chemical industry of Russia proves the priority of Russian chemists in solving major problems of modern science. S. L. Sobol established in his work the priority of Russians also in the field of microscopic research in the 18th century.

The practical value of a number of works in the field of medical sciences noted with the Stalin Prize is great. The awarding of Stalin Prizes for research in medicine is one of the

manifestations of the Soviet government's concern for the health of working people, for the further upsurge of Soviet healthcare.

The year 1949 was marked by new outstanding achievements in the field of technical and organizational progress of the Soviet national economy. More than 300 major new designs of high-performance machines and mechanisms were created and put into serial production. For outstanding inventions and radical improvements in production work methods in various branches of the economy, more than 1,200 engineers, technicians, scientific workers, economic managers, foremen, workers, and collective farmers received Stalin Prizes.

The successes of Stalin Prize laureates must become the property of the masses and serve as an impetus for a further powerful upsurge of the creative initiative of workers in all enterprises. The spring of talents in the Soviet people, liberated from the yoke of exploiters and having every opportunity for their continuous creative growth, is inexhaustible. In industrial enterprises alone, the number of inventions and rationalization proposals introduced into production in 1949 exceeded 450 thousand. The significance of the stream of inventions and improvements mounting from year to year is not limited to the colossal effect they produce for accelerating the rates of socialist reproduction. The participation of the broad masses of workers and peasants in improving technology and production organization reflects the rise in the cultural and technical level of the people. The unfolding of mass inventive and rationalization work indicates that the process of eliminating

the opposition between physical and mental labor, inherent in the period of gradual transition to communism, is accelerating.

Under modern capitalism, the best forces of scientific workers are forcibly used to prepare military adventures, inventing monstrous means of destroying people and material wealth; many branches of the economy are experiencing technical stagnation; inventions and improvements appearing in these fields are locked by capitalist monopolies in their safes.

The feature of technical progress under socialism is its high rates in all branches of production without exception. All branches of the national economy of the USSR were enriched in 1949 with certain remarkable works of the people's genius.

The leading place in technical progress rightfully belongs to machine building—the core of Soviet industry. The Stalin Prize of the first degree for 1949 was awarded to a team of engineers of the S. Ordzhonikidze Ural Heavy Machine-Building Plant, who under the guidance of G. L. Khimich created a Soviet rail-structural steel mill surpassing in its productivity all previously existing similar designs. The Stalin Prize of the first degree was also awarded to a group of engineers of the I. V. Stalin Leningrad Metal Plant headed by N. N. Kovalev, who designed, manufactured, and put into operation a series of new improved hydro-turbines with a capacity of 102 thousand hp for the V. I. Lenin Dnieper Hydroelectric Station.

A team of engineers of the Gorky Milling Machine Plant under the guidance of B. I. Petyashin designed and produced high-performance high-speed cantilever and heavy milling

machines. The speed of metal processing on these machines can be brought up to 500 m per minute. The productivity of the new machines is 1.5 times higher than ordinary ones. One worker can operate several such machines, and their control is significantly facilitated. Engineers of the V. M. Molotov Gorky Automobile Plant, headed by A. A. Lipgart and G. A. Vedenyapin, enriched Soviet transport with new types of passenger and truck automobiles.

Outstanding inventions in the field of agricultural machine building were marked with Stalin Prizes. It is necessary to note a group of engineers led by G. I. Volkov, who created and introduced into production a cotton-harvesting machine. This remarkable machine has no equals in the entire world; it operates on a row-crop tractor and replaces the hard labor of at least 20–25 cotton pickers; it is operated by one person. Soviet designers and machine builders in 1949 gave agriculture a new diesel tractor consuming much less fuel than an ordinary tractor (group of engineers under the guidance of M. S. Sidelnikov), a garden-and-orchard tractor, new types of threshers, grain dryers, grain seeders, etc. (groups of workers under the guidance of M. V. Kuzichev, S. S. Volovik, A. P. Gerzhoy, R. I. Grossman, and others).

Stalin Prizes were awarded for outstanding achievements in the field of construction technology. A team of engineers led by I. I. Naimushin was awarded the Stalin Prize of the first degree for developing the project and constructing a hydroelectric station. A group of engineers and scientific workers led by K. A. Kuznetsov enriched construction technology with a new mechanized shield for tunneling, which is essentially a mining

combine that performs face mining, cleaning, and loading soil into cars. The use of this shield makes it possible to increase tunneling speed threefold. Mining technician A. M. Stolyarov of the "Uralnemetrud" trust invented and introduced into production a highly effective machine for mining dimension building stone; the use of this machine yields at least 20 million rubles in savings annually.

In 1949, a number of machines were created that mechanize one of the most labor-intensive and hard jobs—loading operations. Stalin Prizes were awarded to groups of workers under the guidance of O. M. Fedorov, Ya. I. Balbachan, and M. D. Obryvko for creating and introducing into production an auto-loader, a loading machine when sinking vertical shaft shafts, and a new type of auto-loader for agriculture. These machines yield great labor savings, immeasurably ease labor, and accelerate production processes. Thus, for example, a shaft loading machine frees 50% of the workforce when sinking shafts and increases sinking speed by 35%.

Engineers of the S. Ordzhonikidze Ural Heavy Machine-Building Plant headed by A. T. Taleysnik created a large-sized jolting molding machine with a load capacity of up to 40 tons. This machine fully mechanizes the supply of fresh molding sand and the removal of used sand, and also ensures fast and high-quality molding of large parts.

The Council of Ministers of the USSR awarded more than 15 Stalin Prizes for achievements in the field of instrument making, measuring equipment, and methods of automatic process regulation.

For creating new means of communication and improving radio equipment in 1949, 19 groups of workers were awarded Stalin Prizes.

Soviet people incessantly strengthen the defense capability of their Motherland. For inventions and improvements in the field of military technology, Stalin Prizes were awarded to more than 20 groups of workers.

Stalin Prizes were also awarded to the achievements of Soviet geologists who discovered new deposits of oil, minerals, natural gas, and coal.

In all branches of the national economy of the USSR in 1949, radical improvements in technological production processes were carried out. In metallurgy, one should note first of all the achievements of the I. V. Stalin Kuznetsk Metallurgical Combine in improving management and production technology (see the article by Stalin Prize laureate Comrade Zeltser in No. 2 of our journal for 1950). A group of engineers of the A. K. Serov Metallurgical Plant headed by M. Kh. Lukashenko, thanks to the introduction of new methods of forced blast furnace operation, achieved a 1.5-fold increase in workers' labor productivity with a sharp improvement in the utilization coefficient of the useful volume of blast furnaces. A team of engineers and scientific workers under the guidance of A. L. Rotinyan developed and mastered a new technological process for the industrial production of metal. Workers of the Moscow "Dynamo" plant, the "Leningrad Vodnik" plant, and the Riga Shipbuilding and Shiprepair Plant received the Stalin Prize for developing and introducing into production the smelting of

high-quality cast irons on oxygen blast. Prominent steelmakers of the Moscow "Serp i Molot" plant under the guidance of senior foreman S. V. Chesnokov improved the technological process of steel smelting, which increased the durability of open-hearth furnaces and made it possible to achieve in 1949 an average daily yield of steel from one square meter of furnace hearth of 8.7 tons. Such is a far from complete list of outstanding achievements of Soviet metallurgists.

Stalin Prizes were awarded to a large number of workers for radical improvements in technology also in industrial and civil construction, in naval and river shipbuilding, engine building, aircraft construction, oil production, cement production, the chemical industry, the production of artificial fibers, in machine tool building, in peat, mining, timber harvesting, and many other branches of the national economy.

Among Stalin Prize laureates, along with engineers and scientific workers, there is a numerous detachment of foremen and Stakhanovite workers who are paving new paths in the technology and organization of all branches of production. A feature of the newest methods of Stakhanovites is the struggle for speed and economy of production processes. For developing and introducing new high-speed work methods ensuring a significant reduction in the duration of production cycles, the Stalin Prize was awarded to machine-building plant foreman A. A. Kotomchanin, and for introducing high-speed production work methods—to V. K. Seminsky, a turner at the Kiev "Krasny Ekskavator" plant. For the wide introduction of new high-speed production work methods at various machine-tool building plants, foremen and turners—I. T. Belov, V. I.

Vasilyev, A. N. Goncharov, G. S. Nezhevenko, V. F. Shumilin, T. P. Yachmenyova, D. M. Makeev, I. F. Podvesko, N. G. Smirnov—were awarded the Stalin Prize. How great the achievements of these Stakhanovites are can be judged by the fact that, for example, turner Comrade Nezhevenko of the Odessa Radial Machine Tool Plant had fulfilled 19.3 annual quotas by October 15, 1949.

For the wide introduction of new Stakhanovite labor methods into production, the Stalin Prize was awarded to a group of workers from tractor and automobile plants—S. A. Batrakov, A. Ya. Belousov, M. P. Lukovnikov, A. P. Zagorny, and others. When machining faceplates, Comrade Batrakov achieved a cutting speed with hard-alloy tools of 926 m per minute and when machining hardened steel achieved a surface finish such that further processing by grinding is not required.

A large group of oil industry workers—Usta Baba Pir Mamed, M. Ya. Nikishin, and others—were awarded the Stalin Prize for developing and implementing high-speed oil well drilling methods, and S. N. Voloshuk, K. G. Akimenko, A. I. Medvedev, and others for improving high-speed methods of sinking mine workings in the mines of the Donetsk and Moscow basins.

The achievements of Stakhanovite builders are remarkable. Bricklayer I. P. Shirkov, an instructor of Stakhanovite labor methods in bricklaying, developed and introduced high-performance methods of bricklaying work. This yields savings of more than 11 thousand rubles for every million bricks laid. Along with Comrade Shirkov, prominent bricklayers of the

Moszhilstroy trust F. D. Shavlyugin, V. V. Korolev, N. E. Olshanov, and others received the Stalin Prize.

Examples of rational methods of labor and production organization ensuring the output of high-quality products and the economy of raw materials and materials are also shown by Stakhanovites of light industry enterprises V. I. Voroshin, M. I. Rozhneva, L. F. Kononenko, S. I. Mitin, O. Ya. Mushtukova, P. P. Sukhoverkhova, and F. D. Levkoev, who were awarded the Stalin Prize.

Special attention is deserved by Stakhanovites who were initiators of new forms of cost accounting and socialist emulation, now Stalin Prize laureates. Master-Stakhanovites Agasaf Aligasimovich Bagirov, Aga Huseyn Kafarov, and Mirzabala Dadash oglu Bedirkhanov organized complex cost-accounting brigades and achieved an increase in the inter-repair period of oil wells operation. Turner V. V. Utkin of the "Kalibr" plant and molding worker V. N. Fomina of the L. M. Kaganovich Foundry and Mechanical Plant initiated the organization of emulation for thrift, the introduction of personal accounts of tool and material economy, which have already justified themselves in the practice of many enterprises of Soviet industry (see the review by Comrades Mnatsaganova and Sokolovsky published in this issue of the journal).

The Stalin Prize was awarded to N. A. Nazarova, gear cutter at the I. V. Stalin Ural Automobile Plant. Comrade Nazarova radically improved the operation of machines on the basis of assigning them to workers and the organization of exemplary equipment maintenance; she initiated socialist emulation for

lengthening the inter-repair cycle. As early as June 1949, Comrade Nazarova fulfilled her annual assignment, reduced machine downtime, improved product quality, reduced tool and material consumption by 20%, and freed four machines for other operations.

In 1949, new Stakhanovite methods of utilizing rolling stock in transport received wide development. On the initiative of now Stalin Prize laureates—locomotive drivers N. D. Glubokov, G. S. Shumilov, V. G. Blazhenov, N. M. Kamenskikh, Mukhtar Kaptagaev, A. S. Kondratyev, I. D. Gulshin and dispatchers K. P. Koroleva and I. M. Kostyrko—the movement of 500-km locomotive drivers, who achieve a significant increase in the daily run of locomotives (at least 500 km), unfolded on railway transport.

The Stalin Prize was awarded to a large number of agronomists, scientific workers, state farm workers, and collective farmers who achieved success in the progress of Soviet agriculture, breeding new high-quality varieties of agricultural crops and highly productive livestock breeds. V. P. Krasichkov, a scientific worker at the Tajik Republican Experimental Station, received the Stalin Prize for breeding and introducing into production new fine-staple varieties of cotton resistant to diseases. Agronomist Khadyga Khusainovna Baichurova of the Kazan State Breeding Station was awarded the Stalin Prize for breeding a new variety of winter rye.

Stalin Prizes were awarded to I. N. Semchenkov and I. N. Smirnov for breeding a new high-yielding variety of spring wheat for the steppe and forest-steppe regions of Siberia. For

breeding the new highly productive Lebedin cattle breed, a group of zootechnicians headed by G. A. Kirichenko was awarded the Stalin Prize. A group of scientific workers under the guidance of N. S. Butarin and Moldakym Musraliyev, chairman of the "Kyzyl-Tu" collective farm, Kegen District, Alma-Ata Oblast, were awarded the Stalin Prize for breeding a new fine-fleece sheep breed—the "Kazakh Arkharomerino", while another group of scientific workers headed by A. A. Kapatsinskaya was awarded for breeding a new meat-wool sheep breed of Gorky Oblast.

The Soviet government awarded Stalin Prizes to field Stakhanovites who achieved high yields through the application of the latest agricultural technology and careful crop care. Among them is Hero of Socialist Labour O. K. Gonazhenko, link leader of the First of May collective farm, Taldy-Kurgan Oblast, Kazakh SSR, who obtained a high beet yield.

The achievements of Stalin Prize laureates are reinforced by the powerful upsurge of creative energy of millions of Soviet people. Every day, newer and newer inventions and improvements are born. Such progressive methods of radical production improvement as the creation in industry of model sections, shops, and enterprises in which, along with high-performance and economical work, the most cultural working conditions are ensured, order and cleanliness reign, and work proceeds without hitches, rhythmically, strictly according to schedule, are receiving ever broader development.

The Bolshevik Party, Comrade Stalin teach us never to be satisfied with what has been achieved. Far from all reserves and opportunities have been used for the further flourishing of the productive forces of socialism. There are still not a few shortcomings in the work of factories and plants, state farms and collective farms, in the organization of cultural trade, in matters of housing and communal construction, improvement of towns and workers' settlements.

All Soviet people, state, party, and trade union organizations must remember Comrade Stalin's instructions given to economic managers back in 1931: "One cannot refer to the fact that previously there were fewer housing units than now, and that, in view of this, one can be satisfied with the achieved results. Neither can one refer to the fact that previously the supply of workers was much worse than now, and that one can, in view of this, be content with the existing situation. Only rotten and thoroughly spoiled people can console themselves with references to the past. One must proceed not from the past, but from the growing needs of workers in the present. It must be understood that the conditions of existence of workers have changed fundamentally with us. The worker nowadays is not what he used to be. The present worker, our Soviet worker, wants to live with the coverage of all his material and cultural needs both in the sense of food supply, and in the sense of housing, and in the sense of securing cultural and any other needs. He has the right to this, and we are obligated to ensure him these conditions. True, he does not suffer from unemployment with us, he is free from the yoke of capitalism, he is no longer a slave, but the master of his work. But this is

not enough. He demands the provision of all his material and cultural needs, and we are obligated to fulfill this demand of his"[62].

Year by year, the needs and demands of the working people of the USSR grow and become more diverse. Workers, peasants, and intelligentsia present ever higher demands on the quality of goods, on science and technology, on literature and art.

In his speech at a meeting of voters of the Molotov electoral district of Moscow on March 10, 1950, Comrade V. M. Molotov emphasized that now we have a powerful industry that is in a state to satisfy the matured needs of the population in goods, and at the same time produce any machines, delicate instruments, and any technical novelties for the mechanization of labor-intensive work. "If we properly organize this matter and intensify the struggle against the shortcomings existing here, we will greatly ease the labor of our workers, significantly raise labor productivity in a number of lagging branches of industry, and create the necessary prerequisites for a further reduction in product costs and for improving its quality." Comrade Molotov also noted that "now we have great opportunities to take a real grip on solving such serious questions as the housing business. The construction of new housing, along with the construction of new schools and hospitals, occupies a prominent place in the being-developed plan for the further reconstruction of the capital—Moscow."

In order to make our Soviet society even more prosperous, Comrade Stalin says, "we must have a labor productivity in the

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62 I. Stalin, Problems of Leninism, 11th ed., p. 336.

country that surpasses the labor productivity of advanced capitalist countries"[63].

By raising labor productivity and reducing product costs, Soviet working people thereby prepare the conditions for a further reduction in prices and the growth of their well-being. Therefore, raising labor productivity and economizing raw materials, fuel, materials, and other means of production are a state and nationwide task in the fulfillment of which the entire people is interested.

In his speech at a meeting of voters of the Leningrad electoral district of Moscow on March 9, 1950, Comrade G. M. Malenkov said: "The task is for us, Soviet people, to work better and better, to systematically raise the productivity of our labor, to better and better organize our labor in factories, plants, mines, in the fields, in laboratories, in all corners of our vast country, at all sectors and fronts of great socialist construction. This is now the main thing. This will ultimately allow us to win the victory in the greatest competition of two systems—the system of socialism and the system of capitalism."

In the matter of multiplying the wealth of our socialist power, a major role is played by the struggle for the regime of economy. "Our socialist economic system," Comrade L. M. Kaganovich said in a speech at a meeting of voters of the Tashkent-Lenin electoral district on March 9, 1950, "differs from the capitalist one in that it is economical, profitable for the people, that it does not squander, does not dissipate, and is thrifty with regard

63 Ibid., p. 494.

to labor and material goods. And even with complete abundance we will always be economical. After all, everything that is produced is the result of human labor. We are people of labor, we love, respect, value labor. Every thing has value for us primarily because human labor is invested in it. This means we must cherish the people's good, the people's kopek. This means we can increase wealth for the people not only by the increment of the new, but also by saving, economy, a thrifty attitude toward goods, economical expenditure of monetary and material values, and thereby also achieve an abundance of products."

Responsible tasks now face Soviet trade, upon which the timely provision of consumer demand depends. Characterizing the modern tasks of Soviet cultural trade, Comrade A. I. Mikoyan in a speech before voters of the Yerevan Stalin electoral district on March 10, 1950, drew attention to the fact that at present it is necessary to organize scientific planning in trade organizations. It must be operational, flexible, mobile, taking into account the ratio of supply and demand, the needs of the consumer, national and local features, climatic conditions, etc.

"Now," Comrade A. I. Mikoyan said, "when the former opposition between town and country is disappearing, when the former cultural abyss between town and country has receded into the past, it is necessary to seriously engage in the trade of goods such as books, radio receivers, bicycles, motorcycles, cameras, gramophones, and others." The work of providing services to the population, organizing the repair of footwear, clothing, household goods, washing and dry cleaning of

clothing, and the construction and repair of individual houses upon orders from the population must acquire a large scale.

Local industry and industrial cooperation must play a major role in satisfying the diverse needs of working people. All available reserves must be used for the further rise of the living standards of working people.

The task of all workers in industry, transport, agriculture, and trade is to widely spread the experience of front-rank workers, to introduce new progressive initiatives into production, while casting aside everything outdated and hindering rapid movement forward to communism.

Such is also the task of Soviet economic science. The work of economic research institutes and economic higher education institutions still lags behind the requirements of socialist construction. Few serious studies on economic issues are published, and many works seeing the light of day are at an insufficiently high theoretical level. Soviet economists must help socialist enterprises more in generalizing and disseminating advanced experience, in improving production, in identifying and utilizing all reserves and advantages of the socialist economic system.

Questions of Economics No.2 , 1950.

G. Vershinina

A USEFUL BOOK ABOUT EGYPT

L. N. VATOLINA, Modern Egypt. Publishing House of the Academy of Sciences of the USSR. Moscow - Leningrad 1949, 248 pp.

The reviewed book by L. Vatolina is dedicated primarily to the history of the seizure and enslavement of Egypt by British imperialism. The author reveals the predatory, exploitative policy of British colonizers in Egypt and Sudan, shows the insidious methods and techniques of the struggle of British imperialists against the national liberation movement of oppressed peoples. Vivid facts cited in the book illustrate Comrade Stalin's proposition that "British capitalism has always been, is, and will be the most malicious strangler of popular revolutions."[64]

At the same time, L. Vatolina emphasizes the military-strategic importance of Egypt and the Suez Canal, these objects of colonial rivalry among imperialist powers, thoroughly analyzes Egypt's colonial economy, the state structure, and the political life of the country. In conclusion, the author briefly touches upon questions of American imperialist expansion in Egypt and the aggressive plans of the USA in the Arab East as a whole after World War II, as well as Anglo-American contradictions in this area.

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64 J. V. Stalin, Works, vol. 9, p. 324.

The seizure and enslavement of Egypt is one of the darkest pages of colonial aggression of British imperialism in the Middle East. The reviewed book details how at the end of the 18th and beginning of the 19th centuries, Britain, barring the way to France, which was attempting to seize Egypt, itself sought to establish its dominance in this country. In 1807, Britain landed an expeditionary corps in Alexandria, but the attempt of British colonizers to conquer Egypt by armed force met decisive resistance from the Egyptian people, and British occupation troops were forced to leave the country.

The author shows how, using the capitulations regime imposed by European powers on the Ottoman Empire, British and French capitalists rapidly penetrated into all pores of Egypt's economy, establishing political and economic control over the country. A serious factor in the enslavement of Egypt was the construction of the Suez Canal. "With the construction of the Suez Canal," wrote R. Luxemburg, "Egypt put its head into the noose of British capital, from which it was no longer able to pull it out."[65]

The domination of foreign capital caused strong ferment in Egypt. The movement of broad popular masses against the dominance of foreign imperialists took place under the slogan "Egypt for Egyptians." The country saw the emergence of the first political party of "Watanists" (patriots), and in 1882, under pressure from the masses, a national government was created

[65] Cited from the book by L. N. Vatolina, Modern Egypt. Publishing House of the Academy of Sciences of the USSR. Moscow - Leningrad 1949, p. 44. Hereinafter, pages of the reviewed book are indicated in the text.

headed by Colonel Arabi Pasha, who led the anti-imperialist struggle of the Egyptian people.

In 1882, British armed forces, breaking the stubborn resistance of the Egyptian army, occupied all of Egypt. Acting with their usual Pharisaic methods, the ruling circles of Britain initially preserved the formal subordination of Egypt to Turkey.

L. Vatolina shows by what means British capital subordinated the Egyptian economy to itself. The Egyptian economy acquired a pronounced monocultural character: Britain turned Egypt not only into a market for its goods, but also into its cotton plantation, whose products went to supply the rapidly developing British textile industry. The largest enterprises in Egypt are still connected with British capital.

In 1898, the British invaded Sudan, mercilessly slaughtering more than 30 thousand of its inhabitants. They completely took Sudan into their hands, although rulers of Britain hypocritically covered even this act with the proclamation of an Anglo-Egyptian condominium (joint management).

Having seized the entire Nile valley and turned Egypt into an agrarian-raw material appendage to Britain's economy, British monopolies increasingly began to strengthen their dominance in all areas of the economic and political life of the country, artificially delaying the development of its productive forces, and intensifying the exploitation of workers and all working people of Egypt.

For many decades British imperialism has been ruling in Egypt. It has unconditionally subordinated Egyptian economy, politics, and armed forces to its control, turning the country

effectively into its colony. During this time, the forms of its dominance in Egypt have somewhat modified, but the essence of colonizing policy has remained the same. British imperialism, regardless of which party forms the government of Britain — Conservative or Labour — does not intend to voluntarily release the long-suffering Egyptian people from its claws.

Strong remnants of feudalism persist in Egypt to the present day. The overwhelming majority of land is concentrated in the hands of local feudal lords and foreign bank companies. The development of cotton growing and the intensive penetration of foreign capital into Egypt accelerated the "process of landlessness of peasants, whose land was bought up by foreign companies and landlords" (p. 56).

The author reports that 83% of Egypt's population lives in villages, with up to 67% of it engaged in agriculture. The main mass of Egyptian peasantry (2.2 million farms), constituting up to 93.5% of all landowners in the country, owns only 31% of privately owned land. About 1.5 million farmhands have neither land nor even a permanent place of residence. Land-poor and landless fellahin peasants still bear duties in kind toward large landowners.

Feudal forms of exploitation of Egyptian peasants interweave with various forms of capitalist exploitation. "The most widespread form of exploitation in Egyptian agriculture is the leasing of land to land-poor and landless peasants" (p. 92).

In Egypt there still exists "debt slavery": the most destitute fellahin, called "tamili", constantly work on the landlords' land,

having no right to leave them. If a tamili still manages to hide, the police forcibly return him to the master. "Receiving a microscopic payment in kind or money, the tamili is eternally in debt and in constant dependence on the landlord" (pp. 93–94). To this day, farmhands in Egypt are subjected to corporal punishment — beating with a whip.

The Egyptian village is at an extremely low level of development. 95% of the Egyptian peasantry is illiterate, 90% are ill with trachoma. The average life expectancy of a person in Egypt does not exceed 31 years, i.e., approximately two times less than even in capitalist countries of Europe.

As a result of the colonizing policy of British imperialism, industry in Egypt is developed very weakly. The capitulations regime, as well as the customs system established by British capitalists in 1882, contributed not only to Britain's mastery of the Egyptian market, but also to artificial retardation of local industry development. However, contrary to the policy of British colonizers, Egypt gradually developed its own national industry, predominantly light, which developed most actively during the years of World War I and World War II, when the Egyptian market was cut off from Britain.

During World War I, Egypt developed its own textile, leather, garment, carpet, woodworking, soap-making, and certain other branches of industry. The largest branch of Egyptian industry is textile; in remaining branches, artisan enterprises predominate.

The main part of capital in Egyptian industry belongs to British monopolies. Although many enterprises in Egypt formally carry a national sign, most of them are in the possession of

British and French capitalists. The total amount of foreign investments in Egypt is determined at 400 million Egyptian pounds, of which more than half falls to the share of Britain, and a fourth to the share of France. Before World War II, 29 branches of major European banks operated in the country. According to 1928 data, British capital in Egypt's industry amounted to 140 million Egyp. £, while in 1936 Egyptian national capital was estimated at only approximately 2 million Egyp. £.

British capital owns the largest company in Egypt for cotton cleaning and pressing, a number of oil fields, and many enterprises of mining and textile industries. Even the bank, formally named the Egyptian National Bank, which is granted the monopoly right of currency emission and in which government funds are deposited, is British. Enterprises in Egypt bring huge superprofits to their foreign owners. Income of the Suez Canal Company equaled 9,644 thousand Egyp. £ in 1938. The capital of this company is estimated at 200 million Egyp. £, and over 62 years — from 1870 to 1932 — the net profit of the company amounted to 137.8 million £ stg. The Anglo-Egyptian Oil Company receives 250-300 thousand Egyp. £ in profit annually. In 1931, British capital together with French and Belgian secured the establishment of its monopoly on the production and sale of sugar, from which it also receives huge profits.

Egypt's foreign trade is mainly subordinated to the interests of British imperialism. As L. Vatolina notes, the Egyptian government has not conducted and almost does not conduct an independent trade and customs policy. British monopolies in

every way obstruct the development of Egypt's trade with the USSR and popular democratic countries.

American monopolies until recently did not have large capital investments in the Nile valley. However, recently they intensified their expansion in Egypt. Wall Street bosses seized a number of most important positions in the economy of this country and successfully compete here with City magnates. They strive to replace British dominance over the people of Egypt with American.

American oil companies exhibit great activity in Egypt. Socony-Vacuum and Standard Oil of New Jersey received concessions in Egypt even before World War II, and during the war and after its conclusion significantly expanded their activity here. American monopolies seek from the Egyptian government the "right" to construct aluminum and metallurgical plants. Striving to entrench themselves in the Suez Canal zone, American monopolists bought up canal shares from the Vatican and introduced their representative into its board of directors.

L. Vatolina extremely palely and incompletely covered the question of the penetration of American capital into Egypt. She did not emphasize that Egypt is increasingly leaving the sphere of British influence and falling into the orbit of American imperialist policy. In the reviewed book, clearly insufficient attention is also given to aggressive military-strategic plans of American imperialists in Egypt and the Middle East as a whole, to the policy of American monopolies aimed at seizing basic sources of oil in this area and expanding the network of

US naval and air bases. Meanwhile, US imperialist expansion in Egypt, as throughout the Near and Middle East, is subordinated to the general plan of the struggle of American monopolies for world domination. American warmongers, intending to turn Egypt into one of the bases for attack on the USSR and popular democratic countries, take all measures to suppress the national liberation movement in the country.

The working class of Egypt is in an extremely difficult situation. The working day here lasts 12-14 hours; wages are so low that they are insufficient for a working family for any tolerable existence. At the same time, on foreign concessions, wages of Egyptian workers are much lower than wages of workers of European origin. Labor legislation, as well as safety engineering, is almost entirely absent. Among workers, the percentage of morbidity is extremely high, especially with tuberculosis and eye diseases. Women and children are subjected to the most cruel, inhuman exploitation in Egyptian factories. "Even in bourgeois British literature," notes the author, "statements of eyewitnesses are encountered, depicting shocking pictures of women's lack of rights and the mistreatment of minors in Egyptian factories" (p. 121).

The working class of Egypt is deprived of elementary democratic rights. Genuine defenders of the interests of Egyptian working people — communists — are severely persecuted. Political organizations of the working class, primarily the Communist Party, are driven underground. Professional organizations are either dissolved or replaced by fake trade unions.

Still, the proletariat of Egypt in connection with industry development has grown quantitatively and strengthened organizationally. The Egyptian working class has entered the political arena and already has significant experience of class struggle against its oppressors, internal and external. The working class in Egypt is also becoming the leading force and hegemon in the national liberation struggle.

It would seem that a book about modern Egypt should give the reader a complete picture of the political life of this country. Unfortunately, much from this area remained unexplained in the book, since the author weakly illuminated the labor movement and the growth of democratic forces in Egypt fighting against the bossing of Anglo-American imperialists in the country. L. Vatolina almost failed to show the leading role of the Egyptian proletariat in the general popular liberation struggle. Many of the data cited by her on the growth of the working class are outdated. The characterization of the activity of progressive, democratic elements in the country, primarily communists, is also incomplete in the reviewed book. Meanwhile, Egyptian communists in difficult underground conditions, together with all true democrats of the country and at their head, continue to conduct a consistent struggle for the liberation of Egypt, against British and American exploiters.

The author did not reveal the treacherous role of right-wing socialists in the labor movement — these clerks of the big and compradore bourgeoisie, landlords, and Anglo-American imperialists — and insufficiently showed the struggle of the Egyptian working class for unity in its ranks, for peace and democracy.

Great attention in the book is paid to the multi-year national liberation struggle of the Egyptian people against the dominance of British imperialism. After the defeat of the national liberation movement led by Arabi Pasha (1881-1882), the anti-British movement in Egypt was for some time bound by British terror. Then, as Comrade Vatolina correctly notes, under the influence of the Russian revolution of 1905, the liberation movement in Egypt became active.

The victory of the Great October Socialist Revolution gave a new impetus to the rise of a powerful wave of the national liberation movement in Egypt. Immediately after the end of World War I, a group of Egyptian national figures headed by Zaghloul Pasha advanced a demand to destroy Britain's protectorate over Egypt and recognize its independence. Britain rejected Egypt's demand — and in response to this, the Egyptian people intensified the struggle for freedom. Throughout the country, a movement unfolded to collect signatures under the demand for recognition of Egypt's independence. A permanent committee was elected to lead the national liberation struggle of the Egyptian people and defend Egypt's interests at the peace conference, named "Egyptian Delegation" (in Arabic, WAFD).

Subsequently, this delegation became the core around which the WAFD national party was created. Slogans of the liberation movement of that time were: destruction of the British protectorate, withdrawal of British occupation troops from the country, granting WAFD a mandate for negotiations with Britain. However, the national liberation movement was strangled.

Labour leaders of Britain on the eve of elections to the British Parliament in December 1923 gave demagogic promises to support the demand of the Egyptian people for granting independence to Egypt. However, even then, having come to power, they showed that their colonial policy in no way differed from the colonial policy of Conservatives, that they were not even going to grant Egypt independence.

Comrade Stalin gave a remarkable characterization of the reactionary policy of the British Labour government in Egypt and the struggle of leaders of the Egyptian national movement. In lectures "On the Foundations of Leninism" J. V. Stalin in 1924 said:

"The struggle of Egyptian merchants and bourgeois intellectuals for the independence of Egypt is... objectively a revolutionary struggle, despite the bourgeois origin and bourgeois title of the leaders of the Egyptian national movement, despite the fact that they are against socialism; whereas the struggle of the British 'Labour' government to maintain the dependent status of Egypt is... a reactionary struggle, despite the proletarian origin and proletarian title of the members of that government, despite the fact that they are 'for' socialism."[66]

Under pressure from the masses in the autumn of 1924, Zaghloul Pasha sent a note to the British government indicating that "British officers and the British commander-in-chief in the Egyptian army are incompatible with the sovereignty and independence of Egypt" (p. 79).

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66 J. V. Stalin, Works, vol. 6, p. 144.

In 1924 an uprising broke out in Sudan, which was suppressed by British colonizers with inhuman cruelty. Britain adopted new repressive measures toward Egypt and presented it with an insulting ultimatum demanding payment of an indemnity, withdrawal of Egyptian troops from Sudan, and expansion of British concessions.

With the help of the traditional policy of "stick and carrot", ruling circles of Britain carried out their conquest plans regarding Egypt. In a short period, from 1924 to 1930, cabinet compositions changed 10 times in Egypt.

In 1930-1931 and 1934-1936, the revolutionary movement of Egyptian popular masses rose to a new height. British imperialists, frightened by the growth of this mass movement, under pressure from Egyptian working people agreed in 1935 to restore the curtailed 1923 constitution destroyed by them and drew WAFD into negotiations. But already in the following year, 1936, Britain imposed an enslaving, unequal treaty on Egypt. The Wafdist government of Egypt agreed to a compromise with Britain. The policy of the WAFD party began to cause increasing dissatisfaction in the country, and its leaders began to openly apply repressions against all dissatisfied. Soon WAFD split and began to lose its supporters in the Egyptian parliament as well. It should be noted that even now British imperialists, attempting to impose a new enslaving treaty on Egypt, place their stake precisely on the WAFD party, which has come to power again.

Unfortunately, Comrade Vatolina insufficiently fully characterizes the activity of the WAFD party. The reader does

not get a clear idea of what explains the repeated coming of the WAFD party to power. The book only in passing indicates that inside WAFD an intense struggle goes on between its left and right wings. The author dwells little on the position of other political parties of Egypt as well (Saadists, Liberals). Giving on the whole a correct characterization of the policy of these parties, L. Vatolina does not show clearly enough their class face, social composition, and features of their programs.

Before World War II, broad working masses of Egypt repeatedly came out against the compromise policy of the Egyptian big bourgeoisie, against British occupation, and demanded its immediate termination.

During World War II, new industrial enterprises arose in Egypt, mainly assembly and repair-assembling workshops of military importance. The size of Egypt's working class increased during the war years from 600 thousand to almost 1 million people. In war industry in 1945, 362 thousand people were employed, in various military works 500 thousand, in textile industry up to 100 thousand people. Democratic forces of the Egyptian people strengthened, their national and class self-awareness grew. The national intelligentsia grew, raising its voice louder and louder in defense of the slogan of liberating the country.

The world-historical victory of the Soviet Union in World War II led to an unprecedented growth of forces of democracy and progress throughout the world. A colossal scope was acquired by the national liberation movement of peoples of colonies, semi-colonies, and dependent countries. A number of colonial

peoples, and primarily the multimillion Chinese people, under the leadership of the Communist Party achieved remarkable victories. The national liberation struggle of the working people of Arab states, including Egypt, for liberation from the yoke of British imperialism, for withdrawal of foreign troops from their territories, for cancellation of enslaving treaties with Britain rose to a new, significantly higher level, threatening to destroy the barbaric regime of imperialist exploitation and oppression.

In December 1945, under pressure from the masses, the Egyptian government turned to Britain with a demand to abolish the enslaving treaty of 1936, which sharply restricts Egypt's sovereignty and gives Britain the "right" to keep occupation troops on Egyptian territory. However, this demand of Egypt was rejected by reactionary Labour leaders. The Labour government of Britain, following the old course of colonial policy of Conservatives, strives with all its strength to preserve and strengthen Britain's dominance in Egypt.

The Anglo-Egyptian dispute was transferred by the Egyptian government to the Security Council of the United Nations Organization. The Anglo-American imperialist bloc, setting into motion the notorious "voting machine" in its hands, rejected the legitimate and just demands of Egypt. Only the Soviet Government came out with a decisive defense of the national aspirations of the Egyptian people. "The Soviet Union," said Comrade A. A. Gromyko, "treats with understanding and sympathy these national aspirations of Egypt and its people toward independent existence." Supporting the national liberation movement of the Egyptian

people against imperialists, the Soviet Union fully and unconditionally expressed itself for satisfying the just demand of the peoples of Egypt and Sudan for immediate withdrawal of British troops from the territory of their countries.

The working class, working people, all progressive forces of Egypt are becoming convinced that without a stubborn revolutionary struggle they cannot get rid of British bondage. Egyptian writer S. Musa in the newspaper "Al-Kutla" (June 14, 1949) wrote: "Egyptians have experienced imperialist policy throughout all the years of the Labour government's stay in power in Britain. We should not hope to achieve full independence without a fierce struggle."

It should be noted that in the reviewed book Anglo-American contradictions in Egypt, as throughout the Arab East, are not always correctly characterized. L. Vatolina clearly exaggerates the importance of elements of cooperation in relations between the USA and Britain and insufficiently reveals the irreconcilable struggle of these two imperialist predators, the clash of their interests in the Near and Middle East. "Yielding to a stronger competitor — the USA — some of its positions, for example, in Saudi Arabia and partially in Palestine, Britain feverishly holds on to them in Egypt," writes L. Vatolina. "The Labour government, modernizing and modifying forms of oppression, attempts to preserve its dominance there, resorting to compromise and collusion with the USA. Events in Egypt illustrate close cooperation between Britain and the USA both in suppressing the liberation movement and in preparing a new war" (p. 238).

The author is correct in that respect that Britain feverishly holds on to its positions in Egypt and that in the struggle against the national liberation movement of oppressed peoples and in preparing war against the USSR and popular democratic countries Britain goes together with the USA. However, one cannot overestimate the role of "compromise and collusion" of Britain with the USA, especially in Egypt. "Cooperation" and struggle — such is the brief formula of mutual relations of Britain and the USA both in the Arab East and in other regions of the globe. It is well known that in the world of capitalism all questions are resolved by force. Britain by no means voluntarily and not always by means of "agreements" or "collusion" "yields" its positions to the United States. Between American and British capitalist monopolies an intense competitive struggle goes on for Middle Eastern oil, for "spheres of influence", markets, profitable investment of capital, for political, economic, and military dominance in countries of the Near and Middle East. In this struggle, victories are won by the stronger predator, i.e., American imperialism.

L. Vatolina insufficiently fully and correctly characterizes the collusion of Egypt's big bourgeoisie with British imperialism. While one part of the national bourgeoisie, although inconsistently, still comes out against imperialism, its other part, more reactionary, defected to the camp of imperialists, betraying the national liberation struggle of the Egyptian people. The most typical expression of this policy of collusion with British imperialism was the conclusion by the Egyptian bourgeoisie of an enslaving treaty with Britain in 1936 and the

preparatory work currently being conducted to impose a new enslaving treaty on Egypt. The author evaluates the 1936 treaty as a result of Britain's intention to "win over the national bourgeoisie to its side" (p. 154), missing the most important circumstance that the conclusion of the treaty was primarily the result of collusion of the reactionary part of the Egyptian bourgeoisie with British imperialism.

The characterization of the League of Arab States given in Comrade Vatolina's book is also unclear. It is known that the League of Arab States was created in March 1945 by British intelligence and always played a reactionary role in the history of the peoples of the Arab East. The author, however, writes not that the League was created by Britain, but that it is merely "used by British imperialism" and that only "recent events" show that the League is increasingly turning into a tool of imperialists and Arab reactionary circles (pp. 186, 187-188). L. Vatolina for some reason also fails to point out that the League of Arab States is currently experiencing a crisis. The strengthening of American imperialism's influence in the Middle East led to a split of the League into two groups of countries whose leading figures adhere to opposite policies: some orient toward the USA, others toward Britain.

In the book there are many repetitions, the material structure is insufficiently carefully thought out, the literary style is not always good, and there are annoying inaccuracies.

The serious shortcomings noted above naturally reduce the value of this overall useful book.

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G. Harakhashyan

AGRARIAN TRANSFORMATIONS IN THE GERMAN DEMOCRATIC REPUBLIC

The formation of the German Democratic Republic in October 1949 was a historic milestone in the life not only of the German people, but of all the peoples of Europe. As Comrade Stalin pointed out, 'the existence of a peace-loving democratic Germany alongside the existence of the peace-loving Soviet Union excludes the possibility of new wars in Europe, puts an end to bloodshed in Europe, and makes the enslavement of European countries by world imperialists impossible'[67].

With the proclamation of the German Democratic Republic, a new important contribution was made to the further consolidation of the democratic, anti-imperialist camp headed by the great Soviet Union. At the same time, another crushing blow was struck at the camp of imperialist reaction, the main leading force of which is American imperialism.

The German Democratic Republic arose as a result of the consistent and steadfast implementation by the Soviet Union of the historic decisions of the Yalta and Potsdam conferences. The policy of the USSR ensured the decisive democratization and demilitarization of all economic and socio-political life in Eastern Germany.

In Eastern Germany, immediately after the crushing of the Hitlerite regime, that solid foundation began to be laid upon which, four and a half years later, the democratic forces of the German people, thanks to the assistance of the Soviet Union, erected the edifice of the German Democratic Republic and

67 'Pravda', October 14, 1949.

thereby created the base for the unification of all Germany on a peace-loving, democratic basis.

The land reform carried out in Eastern Germany starting from the autumn of 1945, along with other fundamental democratic transformations, played a huge role in preparing the socio-economic base of the German Democratic Republic. The liquidation of large Junkers-landlord landownership in post-war Germany, along with the destruction of German industrial and banking monopolies, represented a task of paramount importance.

It is known that the German toiling peasants for many decades were forced to bear on their shoulders the entire burden of the slow and painful transition from feudal-serf forms of exploitation to capitalist ones. This path of development of capitalism in agriculture, termed by V. I. Lenin the Prussian path, 'is characterized by the fact that medieval landownership relations are not liquidated at once, but slowly adapt to capitalism, which for a long time preserves semi-feudal features by virtue of this. Prussian landlord landownership was not smashed by a bourgeois revolution, but survived and became the basis of the "Junker" economy, capitalist in basis, but not dispensing with a certain dependence of the rural population like Gesindeordnung[68] and so on'[69]. V. I. Lenin noted that because of this, the social and political dominance of the Junkers was consolidated in Germany for many decades after 1848. This extremely retarded the development of the productive forces of German agriculture.

The Prussian path of capitalist development in agriculture also exerted a great influence on the character of German imperialism, which Lenin defined as 'Junker-bourgeois.' In German agriculture, even at the imperialist stage of

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68 Servants' Regulations. — Ed.

69 V. I. Lenin, Works, vol. 15, p. 117.

development of capitalism, many remnants of feudal relations continued to be preserved. The Junker-gentry aristocracy, having ceded the leading role in the state to monopoly capital, acted in close alliance with it and continued to exert a strong influence on the foreign and domestic policy of Germany; its representatives as before occupied high posts in the German state apparatus and in the army.

Landlord-Junker economies were preserved intact and inviolate under the Weimar Republic. While hundreds of thousands of toiling peasants were being ruined, landlords and Junkers continued to enrich themselves, round out and expand their holdings, receiving huge government subsidies in the process. The Weimar Republic confined itself to issuing the abortive 'Settlement Law' of August 11, 1919. Over 13 years of its operation, only 57 thousand settlement homesteads, predominantly kulak ones, were created in Germany.

During the years of fascist rule, feudal remnants in the German countryside intensified even more. Hitlerite ringleaders revived many of the long-outdated feudal-serf forms of exploitation of the peasantry. And this is completely understandable, because, as Comrade Stalin pointed out, the German fascists were 'serf-owning reactionaries, and the German army was an army of serf-owners spilling blood for the enrichment of German barons and the restoration of the power of landlords'[70].

To what extent the impoverishment and ruin of toiling peasants in Germany reached during the years of fascist dictatorship can be judged by the following data: the number of dwarf holdings ranging from 0.05 to 2 hectares increased from 3,640.2 thousand in 1933 to 4,424 thousand in 1939. In 1939, they accounted for 66.4% of all agricultural holdings while owning only 3.7% of all land. At the same time, 34 thousand large

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[70] I. Stalin, On the Great Patriotic War of the Soviet Union. Gospolitizdat, 1949, pp. 51–52.

landlord holdings of 100 hectares and above accounted for only 0.5% of all holdings in 1939, while owning 36.4% of all land. Post-war Germany faced the necessity of carrying out such a land reform that would once and for all destroy the remnants of feudal-serf relations, including fascist estate institutions, and thereby eliminate the main obstacle from the path of the progressive development of the productive forces of agriculture. Only such a solution to the agrarian question in Germany could open a wide road for the rapid and steadfast upswing of German agriculture.

The land reform in post-war Germany had to resolve the following main tasks:

1. Destroy the economic might of the Junkers through the uncompensated confiscation of large landlord estates, and transfer their land, as well as other means of production, to land-poor peasants and agricultural workers, i.e., those who directly cultivate the land.
2. Destroy the political influence of the gentry-Junker caste, which, along with industrial and banking monopolies, was the backbone of aggressive German imperialism, the organizer and inspirer of aggressive wars, and the bearer of the spirit of militarism and chauvinism; create prerequisites for turning the toiling peasantry into a solid pillar of democracy, into a loyal ally of the working class fighting under its leadership for the creation of a united, democratic, and peace-loving Germany.
3. Ensure a rapid upswing of German agriculture, which was in a state of decay; within the shortest possible time, create a base inside the country to supply the population with food and peace industry with raw materials.

These most important tasks of land reform in post-war Germany were dictated by the entire course of the economic and political development of the country and fully met the goals proclaimed in the decisions of the Yalta and Potsdam conferences on the democratization and demilitarization of

Germany. They were resolved, however, only in Eastern Germany, where, under the guiding influence of the Soviet Union, a democratic land reform and other major measures for the democratization of agrarian relations were carried out. Alongside monopoly capital, Junker-landlord landownership was liquidated here, and the land was transferred to the toiling peasantry.

In Western Germany, the imperialists of the USA and England not only do not intend to democratize agrarian relations and are not going to carry out a democratic land reform, but, on the contrary, support the Junker-gentry aristocracy in every possible way and patronize it. The preservation of Junker-landlord landownership and large monopoly capital, the disruption of the democratization and demilitarization of Western Germany are integral parts of the policy of the Anglo-American bloc aimed at turning this part of Germany into a reserve of fascism and revanchism, a hotbed of militarism and reaction, and a military-strategic base for the war being prepared by the imperialists against the USSR and the countries of people's democracy.

Fighting for the unification of all Germany on democratic principles, the government of the German Democratic Republic stated its desire to extend the land reform and other democratic transformations carried out in Eastern Germany to all of Germany. The implementation of this task is one of the most important programmatic demands of the Socialist Unity Party of Germany, which expresses the genuine interests of the German people.

The initiator and consistent executor of the democratic land reform in Eastern Germany was the Communist Party, which headed the struggle of urban and rural working people for its implementation. On June 11, 1945, the KPD published its programmatic declaration providing for the liquidation of large landownership, large estates of Junkers, counts, and princes, as

well as the transfer of all their land to peasants who were ruined and deprived of their property.
The success of the land reform in Eastern Germany was facilitated by the fact that between the Communist Party and the Social Democratic Party of Eastern Germany, despite the resistance of Schumacher's agents, complete unity was achieved on the character, methods, and timing of this reform. This unanimity of the two workers' parties on the agrarian question served as one of the bases for their organizational and political merger into the Socialist Unity Party of Germany, which took place in April 1946.
The SUPG fully adopted the program and tactics of the KPD on the agrarian question. The programmatic manifesto of the SUPG published upon the formation of the party stated: 'We strive to carry out a democratic land reform throughout Germany in order to put an end to the dominance of large landlords in the countryside. We strive to ensure an independent existence for small landowners, resettlers, and agricultural workers and to promote the improvement of the food supply of the people through the intensification of agriculture.'
From September 1945 to July 1948, Junker estates of 100 hectares and above, estates of active fascists and other war criminals regardless of their size, and lands belonging to the Hitlerite state, party, army, and other criminal organizations were uncompensatedly confiscated in Eastern Germany.
Out of the total confiscated land fund of 3,203 thousand hectares, 2,145 thousand hectares (66.9%) were transferred to the ownership of 528 thousand toiling peasant households; approximately 2 million people along with their families were allotted land.
The toiling peasants of Eastern Germany, besides land, received a significant amount of other means of production confiscated from landlords, including 180 thousand residential

and farm buildings, 441 thousand heads of working and productive livestock, of which 47.6 thousand were horses and 124.5 thousand were cows, as well as over 6 thousand tractors and about 260 thousand other agricultural machines and implements. Landless peasants who received land under the reform were given serious assistance in setting up their households by the provision of long-term credit in the amount of 366.7 million marks. All this led to a radical change in the socio-economic structure of the East German countryside.

Due to a lack of statistical material, it is not possible to group holdings in Eastern Germany by the scale of production, i.e., by the value of output, which, under conditions of intensive agriculture, as Lenin pointed out, most accurately reflects the class face of various groups of the rural population. The available data make it possible to trace only what changes occurred as a result of the land reform in the grouping of holdings by land size right up to the middle of 1948, when the implementation of the reform was almost completely finished. But even these data are of considerable interest.

The cited data convincingly show, first of all, that not large Junker holdings or kulak-capitalist economies, but toiling peasant homesteads now constitute the main economic basis of agriculture in the German Democratic Republic. The lack of necessary statistical data does not make it possible to single out small peasant holdings with an area of 2 to 5 hectares into an independent group, but it can be said without risking a mistake that about half of all land is now in the hands of small and middle peasant holdings.

After the land reform, the position of proletarian and small-peasant holdings in Eastern Germany changed radically. They ceased to be, as before, an appendage of semi-serf landlord latifundia. Land-poor peasants for whom agriculture is their main occupation received additional land plots, and the majority of them rose to the level of middle peasants. On the

other hand, as a result of democratic transformations, small land plots ceased to be that 'straw' for workers which they previously grabbed, trying to escape from hunger and poverty, especially in years of crises. These land plots now became a source of additional income for workers and consequently of the growth of material well-being.

The radical change in the social makeup and property relations in the agriculture of the German Democratic Republic is evidenced by the following examples. 50 landlords of the Huben district owned 7,585 hectares of land. At the same time, 2,465 families in this district did not have a scrap of land and were forced to work as farm laborers for landlords and kulaks. As a result of the land reform, all these families received land and other means of production confiscated from landlords; they were also granted credit for setting up their households in the amount of 77.8 thousand marks.

Huge tracts of land around the village of Zina (Brandenburg land) belonged to the Hitlerite military department and were used as training grounds where fascist troops underwent training. After the Soviet Army crushed German fascism, 80 families of workers and peasants who arrived from Czechoslovakia were settled here. 19 families of resettlers, having received land, set up their own households; workers of local enterprises were allotted kitchen garden plots.

As a result of the land reform in Eastern Germany, so-called people's estates were organized, making up a significant part of the nationalized sector in the agriculture of the German Democratic Republic. There are currently over a thousand people's estates; they possess approximately 275 thousand hectares of land. 535 of these holdings with a total area of 200 thousand hectares are part of the Association of People's Estates under the Ministry of Agriculture and Forestry of the German Democratic Republic; many have been placed at the disposal of agricultural research institutions, democratic bodies

of self-government, etc. Over 70 people's estates are part of the German Seed Growers Society.[71]

People's estates show the toiling peasants of the German Democratic Republic the advantages of the social organization of labor on socialized land. People's estates must promote the successful, progressive development of the republic's agriculture, contribute to the consolidation and multiplication of the successes of land reform, introduce advanced agronomical science and technology into toiling peasant households, and supply peasants with high-grade seeds and breeding sires. People's estates are also called upon to provide daily production and technical assistance to the new peasant households created in the course of land reform.

Facts show that people's estates are successfully coping with these important tasks. Despite difficulties caused mainly by a shortage of agricultural machines and fertilizers, people's estates raise crop yields, expand sown areas, and bring large incomes to the state year after year.

In 47 people's estates of Thuringia land in 1947–1948, the average wheat yield increased by 42%, rye by 56%, barley by 38%.[72]

Individual estates, such as the Daasdorf estate (Weimar district), achieved high yields of wheat and other grain crops. People's estates also achieved great success in the task of raising animal husbandry. The Neugattersleben people's estate (Saxony-Anhalt land) achieved a significant increase in livestock numbers, thanks to which it was able to sell hundreds

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[71] Compiled according to 'Die Bodenreform in Deutschland', Deutscher Bauernverlag, Berlin, 1947; 'Drei Jahre Bodenreform in der Sowjetischen Besatzungszone', Deutscher Bauernverlag, Berlin, 1948 (as of July 1, 1948; figures rounded).

[72] Compiled according to 'Die Bodenreform in Deutschland', 1947; 'Drei Jahre Bodenreform in der Sowjetischen Besatzungszone', 1948 (as of July 1, 1948; figures rounded).

of thoroughbred livestock to peasants of the district. Livestock numbers also increased in the Knau people's estate (Thuringia land) and in many others.

In the work of people's estates, there are undoubtedly still many serious shortcomings, primarily in the organization of labor, in the use of agricultural machines, etc. But it is equally indisputable that they already now represent an important factor in the upswing of agricultural production in the German Democratic Republic and are called upon to play a huge role in the further democratization of agrarian relations in Germany.

V. I. Lenin pointed out that 'the use of hired labor is the main distinguishing feature of any capitalist agriculture'[73], and especially emphasized the disastrous and rightless position of agricultural workers in capitalist countries.

One of the most important results of the land reform and other agrarian transformations in Eastern Germany is that, by destroying the remnants of feudal-serf relations, they simultaneously restricted the base for capitalist exploitation in the countryside.

According to the 1939 census data, within the boundaries of present-day Eastern Germany there were 786.2 thousand hired agricultural workers aged 14 and over. A third of them were employed in Junker estates of 100 hectares and above. Consequently, only the confiscation of large landlord estates freed many tens of thousands of agricultural workers from under the Junker yoke. In addition, those hired workers who bent their backs in the estates of active fascists and other war criminals, now confiscated, were also freed from oppression and exploitation. Finally, middle peasant holdings resort to the hiring of workers much less frequently now, utilizing on advantageous conditions the services of the Peasant Mutual

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[73] V. I. Lenin, Works, vol. 16, p. 392.

Aid Association enterprises, machine-tractor stations, rural cooperatives, etc.

The number of agricultural workers employed in private holdings in Eastern Germany has sharply decreased. A significant portion of agricultural workers and employees are now employed in people's estates, machine-tractor stations, enterprises of the Peasant Mutual Aid Association, and in other public economies.

Unemployment has been eliminated in Eastern Germany. There are no unemployed among agricultural workers either. Never in the history of Germany have agricultural workers been granted such broad rights and has so much care been shown for the improvement of their material well-being, labor conditions, and daily life as now in Eastern Germany. In December 1949, the Provisional Government of the German Democratic Republic issued a law on the labor protection of agricultural workers, according to which the democratic social legislation previously introduced in Eastern Germany for industrial workers is fully extended to them. This means that agricultural workers, alongside industrial workers, now have fixed wage tariffs, that a minimum wage limit is established for them ensuring a normal standard of living for an agricultural worker's family. As in the industry of Eastern Germany, women and youth working for hire in agriculture receive equal pay with men for equal work. Social insurance for agricultural workers in case of temporary or permanent loss of ability to work has also been introduced; they also enjoy the right to leave. For the first time in the history of Germany, an eight-hour working day has been established for them. The law allows an increase in this duration of the working day only during spring field work and harvesting, and specifically stipulates that each agricultural worker can work overtime on average no more than 300 hours per year and that these hours are paid at a special tariff as

overtime. Finally, the law obliges employers to ensure normal housing and living conditions for agricultural workers.
In people's estates, in the Peasant Mutual Aid Association, at machine-tractor stations, agricultural workers are provided with better labor and living conditions than in private holdings. Here is a characteristic example: in one of the people's estates located in the Dresden district, with an area of 128 hectares, 31 agricultural workers work permanently. All of them receive a guaranteed wage: on average 120–150 marks per month, and for full monthly board they pay only 48 marks.
The implementation of the law on the labor protection of agricultural workers encounters stubborn resistance and often open sabotage from kulak-capitalist elements. The machinations of the kulaks, however, meet with organized repulse from the democratic public. In addition, punishment for violating the law is provided — a monetary fine of up to 5 thousand marks and imprisonment for up to six months.
In late 1949, the Confederation of Free German Trade Unions, and first of all the Agricultural and Forestry Workers Trade Union, with the help of the government of the German Democratic Republic and local government bodies, did a great deal of work to identify and suppress violations of social legislation for agricultural workers by kulaks. In the course of inspecting the situation of agricultural workers, many cases of tariff violations, lengthening of the working day, non-payment of overtime work, failure to provide workers with leave, etc., were discovered. In 1949, solely within a few weeks, agricultural workers throughout Eastern Germany, in accordance with court judgments on labor disputes, were additionally paid 350 thousand marks[74].
Such activities of trade unions are of great importance in further raising the organization and political activity of

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[74] 'Neues Deutschland', November 18, 1949.

agricultural workers of the German Democratic Republic. By August 1949, the number of members of the agricultural and forestry workers trade union in Eastern Germany increased more than 6 times compared to 1945; the trade union sets itself the task of involving all agricultural workers in its ranks in the near future. About 65 thousand agricultural workers are members of the Socialist Unity Party of Germany.

The land reform in Eastern Germany is democratic in character. It led to the liquidation of the Junkers and Junker-landlord landownership, the destruction of the remnants of feudal-serf relations, and the allotting of land to toiling peasants. The huge progressive significance of land reform in Eastern Germany lies not only in the fact that landlord lands were divided among toiling peasants, but also in the fact that real prerequisites were created for economic cooperation and political rallying of toiling peasants, for the consolidation of their alliance with the working class under the leadership of the working class.

During and after the completion of land reform in Eastern Germany, various forms of peasant cooperation developed. One of such forms is the Peasant Mutual Aid Association (PMAA), numbering 556 thousand members. Possessing large funds and a material and technical base, the PMAA renders great practical assistance to the toiling peasants of the German Democratic Republic. On the basis of land reform, over 100 thousand agricultural machines and implements confiscated from landlords were transferred to the disposal of the PMAA, including over 6 thousand tractors, 5,546 threshing machines, 1,187 locomobiles, etc. In addition, the PMAA received a significant portion of agricultural product processing enterprises confiscated from landlords and war criminals: mills, oil mills, cheese dairies, and other enterprises, numerous residential and farm buildings, as well as a large number of breeding sires.

At the disposal of the PMAA by the autumn of 1947 were 3,867 machine-tractor stations (MTS), 2.7 thousand workshops for the repair of agricultural machines and implements, hundreds of breeding stations, etc. However, practice showed that small, technically weak, and organizationally unstable machine-tractor stations were unable to perform the important tasks assigned to them. Having played a positive role during their creation, they could no longer satisfy the growing needs of toiling peasants for machines in the future. On March 9, 1949, the secretariat of the German Economic Commission adopted a resolution on improving the work of MTS and expanding assistance to peasants with tractors and other machines. Under the PMAA, on the basis of former small MTS, 524 large MTS were created, the management of which was entrusted to the newly created MTS administration under the German Economic Commission. Currently, this administration is under the Ministry of Agriculture and Forestry of the German Democratic Republic.

A broad production and technical base was created for the new MTS. The German Economic Commission transferred to them a thousand first-class tractors and trailed implements, 540 trucks received from the Soviet Union, as well as about 500 tractors, 500 tractor seeders, and other agricultural machines produced at people's enterprises in Eastern Germany. The German Economic Commission allocated over 100 million marks for the needs of MTS. In 1950, MTS are to receive more than 5 thousand new tractors planned for production in the German Democratic Republic, as well as many other agricultural machines. All tractors and other agricultural machines, as well as all repair workshops with equipment belonging to the PMAA — totaling 86.5 million marks — were transferred to the new MTS. Finally, MTS received equipment and machines from agricultural cooperatives worth 9.5 million marks.

The creation of the material and technical base of MTS was accompanied by their organizational strengthening and the democratization of their management. Measures were taken to select and train MTS personnel, especially tractor drivers, mechanics, crop growers, etc.

The Soviet Union rendered enormous assistance in the creation and development of MTS in Eastern Germany. MTS received many machines from the USSR; they are adopting the giant work experience of machine-tractor stations in the USSR — the experience of the most efficient use of tractors and other agricultural machines, the experience of introducing advanced agronomical science and technology, etc.

Of no small importance for improving the work of MTS is the creation under them of houses of culture with libraries, reading rooms, lecture halls, rest rooms for peasants, etc. For these cultural and educational purposes, the German Economic Commission allocated 5 million marks in 1949 alone.

Machine-tractor stations are called upon to provide comprehensive assistance to toiling peasants. The head of the central administration of MTS, Bernhard Görbing, reported that in 1949 MTS cultivated 531 thousand hectares of plowland. MTS are an important factor in the democratization of agrarian relations in the German Democratic Republic. Thanks to the help of MTS, toiling peasants have the opportunity to use agricultural machines on advantageous conditions: MTS provide a 30% discount to small peasant holdings, and a 15% discount to middle ones.

The authority and popularity of MTS among toiling peasants are growing every day. Thus, for example, during the spring sowing period of 1949, MTS of Saxony land concluded contracts with 15.6 thousand peasants, and by the harvesting campaign of the same year, the number of applications from peasants to use MTS services doubled. In Thuringia, where MTS overfulfilled the volume of work provided for by the

plan, as in other lands, peasants speak very positively about the work of MTS, thanking them for their help. 'In our community there are many new peasants,' stated a peasant of the Städtien community, 'and previously we depended in many ways on private owners who skinned us alive. Low prices for the services of machine-tractor stations made it possible for every new peasant to harvest his grain with binder reapers. We thank MTS for their good work.'

Agricultural cooperatives play a major role in the democratization of the German countryside. For many decades, agricultural cooperatives in Germany were, and in Western Germany continue to remain even now, an instrument of exploitation of the toiling peasantry by capitalists, landlords, and speculators, a source of their enrichment. The new agricultural cooperatives in Eastern Germany are organizations of genuine mutual aid of toiling peasants. They number over 800 thousand members. The congress of agricultural cooperatives held on March 16–17, 1949, in Berlin elected a central board of agricultural cooperative societies and defined their most important task — to comprehensively promote the upswing of toiling peasant households, especially those created in the course of land reform.

Thanks to the versatile activities of people's estates, PMAA, MTS, and agricultural cooperatives, machine cultivation of land, breeding of pedigree livestock, application of artificial fertilizers, irrigation, credit — all this, which was previously the privilege of Junkers and kulaks, has now become the property of hundreds of thousands of toiling peasant holdings in the German Democratic Republic.

The land reform exerted a beneficial influence on accelerating the pace of agricultural upswing and improving the food situation in Eastern Germany.

'German peasants know how to work,' said Comrade V. M. Molotov. 'Having received the land of the Junkers, they will

significantly increase agricultural production and food resources in Germany.' The results of the land reform in Eastern Germany are a clear and convincing proof of this[75]. The false and malicious 'predictions' of Schumacherites and their Anglo-American patrons that land reform would lead to the decay of Eastern Germany's agriculture have shamefully failed. The incentives to improve land cultivation that appeared as a result of land reform and other democratic transformations among hundreds of thousands of German toiling peasants, especially those who were allotted land, the comprehensive assistance given to them by the Soviet Military Administration as well as German democratic organizations — these are the most important factors that ensured the upswing of Eastern Germany's agriculture, a significant growth in sown areas, and an increase in crop yields.

Overcoming enormous difficulties caused by economic ruin and the impoverishment of the peasantry during the years of Hitlerite rule, toiling peasants of Eastern Germany expand sown areas under grain and other food crops year after year. In 1948, 560 thousand hectares more were sown in Eastern Germany than in 1945, and in 1949 sown areas were increased by another 160 thousand hectares, i.e., by 2.7% compared to 1948. Crop yields are gradually increasing. Thus, grain yields per hectare increased from 13.2 centners in 1946 to 13.8 centners in 1947, 16 centners in 1948, and 19 centners in 1949. The yields of potatoes, sugar beets, and other crops are also growing.

It is characteristic that crop yields increased to a very high degree in new peasant holdings. Thus, for example, 107 new peasant holdings of the Zircow community (Brandenburg land), which received 751 hectares of former landlord land, 23

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[75] V. M. Molotov, Questions of Foreign Policy. Gospolitizdat, 1948, p. 411.

horses, and one tractor in 1945, as reported by the newspaper 'Neues Deutschland' (August 6, 1949), harvested a grain yield averaging 25.5 centners per hectare in 1949, i.e., significantly greater than landlord holdings here in the pre-war year of 1938. Peasants of the Zircow community also achieved great success in the field of animal husbandry.

In 1938, the community had only 44 horses, 75 dairy cows, 80 heads of young stock, 151 pigs; by the summer of 1949, they already had 75 horses, 158 dairy cows, 178 heads of young stock, 435 pigs.

The system of agricultural product procurements also contributes to the upswing of agriculture in the German Democratic Republic. In contrast to the reactionary system of agricultural product procurements operating in Western Germany, compulsory deliveries in Eastern Germany, like the tax system, are structured in such a way that they contribute to the consolidation of toiling peasant holdings, especially those that arose in the course of land reform. These holdings enjoy large privileges. At the same time, taxes and compulsory deliveries in Eastern Germany serve as an important means of limiting kulak-capitalist elements. This procurement system and tax policy are supported by broad strata of the population in the East German countryside. Plans for compulsory agricultural product deliveries in Eastern Germany are successfully fulfilled. As the Ministry of Trade and Supply of the German Democratic Republic reported, the plan of compulsory deliveries of grain, legume, and oilseed crops for 1949 was as a whole fulfilled by the end of November 1949 by 100%, and of potatoes — by 90%.

Of no small importance in the successful procurement of agricultural goods and in the development of commodity turnover between city and countryside is the widespread purchase by the state from peasants of their surplus products at elevated prices in Eastern Germany and the simultaneous

provision of industrial goods to them: textiles, footwear, agricultural implements, etc. Consumer and marketing cooperatives occupy a large place in the commodity turnover between city and countryside. This created conditions for the development of the alliance between the city and countryside of Eastern Germany. It is known that in imperialist Germany, the German peasantry suffered severely from the narrowness of the urban market, especially in years of crises, when the purchasing power of urban working people dropped catastrophically. In Western Germany, the situation is the same even now. Democratic transformations in Eastern Germany ensure the raising of the living standard of urban working people and at the same time a stable market for the sale of agricultural products, for the development and constant growth of commodity exchange between city and countryside.

The upswing of agriculture, brought about by the assistance of the Soviet Union, land reform, and the democratic agrarian policy of the German democratic authorities, led to a sharp improvement in the food supply for the urban population of Eastern Germany. Supply standards here increase from year to year, and in 1949 price reductions were carried out three times in the free trade network. By the end of 1950, as Prime Minister of the German Democratic Republic Otto Grotewohl stated, conditions will be prepared in the republic to abolish product rationing (except for meat and fats).

Democratic transformations carried out in Eastern Germany, and above all the transfer of the main means of production into nation-wide ownership, created the necessary prerequisites for introducing the principle of planning into the economic development of the German Democratic Republic. Elements of planning are gradually being introduced into agricultural production as well. This planning now still has a limited character and covers only people's estates, MTS, PMAA, and agricultural cooperatives, which, in turn, exert a regulating

influence on the mass of peasant holdings. The democratic tax system and the system of agricultural product procurements also serve the cause of the planned regulation of agriculture in the German Democratic Republic. At the same time, planning is one of the important means of limiting kulak-capitalist elements and strengthening popular control over them. According to the two-year plan for the restoration and development of the peaceful economy of the German Democratic Republic in 1949–1950, sown areas are to be expanded by 225 thousand hectares. Enormous attention is paid to increasing the yields of major crops through intensive land cultivation, improving the work of MTS and people's estates, expanding the irrigation system, improving water supply, greater application of artificial fertilizers, etc. The plan also outlines a significant development of animal husbandry. By the end of 1950, the livestock population of cattle is to increase by 25%, pigs by 66%, sheep by 60%, horses by 11%. The two-year plan provides for the expansion of the fleet of agricultural machines.

The land reform in Eastern Germany deprived the Junker-gentry caste of economic might, fundamentally undermining its political influence. But this does not at all mean that the Junkers have completely disarmed and reconciled themselves to the fact of their expropriation. On the contrary, the class struggle in the villages of Eastern Germany has intensified. Outdated classes resist not because they are becoming stronger, Comrade Stalin teaches. 'And precisely because they are becoming weaker, they sense the last days of their existence and are forced to resist with all their strength, by all means'[76]. This instruction of Comrade Stalin fully applies to modern Eastern Germany as well, where Junkers fight with doubled

[76] I. V. Stalin, Works, vol. 12, p. 38.

and tripled energy to win back their confiscated estates and bygone political influence.
Criticizing the bearers of harmful moods of complacency, self-satisfaction, and Manilovism, capable only of lulling the vigilance of the German working class and all working people, Deputy Chairman of the SUPG Walter Ulbricht said: 'Do not think that after the creation of the foundations of the democratic order in the Soviet occupation zone everything is already in order and that the class struggle has become weaker... In contrast to opinions of this kind, the class struggle is sharpening. Disempowered monopolists and related old officials and hostile agents are waging a resolute class struggle against democratic forces, against the democratic order. Because we have already achieved some successes, and because these gentlemen foresee our new successes... they employ all means of sabotage and other methods of struggle in the economy and in the state apparatus...'[77].
It must not be forgotten that reactionary Junkers still possess some economic power, that they managed to conceal a certain part of their wealth subject to confiscation, and now they use it in the struggle against the democratic forces of the German people. Junkers have unreservedly harnessed themselves to the chariot of Anglo-American imperialism and are faithful squires and agents of the instigators of war against the Soviet Union, the countries of people's democracy, and also the German Democratic Republic. The subversive work of the Junker-gentry aristocracy is inspired by Anglo-American imperialists, meets with their full support and assistance, and is generously paid for by them.
Finally, the Junkers in their struggle against land reform and the democratic agrarian policy of the government of the German Democratic Republic have supporters and allies in the

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77 'Pravda', September 29, 1948.

person of Schumacherites — vile spies and saboteurs in the service of American and English monopolies, and also in the person of right-wing reactionary elements from bourgeois parties — the Christian Democratic Union (CDU) and the Liberal Democratic Party (LDP).

It is known that even during the adoption of laws on land reform and in the course of their implementation, the democratic forces of Eastern Germany had to overcome fierce resistance from agents of the Schumacherite clique and reactionary elements from the CDU and LDP. Not daring to openly oppose land reform, these defenders of Junker interests, in order to disrupt land reform, then put into motion a whole arsenal of tactical means ranging from intimidating peasants with false fabrications that land reform is doomed to failure to organizing kulak sabotage. But the reactionaries failed to disrupt the implementation of land reform. Thanks to the enormous assistance of the Soviet Union and the German working class, this reform was successfully completed for toiling peasants.

In Eastern Germany, kulak-capitalist holdings continue to exist, in whose hands a significant part of the land, a large number of agricultural machines, livestock, etc., still remain. In the agriculture of Eastern Germany, many tens of thousands of agricultural workers are still subjected to kulak-capitalist exploitation. In pursuit of profits, kulaks strive to intensify exploitation and expand their holdings at the expense of robbing toiling peasants. But this encounters, firstly, the resistance of toiling peasants relying on the support of the working class and democratic authorities, and secondly, the laws on land reform prohibiting the purchase, sale, and leasing of land received under the reform, as well as laws protecting the interests of agricultural workers.

The kulak class in Eastern Germany is waging a fierce struggle against land reform, against the democratic agrarian policy of

the SUPG and the Provisional Government of the German Democratic Republic.

Kulak-capitalist elements, resorting to the most sophisticated means and methods of struggle, try to compromise land reform or at least weaken its results. They fraudulently worm their way into organs of self-government, into the leadership of peasant mutual aid committees in order to conduct subversive, disruptive work inside these organizations, and often openly sabotage compulsory agricultural product deliveries, conceal the actual sizes of sown areas, livestock, etc.

A kulak — a former Nazi owning 32 hectares of land and many agricultural machines and tractors — penetrated the peasant mutual aid committee of the Zwickau community (Torgau district). He wrecked the work of the committee and used his position to intensify the exploitation of peasants. In the Gross-Lübeln community (Luckau district), five kulaks organized their so-called 'peasant mutual aid committee,' into which they closed access to new peasants. Kulaks used all privileges granted to peasant mutual aid committees for their own enrichment until they were exposed.

The democratic government, PMAA, MTS, agricultural cooperatives, and other organizations render great assistance to the toiling peasants of Eastern Germany. Today's toiling peasant of Eastern Germany cannot be compared with the peasant enclosed in the shell of his own holding, as he was before the land reform. Peasants now receive comprehensive material and moral support from the government, the working class, the public, and are increasingly imbued with the spirit of democratic, progressive ideas. However, as Lenin teaches, small-scale production engenders capitalism and the bourgeoisie constantly, daily, hourly, spontaneously, and on a mass scale. Small-peasant individual holdings are predominant in the East German countryside. The task of involving toiling peasants in the active struggle for fundamental democratic

transformations in agriculture can be successfully resolved only as a result of enormous educational and organizational work by the working class and its vanguard — the SUPG. Only in this way can it be achieved that the peasantry becomes an increasingly strong and increasingly reliable ally of the proletariat.

The land reform created prerequisites for consolidating the political and economic alliance between the working class and the toiling peasantry, which is called upon to play a huge role in the struggle of the German people for the creation of a united, democratic, peace-loving Germany. It is known that the disunity of the forces of the German working class, on the one hand, and the artificial separation of the toiling peasantry from it, on the other, have more than once led the German workers' movement to fatal consequences. Opportunists and renegades from among the leaders of German social democracy, introducing a split into the ranks of the German working class and resisting in every possible way the achievement of an alliance between the working class and the toiling peasantry, preached the most harmful ideas that the proletariat is allegedly opposed in the revolution by the peasantry, which they slanderously characterized as 'thoroughly reactionary.' Such voices are still heard from the camp of the Schumacherite clique.

Life has overturned these absurd fabrications of the enemies of the German people. Workers of Eastern Germany render practical assistance to peasants. They increase the production of agricultural machines and fertilizers, assist peasants in repairing agricultural implements. Peasants, in turn, help urban working people overcome food difficulties. But the matter is not limited to this, although such cooperation in itself has enormous practical and political significance. As a result of the successful implementation of land reform in Eastern Germany, prerequisites were created for consolidating the political

alliance between urban and rural working people — both are determined by joint efforts to eliminate the shameful legacy of Hitlerism, unite Germany, and lead it along the path of peaceful and democratic development.

When in the autumn of 1945 landtags of East German lands discussed draft laws on land reform, the working class not only unanimously supported these draft laws, but its representatives said their decisive word during their adoption. At the same time, when in the summer of 1946 in Saxony-Anhalt land the question of the fate of enterprises of fascist ringleaders and other war criminals was put to a popular vote, the overwhelming majority of peasants of this land unreservedly supported the workers' demand and spoke out for the alienation of these enterprises and their transfer to public ownership. Such unanimity of urban and rural working people is manifested in all major socio-political and economic campaigns. Toiling peasants actively supported and support democratic transformations in Eastern Germany carried out on the initiative of the working class, because these transformations reflect the interests of all working people, including their own.

One of the most important manifestations of the political activation of the toiling peasantry of Eastern Germany was the creation in the spring of 1948 of the Democratic Peasants Party (DPP), a representative of which is now a member of the Provisional Government of the German Democratic Republic. The Democratic Peasants Party announced that it 'pursues no narrow interests and sees its task in democratizing the German countryside and, in the interests of the entire German people, turning every village into a stronghold of democracy.' Its programmatic declaration states that 'ensuring and consolidating land reform is the most important task of the Democratic Peasants Party,' that 'the party demands the implementation of land reform throughout Germany.' The DPP strives to strengthen the worker-peasant alliance. Two years of

its activity have shown that this party, in close cooperation with the party of the German working class — the SUPG — and under the guiding role of the SUPG, makes a serious contribution to the cause of rallying the progressive forces of the German peasantry.

'Using the example of the German question, we see,' said Comrade V. M. Molotov, 'how far current Anglo-American principles diverge from the principles of the Soviet Union, since current Anglo-American principles are imbued with frank imperialism, and the Soviet Union firmly stands on democratic positions'[78].

The implementation of land reform, like other democratic transformations carried out in Eastern Germany, demonstrated the loyalty of the Soviet Union to the historic decisions of the Yalta and Potsdam conferences. Thanks to the policy of the USSR and its selfless assistance, Eastern Germany became a stronghold and reliable support for the patriotic forces of the German people in their struggle for a united, democratic, peace-loving Germany.

However, the creation of such a Germany does not enter into the calculations of Anglo-American imperialists. The governments of the United States and England, violating the obligations assumed by them under the Potsdam and Yalta agreements and completing the formation of a separate puppet West German state, systematically disrupt all measures for the democratization and demilitarization of socio-political and economic life in Western Germany. The disruption of the democratic land reform in the western zones of Germany, the question of carrying out which at the insistence of the USSR was agreed upon in March 1947 at the Council of Foreign Ministers, is one of the links in the reactionary policy of the ruling circles of the USA and England.

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78 V. M. Molotov, Questions of Foreign Policy, p. 500.

The question of carrying out land reform was and remains an urgent and pressing issue for Western Germany.
Thus, large landlord holdings of 100 hectares and above in the three western zones of Germany, accounting for only 0.7% of the total number of holdings, own 6,225.7 thousand hectares of land (28% of all land). If to this we add the holdings of fascist ringleaders subject to confiscation, as well as former possessions of the Hitlerite state and other criminal organizations, the potential land reform fund in the three western zones of Germany will amount to at least 6.5–7 million hectares. Of these, at least 5–5.5 million hectares of land can be transferred to landless and land-poor peasants, agricultural workers, resettlers, etc.
Hundreds of thousands of working people are fighting in Western Germany for the immediate implementation of a democratic land reform, and the successful implementation of land reform in Eastern Germany contributes to the intensification of this struggle. Even in the constitutions of some lands of Western Germany (for example, Greater Hesse), under pressure from working people, articles were included providing for the alienation of landlord estates and the allotting of land to peasants. However, Anglo-American imperialists, together with German reactionaries, trampling on the will of the popular masses, disrupted the land reform.
Westphalian princes Weinheim, Croy, Bülow, Spee, Frankfurt Count Gertz Schlitz, Bavarian Prince Thurn und Taxis, and a handful of similar gentry in Western Germany continue to own vast estates stretching for tens of thousands of hectares each. At the same time, hundreds of thousands of peasants, agricultural workers, and resettlers are choking from landlessness and dragging out a miserable existence.
Anglo-American occupation authorities also patronize Junker landlords who fled to Western Germany from the eastern zone. Thus, in the Fallengobstel district (Hanover), contracts with

tenants were terminated, and settlers were expelled from the land they had cultivated over the past five years. Instead of expelled small tenants, 25 large landowners who fled from the east were settled here. Junker von Beer received the Güsselmann estate (130 morgens of land); von Boschosen received the Heyermühlen estate (230 morgens of land); Citzewitz received the Hambruch I estate (155 morgens of land); Kameke received the Bestlingen estate (720 morgens), etc.

Junkers and landlords in Western Germany are reviving the medieval system of inhuman exploitation of peasants doomed to poverty and hunger. In the villages of Western Germany, in landlord estates, so-called 'Hörmanns' work, of whom there are 20 thousand in the Osnabrück district alone. By contract with the landlord, Hörmanns receive a miserable hut for 2–3 families, for which they pay the landlord 100–120 marks, 3–4 hectares of land, and, finally, something like a 'wage' calculated at a negligible amount — 15 pfennigs for men and 10 pfennigs for women per hour. For all this, the Hörmann is obliged to work for the landlord six days a week. The contract imposes a number of other duties on the Hörmann. The newspaper 'Volksecho' reports numerous cases where Hörmanns, being unable to fulfill the landlord's demands, were driven off the land and left completely without shelter and means of subsistence. Such forms of semi-serf exploitation take place in other regions of Western Germany as well.

Describing the unbearable labor and living conditions of agricultural workers in Western Germany, the Kiel newspaper 'Norddeutsche Echo' wrote: 'Only need forces them today to work in such inhuman conditions that are a mockery of all moral and ethical principles.' This leads to hundreds of thousands of agricultural workers fleeing to cities, replenishing the army of the unemployed, which in Western Germany along

with the western sectors of Berlin has currently reached almost 3 million people.

Toiling peasants also drag out a miserable existence in Western Germany.

The policy of the USA and England has led the agriculture of Western Germany to decay and chaos. Sown areas are decreasing year after year.

There is also a deliberate reduction of animal husbandry in Western Germany. The true meaning of the reduction of sown areas and livestock numbers in Western Germany is that this creates an additional market for American exporters of food and agricultural raw materials. With the help of the 'Marshall Plan,' the USA sells stale food to Western Germany, tightening the noose of dollar debts around the necks of working people in the western zones of Germany. This policy causes growing discontent among working peasants and the entire population of Western Germany. Speaking at the second peasant congress in Berlin, a peasant from Western Germany, Jacobson, stated: 'Our work loses all meaning because grocery stores are crammed with American canned goods.'

The prospects for the development of agriculture and the food situation in Western Germany are very gloomy. The 'Marshall Plan' provides that in Western Germany in 1951 the production of fodder grain should constitute no more than 80% of the pre-war level, butter and fats 78%, milk 85%, and meat 54%. Food imports will continue on a wide scale as before.

Landlord-Junker oppression, social disenfranchisement, unemployment, ruin, hunger, and poverty — such is the lot of agricultural workers and toiling peasants in the western zones of Germany. Anglo-American imperialists try to turn the working people of Western Germany into their voiceless slaves, into cannon fodder for the aggressive war they are preparing against the Soviet Union and the countries of people's democracy, against the forces of democracy and

socialism throughout the world. With the help and assistance of the occupation authorities of the USA and England, the economic might of capitalist monopolies and the gentry-Junker aristocracy has been fully preserved in the western zones. These reactionary elements use their economic power to fight against the German democratic forces. The gentry and Junkers in Western Germany are reactivating their reactionary activity, operating at the helm of political power. They create their monarcho-fascist parties and organizations, and unhinderedly conduct revanchist propaganda. Together with Ruhr magnates and right-wing socialists, they are the main pillar of Anglo-American imperialists in the revival of aggressive German militarism and the transformation of Western Germany into the main military-strategic base of American imperialism in Europe.

The formation of the German Democratic Republic marked the beginning of a new stage in the struggle of the progressive forces of the German people, united around the National Front, for the democratic unity of their country, for freedom and national independence, for peaceful cooperation with other peoples. Going along this path and strengthening the cause of peace, the German people, as Comrade Stalin pointed out, will encounter 'the great sympathy and active support of all the peoples of the world, including the American, English, French, Polish, Czechoslovak, Italian peoples, not to mention the peace-loving Soviet people'[79].

Questions of Economics, No.2 , 1950.

[79] Compiled according to the 1939 census data. Figures rounded.

IMPOVERISHMENT OF THE GERMAN WORKING CLASS

J. KUCZYNSKI, History of Working Conditions in Germany. Publishing House of Foreign Literature, 1949, 532 pp.

In recent years, the well-known German economist Prof. J. Kuczynski has published a number of books and pamphlets dedicated to the history of working conditions and the situation of the working class in capitalist countries. Some works from this series have already been published in Russian translation. The extensive and detailed research by J. Kuczynski is of great value and very useful to everyone engaged in studying the situation of the proletariat in capitalist countries and the history of the labor movement. These studies contain a vast amount of factual and statistical material systematized by the author, serving as an illustration of the Marxist-Leninist teaching on the absolute and relative impoverishment of the working class under capitalism. By translating these works into Russian and providing them with appropriate prefaces, the State Publishing House of Foreign Literature is doing a great and extremely useful service.

In the reviewed book by J. Kuczynski, the history of working conditions in Germany is comprehensively covered, and the situation of the German working class is thoroughly investigated over a long period of nearly a century and a half. Having collected and deeply analyzed extensive factual material, some of which is still unknown to us..., J. Kuczynski convincingly showed how, with the development of capitalism in Germany, the process of impoverishment of the German working class proceeded continuously and at an ever-accelerating pace.

J. Kuczynski begins his study * with the period 1800–1850, when Germany was still a politically and economically

backward country. The standard of living of German workers in the first half of the 19th century was extremely low. The worker had to deny himself everything, because his earnings were not even enough to cover the minimally necessary expenses. Real wages during this period, especially considering the colossal fines imposed on workers and many other deductions, steadily declined. The length of the working day in Germany at the beginning of the 19th century was 12 hours. But later the working day was officially increased to 14 hours, and in fact stretched to 16-17 and even more hours[80].

J. Kuczynski makes extensive use of the testimonies of contemporaries, who paint a very grim picture of the life of German workers during this period of German history. - Meat was eaten by few, and even then only on major holidays; the main food product was * potatoes. Workers lived in extremely poor quarters, almost without light and air, 5-7 people slept on bunks covered with straw (p. 44).

Kuczynski notes that the early period of industrial capitalism is characterized primarily by such methods of exploitation of the working class as lengthening the working day, reducing wages, and the widespread use of child labor. Labor productivity in German industry was extremely low and during the first half of the 19th century barely increased. The increase in the output of industrial products occurred mainly due to the attraction of new workers.

Since the middle of the past century, a new period in the development of German capitalism began. Germany began to transform into an advanced, industrial country. During this period, new methods of exploiting the working class began to be widely applied. Capitalists, as Kuczynski notes, moved from

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[80] *J. Kuczynski, History of Working Conditions in Germany. Publishing House of Foreign Literature, 1949, p. 47. Hereafter, pages of the reviewed book are indicated in the text.*

old, extensive methods of exploitation to intensive methods. They sharply increased the intensity of labor, and the worker was forced to expend much more strength and energy every hour than before. New, refined methods of intensifying the exploitation of workers further increased their absolute and relative impoverishment. The costs of reproducing labor power became greater. Due to the greatly increased intensification of labor, the worker now required much more food and longer rest, which could not be compensated in any way by the somewhat increased wages in the 1960s and the insignificantly shortened duration of the working day. In addition, the transition to intensive forms of worker exploitation entailed a rapid increase in the number of industrial accidents.

At the end of the 19th and especially at the beginning of the 20th century, the economy of Germany began to bear a clearly pronounced monopolistic, imperialistic character. By this time, almost the entire world had already been divided among imperialist states, and Germany, which appeared on the international arena later than other countries, entered into a struggle with the countries of old capitalism for the redivision of the world. Germany belonged to that advanced group of countries of young capitalism which Lenin characterized as a group of capitalists, an even more predatory, even more robber-like group "that came to the capitalist feast when the seats were taken, but brought into the struggle new methods of developing capitalist production, better technology, incomparable organization, turning old capitalism, the capitalism of the era of free competition, into capitalism of giant trusts, syndicates, cartels"[81].

During the period 1870–1900, monopolistic associations grew rapidly in Germany. If in 1870 there were only 6 syndicates and cartels in the country, by 1900 their number reached 300,

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81 *V. I. Lenin, Works, vol. XXX, pp. 336-337.*

i.e., increased 50 times (p. 132). Powerful cartels and syndicates were created in the electrical industry, coal, chemical, steel-foundry and iron-foundry branches.
The transformation of Germany into a highly developed industrial imperialist country occurred primarily due to a further sharp intensification of the exploitation of the working class, and the growth of its absolute and relative impoverishment. Choosing a methodologically correct path for calculating real wages taking into account the impact of unemployment, losses from strikes that workers waged in the struggle for their rights, various deductions and fines, J. Kuczynski comes to the conclusion that in the period 1870-1900 wages never even reached that standard of living which was determined by falsified official statistics. Thus, in 1894, the real wages of German workers amounted to only 82% of the clearly understated subsistence minimum (p. 148). But even this figure does not fully show the gap between real wages and the subsistence minimum, since Kuczynski, as he himself states, did not take into account either the increase in labor intensification or the deterioration of the living conditions of the working class. Meanwhile, the situation of the working class, its standard of living, as the author correctly notes, is determined not only by real wages, although it is the main, most important criterion, not only by the extent of unemployment, but also by the degree of labor intensity, housing conditions, the state of health of workers, etc.
Kuczynski cites very eloquent figures characterizing the growth of the relative impoverishment of the working class of Germany. Based on a comparison of the real wages of a worker and the production of means of production per capitalist, he comes to the conclusion that relative wages decreased (1900 = 100) from 400 in 1860-1867 to 64 in 1909-1914 (p. 154). Thus, over a short period of time, the share of the working class in the social product fell rapidly. At the monopolistic stage of

capitalism, the exploitation of the working class becomes even more predatory.

During the First World War and the period of unprecedented inflation that followed it, there was a fabulous enrichment of German monopolists. In these years, the process of concentration and centralization of capital and production proceeded in Germany at a rapid pace. The economic power of German trusts and other monopolistic associations increased. During the same period, the wages of German workers fell to an extremely low level.

Between the first and second world wars, the wages of German workers, as before, did not reach the officially calculated, understated subsistence minimum. By 1932, the average weekly wage was up to 21.75 marks with a subsistence minimum of 39.05 marks (p. 275).

In the interwar period, unemployment assumed colossal proportions in Germany. In 1926, 17.9% of all workers employed in German industry were unemployed, and in 1932 already 44.4% (p. 261). In addition, in 1926 there were 16% semi-unemployed, and in 1932 - 22.6% (p. 262).

In 1924-1929, German monopolistic capital frantically carried out the “rationalization” of production, trying by intensifying the exploitation of the working class and cheapening goods to regain the markets lost during the war and conquer new ones. Capitalist rationalization, as is known, means nothing other than an increase in the intensity of labor, an offensive on the living standard of the working class. At the same time, J. Kuczynski notes as a new phenomenon in the period under review an increase in the labor intensity of workers even during a crisis along with a decrease in their wages.

Fascism, which came to power in Germany in 1933, Kuczynski characterizes as the dictatorship of “the most reactionary circles of financial capital,” which grew “on the soil of the fiercest reaction, the most aggressive imperialism and the

wildest chauvinism...” (pp. 290, 289). The author sharply criticizes various bourgeois-reformist ideas as if fascism is an organically inevitable product of capitalist development. He correctly notes that this harmful, defeatist attitude only plays into the hands of fascism, since it proceeds from the assumption that there is allegedly a continuous weakening of progressive forces. Meanwhile, in reality, the progressive forces of human society are growing steadily, the working class is growing and strengthening. No less harmful is another bourgeois pseudo-theory which viewed fascism as something not connected with capitalism, as a certain “state of a special type.” J. Kuczynski refutes this fundamentally false premise, designed to weaken the struggle of the working class against capitalist oppressors, and convincingly shows that through the fascist dictatorship it was precisely monopoly capital that exercised its power.

German fascism decapitated the working class, driving the Communist Party underground, smashing trade unions and other democratic workers' organizations. The Hitlerites “in the course of some 100 days plundered and destroyed the basic rights and freedoms won by the German workers in 100 years of hard battles” (p. 387). The fascists fixed workers to certain enterprises. Moreover, some capitalists, lending their workers to other capitalists, received special pay for this. Thus, Germany under the fascist dictatorship turned into a huge camp of forced, slave labor.

During the years of fascism, the living standard of German workers fell catastrophically. Hitlerite statistics on the situation of the working class were, as is known, the most falsified statistics in the bourgeois world. It determined the cost of living of a German worker in 1937 at 40 marks per week. Even starting from this official, heavily understated subsistence minimum, even then, in 1937, as the author writes, “In Germany there were only 2 regions where wages should have

been increased by less than 50% to reach the subsistence minimum, but on the other hand there were 7 regions where for this purpose wages would have been required to be increased by more than double" (p. 410).

During the period of fascism's domination in Germany, despite the rapid growth of military production, the real wages of German workers fell below the lowest level of the crisis years. In addition, the fascists legalized such a long working day as existed only more than a hundred years ago.

J. Kuczynski compares the wages of workers and employees with the profits of capitalists in Hitler's Germany and states that the relative wages of workers and employees during the first five years of fascist rule alone decreased by approximately half. All data irrefutably testify that the situation of German workers was never as difficult as during the reign of the Hitlerite barbarians.

At the end of the book, J. Kuczynski characterizes the conditions of forced labor of foreign workers in Hitler's Germany. Beginning in 1938, i.e., from the time of the occupation of Austria, millions of people from countries seized by the Hitlerites began to be violently driven into Germany. The fascists treated foreign workers in the most bestial manner. Soviet people driven into fascist penal servitude by Hitlerite rapists and Soviet prisoners of war, as well as workers from Slavic countries, were kept in the worst, unbearable conditions. Foreign workers were often exploited "to such an extent that they dropped from exhaustion and died. This was a deliberate policy of destroying people" (p. 493).

J. Kuczynski's characterization of the slave labor conditions of German workers during the years of the bloody fascist dictatorship is of undoubted value. This part of the reviewed work is very topical at present, warning against the threat of the revival of fascism with all those disasters that it brings to the working class and other working strata of the population. It

strikes at the regimes currently established by the monopoly bourgeoisie in the USA, England, Western Germany and a number of other capitalist countries, which are increasingly approaching fascism.

Along with the major merits of J. Kuczynski's book, it unfortunately has a number of serious shortcomings and gaps. Let us note the main ones.

A major shortcoming of Kuczynski's study is that it sheds weak light on the history of the labor movement in Germany. Meanwhile, it is clear that the history of working conditions is organically connected with the struggle of the working class to improve these conditions, for their radical change, for the improvement of its position. Kuczynski's work shows the working class suffering, bearing the yoke of ruthless exploitation, but the working class fighting against the yoke of capital is absent from the book.

Kuczynski does not cite statistics on the strike movement, nor concrete facts of the revolutionary struggle of the working class of Germany. Meanwhile, German workers wrote many glorious pages in the history of their country. Extremely rich in strike struggle was the period 1908–1914. A particularly outstanding event in these years was the strike of 15 thousand Mannheim metalworkers. Major class battles flared up in Germany in November 1918 and then grew into a revolutionary uprising, cruelly suppressed by the “bloody dog” Noske. In 1919, the working class of Bavaria under the leadership of the communists created the Bavarian Soviet Republic, which was warmly greeted by the great Lenin. Fierce class battles unfolded in 1923 in the Ruhr. Workers resolutely opposed the imperialist policy of shifting all post-war burdens onto the shoulders of the working people, against inflation, which enriched monopolies and reduced wages to a beggarly level. The strike movement of the Ruhr workers

spread to the whole of Germany; in August 1923, a general strike broke out in the country.
In April 1928, more than 4 million German metalworkers, railwaymen, miners, etc. took part in the strike struggle for higher wages and improved working conditions. There are very many such bright pages in the history of the German labor movement. An analysis of the struggle of German workers would undoubtedly have enabled the author not only more fully, but also more correctly to illuminate their working conditions.
A serious gap in the reviewed book is also the fact that nothing is said in it about the struggle of the revolutionary vanguard of the working class - the Communist Party of Germany, for which 5.9 million votes were cast in the Reichstag elections in 1932.
The author should have more detailedly uncovered the treacherous role of the German right-wing social-democrats, opportunists and other traitors to the cause of the working class. They inflicted a lot of harm on the German proletariat. The remarkable works of V. I. Lenin and J. V. Stalin reveal the essence, class roots and economic basis of opportunism in the labor movement.
The bourgeoisie bribes individual strata of the proletariat, places them in a privileged position, gives rise to the so-called "labor aristocracy" and interests it in the exploitation of the broad masses of workers. Opportunism was created as a result of the fact, Lenin pointed out, that "almost all advanced countries, robbing colonial and weak peoples, enabled the bourgeoisie to bribe parts of such super-profits of the upper strata of the proletariat, ensure them a tolerable petty-bourgeois existence in peacetime and take the leaders of this layer into their service. Opportunists and social-chauvinists, being

servants of the bourgeoisie, are direct class enemies of the proletariat"[82].

Such direct class enemies of the proletariat, the agency of the bourgeoisie in the labor movement were the German right-wing social-democrats. From the ranks of German social-democracy came Bernstein, Hilferding and other revisionists who played a treacherous role both in the German and in the international labor movement.

To German social-democracy belonged such vile executioners as Scheidemann and Noske. The German right-wing social-democrats prevented the victory of the proletarian revolution in Germany, cleared the way for fascism to come to power. Nowadays German right-wing socialists of the Schumacher type have turned into a rabid agency of aggressive Anglo-American imperialists, contributing to the colonization of Western Germany and its transformation into a military-strategic springboard for the imperialists of the USA and England.

The periodization adopted in J. Kuczynski's book also raises serious objections. The author divides the era of monopolistic capitalism in Germany into the period of decaying capitalism (1900–1914), the period of decaying capitalism before the establishment of the fascist dictatorship (1914–1918) and the years of fascism (1933–1945). The defect of this periodization is first of all that it does not specifically highlight the period of the general crisis of capitalism. Meanwhile, in the era of the general crisis of capitalism, all contradictions inherent in the capitalist system are extremely aggravated, which inevitably leads to a further sharp intensification of the absolute and relative impoverishment of the proletariat.

Comrade Stalin, giving a classical characterization of the general crisis of capitalism at the 16th Congress of the

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82 *V. I. Lenin, Works, vol. XXIV, p. 91.*

CPSU(b), emphasized that during the period of the general crisis of capitalism, the underload of enterprises becomes chronic, and the million-strong reserve armies of workers turn into permanent armies of the unemployed. Economic crises in the era of the general crisis of capitalism become especially acute, deep, protracted and destructive. All this has a disastrous effect on the situation of the working class in capitalist countries.

The underestimation of the impact of the general crisis of capitalism on the situation of the working class could not but affect J. Kuczynski's analysis of the working conditions of German workers after the First World War.

In expounding the issue of the preparation and unleashing of the aggressive war by Hitler's Germany, J. Kuczynski missed one most important circumstance, which retained very topical significance in the postwar period as well. He did not mention what role was played in the preparation of the war by the Anglo-American imperialists. It is known that after the defeat in the First World War, German imperialism was immediately supported by Anglo-American capital. At the same time, American capitalist monopolies played an especially large role in the revival of the aggressive might of German imperialism.

J. Kuczynski correctly notes that even in the years of fascism "the system of financial capital continued to dominate. The unity of banking and industrial capital continued to exist." But right there he writes that "the importance of banks decreased, they lost their primary role" (p. 320). One cannot agree with this statement. One cannot recognize as correct the author's statement that under the fascist dictatorship the role of banks "as one of the engines of capitalist society relatively decreased" (p. 320). Such a formulation of the question essentially goes counter to the Leninist teaching on financial capital. The merging of banking capital with industrial capital and the formation on this basis of financial capital, as Lenin

teaches, is one of the main features of monopolistic capitalism. The processes occurring within the bowels of the fascist economy of Germany testified precisely to the growth in the importance of banks. The deposits of the largest banks increased from 6.5 billion marks in 1933 to 25 billion marks in 1944. Consequently, the financial power of banks increased immeasurably, and Kuczynski himself writes about this. He makes an incorrect conclusion about the "weakening of the role of banks" from the fact that industry received predominantly direct subsidies from the state. The credit policy of banks, according to Kuczynski, was directed by the state. Banks were ordered to invest capital in the military industry and not to invest in non-military branches. Separating the state from banks, from the financial oligarchy, Kuczynski makes another significant error. In reality, financial capital in Germany closely merged with the state, put it at its service, and subordinated it to its predatory interests. This is the essence of state-monopoly capitalism. It was the tycoons of financial capital who financed Hitler's war, directed all credit, and not only credit, of course, policy of the fascist state; it was they, and no one else, who were interested in the maximum production of armaments, and the state did not have to "dictate" investment policy to banks. Everything testifies to the fact that the role of banks not only did not decrease, but, on the contrary, increased in Germany during the period of the fascist dictatorship.

The introductory article to the reviewed book, written by G. B. Gertzovich, in its first part correctly notes the merits and shortcomings of J. Kuczynski's work. The second part of the introductory article is devoted to the characterization of the political and economic situation of postwar Germany and above all the situation of the German working class. It paints a correct picture of the management of American and British imperialists in Western Germany, its transformation into an

object of exploitation and colonial plunder, into a base for preparing an aggressive war, and gives an idea of the difficult situation and struggle of the working people of Western Germany for their rights. Along with this, the introductory article shows how, on the basis of the restoration of a peaceful economy, the material situation of the working class and all working people is improving in the German Democratic Republic, which is following the path of peace and democracy. In Eastern Germany, thanks to the consistent policy of the USSR, true to the spirit and letter of the historical Potsdam decisions, thanks to the radical democratization of socio-political and economic life, there is no longer a base for the revival of aggressive German imperialism. At the same time, in Western Germany, the Anglo-American imperialists, who have shamelessly flouted the decisions of the Potsdam Conference, contrary to the will of the German people, are pursuing a policy of reviving aggressive German imperialism. German monopolies - the faithful support of the Hitlerite regime - are again coming to power in the puppet West German state.

The working people of Western Germany have become the object of double exploitation. The predatory policy of American monopolies and their junior partners - the German capitalists - leads to a sharp drop in the living standard of the working class in the western zones of Germany. Currently, the real wages of workers here amount to no more than 60% of the subsistence minimum. A real disaster for the working population of Western Germany is unemployment. The number of unemployed in Western Germany along with the western sectors of Berlin has reached almost 3 million people.

In Western Germany, an intensified process of concentration and centralization of capital is taking place. This, unfortunately, is not properly noted in the introductory article. The separate monetary reform, having ruined small and many medium-sized enterprises, contributed to the centralization of

capital. Through the intensification of the exploitation of the working class and all working people, the monopolies rake in huge profits.

J. Kuczynski's book as a whole deserves a positive assessment. This thorough scientific study convincingly shows that in a society where capitalist relations of production reign, a continuous absolute and relative impoverishment of the working class takes place and that the working class can achieve a radical improvement in its position only through the revolutionary overthrow of the capitalist system.

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V. Shumilin

OIL AND THE FOREIGN POLICY OF IMPERIALIST STATES

M. BROOKS. Oil and Foreign Policy. London 1949, 143 p.

The question of oil, Comrade Stalin pointed out in 1925, is "one of the fundamental questions for world powers..."[83]. Oil brings colossal profits to capital magnates; in their hands, it serves as an instrument for the exploitation of the working class and colonial peoples, is one of the means of the economic and political enslavement of peoples and countries by the largest imperialist predators, and is a most important prerequisite for the preparation of aggressive wars by imperialists. Oil is also one of the main objects of struggle between imperialist states, and above all between the USA and England.

Now, when predatory American imperialism is enslaving other capitalist countries and preparing aggression against the Soviet Union and the countries of people's democracy, against the entire camp of socialism and democracy, the study of socio-economic problems associated with oil and the imperialist struggle for the seizure of oil fields is of very great importance. In capitalist countries, an enormous number of books and an incalculable multitude of pamphlets and articles have been written about oil or concerning oil. Among this stream of literary production, special attention is deserved by the book recently published in London by English publicist Michael Brooks, "Oil and Foreign Policy". The reviewed book collects extensive material on the subversive activities of US, English,

83 *I. V. Stalin, Works, Vol. 7, p. 277.*

as well as Dutch and some other countries' oil companies in the Middle East and Indonesia.

Brooks's book exposes the predatory methods—bribery, secret assassinations, conspiracies, etc.—which capital magnates employ in the struggle to seize dominant positions in backward countries possessing oil resources, in the struggle for the economic and political enslavement of these countries. The author dwells in detail on one of the most important aspects of the foreign policy of the USA, England, and some other imperialist states, conducted under the dictation of the largest monopolies.

M. Brooks writes that the purpose of his book is "to draw attention to the driving force of policy in the Middle East and Indonesia... to lift a corner of the veil and show the people who direct policy, hiding behind the stream of pompous phrases uttered at recent sessions of the United Nations"[84].

For a writer in labor-imperialist England, where any manifestation of advanced thought is mercilessly suppressed, this is an extremely difficult task. Its solution is further complicated by the fact that monopolies in capitalist countries operating in the field of extraction and processing of oil, "in this sphere, which represents the main nerve of all economic and military activity of world powers"[85], have most closely fused with the state, placing it at their service. Even former US Secretary of the Interior Ickes stated in July 1946 that "the time has come to decide whether the oil industry is running the country in its own interests." As M. Brooks notes, officials of the state apparatus of the USA and England, in particular ministries of foreign affairs, strive to most fully promote the policy of imperialist seizures conducted by their masters from

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[84] *M. Brooks. Oil and Foreign Policy. London 1949, p. X. Further page numbers of the reviewed book are indicated in the text.*

[85] *I. V. Stalin, Works, Vol. 7, p. 277.*

Wall Street and the City, to veil genuine events, and to blame all mortal sins on those who try to infringe upon the interests of American and British capital. They display special zeal when it comes to the Soviet Union, trying in every possible way to "make Russia and socialism the subject of discussion" (p. X). Brooks states that the countries of the Middle East "are behind an almost impenetrable iron curtain—it is so difficult to obtain information about them. Exactly the opposite can be said of European countries located east of the Oder" (p. XI).

The history of the development of oil monopolies of the USA, England, Holland, and other capitalist countries and the subjugation of the apparatus of bourgeois states to them is a history of the plunder and enslavement of hundreds of millions of people in colonial and semi-colonial countries. Whichever of the economically backward, dependent countries possessing oil sources we take—Iran, Iraq, Indonesia, or any other—everywhere deep bloody traces of capitalist barbarism, exploitation, and oppression are visible. The richest oil deposits, instead of serving for the benefit of the peoples of these countries, are a means of double or even triple exploitation of them, i.e., a source of poverty, lack of rights, and the extinction of peoples.

The beginning of the 20th century, when major oil deposits were discovered on the shores of the Persian Gulf, was at the same time, as M. Brooks notes, the beginning of the heaviest, "worst part of Iran's history." Immediately after the discovery of oil here, the English agent D'Arcy entered into negotiations with the Iranian Shah on the acquisition of major concessions by English capital. The Iranian Shah Mozaffar al-Din, after a short bargaining, agreed for the insignificant sum of 40 thousand pounds sterling and the provision of 16% of future revenues to cede to England for 60 years the oil reserves throughout all of Iran, with the exception of the territory of the five northern provinces. Thus, behind the backs of the peoples

of Iran, the despised despot sold out a whole country with all its wealth into imperialist slavery. English colonizers did not delay: they quickly established two companies, which were subsequently transformed into the notorious Anglo-Iranian Oil Company. Through the efforts of W. Churchill, then First Lord of the Admiralty of England, even during the preparation of the First World War, the majority of the shares of this company fell into the hands of the English government. On May 14, 1914, Iran was officially notified that 500 thousand square miles of concession territory was under the control of the British government. Thus, virtually the entire South of Iran found itself under the heel of British imperialism. “It turned out,” M. Brooks remarks, “that the Shah, initially engaged in private business with private individuals, suddenly transferred his country into the power of a foreign state, which took possession of its main wealth” (p. 30).

An even more vile farce was played out by English imperialists in the Turkish province of Mesopotamia, transforming it into the “independent” kingdom of Iraq. The author describes the secret collusions of imperialist states dividing Iraq “by strength” and agreeing contrary to the will of the Iraqi people on “zones” of their interests.

Contrary to their promises to grant freedom to peoples who had long been under Turkish rule, the Anglo-French imperialists placed a new yoke of inhumane oppression and exploitation upon these peoples. M. Brooks calls the decision to transform Mesopotamia into a mandated territory a “genuine betrayal” (p. 76).

Soon, claims to Iraq were also put forward by American imperialism, which profited greatly from the war. Masking itself with the aggressive slogan of “equal opportunities”, US President Wilson put forward a demand to admit the Standard Oil company into the Mosul and other regions of Iraq. England, which was striving at that time for a number of concessions

from the USA at the ongoing naval conference, was forced to agree to the implementation of these demands.

The struggle for Iraqi oil continues today as well. The USA strives to oust England from Iraq, which still owns almost 50% of the shares of the Iraq Petroleum Company.

Another oil-rich country—Indonesia—was already reduced in the second half of the 19th century to a position that fully contributed to its subjugation by foreign oil companies. In 1890, the Dutchman Kessler, who subsequently entered into a collusion with the Anglo-Dutch financial magnate Deterding, founded the Royal Dutch company, which was the first and almost the only foreign oil company created for the exploitation of Indonesia's oil resources. The dividends of Royal Dutch in 1895–1897 reached fantastic proportions—over 50% on invested capital. However, the monopolistic Anglo-Dutch plunder of Indonesia was soon disrupted by one of the largest US monopolies, Standard Oil, which waged a struggle to seize world oil sources. In 1911, the rivalry between Standard Oil and Royal Dutch was covered up by an agreement under which these two predators divided the East Asian market.

Capitalist monopolies extract enormous profits from the exploitation of oil deposits in Indonesia. In 1938, Royal Dutch's profit in Indonesia was equal to 18 million pounds sterling, and in some pre-war years the profit obtained by all oil industrialists in Indonesia exceeded the total sum of wages paid in this country by 7 times.

In its struggle against the American competitor, Royal Dutch relies on the all-around assistance of England's governmental apparatus. As early as 1918, the English cabinet created a special “Committee on Imperial Oil Policy Questions”, whose activity, as Brooks writes, “was kept in deepest secrecy, but the purpose was to ensure the greatest share of participation by

English industrialists in oil-producing companies throughout the world and especially in Royal Dutch" (p. 115).
The intensive activity of English imperialists to seize world oil reserves immediately provoked retaliatory measures on the part of Standard Oil and the United States government, which in turn actively assists the expansionist policy of American oil monopolies. Thus, when in the early 1920s Royal Dutch laid its hands on an oil-bearing plot in Jambi on the island of Sumatra, Standard Oil achieved through the US Congress a substantial restriction of the activity in America of Royal Dutch's subsidiary enterprise—the Roxana Petroleum Company. As a result of measures by the US Department of State, the claims of Standard Oil, as well as a number of other US oil monopolies, were satisfied.
By 1938, American oil companies owned 27%, and by the time the USA entered the Second World War already 40% of all oil production in Indonesia.
M. Brooks notes that after the Second World War the USA, utilizing the weakening of England's world positions, not to mention other bourgeois countries, waged a struggle to seize oil deposits throughout the capitalist world. This struggle is an integral part of the general imperialist policy of American monopolies aimed at fiting an aggressive war against the USSR and the countries of people's democracy, at conquering world domination by violent means. The author of the reviewed book writes that, striving to intensify their expansion into other countries, American oil companies Standard Oil, Gulf Oil, Texas Oil, and others, like the US government, declare that the USA is facing the threat of depletion of its own oil reserves, that in 10–15 years oil wells on American territory will be completely exhausted. "We can state with confidence," Michael Brooks states, "that the reference to shrinking oil reserves is usually made by oil companies intentionally, for commercial reasons, and is explained by their desire to sink

their tentacles even deeper into world oil reserves... The hype surrounding the question of oil reserves ceases immediately after the next expansionist goal is achieved" (p. 22). Such a wide "psychological campaign" preceded, in particular, the offensive of American oil monopolies in Saudi Arabia.

The King of Saudi Arabia, Ibn Saud, had been maintained by British oil companies since 1918, receiving large sums from them mainly so that Arab oil would remain in the ground. However, subsequently it turned out to be much more profitable for this absolute despot to establish ties with more powerful and rich US oil companies. In 1933, the so-called Arabian-American Oil Company (Aramco) was created, which received a concession in Saudi Arabia for a territory of 250 thousand square miles for a 60-year term. At present, Aramco is the master of Saudi Arabia.

In 1945–1946, as a result of concluding a number of deals with English oil companies, American capital liquidated the so-called "Red Line Agreement", which stipulated that American oil companies had the rights, firstly, to sell oil extracted by them wherever English companies traded, and secondly, to develop plots in the Middle East without the consent of English or French companies. Putting an end to these restrictions, American monopolies embarked even more actively on the seizure of oil wealth of the Middle and Near East and began to push their competitors, above all English monopolists, more and more into the background. In 1947, American companies already controlled 42% of oil production in the Near and Middle East compared to 31% in 1946 and 12% in 1939.

The reviewed book provides a detailed table (p. 13) showing that in 1945 American companies controlled over 75% of oil production in the capitalist world. US capital investments in the oil industry exceed corresponding English capital investments by several times, which gives significant advantages to American oil monopolies over their English rivals. In fact, the

author states, two powerful oil associations—Standard Oil and Royal Dutch Shell—monopolized the oil wealth of capitalist and dependent countries of the world. Hereby, Standard Oil seized this monopoly not so much as a result of its participation in oil production, but thanks to the fact that oil refineries, as well as pipelines and other means of oil transportation, are at its disposal. At the same time, Standard Oil preferred to shift the risk associated with the development and drilling of oil sources onto a multitude of smaller, so-called "independent" oil companies.

M. Brooks arrives at two conclusions: firstly, the USA possesses the most powerful oil industry among capitalist countries and the largest oil reserves, if the region of the Near and Middle East is not counted, and secondly, the oil-bearing regions of the capitalist world are divided between American and English oil trusts or their subsidiary companies and are exploited by these trusts. However, as the rich illustrative material cited in the reviewed book shows, a struggle is taking place among the competing American and English monopolies for the redivision of oil sources already divided between them, wherein victories in this struggle are won predominantly by the stronger, American oil trusts.

American and English imperialists, despite the fierce competitive struggle between them, always act as a single front against the Soviet Union, the national liberation movement of the peoples of colonial and dependent countries, against all forces of democracy and socialism.

Michael Brooks cites not a few facts confirming this indisputable proposition.

Before the Great October Socialist Revolution, Russia's oil wealth was an object of imperialist plunder by Anglo-American oil kings. Brooks writes that Royal Dutch king Henri Deterding regarded Caucasian oil as one of the main factors in the plans for establishing his domination over the world

market. Royal Dutch entrenched itself on the oil plots of Grozny and through the Anglo-Saxon Oil Company owned the Urals-Caspian Oil Corporation, and through the "Mazut" company and the Caspian-Black Sea company took part in the exploitation of the oil resources of Transcaucasia.

Already after the victory of the October Revolution, in 1920, Royal Dutch found nothing better than to buy up the shares of the Lianozov and Mantashev firms, which had by that time lost any value. "Royal Dutch," Brooks writes, "claimed control over 60% of Russian oil, and the English army and diplomacy tried by all means to make Sir Henri Deterding the Russian oil king. But neither intervention nor blockade shook the will of the Bolsheviks" (p. 119). The speculative fever associated with trading in "dead" shares also gripped Standard Oil at that time, which bought up Nobel oil shares in Russia and thought that it thereby "owned" the remaining 40% of shares of the Russian oil industry.

After the First World War, the imperialists forever lost the richest oil sources located on the territory of the USSR, which previously, in the pre-Soviet period of our country's history, they widely exploited, amassing huge profits. After the Second World War, they also forever lost the oil wealth of Romania, which, having become an independent, sovereign people's democratic state, freed itself from the fetters of foreign capital binding it hand and foot.

With all the greater fury, Anglo-American imperialists pounce on all the oil resources of the capitalist world, especially in the countries of the Near and Middle East, in order to use oil in the criminal imperialist war they are preparing.

The reviewed book shows, using the example of Iran, the vile intrigues of international imperialists against the USSR.

"In British hands," we read in the book, "was not only the Persian Gulf: the north of Iran was also tightly locked by English troops" (p. 33). The presence of English troops in Iran

pursued the goal, firstly, of preparing from the south an intervention into the young Soviet republic and, secondly, “of ensuring the complete enslavement of Iran and closing all sea exits from it” (ibid.). Rejecting Iran's attempts to achieve independence and recognition of its sovereignty, English imperialists imposed an enslaving treaty on Iran on August 1, 1919, by which they received almost unlimited rights of protectorate over this country.

The shares of the Anglo-Iranian Company rose by leaps and bounds, oil magnates received huge profits from oil extraction in Iran. But at the very height of this greatest oil swindle, something unforeseen happened for the English. “The striving for independence,” the author writes, “contributed to a vivid manifestation of national feeling in Iran, which until then had usually been regarded merely as a ‘pawn’ (p. 34). The victory of the Great October Socialist Revolution in Russia also called to life the Iranian people, causing an upswing in their national liberation struggle against the yoke of imperialists. The Iranian people learned of the secret agreement published by the Soviet Government concluded between tsarist Russia and imperialist England, which provided for the partition of Iran by these two predators. The Iranian people also learned about the content of the enslaving Anglo-Iranian treaty. All this led to an explosion of popular indignation, to popular uprisings that flared up throughout the country. Under pressure from the masses, the Iranian parliament did not ratify the Anglo-Iranian treaty, and on October 26, 1920, the Anglo-Iranian treaty was officially denounced; on the same day, the new Iranian government signed a treaty with the Soviet Union. Thus, the victory of the October Revolution in Russia and the struggle of the Soviet people against imperialism saved Iran at that time from final enslavement by foreign capital.

But the liberation struggle in Iran, mainly due to the small number and weak organization of the working class, was not

brought to an end. The reactionary, semi-feudal regime remained untouched, and nothing was done to liquidate the uncontrolled хозяйничанье [mastering] of English capital in the country. The democratic forces of Iran exposed the scandalous machinations of the Anglo-Iranian Oil Company in 1932 and achieved first the cancellation of the treaty granting it oil concessions. However, after the threatening note of the English government demanding privileges for this company, and after the entry of an English naval squadron into the Persian Gulf, the rulers of Iran, behind the people's back, concluded a new agreement with England on April 28, 1933, providing for the extension of the concession with the Anglo-Iranian Company for another 60 years. The Iranian Shah received a very large payout from English oil magnates.

On the eve of the Second World War, fascist Germany alongside British imperialism began to master Iran. Iran turned into a fascist outpost and springboard for an attack on the Soviet Union. “Only thanks to the demands addressed to Iran by Soviet Russia a month after fascist Germany attacked it was the danger threatening the USSR from the south eliminated,” Brooks justly notes. “The entry of the Soviet Army into Iran on August 25, 1941, was in full accordance with Article 6 of the Russo-Iranian agreement of February 26, 1921 (confirmed in 1927), which gave the Soviet Government the right in the event of an attempt to turn Iranian territory into a base of military action against Russia to introduce its troops onto Iranian territory to take necessary military measures in the interests of self-defense” (p. 47).

However, the corrupt Iranian authorities as before continued to conduct backstage bargaining with imperialist predators, above all with American oil industrialists. In 1943, 75 American advisors arrived in Iran, and in 1944 two oil experts—Herbert Hoover Jr. and A. Curtis—who had instructions from the US State Department obliging them “to immediately draw

attention to the question of the possibility of obtaining oil concessions in Iran" (p. 49).

After the Second World War, the expansion of American and English oil monopolies in Iran increased sharply. M. Brooks gives the following explanation for this: firstly, Iran's specific weight in oil production of the capitalist world is increasing at extremely rapid rates; secondly, Iran occupies first place in oil reserves in the Near and Middle East, in whose bowels are concentrated the largest oil wealth in the capitalist world; thirdly, the strategic importance of the Persian Gulf region, lying on the route to India, Australia, and the Far East, has grown even more; fourthly, since the imperialists lost their former bridgeheads in Central and Southeastern Europe for a military attack on the Soviet Union, the role of Iran, especially Iranian Azerbaijan, as such a bridgehead on the southern approaches to the USSR has increased significantly; finally, fifthly, the democratic movement in Iran can have a very serious influence on India, Iraq, and other countries located east and west of Iran (see p. 50).

The major role in the expansion of American and English monopolies in Iran still belongs to the Anglo-Iranian Oil Company. This company, Brooks writes, "through a widely ramified network of its representatives subsidizes government officials of various ranks, political figures, newspaper editors, etc., inducing them to act in a direction pleasing to it. The company organizes political groups and parties through its agents" (p. 52). The book emphasizes that at the same time, the influence of the Anglo-Iranian Oil Company on Iran's political life manifested itself most strongly during the Soviet-Iranian negotiations at the end of 1944 on the question of granting the USSR an oil concession. "In order to disrupt the Soviet-Iranian negotiations, preserve its monopoly position in Iran, and prevent the appearance in this country of new oil firms, which moreover would be organized on the basis not of capitalist, but

of Soviet methods," the author notes, "the Anglo-Iranian Company spent a huge sum of money at that time on bribing deputies of the 14th Majlis, political figures, and newspaper editors" (ibid.).

The Anglo-Iranian Oil Company, which is the conduit of English imperialism's policy in Iran, relies in its subversive activity in this country on the help and full support of the imperialist government of England. Thus, for example, in May –June 1946, when a wave of strikes swept across Iran threatening England's oil industrialists, three English cruisers appeared in the waters of the Persian Gulf, and in August 1946, by order of the English command, Indian troops were introduced into Basra in order to prevent the appointment to the composition of the Iranian government of three members of the Tudeh party, the only party not connected with local and foreign capital.

In connection with this, Brooks writes that "it is necessary to answer affirmatively the question asked by the Iranian newspaper 'Rahbar': 'Was it not with the help of a group of English magnates—oil kings sitting on a throne made of the bones of colonial peoples—that the government of Messrs. Attlee and Bevin came to power?' (p. 55)."

After the Iranian government, violating the treaty with the Soviet Union concluded in early 1921 and still lying at the basis of Soviet-Iranian relations, granted the American oil company Standard Oil a concession in the northern regions of Iran, rivalry between English and American capital in Iran intensified sharply. But along with this, the unity of their actions in the anti-Soviet policy they conduct grew. English and American imperialists jointly disrupted the conclusion of the Soviet-Iranian oil agreement at the end of 1944 and in early 1946. Already after the question of oil concessions for the USSR in Northern Iran was nevertheless resolved to the mutual satisfaction of both parties, wherein the conditions of the

Soviet-Iranian oil agreement were extremely favorable for the development of Iran's industry, Anglo-American imperialists achieved that on October 22, 1947, the Iranian Majlis, acting according to their cheat sheet, refused to ratify this agreement. The corrupt ruling circles of Iran once again went into collusion with imperialist predators, betraying the interests of the Iranian people. Cruelly and mercilessly they drowned the democratic movement in Iranian Azerbaijan in blood.

In March 1946, the Anglo-American bloc dragged into the light the so-called “Iranian question” fabricated by its mastermind organizers and put it up for discussion by the United Nations. Despite the fact that the presence of Soviet troops in Iran played a not unimportant role in the defeat of fascist states, despite the fact that the Soviet Government entered into negotiations with the Iranian government on the withdrawal of Soviet troops from Iran even before the expiration of the term stipulated by the obligations of the USSR, despite the fact that Soviet troops were then already withdrawn from Iran and no “Iranian question” as put by Anglo-American ruling circles existed in nature at all, representatives of the governments of the USA, England, and Iran screamed hysterically in the United Nations about the “threat to Iran's sovereignty” allegedly emanating from the USSR. Hereby, as M. Brooks remarks, “Hussain Ala, the Iranian ambassador to the United States, speaking in the Assembly on behalf of the Iranian government, followed the instructions of Washington rather than Tehran in all his statements, and exerted incredible efforts to make a peaceful settlement of the question between the Iranian and Soviet governments impossible” (p. 66).

The raising of the “Iranian question” by imperialists in the United Nations, the author writes, pursued the goal of attempting to undermine the authority of the Soviet Union in Iran and divert the attention of international public opinion from Anglo-American intervention in Greece, from the joint

colonial war of Anglo-American-Dutch imperialists against the peoples of Indonesia, as well as from the Anglo-American policy of connivance with the fascist-falangist regime in Spain. Brooks also emphasizes that dragging in by the hair of the question of Soviet-Iranian relations for discussion in the United Nations was also a result of the fact that the correlation of forces between socialism and capitalism changed in favor of socialism. Broad discussion of this question was undertaken to attempt to diminish the gigantically increased international prestige of the USSR, which is in the eyes of all humanity the beacon of peace, the bulwark of equality and independence of all peoples, large and small. These calculations of imperialist reaction proved defeated: the authority of the USSR was not shaken in the least, but on the other hand the Anglo-American bloc, thanks to the speeches of Soviet representatives at the General Assembly, was once again exposed in the eyes of the peoples of the whole world as a dangerous aggressive gang of warmongers.

"Undoubtedly," the author writes, "oil played an important role in international politics in general and, in particular, in questions concerning Northern Iran... It was therefore nothing surprising that while the United Nations discussed questions of principle, American and English oil companies continued to discuss oil problems" (p. 67).

Seizing oil deposits in the Near and Middle East and amassing huge profits from them, Anglo-American imperialists simultaneously construct a widely ramified network of air and naval bases in this region, encompassing countries from Southern Arabia to Northern Iran and Turkey. All these bases in Syria and Lebanon, in Egypt and Palestine, Iraq, Iran, and Turkey play an important role in American strategic plans of a military attack on the USSR. English and American imperialists in the Middle and Near East are united not only by a common desire to unleash an anti-Soviet war; their common

efforts are also directed against the growing democratic, national liberation movement in the countries of this region. "As has now become obvious," Brooks summarizes, "the development of oil resources in Arab countries is connected with the creation of air and naval bases for the fight against the Soviet Union and the countries of people's democracy, as well as, as the uprising in Iraq showed during the conclusion of the Portsmouth Treaty, against the national liberation movement in the Arab East" (p. 100).

Michael Brooks managed in the reviewed book to expose the misanthropic policy of Anglo-American imperialists, the predatory designs of US and English oil monopolies. He showed that behind the pious reasoning of apologists of capitalism about "high principles" and "high morality" lies an imperialist conspiracy against peoples "guilty" only of having oil on the territory of their countries, a conspiracy against peace and democracy, a policy of savage exploitation and national oppression. He states that "the striving of oil monopolies for expansion has no equal in other branches of industry" (p. IX), and reaffirms that the presence of oil-bearing areas in countries that have fallen into imperialist slavery leads not to the upswing of these countries' economy, but to the artificial retardation of the development of their productive forces.

But where is the way out? What positive measures does the author propose? The answer to this question is the weakest side of the book. Brooks is limited here only to well-wishes and places his hopes on the governments of enslaved countries. "As long as," he writes, "the governments of Middle Eastern countries are connected with oil companies—stooges, they will never have other friends and will never be able to lead Arab countries to the conquest of national independence" (p. 95). On the other hand, Brooks as a way out proposes that the Labour government of England "support the demands" for the

nationalization of oil resources and that it "openly welcome" measures that would lead to "the return of oil in the Middle East and Indonesia to national governments." If the situation does not change, he writes, both England and the United States "will continue their fierce struggle in the name of the interests of private oil companies. Control over the oil industry exercised everywhere by national governments and the destruction of the influence of private foreign companies will be a guarantee of genuine independence for countries possessing oil resources, and will remove the pretext for international friction" (p. 132). Brooks finishes his book with a utopian appeal to separate the interests of oil monopolies from international politics. The implementation of this will make it possible, in his opinion, to take "a huge step forward towards peace and security in our hard-tested world" (p. 132).

But what are all these well-wishes of M. Brooks worth! Is it not clear that his reformist appeals are untenable. "Monopoly," Lenin teaches, "once it has formed and commands billions, with absolute inevitability permeates all aspects of social life, independently of the political structure and of any other 'particulars' whatever"[86]. Monopolies in economy are incompatible with a non-monopolistic, non-violent, non-acquisitive manner of action in politics. There can be no talk of destroying the yoke and violence of capitalist monopolies and their decisive role in the policy of imperialist states until capitalism is destroyed.

Of course, neither the fascizing government of the USA nor the labor-imperialist government of England, nor the governments of colonial countries will save the world from the barbarism of monopolies and the threatening catastrophes of new wars, but the decisive struggle of peoples led by the working class, at the head with Marxist-Leninist communist and workers' parties.

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[86] *V. I. Lenin, Works, Vol. 22, p. 225.*

Not far off is the day when oppressed peoples will forever rid themselves of the chains of imperialism and put oil, like all other national wealth, at the service of the working people's interests.

The Publishing House of Foreign Literature recently released M. Brooks's book “Oil and Foreign Policy” in a Russian translation. The book is provided with a preface by I. Arseniev. The author of the preface shows by examples absent in Brooks the rivalry of English and American monopolies for oil, as well as the struggle of working people of colonial and dependent countries against the mastering of foreign imperialists. One can fully agree with I. Arseniev that Brooks's book “Oil and Foreign Policy” will be read by the Soviet reader with interest.

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V. Avarin

STATE AND ECONOMIC CONSTRUCTION OF THE PEOPLE'S REPUBLIC OF CHINA

The great Chinese people crushed the thoroughly rotted Kuomintang regime and cast off the shackles of imperialist slavery. They gained genuine freedom and independence, created a new, people's democratic China, and took an honorable place in the camp of the struggle for peace, democracy, and socialism. The capitalist world suffered a new major blow. The victory of the Chinese popular masses dealt a serious blow to the forces of imperialist reaction and aggression. "The triumph of Chinese democracy," said Com. G. M. Malenkov, "signifies a serious strengthening of the positions of the world democratic anti-imperialist camp fighting for a lasting peace"[87].

Thanks to the existence and assistance of the indestructible bulwark of peace and socialism—the Soviet Union, under the all-conquering banner of Lenin-Stalin, the oppressed and enslaved peoples of many countries have won great victories, which are inscribed in letters of gold on the tablets of history.

Today no less than one-third of all humanity—about 800 million people—has freed itself from the yoke of imperialism and is building a new, better life on truly democratic principles. At the disposal of the countries of the democratic, anti-

[87] G. M. Malenkov, The 32nd Anniversary of the Great October Socialist Revolution. Gospolitizdat, 1949, p. 27.

imperialist camp is already the fourth part of the territory of the entire globe.

The assistance of the first country of victorious socialism was of enormous significance in the Chinese people's achievement of victory. The leader of the Chinese people and head of the Communist Party of China, Mao Zedong, stated on December 16, 1949: "For almost 30 years 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"[88].

The Soviet people have always regarded with deep sympathy the selfless struggle of the working people of China for liberation from feudal and imperialist oppression, for national independence and sovereignty. Comrade Stalin repeatedly emphasized that the Chinese people possess enormous revolutionary power. In May 1927, Comrade Stalin said that in China "the struggle against imperialism must assume a deeply popular and brightly national character and must deepen step by step, reaching desperate clashes with imperialism and shaking the very foundations of imperialism throughout the world"[89].

The Great October Socialist Revolution, which marked a radical turning point in the world history of mankind, exerted a profound influence on the social development of China. The

88 "Pravda", 17/XII 1949.

89 J. V. Stalin, Works, vol. 9, p. 258.

immortal ideas of Lenin-Stalin inspired the working people of China to a decisive struggle against the imperialist oppressors who had turned the country into their semi-colony. In difficult moments of the Chinese revolution, Comrade Stalin always instilled in the hearts of Chinese communists and the Chinese people a firm confidence in the victory of the revolution. The decisive victory of the people's revolution in China was made possible as a result of the defeat of German fascism and Japanese imperialism by the heroic Soviet Army led by the great Stalin.

It is natural that the People's Republic of China, as an integral part of the camp of peace, democracy, and socialism, has from the very first day of its formation enjoyed the full support and deep friendship of the Land of Soviets, which is, in the fair expression of Politburo member of the CPC Central Committee Liu Shaoqi, "a fortress against imperialist aggression, the most reliable and best friend of all oppressed peoples of the world"[90].

The Soviet Union was the first to establish diplomatic relations with the new people's republic in Asia; it was followed by the European countries of people's democracy. China entered the family of democratic, peace-loving peoples; the Chinese people's democratic state immediately took a firm, unshakable position in the international arena.

Under these conditions, capitalist countries could no longer ignore the new great republic with a population of nearly half a billion people, possessing a large economic potential. Indeed, already on the threshold of 1950, the People's Republic of

90 "Pravda", 6/VI 1949.

China was recognized by the governments of a number of capitalist states, including England, Norway, Denmark, Finland, Sweden, Switzerland, as well as Burma, India, Pakistan, Ceylon, Israel, etc. By mid-January 1950, already 22 states, including five members of the Security Council, recognized the People's Republic of China.

American imperialists spent over 6 billion dollars on inciting civil war in China and arming the Kuomintang-fascist clique of Chiang Kai-shek. They are still rendering assistance to the remnants of the defeated Kuomintang army entrenched on the island of Taiwan, developing plans for a new intervention in China, and helping Kuomintang bandits barbarously bomb from the air Shanghai, Canton, Nanjing, and other Chinese cities. As a result of US policy, despite the protests of the Chinese people, representatives of the overthrown and ignominiously expelled Kuomintang clique continue to illegally remain in the Security Council and in various committees of the United Nations. The USSR representative in the Security Council, Com. Y. Malik, on behalf of the Soviet Government, resolutely supported the demand of the People's Republic of China on the exclusion of representatives of the Kuomintang clique from the Security Council. The Soviet Union and the countries of people's democracy, considering the presence of Kuomintang reactionaries in the United Nations illegal, insisted on their immediate expulsion from all UN bodies.

However, the majority of countries in the UN, submissive to the will of American imperialists, once again supported the Kuomintang reactionaries. In protest against the illegal actions

of the Anglo-American imperialist bloc, representatives of the USSR and countries of people's democracy refused to participate in the work of the Security Council, the committees of the United Nations, and the Far Eastern Commission until the Kuomintang elements are removed from them, whom the Chinese people have long deprived of the right to speak anywhere on their behalf.

By September 1949, when the question of creating the Central People's Government of China was practically posed, almost two-thirds of Chinese territory and a third of the country's population were still under the rule of Kuomintang reaction. But already four months later, i.e., in early January 1950, only 10% of China's territory and less than 3% of its population remained under the rule of reactionary forces. The People's Liberation Army liberated from the Kuomintang yoke 8.5 million sq. km of territory with a population of over 460 million people. In December 1949, the liberation of all continental China, with the exception of Tibet, was completed. Remnants of the Kuomintang and Tibetan reactionaries control only Tibet, Taiwan (Formosa), part of Hainan Island, Jinmen, Dinghai islands, etc., with a total area of 1.1 million sq. km and a population of a little over 11 million people. During the civil war, the total losses of Kuomintang troops amounted to 7,445 thousand people. The People's Republic of China is completing the rout of the remnants of Kuomintang gangs and the cleansing of the country's territory of them.

Back in the summer of 1949, the feudal-theocratic regime of Tibet, at the instigation of Anglo-American imperialists, refused to recognize China's sovereignty. It expelled

Kuomintang officials from Tibet. This comedy was played out contrary to the historically recognized fact that Tibet is part of China. In its New Year message to the Chinese people, the CPC Central Committee pointed out that "the glorious combat task of the Chinese People's Liberation Army and the Chinese people in 1950 is to liberate Taiwan, Hainan Island, and Tibet." In turn, the Tibetan people ask the leaders of people's democratic China, as stated in a telegram from Tibetan public circles to Mao Zedong and Zhu De, "to immediately send an army in order to liberate Tibet, destroy reactionary elements, throw foreign imperialists out of Tibet, and strengthen the national defense of Southwest China."

The Government of the People's Republic of China consistently and firmly pursues a policy of friendship and cooperation with the Soviet Union, a policy of struggle for universal peace and the security of peoples. The Chinese government declared its full agreement with the USSR's proposal to appoint a special International Military Court in the near future and put on trial Japanese war criminals—Japanese Emperor Hirohito, Generals Ishii, Kitano, Wakamatsu, and Kasahara, exposed of monstrous crimes against humanity and preparation and use of bacteriological weapons.

A new, major contribution to the cause of strengthening peace and democracy throughout the world was the Treaty of Friendship, Alliance, and Mutual Assistance between the Soviet Union and the People's Republic of China, the Agreement on the Chinese Changchun Railway, Port Arthur, and Dalian, as well as the Agreement on the Granting by the Soviet Government of a Long-Term Economic Credit to the

People's Republic of China, concluded in Moscow on February 14, 1950. These documents are of enormous historical significance and cover a wide range of important political and economic issues concerning Soviet-Chinese relations. The signing of the Treaty and agreements marked a new era in the development and strengthening of friendship between the peoples of the USSR and China, a new stage in international relations. These documents found vivid expression for the greatness of the principles of the Stalinist foreign policy of the USSR and simultaneously reflected those fundamental shifts that occurred in the situation in the Far East after 1945.

The Treaty of Friendship, Alliance, and Mutual Assistance is designed to strengthen good-neighborly, friendly relations existing between the USSR and China, meeting the vital interests of the peoples of both states.

It is aimed at ensuring lasting peace and universal security in the Far East and throughout the world in accordance with the purposes and principles of the United Nations. The main task of the treaty is to prevent the recurrence of aggression on the part of Japan or any other state that would directly or indirectly unite with Japan in acts of aggression. The Soviet Union and the People's Republic of China undertake to achieve in the shortest possible time the conclusion, jointly with other allied powers during the Second World War, of a peace treaty with Japan. The treaty also provides for the comprehensive development and strengthening of economic and cultural ties between the USSR and China in accordance with the principles of equality, mutual interests, as well as mutual respect for state

sovereignty and territorial integrity, as well as non-interference in the internal affairs of the other country.

The Agreement on the Chinese Changchun Railway and Port Arthur once again shows with what respect the Soviet Union treats the national independence, national rights, and interests of the Chinese people. The 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 the joint management of the Chinese Changchun Railway with all the property belonging to the railway immediately after the conclusion of the Peace Treaty with Japan, but not later than the end of 1952, as well as the withdrawal of Soviet troops from the jointly used naval base of Port Arthur and the transfer to the Chinese government of the facilities located in this area, also immediately after the conclusion of the peace treaty with Japan, but not later than the end of 1952.

The Agreement on Long-Term Economic Credit provides for the provision by the Soviet Government to the Government of the People's Republic of China over five years of a credit in the amount of 300 million US dollars for the payment of equipment and other materials that the USSR will supply to China, including equipment for power plants, metallurgical and machine-building plants, equipment of mines for the extraction of coal and ores, railway and other transport equipment, rails and other materials for the restoration and development of China's national economy. In view of China's extreme devastation, the credit is provided on preferential terms: at 1% per annum. The People's Republic of China repays this credit, as well as interest on it, by deliveries to the Soviet Union of

raw materials, tea, gold, and American dollars. At the base of this agreement lies the desire of both powers to render each other comprehensive economic assistance, the fraternal readiness of the Soviet people to render all possible support to the Chinese people in the task of restoring and developing China's economy. The decisions of the Soviet Government on the gratuitous transfer to the Chinese government of property acquired by Soviet economic organizations from Japanese owners in Manchuria, as well as all buildings of the former military camp in Beijing, are imbued with that same spirit of fraternal attitude toward the Chinese people.

The Soviet people greeted with deep satisfaction the signing of the Treaty and agreements as new evidence of the strengthening of Soviet-Chinese friendship. With the same deep satisfaction these documents were met by the Chinese people and democratic, progressive forces of all countries fighting for peace and democracy. All-people celebrations and jubilation marked in the People's Republic of China the new documents of friendship between the peoples of the USSR and China. "When we learned about the signing of the Treaty and agreements between China and the Soviet Union," stated on behalf of Chinese workers Deputy Chairman of the All-China Federation of Trade Unions Li Lisan, "we first of all felt how great is the care of the Soviet people and their leader, the great Stalin, for the Chinese people."

Before leaving Moscow, the leader of the Chinese people Mao Zedong said: "Everyone sees that the rallying of the great Chinese and Soviet peoples, consolidated by the Treaty, is durable, indestructible, and unshakable. This rallying will

inevitably influence not only the prosperity of the great powers of China and the Soviet Union, but also the future of all mankind and will lead to the victory of justice and peace throughout the world." The Treaty of Fraternal Alliance between the USSR and the People's Republic of China, the two largest states in the world, as Com. V. M. Molotov pointed out, "turns Soviet-Chinese friendship into such a great and mighty force in the cause of strengthening peace throughout the world, the equal of which has not been and has never been in the history of mankind."

For the first time in history, the Chinese people have their truly popular government. For over a hundred years, former governments of China depended on foreign capital and obediently executed its will. The formation of the Central People's Government of the People's Republic of China opened a new era in the country's history. The new, popular government united China and put an end to the feudal fragmentation of the country. In China there are no longer satraps—warlords like Yan Xishan, Bai Chongxi, Sichuan, Muslim, and other semi-feudal militarists who often only formally subordinated to former "central" governments, and in reality turned individual provinces and entire regions into independent "states within a state." The Central People's Government has proved its ability to defend the state independence and territorial integrity of China, the national honor and dignity of the Chinese people.

The Organic Law of the Central People's Government established that the People's Republic of China "is a state of people's democratic dictatorship led by the working class,

based on the alliance of workers and peasants, and uniting all democratic classes and various nationalities in the country" [5]. At the head of the united national democratic front stands the vanguard of the proletariat—the Communist Party, about which Comrade Stalin back in 1927 said that it walked along the path charted by Lenin. The glorious Communist Party of China has been the inspirer and organizer of the national liberation struggle and historical victories of the Chinese people.

"Between the great peoples of China and the Soviet Union," Mao Zedong stated on December 16, "there exists a deep and lasting friendship." This deep and lasting friendship is an important guarantee of the unshakability of China's new, popular power.

In September 1949, the Chinese People's Political Consultative Conference created the Central People's Government Council and approved the Organic Law of the Central People's Government of the People's Republic of China.

The Central People's Government Council is the legislative body of state power in China. It represents the country in international relations and administers it. Subordinated to it are the Government Administration Council, the Supreme People's Court, the Supreme People's Procuratorate, and the People's Revolutionary Military Council. The Government Administration Council, including 30 ministries, constitutes the executive body of state power in China.

The People's Government of China has set as its primary goals the completion of the liberation war and the unification of all

regions of China under the rule of people's democracy; the implementation of deep social, economic, and cultural transformations, in particular the nationalization of industrial, banking, transport, and commercial enterprises that were under the control of the comprador Kuomintang clique; the complete liquidation of the survivals of feudalism in agriculture; the strengthening of China's national independence and sovereignty and the system of people's democracy; alliance with the USSR and with the countries of people's democracy to defend peace throughout the world and to fight against imperialist aggression; raising the living standard of the working masses of the country.

Achieving these goals, the dictatorship of people's democracy resolutely suppresses any anti-popular, counter-revolutionary activity in China, deprives landlords and the comprador bourgeoisie of political rights, ensures equal rights for all nationalities, equality of women and men; it strengthens the armed forces of the republic.

The system of people's democracy in China has its specific features stemming from the peculiarities of the socio-economic structure of China, which for many decades was a semi-feudal, semi-colonial country.

In Kuomintang China, feudal survivals and semi-feudal forms of exploitation were preserved until recent times. Over 70% of the labor income of peasants passed into the hands of large and small landlords in the form of rent, various taxes, levies, etc. Slavery was even quite widespread; the slave trade existed in Kuomintang China even after the Second World War.

Comrade Stalin pointed out in 1927 that "merchant capital of the primitive accumulation type is peculiarly combined in the Chinese village with the dominance of the feudal lord, with the dominance of the landlord, borrowing from the latter medieval methods of exploitation and oppression of the peasants"[91].

Since China remained a semi-colony of imperialists for a long period, the Chinese people had no opportunity to develop national industry to such dimensions as would even to a minimal degree satisfy the country's needs. The imperialists who lorded it over China not only supported and planted feudal survivals, the feudal-militarist and comprador exploiting cliques, but also hindered the development of industry in China. Imperialism sought to completely enslave the Chinese people.

It is quite natural therefore that the liberation struggle of the Chinese people is directed both against feudal survivals and simultaneously against imperialism. The dictatorship of people's democracy in China has to resolve the tasks of the anti-feudal, anti-imperialist, bourgeois-democratic revolution.

Comrade Stalin pointed out that in colonial and dependent countries "the yoke of imperialism of other states is one of the factors of the revolution; there this yoke cannot but affect also the national bourgeoisie; there the national bourgeoisie at a certain stage and for a certain period can support the revolutionary movement of its country against imperialism;

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91 J. V. Stalin, Works, vol. 9, p. 240.

there the national moment, as a moment of the struggle for liberation, is a factor of the revolution"[92].

The development of the revolutionary movement in China fully confirmed the assessment of the role of the national bourgeoisie in colonial countries given by Comrade Stalin. The interests of the Chinese national bourgeoisie suffered seriously as a result of the fact that China was a semi-colony in which imperialist states managed things uncontrollably, especially as a result of the aggression and domination in China of Japanese and American imperialism. This determined the interest of the Chinese national bourgeoisie in the liberation struggle, creating prerequisites for its participation in the People's Democratic Front. Under the leadership of the working class, the national bourgeoisie under certain conditions and at a certain stage could take and actually did take part in the liberation movement. Therefore, the Common Program of the People's Political Consultative Conference indicates that "the dictatorship of China's people's democracy is the form of state power of the People's Democratic United Front of the working class, the peasantry, the organized people, the national bourgeoisie, and patriotic democratic elements, based on the alliance of workers and peasants, under the leadership of the working class."

In accordance with this, the people's democratic power in China confiscates and transfers to the state only those enterprises and that property that were in the hands of the comprador big bourgeoisie, which was the agency of

92 J. V. Stalin, Works, vol. 10, p. 11.

imperialism. The majority of the national bourgeoisie continues to manage its enterprises within the limits established by the laws of the people's democratic republic.

In China, a significant share of industrial production currently remains in the hands of private capital. Private capital also plays a major role in the sphere of circulation in China. In the countryside, the entire force of the blow is directed against feudal survivals, and the implementation of revolutionary agrarian transformations throughout China still constitutes a task of China's people's democracy.

The Central People's Government and the Communist Party of China faced the complex task of creating numerous middle- and grassroots-level government organs in the newly liberated territory.

The people's democratic power in China in all areas of its activity widely uses the experience of revolutionary construction in the USSR. "The experience of economic, cultural construction and construction in other most important areas of the Soviet Union will become an example for the construction of a new China," stated on February 17, 1950, leaving Moscow, Chairman of the Central People's Government of the People's Republic of China Mao Zedong[93].

The successful and rapid smashing of the old bourgeois-landlord apparatus of power and the creation of organs of new, people's democratic power on the vast territory of China were also facilitated by two circumstances: the existence in a

93 "Pravda", 18/II 1950.

number of regions, alongside Communist Party organizations, of a powerful partisan movement that had already formed its own organs of power, and in particular the presence of a firm and broad base in previously liberated democratic regions. From the very first days of its existence, the Central People's Government had the opportunity to rely on regional and border governments, as well as on a widely ramified network of grassroots organs of people's democratic power in previously liberated regions. Many of these organs have been working for a decade and have great political and organizational experience. In addition, the new state power could take into account and use the earlier experience of construction and activity of the organs of revolutionary-democratic power that existed in China back in the 1930s.

From old liberated regions into new ones, many workers enriched with the experience of democratic construction were and are being sent to assist local revolutionary forces. At the same time, thousands of workers, peasants, and representatives of the progressive intelligentsia are being promoted to administrative posts in the newly liberated regions of China. In Manchuria alone, about 100 thousand workers and peasants were promoted to work in administrative organs, including approximately one-third women. Those of the old officials and officers who went over to the side of people's democratic power, decisively condemn their past activity, have fully repented, and render practical assistance in the construction of a new China are also drawn into participation in management organs.

However, the ubiquitous liquidation of grassroots links of the old power is not possible all at once. Thus, most provinces of East China were liberated even before the summer of 1949. Nevertheless, as Secretary of the East China Bureau of the CPC Central Committee Rao Shushi noted in one of his articles published in mid-October 1949 in the newspaper "Renmin Ribao," in many villages of East China in the autumn of 1949 old authorities still existed. This shows that despite many favorable circumstances, in the new China there is still an acute shortage of administrative personnel. The Central People's Government and the Communist Party of China are transferring part of the officers and soldiers of the People's Liberation Army to administrative work. Dozens of special schools and courses preparing administrative personnel have also been created in the country. In general, state construction in China successfully overcomes numerous serious difficulties standing in the way of creating a new apparatus of people's power. The rapid creation of apparatuses of central government bodies was in turn facilitated by the existence of the apparatus of the North China People's Government previously formed in Beijing. On its basis, the central government institutions of China were created.

In order to facilitate the administration of the country, sooner achieve the destruction of the remnants of reactionary Kuomintang forces, and develop economic construction faster, the Central Government of the People's Republic of China in early December 1949 decided to create regional associations of provinces under the administration of military-administrative committees. This regionalization also includes the first

elements of economic regionalization. The following regional associations have been created: East China (Shandong, Anhui, Jiangsu, Zhejiang, Fujian provinces); Northwest China (Shaanxi, Gansu, Ningxia, Qinghai, and Xinjiang provinces); Central-South China (Hubei, Hunan, Jiangxi, Henan, Guangdong, and Guangxi provinces); Southwest China (Sichuan, Guizhou, Yunnan, and Xikang provinces); Suiyuan (Suiyuan province).

In Northeast China (Manchuria), a government has been created with subordination to it of Liaodong, Liaoxi, Jilin, Heilongjiang, Songjiang, and Rehe provinces. North China includes Hebei, Shanxi, Chahar, and Pingyuan provinces. The Central People's Government appointed chairmen, deputy chairmen, and members of regional military-administrative committees, as well as chairmen, deputy chairmen, and members of military-administrative committees and administrations of provinces and major cities in newly liberated areas. Chairmen or deputy chairmen of military-administrative committees simultaneously head provincial, city, and county administrations.

Simultaneously with the formation of administrative organs of power, the economic foundations of the dominion of exploiting classes of landlords and the big comprador bourgeoisie are being destroyed in the country, new procuratorial and judicial organs are being created everywhere, and profound democratic changes are being carried out in the public education system.

Courts in the People's Republic of China are called upon to be not only punitive, but above all educational organs. Judicial

trials are given great educational significance: they must contribute to the introduction of a new, democratic ideology and morality corresponding to the new spirit of a free and independent China. Judicial organs often have to consider crimes committed even under the Kuomintang regime.

Thus, for example, in Shanghai, the people's court heard the case of two female teachers who filed a lawsuit against a former school principal. They demanded compensation for a part of their wages illegally appropriated by the principal back during the Kuomintang rule. At the trial, it turned out that in many schools, principals systematically robbed teachers, withholding 20 or more percent of their wages for their own benefit. Such a practice of robbery under the Kuomintang became ordinary, and none of the teachers in the past dared to raise a voice of protest against this. People's courts also consider cases related to the production of substandard goods, the sale of falsified medicines, etc. In villages, judicial functions are initially often performed by general meetings of peasants, especially in cases where property disputes, family quarrels, and other similar matters are concerned.

Completing the armed struggle for the liberation and unification of the entire country, deploying state construction and strengthening organs of people's power, the people's democratic government of China at the same time pays enormous attention to economic construction. Mao Zedong in an interview with a TASS correspondent stated: "At present, the Communist Party and the Central People's Government of

the People's Republic of China are switching to the rails of peaceful economic construction"[94].

China's potential resources, especially labor force reserves—the main productive force of society—are very large. Suffice it to say that China's population constitutes at least one-fifth of the entire population of the globe, and China's territory (over 9.5 million sq. km) is almost twice the territory of all European countries combined, excluding the Soviet Union.

Geologically, China is very poorly explored. But even according to the data of conducted geological surveys, China ranks fourth in the world in coal reserves (after the USSR, USA, and Canada). Probable coal reserves, according to available data, are estimated at 1,000 billion tons, industrial reserves at 250 billion tons. In Northwest China, in Shaanxi, Shaanxi, Ningxia, Gansu provinces, one of the world's largest coal basins is located. Large coal deposits have been discovered in Manchuria.

China's coal wealth was very poorly exploited until recently. In 1941–1943, when coal mining in China was at its highest, it amounted to only about 65 million tons per year, including about 25 million tons in Manchuria, 6 million tons in areas of China not occupied by Japanese imperialists, and 2 million tons in Taiwan. Almost half of all coal mining fell to China Proper, occupied at that time by Japan.

China is also rich in iron ore, large deposits of which are located in Manchuria, North and Central China, and other

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94 "Pravda", 2/I 1950.

regions of the country. Maximum ore mining in China was achieved during the war years and amounted to 8–9 million tons per year.

Ferrous metallurgy enterprises are concentrated mainly in Manchuria, on the territory of which a military-industrial base for the Kwantung Army was created by Japanese aggressive imperialists. The production capacity of all of China's pig iron industry during the Second World War equaled about 3 million tons of pig iron and steel industry over 1.5 million tons of steel per year.

China is also rich in non-ferrous metals. Oil sources have been discovered in Gansu, Sichuan, and Xinjiang provinces. Shales were mined in Manchuria, from which liquid fuel was extracted. The reserves of shales in just one large Manchurian deposit were determined at approximately 6 billion tons, and the liquid fuel contained in them—up to 300 million tons. Magnesites, as well as other ore and non-ore minerals, including gold, manganese, bauxite, asbestos, were also mined in Manchuria. Rare metals were mined in significant quantities before the war in South and Central China. In the postwar years, exports of tungsten and antimony from China dropped sharply. The Kuomintang authorities also exported tin, which was also mined in the south of the country. After the Second World War, American imperialists looked for uranium in Qinghai and Xikang. The American millionaire Reynolds, who stealthily conducted prospecting in the area of these provinces, hid the results of the surveys from the Kuomintang authorities.

Thus, China's natural wealth is very large. However, during the times of the reactionary Kuomintang regime, which was in the service of foreign monopoly capital and thoroughly hindered the development of the country's productive forces, they were used to a very insignificant degree.

Light industry received some development in China, the enterprises of which are located both in Manchuria and in a number of major cities of China Proper, especially in Shanghai, Tianjin, Beiping, Qingdao, Hankou, Canton, Hangzhou, Chongqing. The main center of the country's light industry is Shanghai, where almost half of all light industry of China Proper is concentrated. Shanghai, located on the banks of the Huangpu (Wampung) River, a tributary of the Yangtze, is simultaneously the main port of the country, through which about half of its entire foreign trade passed. Being one of the largest cities in the world, Shanghai recently numbered up to 6 million inhabitants, including about 700 thousand industrial and transport workers. The city also has small machine-building and chemical plants and shipyards. Previously, the overwhelming part of Shanghai's industry belonged to American, British, Japanese, and other foreign capitalists.

Most of the major cities of China Proper, like Shanghai, are located on the banks of rivers flowing into the Pacific Ocean, and many of them are seaports. In the past, China carried out economic ties with other countries mainly by sea, via the Pacific Ocean. After China's liberation from imperialist bondage, in connection with the development of its railway, automobile, and air transport, the country's land borders are

playing an increasingly large role in the trade relations of the People's Republic of China with other states.

China possesses huge potential opportunities for the development of agriculture as well. It is located in various climatic zones, which makes it possible to grow the most diverse crops in the country. While permafrost regions are encountered in the north of Manchuria, in the extreme south of China there is always a tropical summer. On average, the country's climate is harsher than at corresponding latitudes in Europe, but monsoon winds bring a large amount of precipitation, and therefore China Proper and Manchuria are regions possessing all the necessary conditions for the development of flourishing agriculture.

The territory of Northwest and West China is covered by vast deserts and semi-deserts, and Tibet and Xikang represent the highest plateau in the world, the average height of which is 4–5 km above sea level. But here too, irrigation work and proper use of mountain valleys can ensure a significant expansion of agricultural land.

Up to 80% of the population of old China derived their means of subsistence from agriculture. However, the sown area of the entire country before the war did not exceed 100 million ha. It should be borne in mind that complete and reliable data on sown area and crop harvests in China have not existed until now, and the data cited were merely approximate, estimated. Moreover, in the last decade and especially in the very last years, statistical data on agriculture and industry, more than

ever before, were intentionally confused and falsified by the Kuomintang clique.

Before the Second World War, the average annual harvest of rice in China reached 50 million tons, wheat at least 20 million tons, soybeans 10 million tons, corn over 8 million tons. Large harvests of millet and kaoliang were also gathered in the country. Besides grain crops, in some provinces of China (in East, Central, North, and Northwest China, as well as in Manchuria) cotton is sown (the annual cotton harvest before the war reached 900 thousand tons), tea (harvest about 400 thousand tons), sugarcane (up to 1.2 million tons of sugar per year were produced in Taiwan), sesame, rapeseed, peanuts, tobacco, etc. In South and Southwest China, tung (wood) oil is produced. In many provinces, the silkworm is bred.

Mongols and other nomads inhabiting the steppe and semi-desert regions of China are engaged mainly in animal husbandry. However, the agricultural population of the country is very poorly provided with draft animals. As draft animals, besides undersized horses, donkeys, buffaloes, cows are used. Sheep, pigs, and poultry are bred in significant quantities in China.

In recent decades, China's agriculture, being under the yoke of imperialism and strong survivals of feudalism, was in a state of decay. Sown area shrank every year. According to data cited by Professor Chen Boda, the cultivated land area in China decreased from 1,314 million mu in 1918 to 1,248 million mu

in 1928[95]. Sown area shrank especially strongly and harvests fell during the years of Japanese military intervention, as well as the civil war imposed on the Chinese people by Kuomintang reactionaries and American imperialists.

The extraordinary decline of China's agriculture was caused primarily by plunder, destruction, and violence perpetrated by the Japanese and Kuomintang military, as well as the colossal growth of exploitation of the peasant masses. Landlords increased land rent in kind, drove peasants from the land in even greater masses than before, speculated in land plots, and Kuomintang authorities saddled peasants with all sorts of unbearable duties. Taxes were so often high that after paying them, peasants frequently had nothing left to live on.

The harvest in Kuomintang China in 1946, even according to official data, amounted to only about two-thirds of the average pre-war harvest. In all provinces of Kuomintang China, large expanses of cultivated land remained vacant, and field cultivation was carried out extremely poorly. The livestock and draft power population decreased by no less than 40%. Kuomintang Minister of Food Yu Feipeng was forced to admit that the rice harvest in 1947 amounted to only 66% of pre-war, and wheat 60%. Harvests of tea and a number of other crops fell even more strongly. In general, the volume of agricultural production in Kuomintang China in 1947 constituted only about 60% of the pre-war level.

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[95] See Chen Boda, Four Families of China. Gosinoizdat, 1948, p. 196. These data do not cover all regions of China. 1 mu = 1/16 ha.

In the democratic regions of the country, harvests increased primarily thanks to radical socio-economic transformations carried out by the people's power, and also thanks to the labor enthusiasm of the peasantry directing its efforts toward the restoration of agriculture. In Manchuria, for example, the harvest in 1948 constituted about 80% of pre-war, and in China Proper as a whole, agricultural production in 1948 equaled 70% of the pre-war level. In 1949, the level of agricultural production in liberated China rose again. Thus, in Manchuria the cultivated area reached approximately 95% of pre-war, and the harvest—about 90% of pre-war dimensions.

The cited materials show from what deep decline, from what devastation people's democracy in China has to lead agriculture out, which until now has been the basis of existence for the majority of the Chinese people. The People's Government of China is taking energetic measures to raise the country's agriculture and sets the task in the next 3–4 years not only to reach the pre-war level of agricultural production, but also significantly surpass it.

China's entire useful land area constitutes approximately 300 million ha, but over two-thirds of it always lay idle in old, semi-feudal, semi-colonial China. Now these huge areas suitable for agriculture and hitherto uncultivated will be gradually cultivated. The red earth and loess soils widespread in China are among the most fertile soils in the world. Climatic conditions make it possible in many provinces of South and Central China to gather two to three harvests a year. Conditions for irrigating cultivated areas are also favorable; already at present up to a quarter of all cultivated land is irrigated.

Natural wealth and the presence of huge reserves of cheap labor have long attracted major imperialist predators to China who sought to master the country and completely subordinate it to their predatory interests. Learned clerks of capitalist monopolies, like Ehlers and Hoou, claimed that China, representing "the most important economic reserve on the globe," could "with its orders load all major American monopolies for decades." At the same time, imperialists in every possible way hindered the development of industry in China and artificially slowed down its growth throughout the country's history. The industrialization of China would mean the growth of the country's independence, its resistance to colonizers; it threatened the financial oligarchy of imperialist powers with a contraction of profits, a narrowing of sales markets for their goods, and spheres of capital investment. The advocate of American imperialism Ziff, in the book "Gentlemen Talk of Peace," published in 1944, cynically wrote: "The industrial development of China is a threat to the United States that must be prevented at any cost"[96].

The policy of American imperialists in China after the end of the Second World War was also aimed at comprehensively preventing the independent development of the country's productive forces, at its complete enslavement. Again and again Comrade Stalin's words were justified that "imperialism with all its financial and military might in China is that force which supports, inspires, cultivates, and conserves feudal survivals with all their bureaucratic-militarist superstructure"[97].

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96 W. Ziff. Gentlemen Talk of Peace. Chicago-New York 1944, p. 316.

97 J. V. Stalin, Works, vol. 9, p. 286.

Under the yoke of imperialist and semi-feudal exploiters, the popular masses of China led a wretched existence, doomed to hopeless want and poverty. The specter of death by starvation relentlessly stood at the doors of tens of millions of Chinese families. Annually it crossed the threshold of hundreds of thousands, and sometimes millions of homes.

In individual years, entire regions died out from famine. Thus, for example, during the Second World War and after it in Henan, Hunan, Guangdong provinces, famine claimed millions of lives in a short period.

China's people's democracy, led by the Communist Party, has to overcome enormous difficulties in the struggle against backwardness and poverty, in the struggle to raise the living standard of the working masses. The dictatorship of people's democracy pays maximum attention and energy to this cause, and already at present the first favorable results of China's rapidly developing economic construction are visible.

There is no doubt that the great hardworking Chinese people possessing centuries-old cultural traditions, led by the working class and the glorious Communist Party tested in revolutionary class battles, will overcome past poverty and backwardness and build a joyful, happy, and free life.

In the People's Republic of China, important economic commanding heights are concentrated in the hands of the people's democratic state. Confiscated and transferred to all-people ownership are those banks, factories, mines, trade syndicates, means of communication and communication links that previously belonged to the big monopolistic bourgeoisie,

including state-capitalist monopolies (“bureaucratic capital”) that were in the hands of the Kuomintang comprador bourgeoisie and used by it for the purpose of its enrichment, as well as in the interests of American monopoly capital. In addition, all subsoil, forests, water wealth, and all enterprises of major national economic significance, including some enterprises that previously belonged to foreign capital, have been nationalized. These enterprises and resources that have passed into the hands of the state constitute the socialist sector, which is strengthening and developing.

The transition to all-people ownership of a significant part of the basic means of production made it possible to gradually introduce planning principles into China’s national economy. The Central People’s Government of the republic has begun developing a general plan for the restoration and development of the country’s national economy.

Heavy industry is very poorly developed in China. Huge tasks face the Chinese people and its government regarding the industrialization of the country. The Communist Party and the People’s Government of China have the opportunity to successfully resolve these tasks on the basis of comprehensive accounting and utilization of the historical experience of the USSR. Already now throughout all of China, and above all in previously liberated regions, work has unfolded on a wide scale to restore old industrial enterprises, organize handicraft production, and reconstruct individual factories and plants. Along with this, new construction is beginning.

An important role in this grandiose work belongs to the communists of Manchuria—this main industrial region of China. Although metallurgical and other enterprises of Manchuria as a result of devastation caused by Japanese militarists and Kuomintang reactionaries, as well as a result of military actions, fell into the hands of the people's power in a ruined form, nevertheless through the heroic efforts of Chinese workers and technicians they are being restored and put into operation. The shortage of qualified workers and engineering and technical personnel is overcome through the mass recruitment of these cadres throughout the country, as well as through the organization of technical schools at enterprises.

At present, a number of major enterprises are working not only in Northern, but also in Southern Manchuria. Metallurgical enterprises in the Mukden industrial district—the main center of China's heavy industry—produce rails, steel structures, and other products. The machine-building plant in Mukden produced 240 machine tools and 74 steam boilers in 1949. Chemical enterprises are increasing production of fertilizers and various chemicals. Locomotive and carriage building, as well as repair plants, repaired and put into operation hundreds of locomotives and thousands of carriages in 1949. A number of blast furnaces and metallurgical plants in China Proper—in the Beijing, Tianjin, Taiyuan, Hanyang areas—have also been restored and put into operation. A number of military plants switched to the production of agricultural machines and implements. The Tianjin Metallurgical Plant produced 5 times more steel per month at the end of 1949 than under the Kuomintang. The Taiyuan steel-smelting plant "Xibei" by

early 1950 was smelting 2,400 tons of pig iron and 2,650 tons of steel per month, while during the years of Japanese occupation only 1,700 tons of pig iron and 2,200 tons of steel per month[98].

The fuel and electric power base is being successfully restored in the People's Republic of China. In Manchuria, at state coal mines alone, 7.3 million tons of coal were mined in 1949. Many flooded or destroyed mines in Shandong and other regions have come into operation, and some of them are already yielding more products than under the dominion of Kuomintang reactionaries. By the end of 1949, three-quarters of all coal mines were restored in Manchuria, North and East China. The total capacity of operating power plants in the hands of the people's state is about 1 million kW. The capacity of the thermal power plant in Shanghai—currently the largest in the country—is 180 thousand kW, and the largest (excluding the hydroelectric station on the Yalu River) in Manchuria—the Fengman Hydroelectric Station located near Jilin on the Songari River—is 130 thousand kW[99].

The main region of China's light industry remains the Shanghai region. Out of 5,228 thousand spindles and 72 thousand looms numbering in China's textile industry, the overwhelming majority is concentrated in Shanghai and its region. Overcoming major difficulties associated with the delivery of raw materials, fuel, and food to this huge city, the people's power is taking all measures to fully restore production here at both state and private enterprises. Shanghai

98 "China Weekly Review", December 1949.

99 Ibid.

enterprises were previously supplied predominantly with imported cotton. Now the People's Government is taking energetic measures to expand cotton sowings and deliver it from cotton-producing regions of the country to centers of the textile industry. The largest and most improved textile enterprises, numbering more than half of the total number of spindles and looms in the country, are nationalized. About 300 thousand workers are employed at them.

The acute shortage of many industrial goods and the cessation of competition from American goods, which were ruinous for Chinese industry and had previously flooded the Chinese market, led to an increase in demand for industrially manufactured goods of domestic production. In all cities of the People's Republic of China, hundreds of new small industrial and trading enterprises have opened and continue to open. The Communist Party has deployed colossal work to unite artisans of various specialties into producers' cooperatives, to establish and strengthen ties between these cooperatives and the republic's trading organs and large state enterprises. The Communist Party conducts great educational work among artisans.

In the People's Republic of China, the positions of private capital are strong. Owners of private capitalist enterprises, if they fulfill all the requirements of new laws and instructions of the people's power and strive to expand production, have the opportunity to continue their activity. The possibility to open new industrial enterprises is also preserved for private capital. Capitalists are obliged to strictly observe new labor legislation.

There are still a number of private banks and banking offices in the country.

Clashes and conflicts at private capitalist enterprises, which are an expression of the class struggle continuing in the country, as a rule lead to the introduction of even broader and firmer control of workers over production, which in turn results in more rational utilization of industrial enterprises, further improvement of the position of workers. Thus, for example, conflicts occurred between workers and capitalists at shoe factories in Shanghai, the owners of which during the conclusion of collective agreements sought to lower workers' wages, motivating this by the lack of demand for expensive shoes and their overstocking. At the suggestion of workers, these factories switched to the production of mass cheap shoes, the demand for which in the country is very large.

In his historical speech on the question of the prospects of the revolution in China, Comrade Stalin in November 1926 said that it is necessary "to raise among the proletarians of China the sense of strength and the sense of their dignity and make them capable of leading the revolutionary movement"[100]. Comrade Stalin also spoke about the fact that it is necessary to help the worker improve his material and legal position. These wise pieces of advice are not forgotten by the Communist Party of China. The living standard of the working masses of China has already at present risen sharply, especially of that part of workers (constituting more than half of the entire industrial proletariat) who work at nationalized enterprises.

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[100] J. V. Stalin, Works, vol. 8, p. 372.

The real wages of Chinese workers are now incomparably higher than they were under the Kuomintang. One of the measures ensuring the rise of real wages at state enterprises is the allocation of part of the industrial products of major enterprises for exchange for prime necessity goods.

Under conditions of civil war and economic ruin inherited by people's democratic China from the Kuomintang, paper money is still subject to fluctuations. Inflation that reached giant proportions could not be eliminated in the country in a short time. Therefore, in China at present, in-kind commodity exchange has become widespread. Even capital investments are sometimes determined not in monetary, but in commodity units. Thus, for example, they say that the cost of investments made by the people's power is equal to so many hundreds of thousands or millions of tons of grain. Goods reserved by enterprises for paying workers, whether yarn, manufactured goods, building materials, agricultural implements, etc., are exchanged directly or through cooperatives for consumer goods—rice, flour, fabrics, shoes, etc., which are acquired by workers of a given enterprise on account of their wages. In-kind commodity exchange between town and country through peasant unions, cooperatives, and other organizations is also quite widely practiced.

Skilful leadership of the people's democratic power and the enormous labor enthusiasm that gripped the Chinese working class created prerequisites for the rapid restoration of China's industry and transport. Of very great significance in the cause of the country's economic construction is the promotion of workers who distinguished themselves most on the labor front

and the most capable workers to commanding posts in industry and transport. Many thousands of workers are now managers of factories, power plants, heads of shops and mines, occupying administrative positions on the railways. Workers of state enterprises take an active part in managing production through administrative committees as well. The promotion of workers to commanding positions in production is of special significance in China, since the country is poor in technical cadres. Foreign capitalists served their enterprises in China almost exclusively with their own engineers and technicians and with all their might hindered the growth of national technical cadres. At enterprises in Manchuria, for example, tens of thousands of Japanese engineers and technicians served. Only hundreds of Chinese had a technical education. Now China's workers are coping with the management of the production process; this facilitates and accelerates the restoration of the country's national economy, giving time for the training of their own cadres of technical intelligentsia.

Many industrial enterprises of China are successfully being restored and entering service. Already at present, plan targets, as a rule, are fulfilled and overfulfilled by industrial enterprises not only in Manchuria and North China, but also in recently liberated regions of China. Workers of state enterprises are giving birth to a new attitude toward labor. Workers know that they are working not for a capitalist, but for themselves, for the whole society. This contributes to the rapid growth of labor productivity at factories, plants, and mines, the introduction of advanced labor methods. In China, thanks to the propaganda activity of the press, the names of innovators and front-rankers

of various branches of industry of the Soviet Union—Rossiyansky, Chutkikh, Volkova, and many others—are becoming widely known. Their experience is adopted by advanced Chinese workers.

Taking into account the extent and enormous scale of destruction to which China's railways were subjected, it can be said with full right that their restoration is proceeding exceptionally successfully. All major trunk lines of China are already open for normal operation. In extraordinarily short periods, major bridges blown up by Kuomintangites have been restored.

The length of China's railway network is currently about 29 thousand km, including about 12 thousand km falling to Manchuria, more than 13 thousand km to China Proper, and 4 thousand km to Taiwan. Labor productivity of workers in railway transport, on restoration work and in depots, is significantly higher than under the Kuomintang. Coupled running and other innovations taken from the experience of USSR railways, the application of methods of Soviet railway workers Krivonos and others have become widespread on the railways of the Chinese Republic. Thus, for example, individual locomotive crews brought the run of locomotives without repair up to 180 thousand km with a norm of 60 thousand km. The plan for 1950 aims to carry twice as much freight and passengers as in 1949. The volume of freight turnover must exceed 96 million tons in 1950. For the first time in the country, a unified tariff has been introduced across the entire railway network. As a result of these measures, the work

of railway transport has already seriously improved compared to the past.

According to data of the Kuomintang government, railway transport under its control in 1948 had 2.2 thousand locomotives, 37 thousand freight and 4.2 thousand passenger cars. A significant amount of rolling stock was moreover in Northern Manchuria. These figures show how poor China's railway network is in rolling stock. In addition, most locomotives and cars are old, worn out, requiring repair. In order to ensure transport of Kuomintang troops, UNRRA delivered to China by the end of 1947 260 locomotives, 3,445 freight cars, and various other railway equipment. Most of this rolling stock, now at the disposal of the Chinese people, came from the Trans-Iranian Railway built during the Second World War and had already been in operation previously. People's democratic China thus faces the task not only of carrying out railway reconstruction, but also renewing rolling stock and all railway equipment. The People's Government of China has projected for 1950 the full mastery and reconstruction of all the country's railway lines.

Marine and air transport are also developing in the People's Republic of China. At the beginning of January 1950, 7 state shipyards were operating in the republic. A significant part of marine vessels, truth be told, was taken away by Kuomintangites, but those remaining are used with great efficiency.

Where circumstances permit, on restoration and irrigation work, as well as on work to restore dikes and canals and partly

in industry, soldiers in reserve are used in accordance with their qualifications. On December 5, 1949, Mao Zedong called on the People's Liberation Army to become an "army of production and national defense." Soldiers of military units, besides improving their military and political knowledge and raising their cultural level, from the spring of 1950 will be widely used on irrigation structures, on the construction of canals and river dams, which will save many regions of China from frequent floods.

According to China's state budget draft for 1950, 23.9% of all budget expenditures goes toward the restoration of industry. The Central People's Government of China issued a major internal loan of "People's Victory," the distribution of which began on January 5, 1950. Loan bonds are calculated in commodity units in rice, flour, fabrics, and coal and will be redeemed within 5 years. The loan was warmly greeted by the population of the entire country.

The Government of the People's Republic of China expects to restore the country's industrial and agricultural production to the former maximum level within three to five years. Simultaneously, the reconstruction of the national economy will be carried out, with greatest attention being paid to the most important branches of industry. The foundations for the socialist industrialization of the country are already being laid.

Enormous efforts of China's people's democracy are required to restore and develop agriculture. In previously liberated regions of China, landlords have been eliminated as a class, the kulak class has been seriously restricted. In these regions, land

has been distributed among poorest peasants and has become their property.

In regions liberated by the Chinese People's Liberation Army in recent times, preparations are underway to carry out profound agrarian transformations that become possible as grassroots organs of people's power are created, Kuomintang political banditry is completely liquidated, the leading role of the working class in these transformations is ensured, and as the peasant masses themselves realize the necessity of carrying them out. At present, the implementation of agrarian reform in recently liberated areas of North China provinces—Hebei, Pingyuan, Shanxi, and Chahar—is drawing to a close. The completion of agrarian reform in these areas will mean that it has been carried out everywhere in the six provinces of Northeast China and four provinces of North China. By decision of the Central People's Government in 1950, agrarian reform must also be carried out in Henan Province, where 21,900 thousand people live. Here land and property of landlords, as well as surpluses of land and property of kulaks, are confiscated. Land and confiscated property are distributed among the poorest peasantry.

At the same time, where agrarian reform has not yet been carried out, a number of measures have already been implemented that make it possible to immediately and sharply improve the position of the Chinese working peasantry. Peasant debts are either liquidated altogether or payment of interest on them is canceled. A single food tax is introduced, the main burden of which falls on landlords: landlords must contribute 40% of the harvest to the state, while poor peasants

—only 6%, and the most destitute poor peasants are completely exempted from paying this tax. Rent is limited to 1/4–1/3 of the harvest gathered from the rented land, whereas previously it reached half, and often 3/4 of the harvest. Tenants do not pay for the use of land, production implements, livestock, etc., belonging to those landlords who fled with the Kuomintang administration. In places, on the initiative of the peasants themselves, the "reckoning campaign" with landlords and usurers successfully carried out in previously liberated regions is already unfolding: the landlord is summoned to a peasant meeting, and each peasant presents him with a bill payable for past plunder, violence, exploitation.

Peasants everywhere receive assistance from people's democratic authorities. Seed and monetary loans are provided to them where possible. Supply of agriculture with machines, implements, artificial fertilizers, and improved seeds is being established.

In 1950, China, according to a statement by a representative of the Central People's Government, will strive to manage with its own food and will not resort to importing it from abroad, as was the case in the past.

In China's agriculture, a number of major measures of enormous national economic significance are currently being implemented. In China Proper, work on restoring the system of irrigation canals destroyed during the period of Kuomintang rule and military actions has become widespread. On the 1,600 km long Grand Canal, dams have been restored over hundreds of kilometers, which has already led to a sharp improvement in

conditions of agricultural production in vast regions of Jiangsu, Hebei, and other provinces. Significant reconstruction work is also being carried out on the Yellow River, which with its systematic floods caused incredible calamities to the Chinese people. As a result of these floods, hundreds of thousands of people sometimes perished, and millions were left homeless and without means of subsistence. The Yellow River received the popular name "China's sorrow." The People's Government is taking decisive measures to turn this "China's sorrow" into a source of fertility—soil and abundance for the Chinese people.

In China, the first machine-and-tractor stations have already been created. In China Proper, the first machine-and-tractor station was opened in Hubei Province in July 1949 and numbered 14 tractors. In Manchuria there are currently up to 20 agricultural model farms possessing together 30 thousand ha of arable land area and over 200 tractors.

The Government of the People's Republic of China promotes in every way the development of the cooperative sector, which bears, as the Common Program of the Chinese People's Political Consultative Conference states, a semi-socialist character. Granting consumer cooperatives maximum advantages and benefits, the power of China's people's democracy considers the cooperative sector an important component of the country's national economy. The People's Government of China encourages the creation of peasant mutual aid groups that bear within themselves the embryo of collective labor in agriculture.

The Communist Party of China adheres to the instructions of Lenin and Stalin on preparing the initiation of the working peasantry into the cause of building socialism through the gradual introduction into agriculture of collectivism principles first in the supply and marketing sphere, and then in the production sphere. The consumer cooperative movement is acquiring an increasingly wide scope in the village. It leads to a decrease in the specific weight of private trade, to the elimination of middlemen and commissioners, and jointly with gradually deploying state trade deprives private trade of a monopoly, and also contributes to a serious rise in real wages of workers and incomes of peasants. The cooperative movement has acquired a particularly wide scope at present in previously liberated regions of Manchuria and North China. In China's capital, Beijing, the city union of cooperatives numbers 209 branches uniting 350 thousand members. Among producers' cooperation enterprises are small shoe, weaving and spinning factories, printing houses, etc. Many unemployed found work at these enterprises.

In many regions of China, armed Kuomintang gangs that failed to leave with the main forces of the reactionary army or Kuomintang criminals specially left here committing sabotage acts are still operating. The People's Liberation Army is waging successful battles with these gangs, gradually clearing the country of them. Thus, for example, in the Henan Military District liberated in 1948, back in August 1949, 179 battles were fought, during which over 23 thousand Kuomintang bandits were destroyed.

Completing the victorious armed struggle against Kuomintang reaction and the American imperialists openly supporting it, acquiring at the same time ever greater experience of state and economic construction, the people's democratic power of China is preparing all conditions for the transition to building the foundation of a socialist economy. Every month, every week bring with them new successes in the construction of people's democratic China.

As a result of the dropping away of China, North Korea, and Vietnam from the capitalist system, as well as the armed struggle of the peoples of Indonesia, Burma, Malaya, the Philippines, and South Korea for national independence and democracy, the sphere of management and domination of imperialists in the East has sharply contracted. The crisis of the colonial system has sharply intensified. The example of successful construction of people's democracy in China, this former semi-colony, is a factor of enormous revolutionary significance that exerts and will exert unceasing impact on the peoples of other semi-colonial and colonial countries of Asia and the entire world. With the victory of Chinese democracy, a new page opened in the history not only of the Chinese people, but of all peoples of Asia oppressed by imperialists. The national liberation struggle of the peoples of Asia, the Pacific basin, and the entire colonial world has risen to a new, significantly higher stage.

Representatives of the British Empire experiencing an acute crisis at their conference in Colombo in the first half of January 1950 discussed the burning question for the monopolistic bourgeoisie of how, in the created situation, to keep other

colonial countries in the chains of imperialist slavery, how to prevent in other countries of Asia the deployment of such revolutionary events as occurred in China. Bevin, Malcolm MacDonald, and other social-traitors tried to outline concrete ways of fighting the national liberation movement.

At the same time, Truman and Acheson performed routine incantations in Washington, repeating the hackneyed formulas of the possessed Hitler about some "communist imperialism," for the hundredth time justifying themselves before American capital magnates for the failure of the US interventionist policy in China. We, Acheson stated (for which time already!), stopped at nothing to help the government of Chiang Kai-shek, but it turned out to be completely incapable, completely rotted, and therefore, despite our help, it could not stand; the Chinese people drove it out of the country. These admissions do not prevent American imperialists, however, from continuing to render military and political aid to the thoroughly rotted clique of Kuomintang bandits.

American imperialists spread slander against the Soviet Union, invent incredible absurdities about relations between the USSR and China, and pretend to be "friends" of the Chinese people. But neither these clumsy maneuvers, nor help to the bankrupt Kuomintang clique, nor the proclamation of American imperialist puppet Chiang Kai-shek as "President of China" will save the ruling circles of the USA from new failures of their policy in the East.

Imperialists cannot stop the mighty movement of the colonial world toward freedom and independence. Events that have

taken place in China and are taking place in other countries testify to the ongoing disintegration of the colonial system of imperialism, to the destruction of one of the most important pillars of the modern capitalist system. In the colonial world, as everywhere, all roads lead to the doom of capitalism, to the victory of communism.

After the October Revolution in our country, said Com. V. M. Molotov, the victory of the national liberation movement in China is a new strongest blow to the entire system of world imperialism and to all plans of imperialist aggression in our time.

After the Second World War and, as Com. V. M. Molotov pointed out, "especially since a strong anti-imperialist alliance was created between the Soviet and Chinese peoples, between the two largest states on the globe, the camp of peace, democracy, and socialism has turned into the greatest force. This camp of peace and freedom is moving forward along a reliable path tested by history, and the guarantee of this is that on its uniting banner is inscribed the great name of Stalin"[101].

Questions of Economics, No.2 , 1950.

[101] Speech of Com. V. M. Molotov at the meeting of voters of the Molotov electoral district of Moscow, March 10, 1950. ("Pravda", 11/III 1950.)

I. BUDNITSKY

FOR A DEEP TREATMENT OF THE ECONOMICS AND PLANNING OF MOTOR TRANSPORT

L. A. BRONSHTEIN, B. N. BUDRIN, Planning and Accounting of Motor Transport. Gosplanizdat, 1948, 304 pp.

Motor transport is of immense importance for the development of our country. It exerts a great influence on the development of many branches of industry. It is difficult to find an industry that is not connected to a certain degree with automobile manufacturing and motor transport, and there is no branch of the national economy that is not served by motor transport.

Motor transport is an important factor in raising the culture of our people. It is also exceptionally important for the defense of our socialist Motherland.

In 1929, in his famous article "The Year of the Great Turn", Comrade Stalin wrote:

> *"We are going at full steam along the path of industrialization to socialism, leaving behind our age-old 'Russian' backwardness. We are becoming a country of metal, a country of motorization, a country of tractorization.*
>
> *And when we put the USSR on an automobile, and the peasant on a tractor, let the venerable capitalists, who boast of their 'civilization', try to catch up with us. We*

shall see which countries can then be 'designated' as backward and which as advanced"[102]

Developing the theory of socialist industrialization, Comrade Stalin defined the scale, character, and scope of the motorization of our country. The plans of the Stalinist five-year plans provided for the creation of a powerful automotive industry. During the first five-year plan, giant automobile manufacturing plants were built — the Moscow and Gorky automobile plants and a number of others, which, starting in 1931–1932, began to produce "thousands and tens of thousands of machines necessary for our national economy, like air, like water"[103]

As a result of the successful implementation of the Stalinist five-year plans, by the end of 1940 our country possessed a truck fleet that exceeded the truck fleet of Germany by 2 times, France by 1.5 times, and England by 1.4 times (in physical units), and the average load capacity of a single vehicle in the USSR was higher than in any of the capitalist countries.

In the postwar Stalinist five-year plan, further growth of our country's motor transport is being carried out. According to the Law on the Five-Year Plan for the Restoration and Development of the National Economy of the USSR for 1946–1950, the output of automobiles in 1950 is to be brought up to 500 thousand units. New types of automobiles are being created which, in their design, technical, and operational

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[102] I. V. Stalin, Works, vol. 12, p. 135.

[103] From Comrade Stalin's greetings to the builders of the Gorky Automobile Plant. "Pravda", January 2, 1932.

qualities, are not only not inferior to, but in many respects surpass the best foreign models. The vehicle fleet over the five postwar years is to double compared to the pre-war time. The freight turnover of motor transport in 1950 compared to 1940 is to increase by almost 3 times. The amount of annual expenditure of social labor in motor transport already exceeds the amount of annual expenditure of social labor in railway transport. Naturally, the issues of increasing labor productivity of workers engaged in motor transport and improving the utilization of motor transport acquire great national economic significance.

To successfully fulfill the tasks of the five-year plan, it is necessary to significantly improve the organization and planning of motor transport. Therefore, the development of the economics and planning of motor transport is an urgent task of Soviet science.

The reviewed work by L. Bronshtein and B. Budrin is essentially a revised and expanded edition of the book by the same authors, "Planning of Motor Transport", published by Gosplanizdat in 1940. It includes new chapters: "Basic Principles of Planning Motor Transport", "An Example of Calculating the Transfinplan of a Motor Economy", and "Statistical Accounting in Motor Transport". Other chapters have been expanded and significantly updated. The book "Planning of Motor Transport" contained a number of errors, some of which were noted at the time in the magazines "Planned Economy" ("Planovoe Khozyaystvo") and "Automobile" ("Avtomobil"). In addition, it was largely outdated, and its new edition was an urgent necessity.

Undoubtedly, the new book is better than the previous one, and many of its sections will be useful for practical workers of motor transport. It can be used as a manual for compiling the plan of a motor transport enterprise.

In this book, the methodology for calculating the technical and operational indicators of motor transport work is set forth in a form accessible to a wide circle of readers. The authors correctly emphasize the need to calculate them on the basis of a deep study of freight flows and the experience of motor transport Stakhanovites, and the need to strictly coordinate all sections of the plan with one another. This is especially important because the practice of many motor transport enterprises still suffers from the drawback that plans are often drawn up not on the basis of studying freight flows, but on the basis of average indicators formed over the reporting period, without proper coordination with the orders and plans of the clientele served by the motor transport enterprise, and without taking into account the experience of Stakhanovites.

The authors correctly note that the funded materials necessary for the performance of motor transport operations must be distributed among motor transport enterprises depending on the national economic significance of the transport operations they perform and in strict coordination with the task regarding the volume of transport operations. This is all the more important because in the planning practice of motor transport enterprises there are often cases where tasks for the volume of transport work in tons and ton-kilometers for some enterprises are not provided with funded materials, while for others, on the contrary, more materials are allocated than required by norms.

Such cases are especially intolerable for general-use motor transport enterprises, because the failure to provide these enterprises with funded materials in a given quarter of the year leads to the disorganization of their work, and obtaining excess resources leads to their overexpenditure. At the same time, the book emphasizes the need for economical expenditure of materials allocated for motor transport, careful treatment of automobile tires, and reduction of gasoline consumption.

The authors rightly point out that the correct choice of the type of rolling stock, in accordance with the nature of transport operations and operating conditions, is one of the main prerequisites for the rational use of transport vehicles. L. Bronshtein and B. Budrin draw readers' attention to the problem of reducing idle time and empty runs of vehicles, and to the use of trailers and containers for cargo transportation. Better than in the previous book, the issues of organizing and planning preventive maintenance and repair of automobiles in a motor transport enterprise are set forth. It gives examples of the work of advanced motor transport workers—drivers who have achieved 100,000 kilometers (i.e., drivers who achieve vehicle runs without overhaul of 100,000 km or more), who by their practical work show what inexhaustible reserves are hidden in socialist motor transport. However, the book suffers from a number of significant shortcomings.

First of all, in the reviewed book, the authors failed to overcome a serious methodological error made in their previous work. It consists in the fact that Comrades Bronshtein and Budrin consider the issues of motor transport planning in isolation from the analysis of the development of motor

transport economics, whereas without knowledge of economics, competent planning is impossible. The authors reduce planning issues to the methodology of plan calculation. The authors consistently move from one section of the financial and production plan (transfinplan) of the enterprise to another; they talk about the forms of the plan and accounting and instruct how to fill them out.

The book, thus, largely boils down to commentaries on departmental instructions for compiling a plan and maintaining statistical accounting. The work of L. Bronshtein and B. Budrin is descriptive in nature, suffers from narrow technicism, as was justly noted in the newspaper "Culture and Life" ("Kultura i Zhizn") on June 30, 1949. Of course, knowledge of calculation techniques and plan-making methods is necessary for planning, but planning is by no means limited to drafting a plan. Comrade Stalin teaches:

> *"Only bureaucrats can think that planning work ends with the drafting of a plan. The drafting of a plan is only the beginning of planning. Real planned leadership unfolds only after the drafting of the plan, after verification in the localities, in the course of implementation, correction, and clarification of the plan"*[104]
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> *"It would be stupid to think," teaches Comrade Stalin, "that the production plan is reduced to a list of figures and assignments. In fact, the production plan is the living and practical activity of millions of people"*[105]

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104 I. V. Stalin, Works, vol. 12, p. 347.

105 I. Stalin, Problems of Leninism, 11th ed., p. 349.

In a book on planning, one should not be limited to outlining the methodology of drafting a plan, but should show planning as planned management of the economy, as the living, practical activity of millions of people, uncover the advantages and remaining shortcomings in the economy and planned management of the economy. The examples of the work of advanced workers cited in the book are set forth sparsely, without proper analysis and generalization of their working methods. Meanwhile, the working methods of advanced motor transport workers must be the subject of deep study and propaganda in order to become the property of millions.

The book weakly highlights the advantages of Soviet motor transport over capitalist transport. The authors merely cited some data in the introduction indicating that the intensity of truck use in the USSR even before the Patriotic War was 2–2.5 times higher than in the USA. But this only partially illustrates, rather than reveals, the advantages of the socialist system of conducting the automobile economy.

Having failed to analyze the development of Soviet motor transport and its economics, the authors were unable to show how the main tasks of state planning were and are being solved in motor transport. There is no historical approach to the issues under consideration in the book.

An example of the authors' fascination with formal methodology can be seen in their approach to the seasonality of transport operations. Considering the methodology for determining the coefficient of unevenness of transport operations, they recommend taking into account the seasonality

of transport operations, studying the factors causing fluctuations in freight turnover, and determining the period of maximum transport operations. But the authors need this unevenness coefficient, as it turns out, only "when calculating the required transport vehicles"[106], and not for developing measures to combat slumps in the work of individual motor transport economies in the winter months. L. Bronshtein and B. Budrin recommend such a method of calculating this coefficient that characterizes only the ratio of the peak period to the average level, and not the entire unevenness of transport operations. It is known that in the practice of drafting applications for new cars, some ministry officials used this coefficient of unevenness in narrow departmental interests, with the aim of "justifying" the need to obtain a larger number of new cars, while the height of this coefficient often reflects the unsatisfactory organization of the work of the existing vehicle fleet. If we are to talk about the seasonality of freight turnover, we should touch upon only such goods whose flow really has a seasonal character (for example, in agriculture during grain harvesting, when transporting grain from deep-lying points, when transporting sugar beets to sugar factories, etc.). When drawing up a transportation plan for such goods, one must not only take into account seasonality, but — and this is the main thing — provide for measures ensuring good and timely preparation of the existing fleet of cars and trailers for the performance of upcoming transport operations within

[106] L. A. Bronshtein, B. N. Budrin, Planning and Accounting of Motor Transport. Gosplanizdat, 1948, p. 23. Hereinafter, pages of the reviewed book are indicated in the text...

established deadlines, as well as provide for the necessary performance of the rolling stock.

One of the important and complex issues of motor transport planning is determining the size and nature of transport operations. This issue is especially complex when determining freight turnover for the national economy as a whole.

It is known that during the drafting of the plans of the first and second five-year plans on the issue of the size of transport freight turnover, there were major disagreements among transport workers. There were such "theoreticians" who, with the help of vicious "methods" of determining the size of freight turnover, tried to underestimate the need for freight motor transport. Thus, for example, in the official literature of the People's Commissariat of Railways, it was "proven" that by the end of the first five-year plan, only 52.5 thousand trucks would be needed. Comrade Stalin ridiculed such attitudes, stating in January 1934 in his report to the 17th Party Congress:

> *"I am not speaking of motor transport, the fleet of which increased from 8,800 automobiles (trucks and cars) in 1913 to 117,800 automobiles at the end of 1933. This is so little for our national economy that it is even shameful to speak of it"*[107]

The authors should have, on the basis of studying the practice of drafting five-year plans and putting these state plans into life, set forth the methodology for determining the freight turnover of motor transport for the planned period across the national economy. Unfortunately, in the reviewed work the

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107 I. Stalin, Problems of Leninism, 11th ed., p. 464.

reader will find on this score only general provisions to the effect that the determination of freight turnover is carried out on the basis of studying the direction and pace of development of individual industries, and it should be built by individual freight-generating organizations, etc. (pp. 21, 22).

The book by Comrades Bronshtein and Budrin speaks of the need to coordinate the plan for the development of motor transport with other modes of transport and branches of the national economy, of the need to apply the balance sheet method when drawing up the plan, but does not show how this should be done practically in the course of drafting and fulfilling the plan.

One of the most important tasks of transport planning is to assist railway transport by relieving it of cargo that it still transports in significant amounts over short distances and which is more economically advantageous to transport by motor transport. Removing such cargo from railway transport, especially in major freight-heavy nodes, will significantly ease the work of railway transport and save state funds.

Comrade Molotov at the 18th Party Congress said:

> *"We must take decisive measures to relieve railway transport and improve the utilization of water and motor transport"*[108]

In the postwar Stalinist five-year plan, the task is set: "To organize inter-district transport of mass goods by motor

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[108] 18th Congress of the All-Union Communist Party (Bolsheviks). Stenographic Report, 1939, p. 299.

transport; to ensure the replacement of railway transport operations over short distances by motor transport."

In the work on motor transport planning, it was necessary to show how this task must be practically solved when drawing up plans, especially in general-use motor transport enterprises located in large cities. The authors, however, limited themselves to just one phrase: "The issue of the relationship of motor transport with railway and water transport must be subjected to a special study in order to relieve railways from cargo moving over short distances" (p. 21).

Nothing is said in the reviewed book on the issue of coordinating the plan for the development of motor transport with the development of the road economy. The authors mention roads only when describing the calculation of the volume of automobile repairs, since the norms of inter-repair mileage are established depending on the class of roads. Meanwhile, the correct development of the road network and their proper maintenance have a very significant impact on the development of motor transport.

The book is based mainly on the generalization of the experience of motor transport enterprises of republican ministries of motor transport, whose share in the total vehicle fleet of the country is insignificant. It does not reflect the practice of all our motor transport. Of course, the methodology of calculations of the transfinplan sections of a motor transport enterprise in the economies of the ministries of motor transport is more perfect than in many other motor transport enterprises. However, for a real analysis of the issues of economics and

national economic planning of the USSR motor transport, this is not enough. It is necessary to study the economics of motor transport in the main branches of the national economy. Moreover, in the work of the republican ministries of motor transport there are many shortcomings that the authors should have subjected to criticism. In particular, it was necessary to expose the vicious tendency existing among a certain part of the workers of general-use motor economies to perform first of all so-called "profitable" transport operations, often to the detriment of transport operations most important for the national economy, but financially less profitable for the motor transport enterprise. Not knowing the economics of the served regions and economies, or neglecting it, such workers often pay inattentive attention to the needs of the clientele and thereby repel them. Ministries and departments, not trusting general-use transport, try to acquire their own cars even in places where there are motor bases of the ministries of motor transport, despite the fact that general-use motor transport carries goods significantly cheaper.

Since the authors did not generalize the work of motor transport in the main branches of the national economy and did not reveal the main shortcomings in the work of republican ministries of motor transport, they were unable to properly highlight a number of issues of national economic planning of motor transport, including the issue of coordinating the work of motor transport with the work of the branches it serves.

The authors of the book emphasize the need to draw up a transportation plan by transport categories of cargo, which, of course, is important for a motor transport enterprise. However,

the authors should have shown how to draw up transport plans by major types of cargo, especially for such large motor transport organizations as "Soyuzzagottrans" of the Ministry of Procurements, whose main task is to ensure the timely removal of grain from deep-lying points; motor economies of sugar trusts of the Ministry of Food Industry of the USSR, obliged to ensure the timely removal of sugar beets to processing plants, etc.

The authors weakly highlighted the issue of preventing the emergence of disproportions in the development of motor transport. Meanwhile, it goes without saying that this issue is of very serious importance for improving the utilization of motor transport, increasing the productivity of workers engaged in motor transport, and better meeting the needs of the state.

The government constantly pays great attention to the correct distribution of cars among branches of the national economy. Annually, plans for the distribution of cars and trailers by ministries and departments, plans for the distribution of tires, gasoline, and spare parts are approved. These plans resolve the main issues of providing branches of the national economy with motor transport. Without showing the principles of drawing up these plans, it is impossible to correctly set forth the methodology of motor transport planning. The authors limit themselves only to the technique of calculating the size of replenishment of the motor transport enterprise with rolling stock, the methodology of calculating the number of tires, fuel, and spare parts necessary to fulfill the transport plan by the motor transport enterprise. Undoubtedly, all this is necessary,

but completely insufficient. The authors should have dwelt on the methods of economic analysis of the provision of branches of the national economy with motor transport, and shown the state principles of directing motor transport vehicles by branches and regions of the country.

Of substantial importance is the analysis of applications for motor transport vehicles drawn up by ministries and departments. This is extremely necessary, because many economic managers often exaggerate the number of cars they require while unsatisfactorily utilizing the motor transport vehicles at their disposal. The authors bypassed this important issue. Of course, the instructions contained in the book on the methodology and technique of determining the need for cars, trailers, tires, fuel, and repairs are useful both for workers of general-use motor transport enterprises and for a very large circle of workers of various ministries and departments. But it was necessary to show practitioners how to analyze applications for motor transport vehicles taking into account the specifics of industries and regions, taking into account the most rational use of existing transport vehicles and the best forms of organizing motor economies.

Chapter X of the reviewed book, "Planning Capital Works", is written very weakly. L. Bronshtein and B. Budrin do not reveal the existing shortcomings in capital construction in motor transport, limiting themselves to the phrase that "the volume and pace of construction of garages and, especially, the repair base, lagged behind the continuous and rapid growth of the rolling stock of motor transport" (p. 178). They do not touch upon measures ensuring the better use of funds allocated by the

state for capital investments in motor transport. And these funds, taking into account allocations for the acquisition of rolling stock and for the construction of highways, make up a fairly significant amount in the country's total capital investments.

The authors state that "when determining the economy's need for new capital works, one must proceed from an assessment of the effectiveness of the planned expenditures" (p. 180), but at the same time they do not say a single word about how the effectiveness of capital investments should be understood, and do not show the methodology for analyzing the effectiveness of capital investments. Meanwhile, it is known that some motor transport workers approach the determination of investment effectiveness in a departmental manner.

The theoretical level of the chapter "Planning Capital Works" can be judged by such a characteristic touch: the authors called the capital works plan a title list (p. 179) and limited themselves to this.

Devoting 65 pages of the book to describing the organization of accounting in motor transport (Chapter XIV), while setting forth the forms of Central Statistical Administration (CSB) accounting and instructions for filling them out, L. Bronshtein and B. Budrin do not show how one should competently analyze reporting data; how one should reveal through the analysis of primary documents anti-state padding in reporting, which, unfortunately, takes place in some motor transport economies; how to use reporting to identify reserves.

The motor transport of our country is the brainchild of the Bolshevik party, the Soviet Government, and Comrade Stalin. In the USSR, on the initiative and instructions of Comrade Stalin, mass production of automobiles was organized immediately, while in all capitalist countries automobile manufacturing went through a long path of serial production. To the genius of Comrade Stalin we owe the rapid motorization of the USSR, which is one of the most important conditions of our independence from the capitalist world, the strength of the economy and the defense capability of the country, as well as an important factor in raising the well-being of our people. The authors of the work on motor transport planning should have shown the huge role of the party and the government in the development of motor transport of our Motherland.

Along with fundamental shortcomings, the reviewed book contains a number of minor errors. Thus, for example, the authors for some reason believe that "the capital investment plan must include work on major repairs..." (p. 15), meanwhile, since 1938 major repairs have not been included in the capital works plan.

There is no clear definition of the vehicle utilization indicator in the book. The intensity of vehicle utilization is defined either by the amount of work performed by the vehicle during the year (p. 6), or by the ratio of the hours of a vehicle's presence on the line to machine-hours of presence in the economy (p. 49).

When calculating the fleet utilization coefficient, the authors incorrectly indicate the number of machine-days in the

economy without taking into account the presence of vehicles in the economy on non-working days (weekends and holidays) and thereby artificially inflate this coefficient.

When calculating the required number of workers for preventive maintenance of a vehicle, the authors recommend the far-fetched category of "norm-hours of a worker's output per year" (p. 133) and incorrectly suggest, subject to workers overfulfilling output norms, calculating "the actual number of norm-hours of a worker's output" instead of reducing the norm-hours required to fulfill the volume of work.

It is incorrectly stated in the reviewed book that it is impossible to standardize the labor of workers engaged in current repairs of automobiles (pp. 133–134).

When calculating the motor transport enterprise's need for repair workers, the authors do not take into account the work of drivers on repairs, although they themselves correctly suggest taking into account their work on machine repairs when calculating the need for drivers.

The concept of the enterprise's own working capital is incorrectly interpreted in the book (p. 199). The method for determining the average annual fuel consumption rate is stated inaccurately. An error was made in calculating the planned payroll fund for drivers.

There are also purely editorial errors in the book that sometimes distort the meaning: For example, due to a typo, the downtime of a vehicle under loading and unloading operations is incorrectly defined (p. 54). The book incorrectly indicates the year of commencement of production of certain vehicles;

for example, the book indicates the beginning of production of "ZIS-5" trucks in 1934, whereas in fact their mass production began in 1933; the production of "ZIS-8" buses began not in 1934, but in 1933, etc.

Due to the indicated errors and shortcomings, the reviewed book cannot be recognized as a full-fledged work on the planning and accounting of Soviet motor transport. For the better organization of motor transport operations in the interests of maximum satisfaction of the needs of the national economy in automobile transportations of our great Motherland, it is necessary to create a high-quality work on the economics and planning of motor transport.

A. KURNAEV

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E. MANEVICH

TWO SYSTEMS — TWO RESULTS OF POSTWAR ECONOMIC DEVELOPMENT

After the victorious completion of the Great Patriotic War, Comrade Stalin set grandiose tasks before the Soviet people for the restoration and further upswing of the national economy of the USSR. "At present," Comrade Stalin pointed out, "the Soviet people are faced with the task of consolidating the conquered positions, moving further forward towards a new economic upswing. We cannot limit ourselves to consolidating these positions, for this would lead to stagnation. We must move further forward to create the conditions for a powerful new upswing in the national economy. We must in the shortest possible time heal the wounds inflicted by the enemy on our country and restore the pre-war level of development of the national economy so as to significantly surpass this level in the near future, raise the material well-being of the people, and further strengthen the military-economic might of the Soviet State."[109]

This majestic Stalinist program is being successfully implemented. A powerful new upswing is taking place in all areas of socialist economy and culture. The Soviet people, organized and inspired by the party of Lenin-Stalin, are successfully developing the national economy of the USSR, achieving the ahead-of-schedule fulfillment of the postwar Stalinist five-year plan. The restoration and further

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109 *Bolshevik, No. 4, 1946, p. 2.*

development of the economy of the Soviet Union take place on the basis of the laws of expanded socialist reproduction, with the broad initiative and activity of the working masses. The economy of our Motherland grows and develops, preserving and strengthening complete independence from capitalist states and monopolies. The Soviet economy is determined and directed by the state socialist plan, which has the force of a law of economic development. In all spheres of the socialist economy of the USSR during the years elapsed since the end of the war, the action of the powerful internal forces of the socialist planned economy has once again manifested itself.

The results of the restoration and development of the national economy of the USSR for four years (1946–1949) once again convincingly demonstrate the deep and fundamental advantages of the socialist economic system over the capitalist system.

It is known that the war and the temporary occupation of part of the territory of the USSR by the German fascist invaders caused enormous material damage to the national economy of the Soviet Union. Despite the grave consequences of the war and the natural disaster—the drought of 1946—the Soviet state managed to organize a planned and rapid upswing in industry, agriculture, transport, and goods turnover.

Soviet industry is raising the level of its production at extremely rapid rates. Gross industrial output increased in 1946 by 20% (civilian production), in 1947 by 22%, in 1948 by 27%, and in 1949 by 20%.

The rates of industrial development of the USSR after the war significantly surpassed the rates of the pre-war five-year plans (the average annual growth of industrial output was 17.1% in the second five-year plan, and 13% for the three years of the third five-year plan). In the fourth quarter of 1947, the average quarterly level of industrial production of the pre-war year 1940 was achieved. In 1948–1949, socialist industry achieved further serious successes, outperforming established targets quarter after quarter.

According to the five-year plan, the pre-war level of industrial production was to be achieved in 1948. Thanks to the advantages of the socialist economic system, this target was significantly exceeded: in 1948, gross industrial output exceeded the average level of 1940 by 18%, and in 1949 by 41%. The five-year plan provided that the volume of output of all industry in the USSR in 1950 should exceed pre-war production by 48%. But already in the fourth quarter of 1949, output of all industry exceeded the average monthly output of 1940 by more than 53%. Consequently, the industry of the USSR is currently operating at a significantly higher level than before the war, and at a higher level than outlined by the five-year plan for 1950—the final year of the postwar Stalinist five-year plan. This is a tremendous success of our socialist construction.

The state plan of the first three years of the postwar five-year plan (1946, 1947, and 1948) for the gross output of all industry of the USSR was fulfilled by 103%.

In 1949, the Bolshevik Party and the Soviet Government implemented measures to further improve production organization, make fuller use of production capacities, and economize on raw materials, fuel, and supplies. In connection with newly identified additional reserves in industry, the originally established industrial production plan was increased by the government. The increased plan for gross output of all industry of the USSR was fulfilled in 1949 by 103%.

In contrast, production in capitalist countries is rolling downward unchecked. While the volume of industrial production of the Soviet Union has increased 9-fold over the past twenty years, industrial production of capitalist Europe as a whole remained at the same level over these 20 years. In England, industrial production in 1949 was approximately at the level of 1937 and exceeded the output volume of 1913 by only 18%, while in a number of industrial branches output was even lower than in 1913. The level of industrial output in France in 1948 was significantly lower than in 1929.

One of the characteristic features of the development of the socialist economy of the USSR is the simultaneous upswing in production across all branches of the national economy. The socialist state planfully ensures correct proportions in the national economy. Such an upswing of the entire economy is possible only under the socialist system, based on planned economic management and the conscious use of economic laws.

The Soviet state attaches exceptionally great importance to the development of leading branches of heavy industry, which

determine the successful and ahead-of-the-schedule fulfillment of the five-year plan for the restoration and development of the national economy: the metallurgical, coal, and oil industries. This is evident from the following data on the growth of output in the metallurgical and fuel industries in the USSR (pig iron, steel, rolled stock, copper, zinc, coal, petroleum).

Already in the fourth quarter of 1948, the average daily production of pig iron, steel, rolled stock, and iron products significantly exceeded the pre-war level. At present, the USSR possesses such a powerful ferrous metallurgy as our country has never had before.

For the rapid development of all branches of the national economy and the growth of social labor productivity, the Soviet state ensures particularly high growth rates in mechanical engineering—the core of heavy industry.

The rates of growth of almost all types of engineering products over the four years far outpaced the average growth rates of all industrial production. Throughout this period, Soviet mechanical engineering provided various branches of the national economy with new, technically advanced, and highly productive types of equipment, machinery, and machine tools. Thanks to this, enormous technical progress is systematically carried out in all branches of the national economy of the USSR.

The task set by the Law on the Five-Year Plan of raising the production of consumer goods—ensuring the growth of the material well-being of the peoples of the Soviet Union and the

achievement of an abundance of basic consumer items in the country—is also being successfully implemented.

The rates of growth of production of a number of consumer goods even outpace the average growth rates of all industrial production, thanks to which the consumption level of the working class, collective farm peasantry, and intelligentsia of the USSR is rising rapidly.

In capitalist countries, the lion's share of national income is appropriated by the exploiting elements of society—capitalists, landowners, bankers, and their numerous retinue. It goes to satisfy their various whims, to protect their domination, to maintain prisons, police, for the arms race, etc.

The complete elimination of exploiting classes in the USSR has allowed the socialist state to immeasurably increase both that part of the national income which goes to the personal consumption of working people (approximately three-quarters) and that part which goes to accumulation (about one-quarter). In this lies one of the most important advantages of the socialist economy over the capitalist economy. In 1949, the national income of the USSR grew (in comparable prices) by 17% compared to 1948 and by 36% compared to the pre-war year 1940. This made it possible to significantly improve the material situation of workers, peasants, and the intelligentsia, and to ensure the further expansion of socialist production in town and country.

Capital construction is growing at ever-accelerating rates. The volume of capital works on restoration and new construction in the national economy of the USSR in 1947 amounted to 110%

of the 1946 volume, and in 1948—123% of the 1947 volume. In 1949, the volume of capital works amounted to 120% compared to 1948, including 122% for the coal and oil industries, 118% for metallurgy, 139% for power plants, and 110% for mechanical engineering.

Accelerated rates of capital construction in the years of the postwar Stalinist five-year plan became possible thanks to the unswerving implementation of the directives of the party and government on the concentration of resources on primary commissioning projects.

Large-scale capital works were carried out in regions that had undergone German occupation. In 1947, more than 18 billion rubles were spent on capital construction in these regions through centralized channels alone, and in 1948—20 billion rubles. As a result, in these regions over 1948 industrial production increased by 41%, including pig iron smelting by 41%, steel smelting by 66%, rolled stock production by 65%, electric power generation by 31%, etc. In September 1949, the pre-war level of industrial production was achieved in the regions of the country that suffered from fascist occupation.

Thanks to the wide scope of capital works over the four years of the postwar Stalinist five-year plan, over 5,200 state industrial enterprises have been built, restored, and put into operation, not counting cooperative and other small enterprises. Such a volume, such rates of construction are possible only in the conditions of a socialist economy, where the working people, and not a handful of capitalist predators, are the full-fledged masters of all means of production.

The restoration and further development of agriculture in the USSR, which also suffered severely during the years of war, are successfully carried out. The socialist collective farm organization of agricultural production and extensive state assistance to the peasantry with tractors and other agricultural machines, equipment, seeds, etc., and in some regions also with food, made it possible to achieve a significant upswing in Soviet agriculture in a short time.

In 1948, agriculture in the USSR received from the state three times as many tractors, two times as many agricultural machines, and two times as many automobiles as in the pre-war year 1940.

In 1949, agriculture received 150 thousand tractors (in terms of 15-horsepower tractors), 29 thousand combines (of which 12 thousand were self-propelled), 64 thousand trucks, and over 1,600 thousand trailed implements and other agricultural machines. This means that in 1949 agriculture received three to four times more tractors, automobiles, and agricultural machines than in the pre-war year 1940. In 1949, the level of mechanization of agricultural work in collective farms increased significantly: machine-tractor stations performed agricultural work in collective farms 21% more than in 1948, and 19% more than in 1940.

Sown areas in 1948 and 1949 for all agricultural crops increased by 19.8 million hectares compared to 1947. Already in 1947, the yield of grain crops reached the pre-war level. In 1948, in most regions of the country, an even more abundant harvest was grown and gathered than in 1947. The gross

harvest of grain crops in 1948 as a whole across the USSR amounted to over 7 billion poods and thus almost reached the level of 1940, and the harvest of 1949 amounted to 7.6 billion poods, i.e., exceeded the level of 1940 and almost reached the dimensions established by the five-year plan for 1950.

An enormous role in raising the work of collective farms was played by the decree of the USSR Council of Ministers and the Central Committee of the All-Union Communist Party (Bolsheviks) "On measures to eliminate violations of the Charter of the Agricultural Artel in collective farms" (September 1946) and the decision of the February Plenum of the Central Committee of the CPSU(b) (1947) "On measures for the upswing of agriculture in the postwar period."

By the initiative of Comrade Stalin, the Bolshevik Party and the Soviet Government adopted in 1948 a grandiose plan for shelterbelt forestation, the introduction of grass-field crop rotations, and the construction of ponds and reservoirs in the steppe and forest-steppe regions of the European part of the USSR. The successful implementation of this plan leads to the transformation of nature across vast expanses, ensures even higher and more stable yields for agriculture, and thereby raises the economic might of the Soviet Union and the well-being of our people even higher.

The "Three-Year Plan for the Development of Public Collective and State Farm Productive Livestock Breeding (1949–1951)," adopted on April 19, 1949, by the USSR Council of Ministers and the Central Committee of the CPSU(b), provides for an increase in 1951 by no less than one

and a half times compared to 1948 in the production of meat, lard, milk, butter, eggs, and other products to further improve food supply to industrial centers, cities, and the entire population of the country, as well as the production of leather, wool, and other raw materials for light industry.

The work of Soviet transport is continuously improving. Average daily loading on railways in 1947 increased by 10% compared to 1946. In 1948, freight turnover on railway transport increased by 27% compared to 1947, and in 1949 by 17% compared to 1948, significantly exceeding the level of 1940.

In the postwar years, labor productivity has been growing everywhere in the national economy of the USSR, and the qualitative indicators of the work of socialist industry are improving. Industrial labor productivity increased in 1948 by 15% compared to 1947, exceeding the pre-war level, and in 1949 it increased by 13% compared to 1948. The cost of industrial production decreased by 7.3% in 1949.

One of the main economic laws of socialism is the systematic and successive raising of the material and cultural living standard of the popular masses. The elapsed period of the postwar Stalinist five-year plan was a period of steady growth in the well-being of the Soviet people. This found expression in the increase in the number of workers and employees, in the absence of unemployment, in the growth of wages of workers and employees as well as incomes of collective farmers, in the reduction of prices for mass consumer goods, the increase in

output and improvement in quality, housing improvements, and the increase in the number of students, etc.

Over 1946–1949, 8 million new workers and employees were drawn into branches of the national economy. In 1949, the total number of workers and employees in the national economy increased by 1.8 million people compared to 1948, exceeding the pre-war level of 1940 by 15%.

On the basis of the upswing in industrial and agricultural production and the accumulation of large commodity reserves of food and mass consumer goods in the country, the Soviet state eliminated the rationing system at the end of 1947, transferred commodity circulation to the rails of expanded cardless Soviet trade, and successfully carried out the monetary reform. As a result, the full-valued Soviet ruble was restored.

The Soviet monetary reform and the abolition of the ration system were carried out on the basis of a significant reduction in state prices, as a result of which the population of the USSR saved approximately 57 billion rubles in 1948 alone. From April 1948, the second stage of price reduction began, completed by the decree of the USSR Council of Ministers and the Central Committee of the CPSU(b) of February 28, 1949, "On a new reduction from March 1, 1949, of state retail prices for mass consumer goods."

On February 28, 1950, the USSR Council of Ministers and the Central Committee of the CPSU(b) adopted the resolution "On a new reduction of state retail prices for foodstuffs and industrial goods." This price reduction is the third in succession and the most significant during the years of the postwar

Stalinist five-year plan. From March 1, 1950, prices for such goods as bread, groats, meat, and meat products were reduced by 25–35%. Prices for other foodstuffs and consumer goods—fabrics, ready-made clothing, footwear, etc.—were reduced by 10–30%, and for some goods by 40–50%.

In the Soviet Union, the housing stock of cities and villages destroyed during the war is being restored at rapid rates, and new construction is underway. Over the four years of the postwar five-year plan, state enterprises and institutions, local soviets, and the population with the help of state credit have restored and newly built over 72 million square meters of living space. In rural areas, 2.3 million residential houses were built and restored during the same time.

The elapsed postwar years were years of a further rise in the cultural level of the Soviet people. The number of students in primary and secondary schools increased by 7,260 thousand in 1946–1949. In 1949, 1,128 thousand people studied in higher educational institutions in the USSR, which exceeds the number of students in 1940 by 316 thousand people, and in technical schools and other secondary specialized educational institutions—1,308 thousand people, which exceeds the pre-war number by 333 thousand people.

In the Soviet Union (taking into account the huge network of evening schools and universities, courses, trade schools), every third person is studying. At the same time, in the USA, as President Truman admitted, "several million school-age children cannot attend school mainly due to a lack of funds or teachers." More students study in higher educational

institutions of the USSR than in all higher educational institutions of the Western European states combined. The task set by Comrade Stalin—to make all workers and all peasants cultured and educated—is being fulfilled.

Over the postwar years, the network of medical institutions has expanded significantly. In 1948, the number of medical institutions increased by 40% compared to 1940. In 1949, hospitals for 38 thousand beds were newly built and expanded. In the first quarter of 1949, there were 950 thousand doctors and secondary medical personnel in the USSR providing free assistance to the population of the country.

The huge patriotic upswing of the working people ensures the ahead-of-schedule fulfillment of the postwar Stalinist five-year plan. A significant increase in labor productivity and growth in production have become possible thanks to the continuous development, improvement, and wide introduction of new forms of labor organization and socialist emulation.

Throughout the postwar years, the process of labor mechanization has been proceeding at rapid rates in all branches of industry, especially in coal, metallurgy, timber, and construction. In socialist industry, assembly-line production is being introduced as the most rational method of organizing the production process. Hundreds and thousands of Stakhanovites, mastering production technology, apply high-speed methods of work.

Further development was attained by all-Union socialist emulation, embracing all industry and collective farm agriculture. In 1947, a new form of the Stakhanovite movement

unfolded—the adoption of personal obligations for the ahead-of-schedule fulfillment of annual and five-year plans. In the postwar years, collectives of working people in letters to Comrade Stalin assumed responsible obligations and honorably fulfilled them.

By the initiative of assistant foreman of the Krasnokholm Worsted Combine, Stalin Prize laureate A. S. Chutkikh, a new form of socialist emulation for the output of products of excellent quality arose and spread in all branches of the national economy. Throughout the country, a movement for the commonwealth of scientists with industrial workers unfolded.

The date dear to the entire Soviet people, to all progressive humanity—the 70th birthday of the great teacher and leader of the peoples, Comrade Stalin—was marked by new labor feats of Soviet people, a new upswing in socialist emulation.

Huge successes in the postwar restoration of the national economy and the raising of the material and cultural living standard of the working people were achieved by the European countries of people's democracy.

The Soviet Union, which liberated a number of countries of Central and Southeastern Europe from German fascist invaders, played a decisive role in the formation of countries of people's democracy and in preventing Anglo-American intervention in these countries, and rendered fraternal assistance to their peoples in consolidating the system of people's democracy, in restoring and developing their economy.

Over the years elapsed since the end of the Second World War, the working class under the leadership of communist and workers' parties in the countries of people's democracy has carried out deep economic and political transformations. Agrarian reforms have been carried out, large and medium-sized industry, banks, transport, foreign trade, etc., have been nationalized. The state socialist sector in the industry of these countries now makes up up to 98% of all industrial production, i.e., it has begun to play the leading, determining role in the entire economic life of the countries of people's democracy.

Despite the fact that the European countries of people's democracy suffered colossal losses as a result of the war and German fascist occupation, despite the furious resistance rendered to the victorious working class by the overthrown bourgeoisie as well as the kulaks, supported and encouraged by Anglo-American imperialists, the national economy of these countries is experiencing an unswerving upswing.

As a result of the liquidation of the yoke of capitalists and landowners, thanks to the unswerving growth of industrial and agricultural production and the care of the people's democratic state, the material and cultural living standard of the working people is incessantly rising in the countries of people's democracy. The most important achievement of the countries of people's democracy is the complete liquidation of unemployment.

Economic cooperation between the USSR and the countries of people's democracy received its further development and consolidation after the creation of the Council for Mutual

Economic Assistance. The economic conference of representatives of Bulgaria, Hungary, Poland, Romania, the USSR, and Czechoslovakia held in January 1949 in Moscow noted that "the governments of the United States of America, England, and some other countries of Western Europe in essence boycott trade relations with the countries of people's democracy and the USSR, since these countries do not consider it possible to submit to the diktat of the Marshall Plan, as this plan violates the sovereignty of countries and the interests of their national economy."

In contrast to the USSR and the countries of people's democracy, where the continuous development and upswing of the national economy take place, accompanied by a successive increase in the material and cultural living standards of the working people, in capitalist countries the postwar economy is characterized by the mounting of an economic crisis and the unswerving deterioration of the situation of the broad working masses.

American imperialists, striving to unleash a war against the camp of democracy and socialism, are carrying out a broad armament program, using the military-inflationary conjuncture for their enrichment, carrying out a program of economic and political enslavement of Western European countries, and forcing the export of goods in every way. And despite all this, US industrial production has begun to fall precipitously since the end of 1948.

In fear of the growing forces of democracy and socialism, of the increasingly unfolding working-class movement and the

struggle of the working masses of colonial countries for their liberation, the bourgeoisie of England, France, Italy, Belgium, and other countries accepted the enslaving conditions of the "Marshall Plan."

Contrary to the interests of the peoples, Anglo-American imperialists are drawing the countries of Western Europe into aggressive blocs. Military expenses are constantly growing at the expense of the monstrous exploitation of the broad working masses in capitalist countries. Thus, in the USA alone, direct military expenditures amounted to $10,924 million in 1947/48; for 1948/49 they were defined at $11,745 million, and for 1949/50—at $14,268 million, while before the war, in 1938/39, they amounted to $1,074 million.

The postwar years brought the working class and all working people of capitalist countries a further reduction in the material and cultural living standards. These years are characterized by the continuous increase in unemployment, the offensive of capital against political rights and the living standard of the working class, the enormous inflationary growth of prices for food and consumer goods, the increase in rent, etc. There are about 45 million unemployed and semi-unemployed in the countries of the capitalist world.

The situation of the working class in England has sharply deteriorated. There, not only is the rationing system of distribution still preserved, but food issue norms are also being reduced. Annual consumption in England in 1948 was less than in 1934–1938: bacon by 62%, butter by 46%, meat by 26%. From 1938 to 1949, food prices in England doubled. By

decision of the Labour Government, a rigid policy of "freezing" cash wages is being implemented.

In Italy, the number of unemployed increases from year to year. At the end of 1946, 2,098 thousand unemployed were registered, at the end of 1947—1,778 thousand, and in 1949—over 3 million, not counting semi-unemployed. The purchasing power of the Italian lira has decreased 50–60 times.

Unbridled inflation has gripped almost all capitalist countries of the world. As a result of the reactionary policy of the American occupation authorities, the rapid growth of inflation in Japan continues. Thus, the wholesale price index here reached 16,220 in September 1949 (October 1937 = 100). There are over 7 million fully and partially unemployed in Japan.

Such is the situation of working people in capitalist countries in the postwar time. And the worse the situation of workers, the lower their real wages, the higher the profits of capitalists extracted through the intensification of worker exploitation, the use of inflation, the increase in state military orders, etc.

Profits of capitalist monopolies in the USA grew even faster after the war than in the war years. Thus, in 1947 US corporations received nearly $20 billion in profit (after tax deduction) against $6 billion in 1939 and $11 billion in 1943; in 1948—nearly $22 billion (after tax deduction).

The postwar years are characterized by the aggravation of contradictions in capitalist countries. The contradictions between labor and capital have been exposed even more, and the political and economic struggle of the working class has

intensified. Monopolistic capital, conducting an openly aggressive foreign policy, is intensifying its political and economic offensive against the working class and trade unions, striving to liquidate the remnants of the democratic rights of working people.

Resistance of working people to the forces of imperialism and reaction is growing and strengthening throughout the world. In the USA alone, from the beginning of 1946 to October 1949, there were 15,247 strikes involving 11,730 thousand workers and employees. The working class under the leadership of communist parties unites its forces in the struggle for peace, freedom, and independence of peoples, in the struggle for the victory of the forces of democracy and socialism.

The sharpening of the fundamental contradiction of capitalism between the social character of production and the private form of appropriation inevitably leads the capitalist world to a new deep economic crisis, which will further increase the multi-million armies of the unemployed.

The working people of capitalist countries have no and cannot have confidence in the morrow. The working people of all countries of the world follow with enormous satisfaction the achievements of the great Soviet Union—the first state of victorious socialism in the world. They learn from the example of the USSR, which shows the peoples the way to deliverance from hunger, poverty, and the torments of slave labor, to a free and prosperous life.

The huge historical victories of the USSR and the successes of the countries of people's democracy achieved in the postwar

years testify with new force to the advantages of the socialist economic system over the capitalist one; they demonstrate the superiority of the Soviet system and socialist economy over the rotting system of capitalism, torn by deepest antagonistic contradictions.

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S. Pogosov

SUCCESSES OF THE DEMOCRATIC REPUBLIC OF VIETNAM

The world-historical victory of the Soviet Union in the Second World War and the great victory of the Chinese people, who threw off the centuries-old oppression of feudal reaction and the yoke of foreign imperialism, opened a new page in the history of all the peoples of Asia. With the collapse of aggressive Japanese imperialism and the reactionary regime of Chiang Kai-shek, the peoples of Asia received new opportunities to fight against their oppressors — American, British, French, and Dutch imperialists. The national liberation struggle of the oppressed peoples of Asia, the Pacific Basin, and the entire colonial world rose to a new, higher level.

The successes of the popular revolution in China demonstrated to the people of Vietnam as well the feasibility of their cherished goals of overthrowing the regime of colonial exploitation and feudal oppression, expelling the imperialists, and creating a genuinely popular, democratic republic. Vietnam directly borders China. The national liberation movement of the Vietnamese people has always drawn inspiration from the victorious struggle of the Chinese people. The triumph of Chinese democracy inspires the people of Vietnam in their heroic struggle against the imperialists, giving them confidence that complete and final victory over their enemies is near.

The Republic of Vietnam ("Country of the South") encompasses the territory of the former French protectorates — Tonkin, Annam — and the colony of Cochin-China. The territory of the republic, stretching for 2 thousand km along the coast of the South China Sea, equals 350 thousand sq. km, its population is over 20 million people, of which 17 million are Annamites — the indigenous population of the republic.

The Democratic Republic of Vietnam was formed as a result of an armed uprising against the Japanese occupiers and pro-Japanese puppet governments existing at that time in Indo-China, which broke out on August 8, 1945, in North Vietnam (Tonkin). This uprising culminated in the establishment on August 25, 1945, of the Provisional People's Government of Vietnam headed by the leader of the resistance movement, leader of the Vietnamese people, and one of the founders of the Indo-Chinese Communist Party — Ho Chi Minh.

On September 2, 1945, the Government of Vietnam proclaimed the independence of the republic.

French imperialists, with the help and support of the imperialists of the USA and Britain, unleashed a colonial war against the people of Vietnam on September 23, 1945, attempting by force of arms to crush the young republic and reclaim this colony, the plunder of whose natural resources and exploitation of cheap local labor brought them immense superprofits. However, the lightning defeat of imperialist Japan by the heroic Soviet Army disrupted the plan developed by the ruling circles of France for the gradual withdrawal of Japanese troops from Vietnam and their replacement with French troops.

France, at the moment of Japan's surrender, did not possess an army that could occupy Vietnam, and Anglo-Indian troops armed with American and British weapons were thrown to the aid of the French imperialists. These troops landed on Vietnamese territory from American ships and, under the pretext of disarming Japanese garrisons, initiated military operations against the Vietnamese people. Following this, the French colonial army was transferred to Vietnam, reinforced by stormtroopers, SS men, and other mercenary killers recruited in the western zones of Germany. American imperialists recruit Japanese soldiers and officers to wage war against the Vietnamese people.

The people of Vietnam rose in a heroic struggle against the imperialist interveners. The Resistance Army, which began to take shape during the war against the Japanese occupiers, grew into a significant military force armed with modern weapons and tempered in continuous battles with the troops of imperialist mercenaries. 150 thousand soldiers and officers and 300 thousand partisans selflessly stood up to defend the independence of their motherland.

The ruling circles of France were forced to sign a preliminary agreement with the Democratic Republic of Vietnam on March 6, 1946, in the Vietnamese capital Hanoi, under which the French government recognized the Republic of Vietnam as a "free state having its own government, army, and finances, and forming part of the French Union." However, the signing of this agreement was a maneuver by French imperialists seeking to gain time to transfer a new contingent of troops to the territory of the republic.

The war of the imperialist colonizers against the people of Vietnam has been going on for four and a half years now. In this war, the Democratic Republic of Vietnam is winning victories; the colonial adventure of the Anglo-American-French oppressors is suffering collapse.

French imperialists have repeatedly announced the start of a "decisive offensive" which, according to their assurances, was supposed to end in the complete defeat of the republic. However, these statements turned out to be empty boasting. The French army over the entire period of military operations lost more than 150 thousand soldiers and officers killed and wounded.

France's military expenditures for the "reconquest" of Vietnam, according to official, clearly understated data, amounted to 60 billion francs in 1948 and 107 billion francs in 1949. In 1950, the French government allocated over 150 billion francs for the war against the Republic of Vietnam. All these vast expenses lie as a heavy burden on the shoulders of the working masses of France, lowering their already extremely low living standard. But French imperialists prove unable to suppress the liberation struggle of the risen people of Vietnam.

The French occupation army currently holds with great difficulty only one-tenth of Vietnam's territory, mainly areas of mining industry, major cities, and ports of the republic located on the coast along railways, in particular Saigon and Cholon (in Cochin-China), Dalat, Tourane, and Hue (in Annam), Hanoi and Haiphong (in Tonkin). The population of the occupied part of Vietnam constitutes no more than 2 million people, while on

the territory controlled by the republic — 90% of all Vietnam's territory — reside over 18 million people, i.e., the overwhelming majority of the country's population.

After the victory of the popular revolution in China, the military situation of the French in Vietnam became even more difficult. French imperialists in their colonial war against the Republic of Vietnam relied on the assistance of the reactionary Kuomintang clique. As early as 1945, the Kuomintang army, ostensibly to disarm Japanese troops, seized the entire northern part of Vietnam up to the 16th parallel, although by that time the Vietnamese people had already expelled Japanese occupiers and pro-Japanese puppet governments from their country. In 1946, the Chiang Kai-shek clique, at the bidding of its American masters, transferred occupation power to France and helped French units then located in China attack the Republic of Vietnam from the rear. During the Kuomintang occupation of Vietnam, Chinese reactionaries, with the help of imperialist agency — the pro-Kuomintang Dong Minh Hoi party formed in 1942 in South China from feudal lords, landlords, big compradore and industrial bourgeoisie, and right-wing leaders of the Quoc Dan Dang party representing mainly the petty and middle Vietnamese bourgeoisie — attempted to split the resistance movement from within. Imperialist agents Nguyen Tuong Tam and others, after being expelled from Vietnam, found refuge in Kuomintang China. There they continued to weave conspiracy networks against the democratic forces of Vietnam. Naturally, the collapse of the Kuomintang rear hostile to the Republic of Vietnam and the formation of the friendly People's Republic of China radically

changed the balance of fighting forces in Vietnam in favor of democracy, to the detriment of imperialism.

Not relying on their own forces, French imperialists intended to use the remnants of the defeated Kuomintang army to suppress the Republic of Vietnam, whose command in turn intended to turn the territory of Indo-China into a base for diversions against the People's Republic of China. However, the People's Liberation Army of China and the Vietnamese army disrupted this insidious plan. The People's Liberation Army of China reached the Sino-Vietnamese border, cut off the main mass of retreating Kuomintang troops from it, and pushed them to the north. Only miserable remnants of the Kuomintang army — total about 27 thousand soldiers — managed to cross the border.

The armed forces of Vietnam, having successfully repulsed the attempts of French troops to occupy Bac Bo — the Northern part of the republic — and coordinate their actions with the remnants of the defeated Kuomintang army retreating from South China, launched major offensive operations in the Moncay - Langson - Caobang area. Regular units together with partisan detachments besieged the cities of Caobang, Laokai, and Moncay, recaptured from the interveners the large center of North Vietnam, the city of Baccan, the coal industry areas of Tinh Tuc, Nao Le, Nguyen Binh, and a number of other points, occupied settlements along the Vietnamese-Chinese border, and liberated four districts previously occupied by French troops in Quang Binh province (Central Vietnam). In addition, Vietnamese troops liberated the Tuong Van and Tien Du areas in Bac Ninh province (North Vietnam). The highway

connecting Caobang with Langson became a "road of death" for the French occupiers.

On April 6, 1950, the army of the Democratic Republic of Vietnam launched a new offensive in the Soc Trang area (160 km south of Saigon).

Now even the bourgeois press of France is forced to admit the complete bankruptcy of French military plans in Vietnam. However, this was clear earlier as well. Thus, as early as 1947, such a diligent executor of imperialist will as the French High Commissioner in Indo-China, Bollaert, in a report to the French government wrote: "It has become clear that France will not be able to achieve the destruction or removal of its opponent by force."[110]

Before the heroic Vietnamese people opened the possibility to complete the defeat of the interveners and their agency and completely liberate their country. In an Appeal to all governments of the world on January 14, 1950, the President of the Democratic Republic of Vietnam Ho Chi Minh stated: "Full of determination to protect the independence of their motherland from French colonizers, the Vietnamese people and army courageously wage the struggle. Every day brings final victory closer."

The failure of French imperialists' attempts to destroy the Democratic Republic of Vietnam by force of arms forced them to resort to political maneuvers. The ruling circles of France, relying on outright Vietnamese reactionaries, are trying not

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[110] Cited from "Démocratie Nouvelle" No. 5, 1948.

only by force, but also by deceitful means to restore their dominance in Vietnam and maintain here the regime of colonial oppression and exploitation.

In May 1948, on the territory occupied by French troops, the so-called "provisional central government of Vietnam" was created, headed by General of the French service Nguyen Van Xuan. But this maneuver failed ignominiously. Even one of the members of this puppet "cabinet" was forced to admit that the regime of Nguyen Van Xuan was supported by less than one percent of the population.

Then the government of France brought into play the former Emperor of Annam, traitor of Vietnam Bao Dai, who abdicated the throne in 1945. On March 8, 1949, the government of France concluded an agreement with Bao Dai on the inclusion of puppet Vietnam into the French Union and granting Bao Dai under French control certain possibilities for establishing diplomatic ties with the outside world. This agreement provided that the Vietnamese army must be included in the French armed forces and that the puppet government of Bao Dai is obliged to place all military-strategic bases in Vietnam at the disposal of France. The agreement also outlined ways to further strengthen the colonial dependence of Vietnam on France, growth of French investments in Vietnam, subordination of the Vietnamese piastre to the French franc, expansion of French control over industry, foreign trade, communications in Vietnam, etc. Thus, the so-called "Franco-Vietnamese Agreement" of March 8, 1949, was directed at consolidating the regime of colonial oppression of imperialists over the people of Vietnam.

However, French imperialists failed to deceive the people of Vietnam. A special correspondent of the French newspaper "Combat" in Indo-China was forced to admit that the French government's agreement with Bao Dai caused an extremely unfavorable reaction for the imperialists in Vietnam. The puppet government of Bao Dai is an empty spot, although it was recognized by the governments of the USA and Britain. It represents no one except a negligible handful of reactionaries, and relies only on American dollars and French bayonets. The colonizers' maneuvers accelerated the self-exposure of their agency in Indo-China, but did not relieve them of the need to send new military units to protect this "government" from the Vietnamese people. The Vietnamese people brand with contempt a handful of traitors headed by Bao Dai.

Political maneuvers of the French colonizers were actually directed by American imperialists. The ruling circles of the USA view Indo-China as a strategically important stronghold in the struggle against the national liberation movement of the peoples of the East, against the People's Republic of China. To return Vietnam to the imperialists, the American government sent to Indo-China such experienced "instructors" in political intrigues and machinations as Bullitt, Mellon, and Jessup. The colonial war in Indo-China was, in essence, also waged by French hands for American imperialists. The collapse of United States policy in China and the weakening of American positions in the Far East and the Pacific Basin severely undermined the positions of French imperialists as well, changing the balance of forces in Vietnam in favor of the people fighting for freedom and democracy. Political

maneuvers of French and American imperialists standing behind their backs, just like their military plans, suffered complete failure.

The Government of the Democratic Republic of Vietnam represents the overwhelming majority of the country's population. It is unanimously supported by the Vietnamese people. With each passing day, the genuinely popular, democratic system in Vietnam strengthens, and the international position of the republic consolidates. Decisions of the governments of the USSR, the People's Republic of China, the Korean People's Democratic Republic, and European countries of people's democracy to establish diplomatic relations with the Democratic Republic of Vietnam are an important contribution to the cause of peace, contributing to the consolidation of the democratic forces of the young republic.

The government of the Republic of Vietnam carried out a series of democratic transformations in socio-political and economic life, raising the political and labor activity of broad strata of the Vietnamese people.

For the first time in Vietnam's history, the foundations of a new, democratic state are being laid in it. The leading force in Vietnam is the united anti-imperialist national front — Viet Minh, representing a union of workers, peasants, artisans, intelligentsia, petty and middle urban bourgeoisie under the leadership of the working class. Viet Minh — this broad coalition of all advanced and progressive organizations of the republic — was created in 1941 on the initiative of the Indo-Chinese Communist Party founded in 1930. The Communist

Party was the inspirer and organizer of the struggle against Japanese occupiers. Viet Minh, in addition to the Communist Party, included the New Annam Party, the Annamite National-Revolutionary Party, the Association of Revolutionary Youth, and other organizations fighting for the country's freedom. Viet Minh, after its merger with Lien Viet (National Union), which united the Vietnam Federation of Trade Unions, a number of progressive women's, youth, cultural, and other patriotic organizations, encompasses all strata of the republic's population, with the exception of reactionary groups of landlords and big compradore bourgeoisie who are enemies of the people's national liberation struggle.

On January 6, 1946, general elections to the National Assembly of the Republic of Vietnam took place. They were held on the basis of universal and direct suffrage for all citizens without distinction of race, religion, property status, or gender. The elections, in which 90% of all voters of the republic participated, brought a brilliant victory to Viet Minh: it received 230 out of 300 seats in the National Assembly. General elections of 1946 demonstrated the popularity and authority of Viet Minh among broad strata of the Vietnamese population; they strengthened the sovereignty of the republic, enhanced national unity of the people, and showed their steadfast determination to take the country's destiny into their own hands.

On March 2, 1946, at the first meeting of the National Assembly, a democratic government of the republic headed by Ho Chi Minh was formed; the National Assembly called upon the Vietnamese people to intensify the struggle against French

colonizers, toward unity and self-sacrifice for achieving full freedom and independence, and for rapid restoration of the country's economy.

The basis of the state system of the republic consists of people's committees created in all provinces, districts, regions, and villages, exercising power locally. These committees are elected by the people on the basis of universal and direct suffrage by secret ballot. In people's committees of those regions of the republic where the national composition of the population is not homogeneous, the principle of proportional representation from each nationality is applied.

On November 8, 1946, after nation-wide discussion, a democratic constitution was introduced in Vietnam, the first article of which reads: "Vietnam is a democratic republic. Power in the country belongs to the entire people of Vietnam without distinction of race, class, religion, property status, or gender." The new constitution consolidated democratic freedoms for all citizens of the republic: freedom of speech, press, and religion; it guaranteed equal rights for national minorities inhabiting Vietnam.

In Vietnam, industrial enterprises of defense significance have been nationalized, as well as lands of the imperial family of Bao Dai and landlords who defected to the French.

The land question is the fundamental question of the people's democratic revolution in Vietnam at the present stage. Correct resolution of the land question is of immense importance for the landless and land-poor peasantry of Vietnam, in which previously the overwhelming portion of land was seized by

landlords, usurers, and French colonizers. The government of Ho Chi Minh, proceeding to implement agrarian reform, reduced land rent across the entire territory of the republic by 25%, which significantly improved the position of peasant masses who previously were forced to pay rent in kind amounting to over 2/3 of the harvest. Usury is banned, agricultural tax is reduced, and poll tax is abolished, which previously lay as a heavy burden on the shoulders of the poor. All this severely restricted landlord and kulak exploitation of peasant masses. The democratic government issued a decree on distributing confiscated lands among peasants, and also carried out a redistribution of communal lands seized by kulaks and landlords during French rule. Recently, in a number of provinces of North Vietnam, distribution of land previously belonging to French colonizers and Vietnamese traitors among landless and land-poor peasants has begun. On March 12, 1947, a decree was issued according to which every citizen of the Republic of Vietnam who has reached 18 years of age can receive 3 ha of land from the state land fund provided that he will cultivate it himself. Upon expiration of a two-year period, this land passes into his ownership.

The government also expanded the possibility of using the state land fund through cultivating previously idle land, carrying out irrigation measures, and increasing production and application of chemical fertilizers. These first steps toward resolving the land question favorably affected the development of agriculture and the situation of the republic's peasantry. However, these are only first steps. A deep agrarian reform in Vietnam has not yet been carried out, as it is necessary to consolidate all forces

of the republic to organize military resistance to imperialist interveners.

The democratic government of Vietnam also pays great attention to improving working and living conditions of workers. The labor law adopted by the National Assembly of Vietnam provides working people of the republic with a 48-hour workweek and foresees the creation at all enterprises employing over 25 workers of local committees whose duty is to monitor the organization of production and labor, compliance with the law on working day duration, remuneration, hiring and firing of workers, etc. In the republic, it is forbidden to use the labor of children under 12 years in production and to apply child and female labor at night. Social insurance, paid leave, and sickness benefits have been introduced. Large families are issued allowances.

The government of Ho Chi Minh carried out a reform of judicial procedure. Judicial power is separated from executive power, and participation of working people in judicial procedure is expanded. National minorities are granted the right to use their native language in court.

All these democratic transformations in both socio-political and economic life are aimed at the radical democratization of the country, at undermining and liquidating the foundations of feudalism. They strengthen the independence and unity of the Vietnamese people, contribute to the restoration of the republic's economy, and raise the material welfare of working people.

Restoration and development of the economy of the Republic of Vietnam, like all activities of the government as a whole, are subordinated to the main goal — achieving final victory over imperialist oppressors. Despite a heavy, bloody war, industrial and agricultural production is growing in the republic.

The young Republic of Vietnam from the very first day of its existence faced immense difficulties caused by economic ruin resulting from 80 years of barbaric domination by French imperialists and five years of exploitation and plunder of the country by Japanese occupiers together with Vichy traitors. The difficult situation of the country was aggravated as a result of economic blockade organized by French imperialists, as well as natural disasters — crop failure, drought, and floods in 1944–1945. All this caused mass famine in the country, from which 2 million people died.

In this difficult time for the republic, Ho Chi Minh put forward the slogan: "Not a single inch of uncultivated land, not a single idle hand!" This slogan was enthusiastically supported by the entire Vietnamese people. In the struggle to increase food production, not only peasants joined, but also workers, soldiers, employees, students, and schoolchildren. As a result, in a short time sown areas were significantly expanded, primarily through virgin lands. Thus, the area of rice fields in 1946 increased 1.5-fold compared to 1945, the area under potatoes 3-fold, under corn 2-fold, under soy by 140%; potato yield increased 5-fold, corn 4-fold, soy by 175%. Commander-in-Chief of the Republican Army Vo Nguyen Giap stated: "The revolution won a victory over famine, and indeed this victory was one of the greatest achievements of our new democracy."

The republic without outside help averted the threat of famine, which had been a constant scourge of working people of Indo-China under the French colonial regime.[111]

The Republic of Vietnam is predominantly an agricultural country. Agriculture constitutes the basis of Vietnam's economy, with 90% of the population engaged in farming.

During the years of the republic's existence, not only were sown areas significantly increased, but crop yields of agricultural crops also rose sharply. According to data from the Ministry of Agriculture of Vietnam, production of the main crop — rice in North and Central Vietnam (Bac Bo and Trung Bo) increased from 1,552 thousand tons in 1945 to 1,887[112] thousand tons in 1947.

Production of potatoes, soy, corn, and other crops also increased. The table below shows the growth of production of these crops and sown areas under them in the Democratic Republic compared to the period when Vietnam was under colonial oppression.[113]

Crops	1938-1943 Area (thousand acres)	1938-1943 Production (thousand tons)	1938-1943 Uncleaned Rice Equivalent (thousand tons)	1946 Area (thousand acres)	1946 Production (thousand tons)	1946 Unclean Rice Equival (thousa tons)

111 "One Year of Revolutionary Achievements. Report to the Viet-Nam People at Hanoi, Viet-Nam News Publication, Bangkok", 1946, p. 15.

112 "Viet-Nam Information". Viet-Nam News Service. Bangkok, 25. III. 1949.

113 "Achievements of the Democratic Republic of Viet-Nam", 1949, p. 9.

oes	74.2	56	5.4	225	250
	47.7	22	33.0	103.2	60
	231	10	26.2	36.7	80
s / ages	352.9	88	64.6	364.9	390

Cotton harvests in North Vietnam increased significantly. Mulberry trees were cultivated in North Vietnam from 1940 to 1944 on an area of approximately 800 acres. In 1947, 1,192 acres were occupied by mulberry plantations, and in 1948 — 1,896 acres.

In the Republic of Vietnam, the foundation has been laid for creating trade-consumer and, to a lesser extent, production cooperation. To assist peasants and artisans, the Commercial-Industrial Bank was created. The state provides peasants with significant financial assistance, mainly in the form of loans to peasant cooperatives and individual working peasants and artisans. In 1946, over 2.5 million piastres in loans were issued, in 1947 — over 16.5 million piastres, and in 1948 — 50 million piastres.

In 1949, to assist peasants in harvesting, labor brigades of workers, students, and teachers were organized in a number of provinces of North Vietnam.

To raise crop yields, Ho Chi Minh's government carries out major irrigation works, on which 1.6 million piastres were spent in 1946 and over 38.5 million piastres in 1947. Throughout the territory of the republic, construction and repair of dams protecting rice fields from floods are carried out. For these purposes, the government spent about 11.5 million piastres in 1946 and approximately 27.5 million

piastres in 1947. Between 1945 and 1948, irrigation canals with a total length of 2.3 thousand km were repaired.

Agricultural production in Vietnam is subordinated to the defense needs of the republic, supplying the army and population with food, and industry with raw materials.

Vietnam's growing industry also works mainly for defense. Currently, in every province of the republic there are numerous arms workshops. Patriotic competition among workers under the leadership of trade unions allowed a rapid increase in military output. Thus, military output of the first military zone in 1948 increased compared to 1947 on average by 150%, the third military zone (North Vietnam) — by 100%, the fourth military zone (Central Vietnam) — by 50%, etc. During the same period, the number of weapons produced, mainly mortars, increased by 250%. In 1948, Vietnamese arms workshops produced 4 times more weapons than in 1947.[114]

Over the past two years, miners of the first military zone achieved great successes, where coal mines supplying mainly the needs of factories and plants in the zone resumed operation. Here iron ore and phosphates are also mined. Saltpeter production in the second half of 1948 increased approximately 4-fold compared to the first half. Industrial production is also growing in all other nine military zones of Vietnam. Works have begun in the republic to restore transport and communications.[115]

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114 "Viet-Nam Information". Viet-Nam News Service, Bangkok, 30. IX. 1949.

115 "Viet-Nam Information". Viet-Nam News Service, Bangkok, 22. VII. 1949.

Non-military branches of industry are also developing successfully in Vietnam. Thus, cotton industry output in 1948 increased more than 2-fold compared to 1947. Paper production from bamboo pulp, abundant in the republic, increased significantly. The Government of Vietnam encourages the development of private and cooperative industrial and artisan-handicraft enterprises, rendering them all possible assistance, which also contributes to increasing industrial output.

The Government of Vietnam proceeded to strengthen the financial system. At the moment of creating the republic, its central treasury contained only 1.23 million piastres in coin. The national debt reached a colossal sum — over 564.3 million piastres, including 773.2 thousand piastres owed to the Bank of Indo-China.[116]

State revenues sharply declined. Due to the French imperialist blockade of Vietnamese ports, the republic lost customs duties, which previously constituted 3/4 of all annual revenues of Vietnam.

The Government of Vietnam overcame huge financial difficulties by sharply reducing expenditures on maintaining the state apparatus, introducing a system of special voluntary contributions to the national defense fund, and issuing new currency notes. The Vietnamese people voluntarily contributed 800 pounds of gold and 20 million piastres to the state fund.

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116 "Achievements of the Democratic Republic of Viet-Nam", 1949, p. 11.

By government decrees of April 8 and 18, 1946, and July 6, 1948, banknotes issued by the Bank of Indo-China were annulled, a new national currency of the Republic of Vietnam was created, and the National Bank was organized. The first new paper money was issued in February 1946 in Central Vietnam and put into circulation across the country on November 3, 1946. The new piastre was equated to 0.375 g of gold. French authorities in Indo-China were forced to recognize banknotes issued by the democratic government of Vietnam, despite the fact that the Bank of Indo-China banned their circulation.

At the same time, a decisive struggle against speculation and the black market is conducted in the republic. Special republican committees to combat speculators, who are regarded as traitors to the motherland, were organized. This made it possible to prevent rice price increases despite contraband trade organized by French imperialist agents to undermine the republic's economy.

The position of workers and peasants in Vietnam noticeably improved. On July 15, 1948, wages of government employees were raised; salaries of persons earning no more than 400 piastres were increased by 30%, and by 20% for those whose salary exceeded 400 piastres. Real wages in free areas of the republic are 5 times higher than in French-occupied cities of Vietnam. The General Confederation of Labor of Vietnam (GCT) on every anniversary of the proclamation of independence awards best workers the title of production heroes and prizes. GCT, organized in May 1946 and uniting over 250 thousand working people, has now become one of the

most mass organizations of the republic; it actively participates in democratic construction and enterprise management.

Along with improving the economic situation of the country and growing welfare of working masses, the Government of Vietnam carried out great work on raising the cultural living level of working people and liquidating illiteracy.

By government decree of September 8, 1945, public education organs were established in the republic, and compulsory free primary education in the native language was introduced. For workers and peasants, evening schools were opened. To date, over 12 million people have been taught to read and write. From June 1948 to May 1949, 474 thousand primers were published. During the same period, the number of primary schools increased from 3,502 to 4,005, or by 18%, and the number of teachers in them from 5,547 to 6,550, or by 22%. The number of secondary schools reached 31, and the number of teachers in them increased by 50% compared to 1948. In secondary schools, 6,295 children studied in 1948, and 12,750 in 1949. There are also several higher educational institutions in the republic. In a number of districts, illiteracy has been completely liquidated.

Such are the first successes of the Democratic Republic of Vietnam on the path to a radical transformation of life on new, democratic principles.

A directly opposite picture is presented by the economic situation of the French-occupied part of Vietnam and of Laos and Cambodia remaining under the colonial yoke of French imperialism. Here industrial and agricultural production is

falling sharply, which also irrefutably testifies to the complete failure of the colonial adventure of French imperialists in Indo-China.

Agriculture fell into decay. Before the war, Indo-China ranked second in the world in rice export. Rice collection reached 7 million tons.[117]

In 1947, the rice harvest shrank to 2.25 million tons.[118]

The area of rice fields in Cochin-China in 1949 shrank to 1.1 million ha compared to 1.3 million ha in 1948 and 2.2 million ha in pre-war years. In Cambodia, areas under rice decreased to 947 thousand ha in 1948/49 against 987 thousand ha in 1947/48. In the Hanoi area in 1948, rice harvest per hectare amounted to only 800–950 kg, or less than 50% of the pre-war harvest.[119]

Such reduction in sown areas and yields is explained primarily by the fact that peasants, supporting the republic's struggle against occupiers, refuse to cultivate landlords' fields, who are unable to force them to do so by strength. Intervention and colonial war of French imperialists against the Republic of Vietnam continued to destroy the country's economy. Only an insignificant quantity of rice is processed at rice-cleaning mills. In 1948, out of 72 rice-cleaning mills in Cholon, only 2-3 operated.

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117 "Bulletin du Viet-Nam". Publié par la Délégation de la République Démocratique du Viet-Nam en France № 2, Paris 1949.

118 Ibid.

119 It should be kept in mind that French occupiers are able to control only large plantations located near cities. Small plantations distant from railways and cities in fact do not submit to the power of interveners and their agency.

An inevitable consequence of all this was a sharp fall in rice exports, which before the war were the main item of Indo-Chinese export. According to official French data, rice exports shrank from 1,700 thousand tons in 1939 to 90 thousand tons in 1947.

Another major agricultural crop of Indo-China attracting special attention of French financial capital is rubber. This relatively new crop for Indo-China gained wide distribution in the country since 1926. Rubber collection in 1941 reached 76 thousand tons, and its export as early as 1939 constituted 27.4% of total country exports. Currently, in the occupied part of Indo-China, rubber production barely reaches 40 thousand tons per year. The reason for this, as the bourgeois economic press of France "modestly" admits, is "insufficient security and lack of manpower." American competition on the world rubber market and the forced purchase of rubber by Marshallized France in dollar zone countries in turn had an unfavorable impact on rubber exports from occupied Indo-China.

In areas controlled by French authorities, corn harvests also shrank sharply. While in 1938 650 thousand tons were harvested here, in 1946 — 112 thousand tons, and in 1947 only 10 thousand tons. Corn export fell from 548 thousand tons in 1938 to less than 9 thousand tons in 1946 and 5 thousand tons in 1947.

The situation is similar with other agricultural crops. The French themselves are forced to admit that areas under sugarcane are shrinking, coffee plantations in Laos and the Laokai area are becoming fewer and fewer. In 1948, cotton

harvest in Cambodia equaled approximately 250 tons against 700 tons in 1946/47. In Cochin-China, cotton is hardly cultivated.

French imperialists brought agriculture in the occupied part of Indo-China into a catastrophic state, which affected industry in this part of the country as well, primarily the industry of primary processing of agricultural products, which is the basis of all industrial production in Indo-China. Such branches include rice-cleaning, flour-milling, canning, sugar, leather-tanning, soap-making, distilling, etc., whose centers are located in Hanoi, Nam Dinh, Cholon, Haiphong, etc. At a significantly lower level than before the war operates the flour-milling branch. Almost all textile industry enterprises concentrated mainly in Haiphong, Nam Dinh, Phnom Penh, and Quinon stopped working in 1947/48. The cotton factory in Haiphong with 30 thousand spindles is destroyed, the spinning mill in Nam Dinh with 145 thousand spindles and the silk-spinning mill in Quinon are also not operating.

In a difficult state is the mining industry in the occupied part of the country. Coal is mainly mined in North Vietnam, which is the area of most active military operations. Coal mining by the French fell from 2.4 million tons to approximately 310 thousand tons in 1947, i.e., approximately 8-fold.[120]

Coal export shrank from 1.58 million tons in 1938 to 46 thousand tons in 1947, i.e., more than 32-fold.

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120 "Bulletin du Viet-Nam" № 1, 1948.

Mining of tin, zinc, lead, tungsten, gold, and phosphates almost completely stopped in areas of Indo-China occupied by French imperialists. Currently, tin mines of North Tonkin, phosphate mines of Laokai surrounded by Vietnamese troops, and zinc mines of Cho Dien are virtually mothballed. Rock salt production in January 1949 amounted to only 168 tons against 3 thousand tons mined on average per month in 1938.

Indo-China, like other colonies, previously had an active foreign trade balance. French imperialists pumped out of this colony huge quantities of valuable raw materials — rubber, coal, ores, as well as rice, spices, etc., supplying in return minimal quantities of finished industrial goods. Average annual excess of Indo-China's export over its import reached up to 500 million piastres. The colonial war unleashed by French imperialists led to a sharp reduction in exports of all types of goods from the occupied part of Indo-China. At the same time, the French could not correspondingly reduce import of goods into this part of the country if only for the reason that they have to supply their occupation army, colonial administrative apparatus, and maintain operation of active industrial enterprises and plantations almost exclusively at the expense of imported products. Passive balance of foreign trade of occupied Indo-China in 1947 exceeded 500 million piastres, and in 1948 — already 1,186 million piastres.

Both in France and in Indo-China, inflation reached huge proportions. The piastre rate in 1948 fell 4.5-fold compared to 1939.[121]

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[121] "Bulletin du Viet-Nam" № 2, Paris 1949.

The Bank of Indo-China, in the hands of French and American monopolists, carries out intensive emission of Indo-Chinese piastres. This led to a sharp fall in their purchasing power, which could not be stopped by devaluation of the piastre carried out twice during 1948.[122]

Wholesale prices in 1948 increased on average 20-fold compared to 1939, with prices for imported goods rising most of all. Even faster grew retail prices. Thus, during 1948 alone in Phnom Penh (Cambodia) they increased by 47%, and in Saigon by 62%.[123]

The huge rise in living costs makes the position of working people under the heel of French occupiers unbearable.

The situation created in the occupied part of the country limited the possibility of political maneuvers of French imperialism in Indo-China. In their struggle against the Democratic Republic of Vietnam, colonizers rely on compradore bourgeoisie and landlords, on right-wing leaders of nationalist parties and groups, by whose hands French imperialists try to blow up the united anti-imperialist national front of Vietnam. Reactionary leadership of the Quoc Dan Dang and Dong Minh Hoi parties provides direct help to the French in their subversive, provocative work. Indo-Chinese big compradore bourgeoisie, previously closely connected with monopoly capital of France, is counter-revolutionary. It betrayed the national liberation movement and defected to the camp of imperialism and reaction.

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[122] In 1938, 1 US dollar equaled 3.52 piastres, and in 1948 — already 15.5 piastres.

[123] "Bulletin du Viet-Nam" № 2, Paris 1949.

Broad working masses of both parts of Vietnam — free and temporarily under the yoke of French exploiters — recognize the maneuvers of imperialists, increasingly understanding that imperialist policy is suffering bankruptcy and that it is necessary to decisively fight against imperialism to build a better, free life. Peasant masses by the very nature of things are brought to understand the need to fight against imperialism in alliance with the proletariat, under its leadership. A significant portion of petty and middle urban bourgeoisie and intelligentsia is also convinced of the need to overthrow imperialist yoke, enters the united national front, and supports the democratic government of Vietnam.

The formation of the Democratic Republic of Vietnam and the collapse of the economy in occupied areas of Indo-China narrow the maneuvering possibilities of French ruling circles attempting to delay and weaken the economic crisis inevitably advancing on France. If in the past French monopoly capital could shift the burden of crisis onto working people of its largest colony — Indo-China, now it has no such possibility. The collapse of French imperialists' policy in Indo-China undoubtedly weakens their positions in the metropolis itself.

Together with French imperialists, American imperialists standing behind their backs are also suffering collapse in Indo-China. American monopolies, besides political and military-strategic goals, pursue economic goals in Indo-China as well, striving to take into their hands the country's vast natural wealth. This primarily explains the fact that French aggression in Vietnam is to a significant extent financed by American monopolies.

On French-occupied territory of Indo-China, predatory activities unfolded for American companies Standard Oil, Caltex, Florida Phosphate Corporation, and others. In 1949, representatives of American trusts conducted negotiations with French authorities regarding joint exploitation of natural resources of French colonies, in particular Indo-China.

Joint-stock companies created not long ago for exploiting Indo-China's wealth are, as a rule, mixed American-French companies, such as the Indo-China Society, Investment Fund in Indo-China, South Indo-China Hydroelectric Society, etc. It is characteristic that American monopolies pay special attention to developing mining industry and extraction of strategic raw materials, which US imperialists plunder in all parts of the world, preparing an aggressive war against the camp of peace, democracy, and socialism. The overwhelming majority of companies engaged in mining military-strategic raw materials in occupied areas of Indo-China are directly or indirectly connected with American capital. Such are, for example, the Society for Far Eastern Phosphates Development organized in 1946, New Society for Tonkin Phosphates Development, Society for Exploration and Exploitation of Ores in Indo-China, Society for Tin and Tungsten Mining in Tonkin, and others. Japanese assets of the Tonkin Coal Society and the French Railway Society of Indo-China also passed into American hands. In addition, a number of "purely" French companies are closely connected with American capital, as well as the Bank of Indo-China conducting the imperialist reactionary policy of the French government. In all mixed

companies, American capital, as stronger, displaces its French competitors.

Vietnam has turned from a colony and agrarian-raw material appendage of France into a free and independent democratic republic. This dealt a sensitive blow not only to French imperialists, but to the entire camp of imperialist reaction.

Side by side with the heroic people of Vietnam, the peoples of Laos and Cambodia, whose territory is occupied by France, are also fighting for their national liberation against imperialists. Armed partisan detachments of Laos and Cambodia are growing, strengthening, and dealing ever stronger blows to occupation troops, rendering real help to the People's Liberation Army of Vietnam.

American imperialists, not counting on their French "junior partners", strive to "save the situation" by taking supreme leadership of intervention in Vietnam into their hands. They attempt before their final expulsion from Vietnam to use the remnants of defeated Kuomintang hordes. But all these new maneuvers, just like old ones, are doomed to ignominious failure. Having burst into Vietnam, defeated Kuomintang bands met repulse from the Vietnamese People's Liberation Army and suffered heavy losses. Quite recently, US Navy ships in Saigon were shelled by partisans and forced to terminate their "visit", leaving port earlier than scheduled. Working people of Saigon, organizing a mass protest demonstration against US interference in Vietnam's internal affairs, thereby expressed their hatred of American imperialists and solidarity with the Democratic Republic.

On the side of the peoples of Vietnam are the working people of France, decisively demanding that the French government stop the aggressive war in Vietnam and recognize the legitimate democratic government of Ho Chi Minh. On the side of the Vietnamese people is the sympathy of the powerful democratic, anti-imperialist camp headed by the great Soviet Union, the sympathies of all advanced, progressive humanity. The struggle of the people of Vietnam for liberation from imperialist oppression and for people's democracy is a just struggle. The Vietnamese people will not stop halfway, will not stop until they achieve complete victory.

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A. VALUYSKY

IMPOVERISHMENT OF WORKERS IN TURKEY

Imperialist Subjugation and Anti-Soviet Course

Marshallized Turkey is increasingly turning into an American colony, a military-strategic staging ground of the US for an attack on the Soviet Union and the People's Democracies. The fascist, police-terrorist regime established in Turkey completely answers the interests of the magnates of Wall Street, who strive to completely take the country into their hands. Obsequious before the dollar and having betrayed national interests, Turkey's ruling clique handed the country into bondage to American imperialism. Its policy is subordinated to the aggressive goals of American imperialism in the Near and Middle East. In the patronage and assistance of American capitalist monopolies, the Turkish bourgeoisie and landowners now see the sole opportunity for prolonging their rule in the country, for suppressing the struggle of the working class and peasant masses.

The working people of Turkey remember well all the horrors they experienced during the years of foreign intervention following Turkey's defeat in the First World War. They managed to rid themselves of the dominance of the Entente imperialists only as a result of a stubborn national-liberation struggle. A huge influence on the emergence and development of the national-liberation movement in Turkey in 1917–1922 was exerted by the Great October Socialist Revolution. The peoples of Russia liberated by the revolution rendered effective aid and support to the people of Turkey in their struggle for freedom and independence.

The popular masses of Turkey do not wish to put up with the new enslavement of the country, carried out this time by

American imperialists relying on internal reaction. The democratic forces of Turkey carry on a national-liberation struggle against the regime of colonial oppression and exploitation established in the country by US imperialists.
The rulers of Turkey pursue a reactionary domestic and aggressive foreign policy. A rampage of reaction reigns in the country, a frantic offensive against the living standards and political rights of the working class and all working people is being conducted, and all honest democrats are ruthlessly persecuted. While progressive figures of Turkey are declared 'state criminals', thrown into prisons, and subjected to the harshest torture, and while democratic press organs are banned, frantic propaganda for seizing foreign territories is carried on in the country, and Pan-Turkist newspapers, magazines, and pamphlets calling for aggression against neighboring states are published in large print runs, openly conducting provocative, anti-Soviet propaganda. The Pan-Turkist press 'advises' American warmongers to 'start sooner' the war against the USSR and the People's Democracies. The main role in spreading this propaganda is played by the notorious slanderer Yalçın, a long-time fascist henchman who received a German Iron Cross 'for special services' rendered to German imperialism back during the First World War. Together with other leaders of the Young Turk party, Yalçın contributed to dragging Turkey into the war of 1914–1918 on the side of Germany, which, as is known, brought much grief and suffering to the Turkish people. Currently, after the two-fold defeat of German imperialism and after the US became the main aggressive force and center of world reaction, Yalçın changed his masters: if previously he constantly repeated about Turkish-German and later Turkish-British 'friendship', now he trumpets about the 'community of interests' of Turkey and the US, and about the 'blessings' of Turkish-American cooperation.

Turkish expansionists currently widely propagate the creation of 'Great Turan' under the aegis of Turkey. This 'idea' is developed, in particular, by Hitlerite satrap General Erkilet, who is held in honor by the Turkish authorities. The trial of fascist Pan-Turkist agents that ended after the Second World War—who prepared a coup d'état in Turkey during the war years and dreamed of tearing away part of Soviet territory—showed that Turkish authorities patronize Pan-Turkists. All Pan-Turkists were acquitted, since Turkey's ruling circles themselves share the lunatic directives of Pan-Turkists. During the Second World War, they counted on the victory of Hitlerite Germany and on being able to get separate parts of USSR territory from it as a handout for their servility. Now in Turkey, also with the blessing of the authorities, attempts are being made to put together a new Pan-Turkist party[124].

Turkish capitalists profited heavily during the Second World War by rendering assistance to Hitlerite Germany. Speaking of Turkey's encroachments on Soviet territory, Comrade A. Y. Vyshinsky emphasized that 'she maintained her so-called neutrality, profitably trading with Germany and biding her time for the moment when she could also snatch her share from the lion in case of success'[125].

Kemalist Regime & Anti-Labor Repressions

Turkey is a backward agrarian country with a semi-colonial economy, weakly developed industry concentrated only in several major urban centers, mainly along the sea coast. About 80% of the country's population is engaged in agriculture.

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[124] *Falsifiers of History (Historical Information), Gospolitizdat, 1948, p. 70.*

[125] *Pravda, October 28, 1947.*

Documents of the Ministry of Foreign Affairs of Germany, Issue II, Archive Department of the MFA of the USSR, Gospolitizdat, 1946, p. 58.

While the main mass of peasants has no or almost no land, large landlord landownership dominates in Turkey.
The proletariat of Turkey, by virtue of its small numbers and weak political organization, could not lead the national-liberation movement in 1917–1922 and lead the peasantry behind it. Comrade Stalin pointed out that 'the Kemalist revolution is possible only in such countries as Turkey, Persia, Afghanistan, where there is no or almost no industrial proletariat and where there is no powerful agrarian-peasant revolution'[126].
Leadership of the national-liberation struggle in Turkey in 1917–1922 was seized by the bourgeoisie, which by no means sought to free the working class and peasantry from the bondage in which they were during the rule of the Young Turks. 'The Kemalist revolution,' Comrade Stalin teaches, 'is a top-level revolution of the national commercial bourgeoisie, arising in the struggle against foreign imperialists and directed in its further development, in essence, against peasants and workers, against the very possibilities of an agrarian revolution'[127].
The Turkish bourgeoisie took all measures to consolidate its power, prevent the expansion and deepening of the national-liberation struggle in the country, and hinder the improvement of economic and political living conditions of workers and peasants. The bourgeoisie of Turkey exercised and continues to exercise its class domination to this day through the most unblushing social demagogy, accompanied by fierce terror and the harshest persecution of working-class organizations. Both in the times of Young Turk rule and under the Kemalists, Turkish workers were subjected to brutal exploitation and deprived of the most elementary democratic rights. Their

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126 *J. V. Stalin, Works, Vol. 9, p. 256.*
127 *J. V. Stalin, Works, Vol. 9, p. 256.*

working conditions remained exceptionally severe, strikes were prohibited under threat of police reprisals, the workday was very long, wages were low, and social insurance did not exist. As Comrade Stalin pointed out in 1927, 'the government of the Kemalists is a government of struggle against workers and peasants...'[128].

Wartime Hyper-Exploitation and Living Standards

With the beginning of the Second World War, the Turkish bourgeoisie worsened even further the already severe labor conditions of workers, sharply intensifying their exploitation. Under the pretext of wartime conditions, those articles of the reactionary 'labor law' passed by the Mejlis in 1936 that formally established an eight-hour workday—though allowing three hours of overtime—were virtually repealed[129]. The length of the workday in factories, plants, and mines of Turkey reached 16–19 hours.

In connection with the huge rise in Turkey of prices for essential goods, the real wages of workers dropped sharply. The growth of high cost of living led to a further fall in the living standards of the proletariat. Deprived of the most elementary rights, deprived of the opportunity to fight for the improvement of their labor conditions and normal human existence, Turkish workers during the war years found themselves in an unbearable situation.

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[128] *Ibid., p. 295.*

[129] *This law, however, does not apply to enterprises with fewer than ten workers, which constitute a significant part of Turkey's industrial enterprises, nor to maritime transport workers or the agricultural proletariat. At the same time, the law provided that workers participating in strikes at state and municipal enterprises are subject to imprisonment for up to two years and a heavy fine; at private enterprises—a fine of up to 100 liras; at public utility enterprises—six months' imprisonment.*

Prices for mass consumption items began rising rapidly in Turkey as early as the first years of the war. Even according to significantly understated data of Turkish official statistics, the cost of living at the end of 1940 increased by 30% compared to 1937–1938. In February 1943, prices—even according to official data—increased compared to 1938: for sugar by 7.5 times, rice by 4.5 times, potatoes by 4 times, fish by 3.5 times, butter by 3.7 times, bread by 3.25 times, meat by almost 3 times, etc. During the same time, prices for clothing and furniture increased almost 2-fold, and for fuel and electricity by more than 1.5 times.

Marshall Plan Impact and Growing Resistance

The position of the working class in bourgeois-landlord Turkey worsened even more after the country proved involved in the 'Marshall Plan' system and fell into bondage to American imperialists. The Turkish big bourgeoisie became in its character to a significant degree a comprador bourgeoisie. It finally betrayed the national interests of its country, turning into an open agency of US monopoly capital.

In Marshallized Turkey, unemployment is growing rapidly. In Istanbul alone, there are up to 100,000 unemployed. Streets of industrial centers and large cities of the country are filled with crowds of unemployed who cannot find application for their labor and drag out a destitute existence.

Turkey's agriculture under the ruinous influence of the 'Marshall Plan' is degrading. Sown areas in the country are shrinking, crop yields are falling. Thus, in 1949, 1,308,000 hectares less were sown than in 1948. Deprived of land, peasants are forced to leave villages and seek work in cities, flooding the streets of Ankara, Istanbul, Izmir, and other cities, supplementing the ever-growing army of unemployed. In Turkish villages, severe famine rages.

Despite brutal repressions, the working class of Turkey, its communist vanguard, and broad masses of peasants are engaging in resistance against US imperialist domination, fighting for peace, land, elementary democratic rights, and true national independence.

Questions of Economics, No.3 , 1950.

A. Alekseev

RAMPAGE OF MILITARISM IN MARSHALLIZED COUNTRIES

"Modern militarism," teaches V. I. Lenin, "is the result of capitalism"[130]. Militarism and the arms race, in Lenin's expression, are a "vital manifestation" of capitalism. In the era of imperialism, the struggle between imperialist states for sales markets, colonies, sources of raw materials, and spheres of capital investment has sharply escalated. This struggle leads to armed conflicts. Imperialists also use military force to suppress the economic and political movements of the proletariat. "Imperialism," V. I. Lenin wrote, "is a fierce struggle of the great powers for the division and redivision of the world,—it must therefore inevitably lead to further militarism in all countries, both neutral and small"[131].

Life daily confirms the correctness of these Leninist propositions. In the contemporary era, as the general crisis of capitalism deepens and intensifies, militarism increasingly permeates the economic and political life of capitalist countries. In our time, the imprint of militarism rests on all institutions of the bourgeois state without exception. Military expenditures in the capitalist world reach astronomical proportions. They divert a huge share of national income to

130 V. I. Lenin, Works, vol. 15, p. 169.
131 V. I. Lenin, Works, vol. 23, p. 87.

unproductive purposes and cause an increase in the exploitation of the working masses.

In the years preceding the Second World War, aggressive German imperialism was a peculiar leader in the arms race and in the escalation of militarism in all areas of economic, political, and social life. In just the six pre-war years, from 1933 to 1939, Hitler's Germany spent 90 billion marks on war preparations.

With the defeat of the striking force of international reaction—Hitler's Germany and imperialist Japan—the palm in the arms race and the fomenter of war psychosis passed to the USA, which transformed itself into the center of world imperialist reaction and the main leading force of the camp of imperialism and fascism.

It is well known that during the Second World War, American capitalist monopolies, which determine US policy, sought to eliminate Germany and Japan from world markets as dangerous competitors and to establish their own world hegemony. The efforts of US ruling circles were directed not toward the swiftest military defeat of the fascist Axis powers, but toward the political, economic, and military enslavement of other countries. It was not at all in the intentions of American imperialists to liberate the Axis powers and other countries from the dominion of reactionary fascist forces and to carry out radical democratic transformations in the postwar world. The ringleaders of American and British monopolies calculated that as a result of an exhausting war, the Soviet Union would lose its military-economic might, forfeit its significance as a great

power, and become dependent on Anglo-American imperialists.

However, these calculations of the Anglo-American imperialist block failed ignominiously. The Second World War led not to the weakening, but to the further strengthening of the political, economic, and military might of the Soviet Union, which won a world-historical victory over fascism. The victory of the USSR in the Second World War led to the formation of states of people's democracy in Europe and Asia. Together with the Soviet Union and headed by it in a single camp of peace, democracy, and socialism, 800 million people are united, i.e., more than one third of the globe's population. In addition, hundreds of millions of working people in capitalist countries and their colonies are increasingly rallying in the ranks of the broad democratic, anti-imperialist movement.

The Second World War had not yet managed to end when aggressive American imperialism, obsessed with the insane idea of establishing its world hegemony and the thirst for enrichment through the plunder of peoples of other countries, embarked on the path of accelerated preparation for a new war, the goal of which is the creation of a global American empire and the reduction of sovereign peoples to the position of slaves of Wall Street.

Proceeding along this path, inherited from Hitler's Germany, the US ruling circles, long before the end of the war, set about developing and implementing various plans for turning the entire world into a colony of American imperialism. After the end of the war, these aggressive plans for the enslavement of

the peoples of the entire world by American imperialism were supplemented by new plans corresponding to the changed situation. The military Lend-Lease program, the creation of hundreds of naval, air, and army bases across all oceans and continents, the granting of bondage military-police loans to countries dependent on the USA, the establishment of predatory credit institutions—the International Monetary Fund and the International Bank for Reconstruction and Development, the notorious "Marshall Plan," the aggressive North Atlantic Pact and the program of US "military aid" born of it to marshalled countries (the so-called peacetime military Lend-Lease), the massive devaluation of nearly three dozen capitalist currencies—this is far from a complete list of various in form, but identical in orientation links of a single imperialist chain, with the help of which Wall Street magnates seek to bind countries dependent on the USA ever more tightly in military, political, and economic respects to the chariot of American imperialism, to win hegemony in the postwar world.

All these predatory, expansionist programs of American monopoly capital and militarism are thoroughly permeated with militarism. Each of them and all of them together reflect the progressive decay and parasitism of capitalism, the deepening and sharpening of the general crisis of the capitalist system, combining in themselves the preparation of strategic, economic, and political bases for unleashing an imperialist war against the Soviet Union and the countries of people's democracy. "The policy of the current leaders of the USA and England," Comrade Stalin says, "is a policy of aggression, a policy of unleashing a new war"[132].

[132] "Pravda", 29/X 1948.

One of the main manifestations of the intensification of the militarization of capitalist countries, one of the indicators of the aggressiveness of imperialist policy at present is the enormous growth of budgetary allocations for the arms race in the USA and in countries dependent on it.

In the era of imperialism and especially during the period of the general crisis of capitalism, when "militarism penetrates all social life"[133] and when the development of world capitalism "proceeds not in the form of smooth and even advancement, but through crises and military catastrophes"[134], the so-called "peaceful" budgets of capitalist countries become, in essence, military budgets. It should be noted that after each war, the volume of the state budget invariably increases, directly or indirectly diverting an increasing share of national income to the financing of militarism, the arms race, and the fanning of military hysteria.

After the First World War, in the 1919/20–1921/22 budget years, US state expenditures annually absorbed on average 6–9% of the country's national income. After the Second World War, in 1946/47–1950/51, the US state budget annually diverts already over 20% of national income.

Dynamics of the US state budget after the Second World War (in million dollars) [135]

1946/47	1947/48	1948/49	1949/50	1950/51 (project)

[133] V. I. Lenin, Works, vol. 23, p. 87.

[134] J. V. Stalin, Speech at the electoral meeting of voters of the Stalin electoral district of Moscow, February 9, 1946. Gospolitizdat, 1946, p. 6.

[135] Compiled from "Federal Reserve Bulletin"; "The Budget of the United States Government for the Fiscal Year Ending June 30," 1949, p. 6; "Pravda", 11/I 1950.

Revenues	40 043	44 793	40 580	37 763	37 306
Expenditures	39 289	36 373	41 180	43 297	42 439
Balance	+754	+8 420	-600	-5 534	-5 133

In this table, compiled from official US state budget execution reports and the state budget draft for the 1950/51 fiscal year, the tendency toward a decline in budget revenues and the maintenance of a high level of budget expenditures is clearly expressed. There is a logic to this. Even with the further growth of direct and indirect taxes bearing heavily upon working people, the implementation of the policy of “tax immunity” for monopoly profits and the deepening of the economic crisis lead to a reduction in US budget revenues. At the same time, American ruling circles, embarking on the path of unleashing a new world imperialist war, spend colossal funds on financing militarism.

In the 1946/47 and 1947/48 financial years in the US state budget, the excess of revenues over expenditures amounted to 9,174 million dollars. Instead of using the budget surplus to reduce the gigantic internal state debt, which exceeded 250 billion dollars in 1948, or to withdraw a significant portion of paper money excessive for commodity turnover in order to curb the inflationary element to some extent, the US ruling circles directed this surplus toward the further militarization of the country’s economy.

In the US state budgets for the 1948/49–1950/51 financial years, the total deficit is projected to be 11,267 million dollars. The growth of the budget deficit entailed a further increase in the state debt, and thereby a further intensification of the

offensive of monopolies and the bourgeois state apparatus subordinate to them in the USA against the millions of working masses who pay out annually in the form of interest on the state debt about 6 billion dollars.

In the USA, even according to official data, income taxes withheld upon wage payment increased from 686 million dollars in the 1942/43 financial year to 11,534 million dollars in 1947/48.

Direct military expenditures alone, reflected in the US state budget for the non-war years 1946/47–1950/51, amount to more than 60 billion dollars. If one also takes into account that the US ruling circles conceal a significant part of military expenditures in so-called "civilian" and "special" budget items and, furthermore, openly or masked spend huge funds on the rearmament of the armies of their satellites, it becomes obvious that the peculiar "record" of the arms race established by Hitler's Germany in 1933–1939 has been far surpassed by the American instigators of a new war.

American claimants to world hegemony, not limiting themselves to the comprehensive militarization of their own country, are accelerating the militarization of marshalled countries. For this purpose, US state budget resources are widely used. According to official American data, the dynamics of expenditures under the US state budget for financing "international measures," i.e., for financing militarism and reaction in other, primarily marshalled countries, is characterized by the following data (in million dollars):

Total expenditures	4 782
Including:	
under the "Marshall Plan"	4 600
for maintaining occupation troops	1 992
for providing "assistance" to Greece and Turkey	1 450
loan to England	410

Numerous facts indicate that one of the main functions of the “Marshall Plan” consists in ensuring the accelerated militarization of the economies of Western European countries. The bourgeois press and radio of the USA and marshalled countries, in the service of Wall Street, loudly and obtrusively harp on the “generosity” and “magnanimity” of America’s “benefactors” of Europe. The ideological standard-bearers of imperialist reaction have devoted dozens of books, hundreds of brochures, and thousands of journal articles to “proving” the “stimulating” impact of the “Marshall Plan” on the economy of Western European countries.

In this propaganda noise generously financed by Wall Street magnates, all the servants of American imperialism participate —the obscurantists of the Vatican, professional traitors of the working class of the type of Attlee and Bevin, Blum and Guy Mollet, Schumacher, Saragat, Renner, Spaak, Green, Murray, and also the spy-fascist clique of Tito, which has long been in the service of the intelligence agencies of imperialist states. However, all this noise surrounding the “Marshall Plan” turned out to be a bluff.

The “Marshall Plan” suffered a complete failure: not only did it not lead to the restoration of the Western European economy destroyed as a result of the Second World War and Hitler’s plunder, but it fundamentally undermined it. In the marshalled countries, instead of the increase in production, expansion of foreign and domestic trade, and provision of “full employment” advertised by American imperialists and their European henchmen, there is a decline in industrial and agricultural production, a contraction of trade volume, a rapid growth of unemployment, and as a result of all this—a catastrophic drop in the living standard of the broad working masses. The working class and peasantry of Western European countries languish under the double yoke of their national capital and American monopoly capital.

The ruling American circles did everything in their power to shift onto the shoulders of the working people of marshalled countries the burden of paying for the economic crisis developing in the USA. In all marshalled countries without exception, prices for prime necessity goods are rapidly rising. At the end of 1949, food prices in England were 2 times, in France 20 times, and in Italy 60 times higher than in 1938. As a result, the real wages of workers are falling at an accelerating pace. In France in 1949, they amounted to less than half of pre-war, in Western Germany—approximately two-thirds of the 1938 level, and in Italy in a number of industrial regions—about three-quarters of the pre-war level.

While the volume of industrial production of the Soviet Union over the past twenty years has increased 9-fold, the industrial production of capitalist Europe as a whole continues to mark

time around the 1929 level. In 1949, a sharp drop in industrial output occurred in Western European countries. According to data from the United Nations Secretariat, in the third quarter of 1949 alone, the industrial production index in Western Europe dropped by 5 points compared to the second quarter of the same year, including: in England by 7 points, in France by 17, in Belgium by 9, in Norway by 23 points, etc. In Italy, the classic marshalled country, the general production index (1938 = 100) fell from 90 in September 1948 to 85 in September 1949. According to official American data, agricultural production in marshalled countries as a whole constitutes only 95% of the pre-war level. A new economic crisis is mounting in Western Europe.

The marshallization of Western European countries led to an increase in unemployment in them. In Italy, the number of fully unemployed exceeds 3 million people, and a quarter of those employed work a part-time workweek. In Western Germany, together with the western sectors of Berlin, there are approximately 2.5 million fully unemployed and over 500 thousand semi-unemployed. According to clearly understated official data, in England at the end of 1949 there were 350 thousand fully unemployed, in France—up to half a million, in Belgium 340 thousand, etc.

Along with the contraction of industrial production, the growth of unemployment, and the increase in military allocations in all Western European countries, the purchasing power of the working masses has sharply declined, trade is curtailed, and commodity inventories are increasing. Thus, the Italian government was able to sell to the population only 61% of the

goods received under the “Marshall Plan.” The press of marshalled countries openly expresses dissatisfaction with the results of American “assistance.” For example, the journal “Fédération des Industries Belges” notes that the “Marshall Plan” caused a crisis in Belgium and led to the decline of its trade.

Simultaneously, the military orientation of the “Marshall Plan” is becoming increasingly apparent. With the help of this plan, the American strategists of the “Cold War” are pushing their European satellites onto the path of accelerated militarization of their economy, an unbridled arms race, and thereby onto the path of the continuous growth of military budgets.

The military budget of England in 1950 will absorb no less than 1,200 million pounds sterling against 760 million pounds sterling in 1949. France’s military expenditures in 1949 amounted to 800 billion francs against 300 billion francs in 1948 and 179 billion francs in 1946. In Western European countries dependent on the USA, military allocations far exceed the pre-war level. In 1948/49, France’s military expenditures were twice as large as in 1938/39, when the imperialists’ preparation for the Second World War was in full swing; England’s military expenditures increased over the same period by more than 2 times, Benelux countries by 3 times, and Scandinavian countries by 5 times. Sweden’s military expenditures are currently 8 times greater than before the war.

1950 brought a new increase in budgetary allocations for military purposes in marshalled countries and, consequently, an

even greater decline in the living standard of the working masses. The total military expenditures of all countries participating in the Marshall Plan program currently amount to about 7 billion dollars a year, while under the "Marshall Plan" these countries receive only about 4 billion dollars a year. In other words, the military expenditures of Western European countries significantly exceed the credits received by them under the "Marshall Plan." This leads to an increase in taxes on the working masses. Thus, in England over the past 10 years, indirect taxes, 75% of which are paid by workers, have increased nearly 4.5 times. English workers are forced to give up a third of their wages in the form of taxes.

The direct and indirect connection between the "Marshall Plan" and the rampage of militarism in Western European countries is manifested in the most diverse forms. Of course, both official US circles and Wall Street's propaganda machine thoroughly mask the fact that the "Marshall Plan" is directed toward the military enslavement of Western Europe by American imperialism. Only occasionally do representatives of US imperialist circles let slip that the "Marshall Plan" plays an important role in the development of the aggressive plans of American war instigators. Thus, US Secretary of Defense Johnson in his report on the state of the American military machine, published in early February 1950, was forced to admit that "the national military machine has closely cooperated with the State Department and the administration in implementing the Marshall Plan in developing foreign military assistance programs."

What does the monetary and financial mechanism of the "Marshall Plan" consist of, through which American imperialism enslaves its European vassals in a military-political and economic relation?

The basic principles of the financial mechanism of the "Marshall Plan" are as follows: the US government, at the expense of special annual allocations in the state budget, buys goods produced by American monopolies and sends them to its European vassals on the basis of so-called "bilateral" agreements concluded with the governments of Western European countries. In this way, labor dollars extracted from the pockets of millions of American taxpayers, in transit through the US state budget, fall into the bottomless safes of American monopolies, and the goods purchased with these dollars are sent to the marshalled countries of Europe. In other words, the "Marshall Plan" means a further growth of profits for US monopolists and a further decline in the living standard of the broad strata of the American people. In this sense, the financial mechanism of the "Marshall Plan" is analogous to the financial mechanism of wartime Lend-Lease.

American goods are transferred to the governments of marshalled countries in the form of a so-called "gift." In reality, these "gifts" are paid for in full in the currency of the marshalled countries. For this purpose, special "equivalent accounts" in local currency are opened in the central bank of each of these countries in the name of the Americans. Only the US government through its administration for the implementation of the "Marshall Plan" can dispose of the sums accumulated in these accounts. These funds are used by the

American diplomatic and military machine for the military-political and economic enslavement of Western European countries.

In addition, part of the budget allocations for implementing the "Marshall Plan" is transferred to marshalled countries by way of dollar loans, also going toward the payment for American goods. The terms of the loans are of a bondage character. Thus, England in 1948/49 received through the Export-Import Bank, under the "Marshall Plan," a loan in the amount of 313 million dollars at 2.5% per annum, whereas the loan received by England in the USA in 1945, which is also of a bondage character, was granted at 2% per annum.

Out of the total expenditures under the "Marshall Plan" for the period from April 1948 to September 1949 amounting to 7,086 million dollars, approximately a fourth was transferred by way of dollar loans, and the remaining amount was directly spent on paying for goods delivered to Western Europe.
The recalculation of dollar prices of goods delivered to Western Europe under the "Marshall Plan" into the currencies of the respective countries is made at the official exchange rate. Meanwhile, the devaluation of marshalled currencies carried out in the autumn of 1949 under direct pressure from US financial magnates caused a sharp increase in the "price" of the dollar in the currencies of Western European countries, since the latter are currently artificially undervalued compared to the dollar, whose purchasing power as a result of inflation has in turn greatly fallen. Consequently, the "value" of American commodity deliveries under the "Marshall Plan" is artificially inflated, and the administration for implementing the "Marshall Plan" currently possesses in all marshalled countries greater

funds than anticipated by the notorious “bilateral” agreements for financing the aggressive measures of American monopolies.

The US government, by manipulating “equivalent accounts,” can and indeed does exert a direct impact on the industry, agriculture, transport, finances, monetary circulation, and foreign trade of marshalled countries, ensuring the militarization of their economy. At the same time, Wall Street influences the economic development of marshalled countries in the direction it needs through other methods. Among them, the size and assortment of commodity deliveries under the “Marshall Plan” play an important role. American monopolies try to sell off under the “Marshall Plan” primarily those goods which they cannot realize through other channels. At the same time, Wall Street, interested in the further collapse of the economy of marshalled countries, supplies these states not with equipment, but with stale consumer goods. By accelerating the supply of some goods and slowing down the supply of others, the US government obediently executes the will of major American monopolies, undermining the competitiveness of Western European industry in the interests of Wall Street.

According to data cited in the US President’s report to Congress on the progress of the “Marshall Plan” for the period from April 1948 to September 1949, local currency equivalent to 3,892.8 million dollars at the official rate was transferred to “equivalent accounts.” For individual countries, the distribution of this amount is characterized by the following indicators:

Countries	National currency	Equivalent (million dollars)

France	318.4 billion fr.	1,213.1
England	210.0 million lb. st.	847.9
Western Germany	1,508.0 million marks	481.3
Italy	223.3 billion lire	388.4
Austria	2,907.0 million schillings	290.7
Holland	722.0 million guilders	272.0
Greece	2,127.9 billion drachmas	212.2
Denmark	421.0 million crowns	85.3
Norway	409.0 million crowns	84.8
Trieste	8.1 billion Italian lire	14.1
Belgium	131.0 million fr.	3.0

For what purposes are the funds from “equivalent accounts” spent? American colonizers in diplomatic and military uniforms widely use the funds collected by the governments of marshalled countries from the working population in payment for American goods to finance the arms race in these countries and maintain the forces of reaction in them. The cutting edge of the financial mechanism of the “Marshall Plan” is directed toward the militarization of the Western European economy through the plunder of the working people of both the United States of America and Western Europe.

In accordance with the “bilateral” agreements concluded between the USA and the participating countries of the “Marshall Plan,” the latter are obligated no less than once a quarter to publish in their press and transmit to the US government detailed information on the nature, volume, and use of “assistance” received from the USA. As progressive French journalist Georges Soria noted, one of the humiliating aspects of the “bilateral” agreements consists precisely in the

fact that the American imperialists want the enslaved peoples of Europe "to glorify their own slavery"[136].

According to Truman's official statement, publication in the press and transfer to the United States of all important information on the use of American "assistance" are allegedly needed in order to "help the USA determine the nature and purpose of subsequent operations under the European assistance plan"[137]. In reality, the clause contained in the "bilateral" agreements on providing the US government with any information, including secret economic information (for example, on production process technology), facilitates the transformation of Western European countries into US colonies. Such information is regularly received by the US government through its closed channels from the governments of Western European countries. At the same time, the official propaganda of the US State Department and the marshalled press of Western European countries conceal from the peoples the truth about the actual use of dollar allocations under the "Marshall Plan."

According to official American data, 5% of the funds entering "equivalent accounts" in Western European countries go toward maintaining various US missions that uncontrollably manage capitalist Europe, as well as paying for strategic raw materials exported from marshalled states and their colonies to the USA.

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[136] Georges Soria, Will France Become an American Colony? State Publishing House of Foreign Literature. Moscow, 1948, p. 99.

[137] Ibid.

American imperialists, under the pretext of "studying the state of affairs on the spot," send to marshalled countries a multitude of all sorts of "experts" and "observers" who conduct active military, political, and economic reconnaissance there, gather secret information concerning armed forces and armaments, the state of the economy, resources of strategic raw materials in Western European states, etc.

It cannot be considered accidental that the personnel of the so-called "Committee for European Economic Cooperation" has grown to several thousand people. Even many press organs of marshalled countries now recognize that one of the main tasks of this organization is assisting American intelligence. The US State Department constantly demands that this committee provide various information on the economic and political situation in Western Europe.

Thus, large funds extracted from millions of working people of the USA and marshalled countries through the financial mechanism of the "Marshall Plan" are used by American imperialism to deploy espionage in Europe. However, this is far from the only side of the financial mechanism of the "Marshall Plan." The overwhelming part of the funds from "equivalent accounts" is directed by American imperialists to finance militarism and the arms race in Western European countries through other ways, in particular through the use of the budget mechanism of these states.

The governments of marshalled countries, having concluded agreements with the US government defining the conditions, procedure, and character of the provision of "assistance" under

the “Marshall Plan,” undertook to maintain the exchange rate of their currency at an agreed level with the Americans, i.e., in other words, at an understated level, and to have a “balanced” state budget. At the same time, the ruling circles of marshalled countries, following in the wake of American policy, undertook to bring their military expenditures to the level demanded by the US General Staff. The implementation of the military-political course dictated by American imperialists forced Wall Street’s European henchmen to further cut budgetary allocations for socio-cultural needs (housing construction, pension payments, maintenance of schools, hospitals, etc.) and at the same time sharply intensify tax taxation of the incomes of the working masses.

Nevertheless, even with the help of these draconian measures, the governments of Western European states fail to cover their continuously increasing military expenditures. State debts are growing in these countries and the amount of paper money in circulation is increasing, and thereby the inflationary element is intensifying. In France by the end of 1949, paper money in circulation amounted to 1,278 billion francs, i.e., 290 billion francs more than in 1948. In Italy, in December 1949 alone, the amount of paper money in circulation increased by 97 billion lire and now exceeds 1,057 billion lire (in 1946—432 billion lire).

The American administration for the implementation of the “Marshall Plan” transfers huge sums to the governments of marshalled countries from “equivalent accounts,” which they use either directly to cover military expenditures or to pay off their debt to central emission banks. According to official

American data, for the period from April 1948 to September 1949, 1,024 million dollars in the currency of the respective countries was spent on paying off the short-term debt of ministries of finance to central emission banks, including: in England 793 million dollars, in France 171 million dollars, in Norway 73 million dollars, and in Austria 39 million dollars.

In addition, significant funds from “equivalent accounts” are directed toward subsidizing those major Western European monopolies in the strengthening of whose financial position the American financial oligarchy and military are interested. According to far from complete data, from the beginning of the operation of the “Marshall Plan,” i.e., from April 1948, to September 1949, the US government transferred to the French government and French monopolies 297 billion francs, to the Italian government 107 billion lire, etc.

The US ruling circles subsidize from local currency funds primarily those monopolies of Western European countries whose enterprises are engaged in the production of armaments, or those which can be quickly switched to the production of military equipment. For example, in Italy, at the expense of funds transferred from the “equivalent account,” production is expanding at the Fiat plants, which during the Second World War produced tanks for the armed forces of fascist Italy.

US Secretary of Defense Johnson in the aforementioned report was forced to admit that the USA uses the administration for the implementation of the “Marshall Plan” to pump strategic materials out of marshalled countries and their colonies and

create government stockpiles intended for waging an aggressive war.

The main place in American plans for the militarization of capitalist Europe is assigned to Western Germany. Therefore, it is no accident that Western Germany receives a significant share of allocations under the "Marshall Plan." In just two months, 774 million marks were allocated to the disposal of the puppet "Bonn state" from these funds. As a result of the policy of the ruling circles of the USA and England, Western Germany is turning into the European center for imperialists to unleash an aggressive war against the democratic, anti-imperialist camp. Contrary to the Potsdam Agreement, American monopolists are restoring the military potential of the Ruhr—the arsenal of predatory German imperialism. This is fully assisted by the current rulers of France, despite the fact that over the past 70 years, artillery manufactured at Ruhr enterprises has three times destroyed French towns and villages and flooded them with blood.

In essence, the basis of the entire "Marshall Plan," as well as its direct continuation—the aggressive North Atlantic Pact—is the military-industrial potential of Western Germany and above all the Ruhr. The "government" of the traitor of the German people, Wall Street stooge Adenauer, under the patronage of American imperialists, is reviving fascist orders in the West German "state." As a result, Western Germany is turning into a colony of American imperialism, an industrial base, and a strategic bridgehead for unleashing a new war. Militarism and fascism increasingly permeate all aspects of the economic and political life of the western zones of Germany.

Former Hitlerite generals have developed a plan to create a new West German army. In addition, one of Hitler's closest accomplices, war criminal Guderian, has been instructed to draft a plan for reorganizing the command of the US armed forces for wartime and creating an American General Staff on the Hitlerite model. The industry of Western Germany is being restructured on a war footing; many factories under the guise of producing civilian products are manufacturing armaments. Thus, according to the newspaper "Echo der Woche," the Messerschmitt aviation plants are actually engaged in designing a new rocket fighter, although it is officially considered that they are producing finished residential buildings.

American and British troops are conducting maneuvers on the territory of Western Germany which cause millions in damages to the local population: tanks and heavy artillery destroy crops and forests, ruin fields and roads, etc. Millions of working taxpayers of Western Germany pay for the colossal expenses of the imperialists in preparing a new aggressive war under the pretext of covering "occupation expenses."

The militarization of the economy, the arms race, and the swelling of military budgets in Western European countries sharply intensified after the aggressive North Atlantic Treaty was signed by the imperialist states. The US ruling circles shifted a new burden of expenses onto the shoulders of the working masses of the USA and Western Europe, caused by the increase in the contingent and rearmament of the land armies of those countries participating in the North Atlantic Pact.

On January 27, 1950, the US government signed so-called "bilateral" agreements with the governments of England, France, Belgium, Holland, Luxembourg, Denmark, Norway, and Italy on the procedure and timing of supplying American armaments to these countries. American weapons are flowing in a broad stream to Western Europe on the basis of the so-called "military aid" program adopted by the US Congress in October 1949. Under the US budget draft for 1950/51, 1,148 million dollars is allocated for the payment of these deliveries.

American imperialists began developing the program for supplying armaments to Western European countries long before the conclusion of the North Atlantic Pact. While American diplomats, unceremoniously violating the Charter and principles of the United Nations, conducted military negotiations with the governments of England, France, Canada, Italy, Portugal, Belgium, Holland, Luxembourg, Denmark, Norway, and Iceland and subsequently concluded an aggressive alliance with them, US military circles intensively prepared a plan for supplying armaments to these countries. In the language of Wall Street magnates and the ringleaders of the American General Staff, this program received the designation of peacetime military Lend-Lease.

American imperialist propaganda strives to convince US working people and world public opinion that the deliveries of armaments to countries participating in the North Atlantic Pact are some sort of "act of magnanimity" on America's part and pursue allegedly non-aggressive, defensive goals. The US State Department stated on March 20, 1949, that the transfer of military equipment to other countries serves the "broad security

interests of the United States." In order to give persuasiveness to this thoroughly false and hypocritical thesis, various kinds of legends are resurrected that American imperialists and their underlings spread about wartime Lend-Lease. However, no tricks and stratagems of Wall Street propaganda can conceal the fact that armaments deliveries to Western European countries serve the aggressive goals of American imperialism and have as their task the rearmament of the armies of marshalled countries in the predatory interests of US ringleaders. Seeking to fight with others' hands, the American military forces its satellites to supply it with as much cannon fodder as possible. The most rabid American imperialists, preferring to call things by their proper names, blurted out the true goals of the Western European rearmament program. Thus, House Appropriations Committee member Cannon cynically stated: "We do not necessarily have to send our ground troops to Europe in a future war, as was the case during the last war. We must equip the soldiers of other countries, and let them send their youth to destruction instead of us sending ours."

Supplying weapons on a mass scale to Western European countries, American monopolies pursue the goal, first, of securing sales markets for their products for the sake of maintaining a high level of profits and loading their enterprises; second, of strengthening military control over the economy and armed forces of marshalled countries, i.e., completing their military enslavement; and third, of turning Western European countries into a bridgehead for waging an aggressive war to establish their world hegemony.

The statement of the USSR Ministry of Foreign Affairs on the North Atlantic Pact pointed out that the goal of this pact "consists in the ruling circles of the USA and Great Britain taking the reins into their own hands with regard to as many states as possible, depriving them of the opportunity to conduct an independent national foreign and domestic policy and using these states as a subsidiary means in implementing their aggressive plans aimed at establishing Anglo-American world hegemony"[138]. The so-called peacetime military Lend-Lease is subordinated to these same goals.

The military subjugation of marshalled countries by American imperialists leads to the intensification of the absolute and relative impoverishment of the working masses of these countries, to a further increase in direct and indirect taxes, and to the growth of high cost of living. The bourgeois press on both sides of the Atlantic has cited calculations showing that carrying out measures connected with the implementation of the aggressive North Atlantic Pact and, in particular, with the realization of American "military aid" will cost the broad masses of taxpayers in Western European countries more than 40 billion dollars.

In Western Germany, a so-called "international" military school is opening to train European mercenaries of American imperialists in handling American weapons. The teaching staff of this school is mainly staffed by American military specialists. Funds for maintaining this school, as well as a huge number of American gauleiters in civilian clothes and military

138 "Pravda", 29/I 1949.

uniforms arriving in Europe after the signing of "bilateral" agreements on "military aid," are appropriated from the budgets of Western European countries, i.e., at the expense of broad strata of working people.

Such is the price that marshalled countries are forced to pay for the role of cannon fodder suppliers for American aggressors imposed on them by Wall Street.

The implementation of the plans for the militarization of countries participating in the North Atlantic Pact encounters a number of serious difficulties and obstacles.

First of all, the broad working masses of marshalled countries under the leadership of the working class, headed by Communist parties, offer stubborn resistance to the implementation of the criminal designs of the current leaders of the USA and Western European countries. The slogan of the Communist parties that under no circumstances and for no reason will the peoples fight against the Soviet Union has found warm support among tens of millions of people in Western European countries. In France, Italy, and Holland, a powerful movement of dockers has unfolded who refuse to unload transports with military materials arriving from the USA. "The struggle of port workers to prevent the unloading of weapons sent by America is a sacred struggle," said the leader of the working masses of Italy, P. Togliatti. The dockers of Antwerp stated that they will continue the glorious traditions of their older brothers, who decisively refused in 1920 to load weapons for the predatory imperialist intervention against the young Soviet Republic, and will not unload ships with

American weapons intended for the brewing war against the USSR and the countries of people's democracy.

Working people of all Western European countries categorically protest against the rampage of militarism and the arms race. There is no doubt that the aggressive intrigues of American imperialists and their European servants will not be able to shake the growing resolve of the working class, working peasantry, and progressive strata of the intelligentsia to win the sacred battle for peace and the security of peoples throughout the world.

Contradictions are sharpening in the imperialist camp, especially the main contradiction of the contemporary capitalist world between the USA and England. Between the USA and other participants in the North Atlantic Pact there are serious disagreements, in particular regarding the distribution of military expenditures and on a number of other issues. The English newspaper "Manchester Guardian," reflecting the struggle in the camp of war instigators, stated that the USA intends to buy supreme strategic command over Western European troops for just over a billion dollars.

As the economic crisis grips one branch of the American economy after another, and US foreign policy suffers failure after failure, the US government, representing the executive committee of the American financial oligarchy, puts forward new, increasingly adventuristic plans for establishing the world hegemony of American imperialism. US President Truman, reflecting the expansionist aspirations of Wall Street and the American military, repeated once again in his messages to

Congress in January 1950 the claims of American claimants to world hegemony and demanded that the USA play a "leading role" in world affairs.

The American newspaper "Wall Street Journal," which is the mouthpiece of US industrial and banking monopolies, published a series of articles under the general heading: "Acheson's Plan." These articles contain an admission that the "Marshall Plan" has failed and that US foreign policy is suffering one defeat after another. The new plan for the enslavement of the world hatched by Wall Street, named "Acheson's Plan," goes even further than the notorious "Marshall Plan." From the meager information published in the US bourgeois press about the new program of American monopolies, it is seen that they are developing such aggressive plans whose goal is to cause unprecedented military hysteria, an arms race, and growth of military budgets both in the USA and in countries dependent on it. "Acheson's Plan" provides for even more unceremonious US interference in the affairs of other countries, the implementation of an even harsher "total" foreign policy. At the same time, it is intended to accelerate the creation of the so-called "European Single Market," in which American monopolies will be able to sell their "excess" products unhindered and duty-free. The United States intends on an even larger scale to grant bondage military-political loans to reactionary governments of countries dependent on the USA for the further militarization of their economy. Seeking to mitigate the economic crisis developing in the USA, American monopolies intend to practice mass dumping of their goods.

The “total diplomacy” of Acheson’s plan is also directed toward the creation of the so-called “European Payments Union” or “Clearing Union” of Western European countries. At the same time, demagogic programs are being developed whose goal is the suppression of the national liberation movement in the colonial world and the intensification of the penetration of American capital into colonies and semi-colonies.

The American financial oligarchy and its ideological standard-bearers count on the fact that an increase in budgetary allocations for militarism and the arms race on the basis of the “Marshall Plan” or “Acheson’s Plan” will provide an opportunity to delay or mitigate the economic crisis. Vain hopes! The causes of economic crises are rooted in the capitalist mode of production itself. And, of course, no “plans” of American imperialists are able to overcome the spontaneous laws of the capitalist economy and prevent the economic crisis mounting in the capitalist world.

The militarization of the economy of the USA and marshalled countries, leading to the deformed, one-sided, military development of their industry, inevitably intensifies the destructive consequences of the crisis. For transferring a country’s economy onto the rails of a wartime economy means, as Comrade Stalin points out, “to give industry a one-sided, military direction, to maximally expand the production of items necessary for war, unrelated to the consumption of the population, to maximally narrow production and especially the output onto the market of items for the population’s

consumption—consequently, to reduce the consumption of the population and place the country before an economic crisis"[139].

The militarization of the economy of Western European countries, imposed by American imperialism and the reactionary ruling circles of these countries, is one of the decisive causes of the further deterioration of their already difficult economic situation. At the same time, the rampage of militarism in all areas of the economic and political life of the USA and Western European countries is an indicator of the weakening of the reactionary imperialist camp, which experiences incredible fear of the ever-increasing growth of the might of the camp of peace, democracy, and socialism.

History has already passed its final verdict on the thoroughly rotted, parasitic, and obsolete system of capitalism, which brings humanity imperialist wars and economic crises, colonial plunder, national and racial enmity, unemployment, poverty, and hunger.

The rampage of militarism in marshalled countries, the war danger emanating from the USA—this main hearth of preparing a new war—intensifies the movement of peoples of all countries against the aggressive plans of war instigators, the struggle for peace. For the first time in human history, an organized front of partisans of peace has now been created on an international scale, opposing the camp of imperialists—war instigators. This mighty front is capable of fulfilling its historical task of preventing the unleashing of a new aggression. If the imperialists unleash a war, they "will

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139 J. Stalin, Problems of Leninism, 11th ed., p. 567.

inevitably provoke such a righteous and resolute indignation of the peoples as will sweep imperialism and aggression from the face of the earth forever"[140].

Questions of Economics, No.3 , 1950.

[140] V. M. Molotov, Speech at the meeting of voters of the Molotov electoral district of Moscow, March 10, 1950. "Pravda", 11/III 1950.

V. DYACHENKO

FUNCTIONS AND PURPOSE OF SOVIET FINANCES

The socialist state is the decisive force in the economic development of the USSR. It daily carries out grandiose economic-organizational and cultural-educational activities aimed at the continuous upsurge of socialist production, the increase of public wealth, the raising of the material and cultural living standards of the working people, and the strengthening of the independence and defense capability of the USSR. Soviet finances play a major role in the economic activity of the socialist state.

By their nature, functions, organizational structure, and role in reproduction, Soviet finances differ fundamentally and radically from the finances of bourgeois and any other exploiting state[141].

Under capitalism, state finances serve as an instrument for intensifying the exploitation of working people. Through the financial system, the bourgeois state extracts funds to maintain the parasitic apparatus of class oppression and for the further enrichment of exploiters.

Soviet finances are an important lever for the development of socialist production relations and the building of communism. The principal functions of Soviet finances are:

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[141] On the features and advantages of the Soviet financial system, see No. 7 of the journal "Voprosy Ekonomiki" for 1948.

1) the planned distribution of incomes and accumulations for the purpose of the fullest satisfaction of state, nationwide needs and the acceleration of the rates of expanded socialist reproduction;

2) state control over the formation, distribution, and utilization of monetary incomes and accumulations, ruble control over production and circulation of the social product.

The socialist principle of the organization of labor and the distribution of the products of labor—"from each according to his abilities, to each according to his work"—by no means signifies that the entire social product can be distributed according to work among citizens, the direct participants in production, to satisfy their personal needs. For the existence and development of society, it is necessary not only to systematically replace from the newly created social product the means of production consumed in the process of its production, but also to direct a portion of the product toward satisfying public needs: for the expansion of production, the maintenance of the country's administration and Armed Forces, the satisfaction of the cultural and everyday needs of the population, the provision of public assistance to the disabled, and the creation of reserve or insurance funds for insurance against natural disasters and accidents. This is an indispensable condition for both continuous expanded reproduction and the full and comprehensive satisfaction of the personal needs of citizens. The task consists in ensuring, through production and the correct distribution of the social product, the primary satisfaction of those public needs upon which the scale and growth rates of our entire national economy depend, and

consequently also the level and growth rates of the well-being of the broad masses of the population.

Our socialist state, in accordance with its functions and tasks, has assumed the satisfaction of the overwhelming share of public needs, which has given them the character and significance of state needs. These include: the needs for expanded reproduction of the state economy (capital construction, formation and increase of material reserves of state enterprises, etc.); the maintenance of the state administration apparatus and Armed Forces; the maintenance of state public education and healthcare institutions; the provision of state assistance to collective farms and cooperatives; state social insurance for the disabled; and the formation of state material reserves necessary to ensure the uninterrupted process of reproduction.

For the development of the socialist economy, the Soviet State consciously and plannedly utilizes the law of value. The products of social labor under socialism are commodities; they are transferred to personal or productive consumption not gratuitously, but for payment. To obtain a part of the social product to satisfy a particular need, it is necessary to have monetary resources and money incomes. The formation and distribution of money incomes thus plays a major role in the distribution of the social product under socialism. To ensure the distribution of the social product provided for by the plan and the satisfaction of state needs, it is necessary to carry out the planned formation, distribution, and utilization of corresponding money incomes.

The source of all incomes is the national income of the country, i.e., that part of the value of the aggregate social product which is newly created by living human labor. In the process of the distribution of national income, the incomes of the socialist economy and the personal incomes of citizens, diverse in their forms, are formed. At the same time, the starting point is the distribution of the proceeds from the realization of products or the products themselves (if the latter do not take a commodity form).

Each cost-accounting (hozraschyot) state enterprise pays wages to workers and employees from the proceeds of product sales, makes deductions for social insurance of workers and employees, replaces the means of production consumed in the production process, and also covers all other expenses for maintenance and current repairs of buildings and structures, for the marketing of its products, transport expenses, etc. All these expenses and deductions taken together constitute the cost of production (sebestoimost) of products. Gross proceeds from the sale of products minus the cost of production form the monetary accumulations of enterprises. A part of them, established in advance as a specific share of the commodity price, is remitted by the enterprise to the nationwide fund of resources (into the state budget) by way of the turnover tax. The remaining part of monetary accumulations constitutes the profit of the enterprise, which is the primary source from which the enterprise's expenditures on expanded reproduction (capital investments and replenishment of the enterprise's working capital) are covered.

The turnover tax, profit, and social insurance deductions are forms of surplus product created by state enterprises.

Thus, in the process of distributing the proceeds from the sale of products of a state enterprise, four main forms of income are formed: wages as a form of personal income of workers and employees; social insurance contributions and turnover tax as two forms of nationwide income; and profit as a form of income of an individual state enterprise.

Special forms of income arise in the distribution of proceeds from the sale of products (or the products themselves) of enterprises based on collective-farm-cooperative property. These are deductions into the public funds of collective farms and cooperatives (indivisible funds of collective farms, cultural and welfare funds of cooperatives, etc.) and the incomes of collective farmers according to workdays.

The incomes of the socialist economy and the personal incomes of the population, into which the national income disintegrates as a result of the distribution of proceeds from product sales or the products themselves, we call main (or primary) incomes. Their sum equals the country's national income.

The distribution of national income, however, does not end with the formation of primary incomes. There are a number of reasons why the further distribution of incomes is necessary. Elucidating these reasons is of special importance for defining the functions and purpose of Soviet finances.

The main reasons necessitating the further distribution of incomes are: 1) the discrepancy between the volume of

monetary accumulations of individual state enterprises and their planned needs for expenditures; 2) the maintenance of institutions and organizations of the non-productive sphere; 3) ensuring the participation of collective farms, cooperatives, and the population in satisfying state needs; 4) state regulation of incomes and accumulations; 5) the mobilization of free monetary accumulations of collective farms and cooperatives and the monetary savings of the population; 6) ensuring conditions for exercising state control over the formation, distribution, and utilization of incomes and accumulations.

The first reason causing the need for the further distribution of incomes—the discrepancy between the volume of accumulations of individual state enterprises and their planned needs for expenditures—is directly connected with the cost-accounting organization of the activity of state enterprises.

Economic accountability (hozraschyot), which is one of the main methods of socialist economic management, requires the establishment of a direct dependence between the incomes and expenses of each enterprise. A cost-accounting enterprise must operate in such a way as to not only cover all expenses incurred from its proceeds, but also yield accumulations.

In cases where proceeds from product sales do not cover all expenses included in the cost of production, the need arises to provide additional funds to the enterprise by superior organizations or from the state budget in the form of a subsidy. The system of state subsidies weakens cost accounting, the incentive to lower the costs of production and commodity circulation, and the struggle to increase enterprise profitability.

Therefore, such a system is applied only in the presence of special conditions.

During the war years, the need for state subsidies was determined by the growth of production costs in a number of branches of heavy industry in connection with wage increases and other expenses caused by the wartime situation, while wholesale prices remained unchanged. Successes in fulfilling the postwar five-year plan for the restoration and development of the national economy of the USSR created the prerequisites for eliminating the system of industrial state subsidies. On the initiative of Comrade Stalin, the Council of Ministers of the USSR in 1948 adopted a decision: to eliminate the system of state subsidies mainly in 1949 and completely in 1950. This is achieved on the basis of lowering production costs and revising wholesale prices.

As a result of these measures, the proceeds from the sale of products of state enterprises in all branches of the national economy exceed their cost of production. In order to strengthen economic accountability, the monetary accumulations of enterprises are left at their disposal to satisfy the planned needs for expenditures of the enterprises themselves. But between the volume of monetary accumulations of each individual enterprise and the sum of its planned expenditures, there is not and cannot be complete correspondence, since the factors upon which the level of an enterprise's monetary accumulations depends in most cases do not coincide with the factors determining the volume of planned expenditures of enterprises. The necessity of the turnover tax is brought about mainly by the tasks of withdrawing into the nationwide fund of resources

that part of the monetary accumulations of socialist enterprises which exceeds their own needs and is intended for nationwide planned expenditures. But even the turnover tax cannot ensure complete correspondence between the planned needs of each enterprise for expenditures and the size of the enterprise's accumulations remaining with it in the form of profit, since tax rates cannot be differentiated by individual enterprises; they are established on the basis of average indicators for production sectors and commodity groups.

The size of an enterprise's profits depends on the quantity and quality of produced and sold products, the level of its cost of production, the level of prices for it, and the amount of turnover taxation. An enterprise's needs for replenishing working capital are determined by the volume of production and product sales, as well as the speed of asset turnover. Meanwhile, the volume of capital investments, established on the basis of general economic tasks, may not depend at all on the volume and quality of work of the given enterprise. As a result, for some enterprises profit turns out to be greater than their planned needs for expenditures, while for others it is lower than these needs.

That part of the profits of state enterprises exceeding their own planned needs for expenditures obviously must be and is withdrawn in the form of profit deductions for transfer to other enterprises or for other state expenditures. If an enterprise's profit is less than its planned needs for expenditures, the need arises to provide it with additional funds.

The most important expenditure needs satisfied by providing enterprises and economic organizations with additional funds are capital investments and providing enterprises and organizations with working capital.

Newly constructed enterprises do not have their own incomes. To cover expenses for their construction and equipment and to provide them with working capital during periods of commissioning, allocations from superior organizations or from the nationwide resource fund are necessary. Operating enterprises undergoing radical reconstruction (re-equipment, expansion) are in a similar position: they cannot cover the expenditures necessary for their reconstruction exclusively at the expense of funds received from the sale of their own products, since these funds are used by them mainly for current production and other expenses.

The need to replenish working capital at the expense of resources of superior organizations or the nationwide fund may also arise in those enterprises whose product assortment changes sharply amid intensified rates of growth of the production program.

Compensation for damage caused to an enterprise by natural disasters and accidents (fire, flood, etc.), if this damage cannot be covered by resources previously transferred to the enterprise, also constitutes one of the reasons necessitating the receipt of additional resources by state enterprises.

When the product assortment changes and the turnover of assets accelerates at a state enterprise, a surplus of working capital may be created. For productive utilization, it must be

transferred to those state enterprises that need working capital and into the nationwide resource fund. Thus, not only current period money incomes are subjected to further distribution, but also a part of past periods' accumulations.

In individual cases, in order to ensure the expenditures of state enterprises regardless of the receipt of resources from their activities, as well as to strengthen control over the work of these enterprises, the socialist state covers all their expenditures entirely from the nationwide resource fund. Thus, for example, the entire sum of expenses of machine and tractor stations is covered by budget allocations. Correspondingly, all gross receipts for work performed by machine and tractor stations are credited to the state budget.

The second reason for the further distribution of incomes is the maintenance of institutions and organizations of the non-productive sphere. Main incomes can be received only by those enterprises and organizations and those citizens who take direct part in the production and realization of the social product. Institutions and organizations of the non-productive sphere do not create or realize products, but perform other socially necessary functions, and as a rule do not charge a fee for the services they render. These include the majority of education and healthcare institutions, the Armed Forces apparatus, and the management apparatus. Funds for the maintenance of these institutions and organizations, which do not have their own income sources, are provided through the further distribution of main incomes formed in the production sphere in the process of distributing product sales proceeds. In a similar manner, funds for personal expenditures are supplied to students provided

with stipends, large and single mothers receiving state allowances, and citizens who, due to health status, cannot participate in the social labor process and receive incomes in the form of remuneration for work, but are maintained on social security and receive pensions and allowances from the state.

The incomes of state enterprises and economic organizations are the main source of funds for satisfying state needs and are used for these purposes partly directly by the enterprises and economic organizations themselves, and partly through nationwide resource funds. But collective farms, cooperatives, other nationwide organizations, and the population must also take part in satisfying state needs. To fulfill this task, the state establishes obligatory payments by collective farms, cooperative organizations, and the population, and takes measures to mobilize the monetary accumulations of collective farms and cooperatives and the monetary savings of the population.

Obligatory payments to the state determine the minimum share of participation of individual collective farms, cooperative organizations, and citizens with their incomes in satisfying state needs. At the same time, the obligatory payments of enterprises, organizations, and the population established by the state serve as an instrument of state regulation of incomes and accumulations in accordance with the tasks of socialist construction at each stage of the development of the Soviet economy.

Incomes and accumulations are heterogeneous according to their sources, character, and significance. Incomes and accumulations were especially diverse in the transitional period from capitalism to socialism, under conditions of a multi-sectoral economy. The state's attitude toward various kinds of incomes and accumulations cannot be the same. In order to stimulate certain sources of incomes and accumulations and, conversely, to restrict or eliminate others, the state applies different methods of withdrawing a part of incomes, differentiating the size of this withdrawal by types and sources of income. In the transitional period from capitalism to socialism, the Soviet State restricted and ousted in this way (along with carrying out other economic and political measures) capitalist elements, directed the development of small-commodity peasant farming, and stimulated the growth of cooperation. After the victory of socialism in our country, the regulating role of the system of withdrawals from incomes diminished, since capitalist classes were destroyed, planning was strengthened, and the state is in a position to directly and immediately determine the conditions for the formation and utilization of incomes. However, even under socialism, the necessity of mobilizing a part of the incomes of collective farms, cooperatives, and the population for the purpose of regulating incomes remains.

It was noted above that between the volume of accumulations of each state enterprise and its planned need for expenditures there is not and cannot be complete correspondence, since the factors determining them do not coincide. This also applies to the incomes and expenditures of collective farms, cooperative

organizations, and the population. The incomes of collective farms, cooperative organizations, and individual citizens minus obligatory payments to the state may exceed their current expenditure needs. At the same time, that part of the money incomes of collective farms and cooperative organizations remaining after satisfying their own current planned expenditure needs forms unused monetary accumulations, while the sums exceeding citizens' incomes over their current expenditure needs constitute the basis for the formation of monetary savings of the population. Obviously, the socialist state can and must take measures to mobilize these accumulations and savings to ensure higher rates and scales of expanded socialist reproduction.

An important reason necessitating the further distribution of incomes and accumulations is ensuring state control over the formation, distribution, and utilization of incomes and accumulations. Thus, for example, in the interests of financial control, profit deductions have been established from all state enterprises and organizations, and not only from those whose profit exceeds their planned expenditure needs. Enterprises whose profit is less than their planned expenditure needs are nevertheless obligated to pay profit deductions in a minimum amount (10%). The tasks of strengthening state control are also largely responsible for the estimate-budget procedure of financing machine and tractor stations, in which all gross receipts for work performed by MTS are credited to the budget and all their expenses, including production costs, are covered from the budget.

Thus, the further distribution of incomes and accumulations is brought about by diverse reasons. Its main purpose is to ensure planned proportions in the distribution of national income; the concentration of resources to fulfill tasks set by the party and the socialist state; the fullest satisfaction of public needs determined by the party and the state; and the achievement of maximum rates of expanded socialist reproduction.

The mobilization of a part of the incomes, accumulations, and savings of enterprises, institutions, organizations, and individual citizens on the one hand, and the direction of mobilized funds to enterprises, institutions, organizations, and individual citizens to satisfy various kinds of needs on the other, constitute the process of redistribution of monetary incomes and accumulations. Incomes formed as a result of such redistribution can be called derivative, since their direct source is the main incomes of enterprises and organizations of the socialist economy and the main personal incomes of the population. The sum of main and derivative incomes, of course, exceeds the size of the country's national income.

The purpose of Soviet finances lies primarily in the organization and implementation of the distribution and redistribution of monetary incomes, accumulations, and savings in accordance with the functions and tasks of the socialist state. Through finances, through the distribution of monetary funds:

1) the accumulations of state enterprises and economic organizations are directed toward satisfying state needs, the participation of collective farms, cooperative organizations, and the population in satisfying these

needs with their incomes is ensured, and state regulation of incomes and accumulations is carried out;

2) enterprises and economic organizations are provided with the sums necessary for capital investments, for the formation and increase of working capital, and for compensation of damage caused by natural disasters and accidents, if these expenditures are not covered by the own resources of enterprises and economic organizations;

3) expenses for the maintenance of the Armed Forces, the administration apparatus, and socio-cultural institutions, and for carrying out diverse measures in the sphere of cultural and everyday services for the working people are covered, and state assistance to the disabled and other types of state aid are provided.

The diversity of the goals and tasks of the distribution of incomes and accumulations, as well as the diversity of the character and sources of redistributed funds, necessitate the application of various methods and forms of mobilizing and directing funds. It would be inexpedient to apply the same mobilization method with respect to the profits of state enterprises and the incomes of the population, or to direct funds for capital construction in the same order as for management expenses.

The main financial methods of mobilizing and directing funds are taxes, profit deductions from state enterprises, state loans, insurance premiums, financing, payment of insurance indemnities, and payment of pensions and allowances.

The correct organization of the distribution and redistribution of monetary funds through the financial system is of very great

national economic significance. This distribution and redistribution is carried out in three closely interrelated directions: 1) between sectors of the economy and classes of the population, 2) between branches of the national economy and culture, 3) between oblasts and regions of the country.

Inter-sectoral and inter-class redistribution of resources played an especially large role under conditions of the transitional economy. By establishing elevated taxes for capitalist elements, by organizing broad financial and credit assistance to the rural poor and middle peasant households, the party and the socialist state restricted and ousted capitalist elements, and rendered support to poor and middle peasant households in the struggle against the kulaks. Through the inter-sectoral and inter-class redistribution of financial resources, the party and the socialist state ensured conditions for the socialist industrialization of the country, stimulated the processes of collectivization, and promoted the construction and strengthening of the collective farm system in the countryside.

Inter-branch redistribution of resources was of great importance in the struggle for the socialist industrialization of the country and the collectivization of agriculture. Saving on everything, the party and the Soviet State directed a maximum of funds toward the construction of heavy industry, and toward rendering assistance to state farms and collective farms. The successes of the country's socialist industrialization and the collectivization of agriculture made it possible in the pre-war period to accelerate the raising of the material and cultural living standards of the broad masses of the population, which could not occur without increasing investments in branches

producing personal consumption items, as well as investments along the line of socio-cultural measures. Inter-branch redistribution of resources played a very large role during the Great Patriotic War, when it was necessary to ensure all wartime requirements. In the postwar Stalinist five-year plan, inter-branch redistribution of resources promotes the accelerated development of decisive branches and the entire national economy as a whole.

Territorial redistribution of resources between oblasts and regions of the country occupied and continues to occupy a very important place in carrying out the Lenin-Stalin national policy, in the socialist distribution of productive forces. Through the financial system, the party and the socialist state rendered and render systematic support and assistance with monetary resources to those national regions, oblasts, and republics that were more backward in the past. This has contributed and contributes to raising the economic and cultural development of formerly backward regions, oblasts, and republics to the level of the advanced regions, oblasts, and republics of the Soviet Union. Through the territorial redistribution of monetary resources (along with other measures), the party and the Soviet State ensure the distribution of productive forces throughout our great country in accordance with the tasks of the most rapid growth of the economic and military might of the socialist state, the raising of the living standard of Soviet citizens, and the accelerated development of productive forces in previously backward regions and oblasts where there was neither their own industrial base nor centers of culture. Territorial redistribution

of resources belongs a major role in achieving rapid rates of restoration of the fascist-devastated regions of our country.

All this demonstrates the extremely important significance of the distributive function of Soviet finances. The distribution of national income and the entire social product into consumption funds and accumulation funds, the direction of these very funds to satisfy diverse needs is carried out by the party and the Soviet State in accordance with the goals and tasks of building communism with the broad, comprehensive utilization of Soviet finances. Without the correct organization of the distribution of money incomes and accumulations, it would be impossible to direct a maximum of funds toward the construction of heavy industry, state farms, and collective farms during the years of the struggle for the industrialization of the country and the collectivization of agriculture, or to concentrate resources on the cause of defeating the enemy under conditions of a wartime economy. The correct organization of the distribution of monetary funds is one of the conditions for the successful fulfillment and overfulfillment of the plan of the postwar Stalinist five-year plan.

The distributive function of Soviet finances differs radically in all respects from the distributive function of the finances of a bourgeois state.

The necessity of Soviet finances as an instrument for distributing money incomes, accumulations, and savings stems directly from the relations of the material process of reproduction organized and directed by the socialist state. The necessity of the finances of a bourgeois state, however, is

determined by the parasitic character of this state, which does not perform the economic-organizational and cultural-educational functions inherent in the socialist state, does not possess a material-production base, and does not have its own sources of resources.

Through Soviet finances, based on the socialist economic system and socialist ownership of the means of production, the incomes and accumulations of enterprises and organizations belonging to the state itself are mainly distributed, while the mobilization of a part of the incomes, accumulations, and savings of collective-farm-cooperative enterprises and the population plays an auxiliary role and is also carried out in the interests of the working people. The finances of a bourgeois state, which are based on the capitalist economic system and private capitalist ownership of the means of production, are based on incomes formed outside the limits of the state economy and serve as an instrument for the additional exploitation of working people.

Through the Soviet financial system, in accordance with the functions and tasks of the socialist state, diverse needs of expanded socialist reproduction are provided with monetary resources, whereas the financial systems of a bourgeois state are limited mainly to directing funds toward maintaining the parasitic state apparatus, primarily for military expenditures.

The distribution of money incomes, accumulations, and savings through Soviet finances is carried out in a planned manner for the purpose of developing and strengthening the socialist economic system and socialist ownership of the means

of production, in the interests of building communism. The finances of a bourgeois state are subordinated to the spontaneous laws of the capitalist economy, and have as their goal the protection, expansion, and strengthening of capitalist ownership of the means of production and relations of exploitation.

The main purpose of the finances of a bourgeois state is exhausted by the redistribution of monetary funds to maintain the state apparatus of violence and for the further enrichment of exploiters through the additional robbery of working people. In contrast to this, the purpose of the finances of the socialist state consists not only in timely and uninterruptedly providing monetary resources for our economic and cultural construction, as well as the maintenance of the Armed Forces of the USSR and the Soviet state management apparatus. Soviet finances, in addition, perform a control function not characteristic of the finances of a bourgeois state in general. They are a very important instrument for exercising state control over the production and circulation of the social product.

The basis of financial control is ruble control on the basis of economic accountability.

Hozraschyot establishes a direct dependence between the results of an enterprise's activity and its financial-economic position. The better an enterprise works, the better it fulfills plans, the more economically it uses raw materials, materials, fuel, other material valuables, and labor resources, the better and stronger, with correct organization, should be the financial-

economic position of the enterprise. This means ruble control within the enterprise.

Cost-accounting enterprises are connected with each other. Each of them is a supplier for some and a buyer for other enterprises. Each of them is interested in having its products paid for on time, raw materials and materials of proper assortment and quality delivered on time, and established commodity prices observed. This means that enterprises on the basis of contracts, on the basis of permanent economic ties, mutually check work and control each other.

However, such control within enterprises and in relations between them is insufficient to ensure the most effective utilization of material, labor, and monetary resources.

Economic accountability necessarily presupposes a certain operational economic independence of enterprises. It is necessary in order for the enterprise to truly answer for its activity, so that it can use its resources most rationally, taking into account all working conditions. But utilizing its operational economic independence and incorrectly understanding its own interests, an enterprise may pit them against the interests of the state and dispose of resources irrationally. In practice, there are managers who embark on the path of pitting the interests of "their" enterprise against the interests of the national economy as a whole.

Operational economic independence is extremely necessary, because without it one cannot achieve the fullest and most rational utilization of all the enterprise's resources. But in order for it not only not to be used to the detriment of the state and

national economy, but to yield the greatest effect, systematic, daily control over the work of the enterprise on the part of regulatory and planning bodies is needed.

To an even greater extent, such control is necessary with respect to institutions of the non-productive sphere not operating on cost accounting. The internal basis for ruble control in these institutions is very narrow, since there is no direct, immediate connection between their incomes and expenses, between the volume of resources coming into the institution and the results of its work. The center of gravity here is therefore transferred to the precise definition of expenditure needs, financing sums, fund expenditure norms, and preventing their expenditure for other than strictly designated purposes or in amounts exceeding established norms (the estimate-budget financing procedure).

An important role in carrying out such control is played by the Soviet financial system. As early as 1922, characterizing cost accounting, V. I. Lenin emphasized the necessity and importance of exercising control over the work of cost-accounting enterprises on the part of the Supreme Council of National Economy (VSNKh) and especially on the part of the People's Commissariat of Finance (Narkomfin)[142].

Financial control is inextricably linked with the distributive function of Soviet finances, since it is exercised primarily during the mobilization and disbursement of funds. However, the sphere of financial control is significantly broader than the sphere of monetary resource redistribution. It extends not only

[142] See V. I. Lenin, Works, vol. XXIX, p. 420.

to those monetary resources that are redistributed in the national economy, but also to the entire system of monetary relations, and is exercised at all stages of national economic and financial planning.

In the process of mobilizing funds, financial bodies check the state of the financial-economic position of enterprises and organizations, reveal possibilities for increasing accumulations through better utilization of all resources at the disposal of enterprises and organizations, take measures for the strict fulfillment of obligations of enterprises and organizations toward the state, and introduce necessary clarifications into these obligations depending on the progress of plan fulfillment.

Financing has a strictly targeted character and is carried out not "for the plan", but in accordance with actual plan fulfillment and taking into account the efficiency of utilizing both the enterprises' or organizations' own resources and the funds allocated to them. Directing funds to an enterprise, institution, or organization, financial bodies check the degree of plan fulfillment, the efficiency of utilizing previously allocated funds, possibilities and ways of reducing expenses, and more fully mobilizing internal resources to satisfy the enterprise's planned needs for funds, etc.

Effective financial control cannot be limited merely to control over the utilization of monetary resources and checking the fulfillment of indicators of financial plans alone—plans for the receipt and expenditure of monetary funds. Financial control must also extend and does extend to all those indicators of production and product sales plans upon which the financial-

economic position of enterprises and economic organizations and the fulfillment of financial plans depend.

The correct organization of financial control and its daily implementation are of major significance in the entire system of forms and methods of nationwide accounting and control. Financial control expands and strengthens the foundations of cost accounting, stimulates the struggle to increase accumulations, to accelerate asset turnover, to better utilize fixed assets, to observe the strictest regime of economy, and to strengthen planned-financial discipline. It contributes to protecting and strengthening socialist ownership, raising the profitability of the work of socialist enterprises and economic organizations, introducing and strengthening revolutionary legality, and overcoming elements of bureaucracy, red tape, and mismanagement.

Thus, the purpose of Soviet finances consists not only in timely and uninterruptedly providing monetary resources for the needs of expanded socialist reproduction through the distribution of incomes and accumulations, but also in achieving the most efficient utilization of incomes and accumulations in general—all resources of the national economy—and stimulating the acceleration of reproduction rates. The combination of the distributive and control functions of Soviet finances makes them an important instrument for organizing incomes and accumulations, and organizing the economy of socialist enterprises and institutions.

The function of finances as an instrument of control over the formation, distribution, and utilization of incomes and

accumulations—thereby control over the production and circulation of the social product—significantly strengthens and expands the active role of Soviet finances. Through the financial system, the socialist state exerts a daily, planned influence on the entire national economy, on all branches of economic, cultural, and administrative activity.

The volume of financial resources of the socialist state and their direction are determined by the indicators of the national economic plan—the quantity and quality of produced products, its cost of production, the volume of commodity turnover, wage rates and funds, the scale of capital works, etc. These indicators lie at the basis of financial plans. The fulfillment of financial plans depends on the fulfillment of production assignments and other indicators of the national economic plan. But financial planning is not a simple reflection of production and product sales plans, but an active lever for their implementation. Let us take as an example the construction financing plan. In order to build an enterprise, construction materials are needed, of course. But, firstly, construction materials can be used for various needs. The task is to ensure that they are directed precisely toward those purposes defined by the national economic plan. The planned direction of monetary resources contributes to solving this task; it is one of the conditions for the correct direction of construction materials.

Secondly, construction materials can be used in various ways, with varying degrees of efficiency. It is insufficient, therefore, to have construction materials; conditions are also necessary that would contribute to obtaining the greatest national

economic effect, i.e., would make it possible to create a greater number of new construction projects with the same quantity of construction materials. And one of the conditions stimulating the best utilization of material resources is the correct organization of directing monetary funds to finance construction and systematic ruble control.

Finally, thirdly, the very quantity of construction materials is not a once-and-for-all given magnitude. It is possible to stimulate the production of construction materials at operating enterprises and contribute to improving their quality. And this also depends, in particular, on the correct organization of the distribution of monetary resources and ruble control over the work of enterprises and economic organizations.

Financial plans and their fulfillment provide monetary resources for the production and other needs of enterprises, institutions, and organizations, and stimulate the identification and most efficient utilization of all resources in each enterprise, in each organization. As early as December 1930, the Joint Plenum of the Central Committee and the Central Control Commission of the All-Union Communist Party of Bolsheviks pointed out that without strict fulfillment of the financial plan, the realization of the projected economic plan in all branches of the national economy is impossible.

The main tasks of financial planning consist precisely in:

> 1) identifying the resources of the national economy, directing them toward satisfying the primary needs and requirements of society, and mobilizing incomes, accumulations, and savings most fully for these purposes;

2) introducing a regime of economy, stimulating the most efficient utilization of material, labor, and monetary resources in each enterprise and institution in order to achieve the best results in expanding product output, deploying commodity turnover, and satisfying state needs;

3) ensuring the coordination of various elements of the national economic plan in value expression, thereby helping to prevent disproportions in the national economy and overcome emerging disproportions.

Thanks to financial planning, Soviet finances act as an active lever of national economic planning, as an important instrument of the struggle for the fulfillment and overfulfillment of plans.

The correct organization and effective application of diverse forms and methods of distributing money incomes, accumulations, and savings, as well as control over their utilization, require the creation of a special state apparatus. Such an apparatus is the financial system of the USSR and the financial departments (or administrations) and accounting offices of enterprises, institutions, and organizations.

The financial system of the USSR includes the state budget of the USSR, state social insurance, state property and personal insurance, state savings banks, state special long-term investment banks, and on special grounds the State Bank of the USSR. Each of these institutions performs a definite range of functions and tasks established by the party and the socialist state, and applies special forms and methods of mobilizing and directing monetary resources and ruble control methods. On the whole, all these institutions, together with the financial

departments and accounting offices of enterprises, institutions, and organizations, ensure the comprehensive implementation of the functions entrusted to the Soviet financial system.

State social insurance extends to all persons receiving incomes in the form of wages. Its task is the material provision of workers and employees in cases of temporary or permanent loss of working capital and in old age, as well as carrying out all kinds of preventive measures, organizing the recreation of the insured, and providing assistance to their families. State social insurance funds in the USSR are formed from special insurance premiums obligatory for all enterprises, institutions, and organizations, established as a percentage of the payroll fund of workers and employees employed in them. The state social insurance budget plays a major role in financing socio-cultural measures of the socialist state, and in improving the everyday life, material, and cultural living standards of workers and employees.

Through state property insurance, insurance funds are created to compensate for losses incurred as a result of natural disasters and accidents, and to finance measures for their prevention and elimination. The main object of property insurance in the USSR is collective-farm-cooperative property, and a significant part of collective farm property (buildings, farm animals, agricultural crop sowings, fishing vessels) is insured on a compulsory basis. Compliance with insurance conditions helps strengthen collective-farm-cooperative property. State personal insurance in the USSR is a form of additional provision for working people in case of illness, disability, or

death, and is also one of the forms of savings of working people.

State savings banks mobilize savings and temporarily free funds of the population through the placement of state loans and the acceptance of deposits. Deposit operations, as well as the execution of non-cash settlements, determine the work of savings banks as credit institutions of a special kind.

The main purpose of special long-term investment banks is to exercise systematic control over the utilization of funds directed toward financing capital investments. The main share of these investments, namely capital investments made by state enterprises, institutions, and organizations, is provided with monetary resources not in credit form, but as a rule non-repayably, by way of budget financing or financing at the expense of the enterprises' and economic organizations' own resources having a corresponding targeted designation. This determines the closest connection of special banks with the budget. At the same time, special banks are credit institutions, performing credit functions—non-cash settlements in the sphere of capital investments, short-term crediting of contractor construction organizations, and long-term crediting of collective farms, cooperatives, and partly state enterprises.

The State Bank of the USSR is the central credit institution of the USSR. It is the main institute of short-term crediting and non-cash settlements in the national economy, the country's cash and emission center, and the body for executing currency settlements with foreign countries. The USSR State Bank is the main instrument of credit redistribution of funds and credit

control. At the same time, it performs very important functions of financial planning and control. It is entrusted with operations for the cash execution of the USSR state budget, i.e., receiving payments into the budget and issuing budget funds within the limits of established allocations. Free funds of the state budget, state insurance bodies, and savings banks are stored in accounts at the USSR State Bank. The State Bank directly finances machine and tractor stations at the expense of the budget, finances enterprises, institutions, and organizations for out-of-limit expenditures and capital repairs, and fulfills commissions of special banks to finance capital investments in those regions where there are no branch offices.

The main instrument for distributing incomes and accumulations is the state budget of the USSR—the main financial plan of the socialist state, approved annually by the Supreme Soviet of the USSR.

The Soviet state budget is connected in the closest manner with the entire economy of the country, and plays a major role in the socialist economic system. The threads of all economic and cultural construction converge in it. The overwhelming share of monetary resources intended for satisfying public needs is concentrated in the state budget of the USSR. At the expense of USSR state budget funds, the main part of expenditures to satisfy state needs is covered: a large share of investments in fixed assets and working capital, the maintenance of the Armed Forces, expenditures on socio-cultural measures, and the maintenance of the state administration apparatus.

The significance of the USSR state budget as the main instrument for distributing incomes and accumulations is characterized not only by the large absolute dimensions of budget financing of the national economy and socio-cultural measures, but also by the high specific weight of budget allocations in the entire sum of corresponding expenditures for the national economy as a whole. Thus, the total volume of expenditures for financing the national economy (not counting investments of cooperative organizations and collective farms) for 1949 was set at 189.9 billion rubles, of which 37.4 billion rubles were at the expense of profits of state enterprises and economic organizations left at their disposal, and 152.5 billion rubles at the expense of USSR state budget funds. Thus, USSR state budget funds constitute 80.3% of all resources directed toward financing the national economy (without investments of cooperative organizations and collective farms). Capital investments for 1949 were set at 105.5 billion rubles, including 79.8 billion rubles at the expense of USSR state budget funds, which constitutes 75.6%. Out of 23.6 billion rubles intended for the formation and replenishment of own working capital of state enterprises and economic organizations, investments from the USSR state budget for 1949 amounted to 10.1 billion rubles.

The state budget of the USSR holds the leading role in the entire Soviet financial system. The state social insurance budget is included in it. In the form of special loans, the reserve insurance funds of the State Property and Personal Insurance system (Gosstrakh of the USSR) and stable balances of deposits of state labor savings banks flow into the USSR state

budget. Basically, special long-term investment banks are the bodies of budget financing of capital investments and budget control in this sphere.

The state budget of the USSR, serving the goals and tasks of expanded socialist reproduction, contributes to the growth of the wealth and might of the socialist Motherland and the systematic rise of the well-being of Soviet citizens. Expenditures of the USSR state budget for financing the national economy and socio-cultural measures (not counting investments from the reserve fund of the Council of Ministers) exceed the allocations under the estimate of the Ministry of Armed Forces by 3.4 times, whereas in capitalist countries military expenditures take the lion's share of budget resources. Allocations of the Soviet state budget for socio-cultural measures (education, healthcare, social security in various types and forms) are 3.3 times greater than the population's tax payments, while in capitalist countries tax taxation of the population—predominantly the broad working masses—constitutes the main, decisive source of budget revenues, and expenditures on public education and healthcare constitute a negligible share of all budget expenses.

Bodies of the Soviet financial system in all their activity rely on the financial and accounting apparatus of enterprises, institutions, and organizations of the socialist economy. Through this apparatus, the accounting of all monetary resources, their receipt and expenditure, the intra-departmental distribution and redistribution of incomes and accumulations, intra-departmental control over their formation, distribution, and utilization, and financial control in relations between

enterprises, institutions, and organizations are carried out. Through this apparatus, the mobilization of a part of the socialist economy's incomes into nationwide resource funds and the utilization (expenditure) of these funds are carried out. The growth of profitability of socialist enterprises and economic organizations, the successful implementation of financial measures of the Soviet State, and the fulfillment and overfulfillment of state financial plans depend to a large extent on the quality of work of this apparatus.

The solution of the main economic task of the USSR, set by the great Stalin, requires a systematic increase in the incomes of socialist enterprises and economic organizations, their correct distribution on the basis of national economic plans established by the state, the most efficient utilization of all material, labor, and monetary resources of the country, and requires high rates of growth of accumulations in the national economy. On this basis, thanks to the wise leadership of Comrade Stalin, the enormous organizational and educational work of the Communist Party, and the selfless labor of millions of Soviet people, decisive successes have been achieved in fulfilling the postwar Stalinist five-year plan. Soviet finances as an instrument for distributing incomes and accumulations and ruble control play a considerable role here.

Over the first four years of the postwar Stalinist five-year plan, the state budget of the USSR directed almost 1000 billion rubles toward financing the national economy and socio-cultural measures. The level of financial-economic work of enterprises and economic organizations has risen significantly. The nationwide movement to increase the incomes and

accumulations of socialist enterprises, to accelerate the turnover of working capital, and to better utilize fixed assets has yielded enormous results.

The further improvement of financial methods of distributing incomes and accumulations and ruble control, and the further strengthening of the entire Soviet financial system will contribute to new successes of our Motherland in its development on the path to communism.

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STRENGTHENING THE SOVIET RUBLE

The Communist Party and the Soviet State have always shown great concern for strengthening Soviet monetary circulation, raising the purchasing power of the ruble, and ensuring its stability. This is evidenced by the directives of Lenin and Stalin and the entire practice of socialist construction.

The monetary policy of the Soviet government is based on the economic laws of socialism. Lenin and Stalin elaborated the question of the role of money in building a communist society, uncovered the essence and functions of Soviet money and the regularities of Soviet monetary circulation.

The Soviet country inherited a completely ruined monetary system from capitalism. Shortly after the establishment of Soviet power, Lenin, speaking on May 18, 1918, at the All-Russian Congress of Representatives of Financial Departments of the Soviets, pointed out the necessity of carrying out a monetary reform, exchanging money for new currency, streamlining the entire financial system, withdrawing the monetary accumulations of the bourgeoisie, introducing progressive taxes, etc. Economic difficulties during the Civil War and foreign military intervention made it impossible to carry out a monetary reform and caused a further significant depreciation of money.

The RCP(b) Program adopted in 1919 at the VIII Party Congress stated that until communist production and distribution of products are fully organized, the abolition of money is impossible.

Immediately after the introduction of the NEP, in 1921, Lenin and Stalin paid special attention to strengthening the ruble. Lenin emphasized that the task did not consist in abandoning

trade and money, but in mastering them, in utilizing them for building socialism. "The proletarian state power can master trade, give it direction, place it within certain limits," Lenin pointed out[143]. In the "Directive on Questions of Economic Work Adopted by the IX All-Russian Congress of Soviets" (December 1921) written by Lenin, the People's Commissariat of Finance was charged with the duty of reducing and subsequently terminating emission and restoring proper monetary circulation on the basis of a gold currency.

At the same time, Comrade Stalin wrote: "...without putting monetary circulation in order and improving the exchange rate of the ruble, our economic operations, both internal and external, will limp on both legs"[144].

The great importance Lenin attached to stable money is evidenced by his speech at the IV Congress of the Comintern, where he said: "If we succeed in stabilizing the ruble for a long period, and subsequently forever, it means we have won"[145].

The monetary reform that created a sound Soviet currency was completed in 1924. As a result of the monetary reform carried out in 1922–1924 upon the directives and under the leadership of Lenin, new money was issued which contributed to the rapid development of the national economy of the USSR. The firm Soviet currency then created a solid foundation for the economic link between socialist industry and the peasant economy, for strengthening the alliance of the working class with the working peasantry.

After the monetary reform of 1922–1924, the Party and Government, under the leadership of Comrade Stalin, invariably pursued a policy of further strengthening the ruble. Systematic price reductions, carried out during the struggle for

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143 V. I. Lenin, Works, vol. XXVII, p. 83.

144 J. V. Stalin, Works, vol. 5, p. 125.

145 V. I. Lenin, Works, vol. XXVII, p. 316.

socialist industrialization, played a major role in strengthening the Soviet ruble, in solving the problem of socialist accumulation, in solving the problem of "Who will win?" Comrade Stalin exposed the anti-marxist and anti-soviet arguments of enemies of the people alleging that the Soviet economy, inasmuch as money functions in it, was capitalist or state-capitalist. Comrade Stalin pointed out at the XIV Congress of the VKP(b) that "the point is not at all that trade and the monetary system are methods of 'capitalist economy.' The point is that the socialist elements of our economy, fighting against capitalist elements, master these methods and the weapons of the bourgeoisie to overcome capitalist elements, that they successfully use them against capitalism, successfully use them to build the socialist foundation of our economy. The point 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"[146]. Money and trade of the transitional period bore a dual, contradictory character. They could still be used by capitalist elements for enrichment, but the dialectics of development in the setting of the dictatorship of the proletariat and the struggle of the working class for socialism led to the methods and weapons of the bourgeoisie being successfully used by the socialist state to overcome and liquidate capitalist elements, to build the foundation of socialism. This means that even then Soviet money had a special nature, completely distinct from capitalist money, and that the task of the Soviet state consisted in strengthening them in every way as a most important instrument of socialist planning.

The directives on compiling the first five-year plan adopted by the XV Congress of the VKP(b) indicated that the plan must

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[146] J. V. Stalin, Works, vol. 7, pp. 369–370.

proceed from a systematic increase in the purchasing power of the chervonets.

The contradiction of the two different foundations of Soviet power in the transitional period could not fail to be reflected in monetary circulation, since the unorganized market then had a large specific weight. Building the foundation of socialist economy meant a radical turning point also in the sphere of commodity turnover and monetary circulation. Soviet trade was created. Soviet money became an instrument for deploying a trade such as the history of trade had never known before — trade without capitalists and speculators.

The credit system was reorganized and measures were taken to develop cashless settlements and improve the entire crediting practice. "There can be no doubt that these measures will lead (they are already leading) to streamlining the entire credit business and strengthening our chervonets," Comrade Stalin said at the XVI Congress of the VKP(b).

The fulfillment of the pre-war Stalinist five-year plans turned the USSR into an industrial power, ensured the victory of socialism in all branches of the national economy, and led to the liquidation of capitalist classes. Thanks to the development of state socialist industry and the victory of the collective farm system, increasingly large commodity masses were concentrated in the hands of the socialist state, the specific weight of the organized market increased sharply, and the unorganized market began to play only a secondary role. The growth of commodity masses in the hands of the Soviet state led to Soviet money acquiring ever greater stability.

To ensure the socialist industrialization of the country, the Soviet state at the beginning of the reconstruction period imported equipment from abroad, expending gold currency for this purpose. As a result of the successful fulfillment of the Stalinist five-year plans, the Soviet Union began producing all necessary instruments of production and raw materials for

industry, becoming economically independent. The victory of socialism in the USSR created all the conditions for a permanently active trade balance in its foreign trade with capitalist countries.

The Stalinist five-year plans led to the creation of firm foundations of stability for the Soviet ruble, significantly enhancing the advantages of the Soviet monetary system. The victory of socialism and the liquidation of capitalist elements further enhanced the role of money as an instrument of the socialist state; the possibility of money turning into capital was completely liquidated.

The great merit of Comrade Stalin lies in the fact that he profoundly substantiated the necessity of money not only in the period of transition to socialism — for the victory of socialism — but also under socialism — for building the second phase of communism. Generalizing the experience of socialist construction, Comrade Stalin showed that money is necessary right up to the completion of the first stage of communism — the socialist stage of development.

Comrade Stalin's directive on the operation of the law of value in a transformed form in socialist society provided a deep scientific basis for understanding the essence of Soviet money and its functions. Comrade Stalin exhaustively explained the role of money under socialism, its operation as a transformed category, its importance as an instrument of a planned, socialist economy, its functions in socialist society.

A necessary method of socialist, planned economy is economic accounting (khozraschet). Money is the instrument of economic accounting. With the aid of money, the value of commodities receives its expression, commodity prices are established; money is an instrument of calculation, determining production cost and the scale of accumulation. Through money, the economical operation of enterprises, reduction of production costs, and growth of socialist accumulation are

stimulated. Money is an instrument of control by the Soviet state over the measure of labor and consumption. Workers and employees receive a part of the national income in accordance with the quantity and quality of labor expended by them in the form of monetary wages. Collective farmers also receive part of their incomes in monetary form. With the aid of money, the purposefully organized process of circulation in the socialist economy is carried out. At the XVII Congress of the VKP(b), Comrade Stalin, exposing as hostile to socialism the leftist chatter about abolishing money and turning them into accounting symbols, said: "They do not understand that money is that instrument of bourgeois economy which the Soviet power has taken into its own hands and adapted to the interests of socialism in order to deploy Soviet trade full blast and thereby prepare the conditions for direct product exchange"[147]. Through money, exercising control by the ruble, the socialist state stimulates the increase and acceleration of commodity turnover. The monetary turnover of trading organizations and the profitability of trade serve as an indicator of its rational and economical organization. The growth of commodity turnover means a rise in the material well-being of the Soviet people. Money plays a major role in the planned distribution of national income between accumulation and consumption, in its redistribution between branches of the economy, between oblasts and regions of the country.

Money is an instrument of economic connection between town and country. They promote the growth of commodity turnover between town and country, the development of collective farm production and the raising of its marketability. Monetary turnover stimulates accumulation in collective farms. The state renders decisive assistance to collective farms through MTS, and through financing MTS, one of the forms of daily control

[147] J. V. Stalin, Works, vol. 12, p. 331.

over their work and over how they serve collective farm production is carried out. The state grants credit to collective farms, creating conditions for the all-around development of their economy.

All this shows what enormous significance money has for building communist society. Money under socialism is the most important instrument of the Soviet state for the planned organization of socialist production and commodity circulation, for stimulating the growth of commodity turnover, for organizing labor freed from exploitation, for the formation and expansion of socialist accumulation. Soviet money, therefore, by its nature is fundamentally, radically different from capitalist money, which is an instrument of exploitation, a means of enriching capitalists and ruining the mass of the working population. Soviet money is a transformed category; it is an instrument for building communism.

From the special nature of Soviet money follows also the special character of the regularities of monetary circulation, fundamentally distinct from the regularities of monetary circulation under capitalism. A most important manifestation of the features and advantages of the socialist monetary system is the character of backing of Soviet money. Comrade Stalin, analyzing the regularities of Soviet monetary circulation and rebuffing bourgeois economists who do not understand the advantages of the socialist monetary system, exhaustively illuminated this question:

"What ensures the stability of the Soviet currency, if we have in mind, of course, the organized market, which is of decisive significance in the country's commodity turnover, and not the unorganized market, which has only subsidiary significance? Of course, not only the gold reserve. The stability of the Soviet currency is ensured first of all by the enormous quantity of commodity masses in the hands of the state, released into commodity turnover at stable prices. Which of the economists

can deny that such backing, existing only in the USSR, is more real backing for currency stability than any gold reserve? Will the economists of capitalist countries ever understand that they have become utterly entangled in the theory of the gold reserve as the sole backing for currency stability?"[148].

The special character of the backing of Soviet currency entirely stems from the features and advantages of socialism. The Soviet monetary system is based on socialist ownership of the means of production. In the hands of the Soviet state are industry, transport, state farms, MTS, state trade, and procurement organizations planned by it, and accordingly enormous commodity masses. In the hands of the Soviet state is the entire credit and monetary system of the country. The steady planned growth of production and commodity turnover, the raising of the people's well-being, the impossibility of overproduction crises, enterprise bankruptcies, and stock exchange speculation create the necessary conditions for the Soviet currency to be the most stable in the world. The movement of monetary resources, monetary turnovers are planned on the basis of the national economic plan and used in the interests of its implementation. Prices on the organized market, which has decisive significance in the entire commodity turnover, are determined in a planned manner. All this creates the possibility of backing Soviet money with commodities in the hands of the state.

The state of affairs is entirely different under capitalism. The capitalist state is not the master of commodity masses. Under capitalism, commodity backing of money is impossible by virtue of the contradiction existing between money and commodities. Only in the process of spontaneous market competition, as a result of the exchange of commodities for money, does the labor expended on producing a commodity

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[148] J. Stalin, Problems of Leninism, 11th ed., p. 462.

receive its expression as part of social labor. The increase in the mass of commodities under capitalism by no means reflects the growth of stability of the capitalist economy in general and its currency in particular. Private property and anarchy of production reign in the capitalist world. The purchasing power of the working masses significantly lags behind the growth in the quantity of commodities as a result of their absolute and relative impoverishment.

The fundamental contradiction of capitalism causes the inevitability of overproduction crises, which become ever deeper and more destructive.

"Just yesterday the bourgeois, intoxicated by the flourishing of industry, viewed money through the haze of enlightening philosophy and declared them an empty appearance: 'Commodity is only money.' 'Money is only commodity!' bellow those same bourgeois today in all corners of the world market. Just as the stag thirsts for fresh water, so the bourgeois soul thirsts now for money, this sole wealth"[149].

Commodities that find no sale are depreciated. Commodity stocks accumulated by capitalists are to a significant extent destroyed, spoiled, rot. Crises undermine at the same time the credit system of capitalist states.

"But as soon as credit is shaken — and this phase inevitably arrives in the cycle of modern industry, all real wealth must suddenly be actually and immediately converted into money, into gold and silver — a mad demand, however, inevitably growing out of the system itself. Meanwhile, all gold and silver destined to satisfy these monstrous claims amount to a sum of only several millions stored in bank vaults"[150].

In the period of the general crisis of capitalism, even the largest gold reserves cannot save capitalist currencies from

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149 K. Marx, Capital, vol. 1, Gospolitizdat, 1949, p. 145.

150 K. Marx, Capital, vol. III, Gospolitizdat, 1949, p. 587.

depreciation, inasmuch as all contradictions of capitalism are sharply exacerbated, inasmuch as the force of economic crises mounts ever higher. Hence the inevitability of suspending the exchange of credit and paper money for gold. That is why exchanging paper money for gold is impossible in the USA, despite the fact that the United States has concentrated huge reserves of gold roughly equal to the sum of issued paper money! Thus, under capitalism too the gold reserve is a very relative backing for the stability of a currency destroyed by capitalist contradictions.

In the socialist economy, alongside commodity backing of money, currency stability is also ensured by the state gold reserve. It is used as a reserve of world purchasing and payment means of the socialist state. The accumulation of gold reserves is an important condition for maintaining and strengthening the exchange rate of the ruble. Proceeding from this, Lenin wrote at the time: "...we must guard RSFSR gold, sell it at a higher price, buy commodities with it at a lower price"[151]. Of great significance for the accumulation of the gold reserve of the USSR was the substantial excess of exports over imports achieved already in the second five-year plan, an active trade balance, as well as the powerful development of the Soviet gold-mining industry.

The victory of socialism created the most stable monetary system in the world, unprecedented in history, serving the interests of the people.

Proceeding from the regularities of socialist construction discovered by Comrade Stalin, the XVII Congress of the VKP(b), which announced the victory of socialism in the USSR, gave instructions on further strengthening the Soviet ruble, "this most important lever for intensifying economic accounting and strengthening economic ties between town and

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[151] V. I. Lenin, Works, vol. XXVII, p. 83.

country"[152]. In the Stalin Constitution, the constitution of the country of victorious socialism, it is recorded that one of the functions of the Council of Ministers of the USSR is taking measures to strengthen the credit and monetary system.

The entry of the USSR into the period of gradual transition to communism was marked by the further strengthening of the ruble. Commodity turnover expanded, prices were lowered, the credit system and settlement system were strengthened, and the planning of monetary circulation was improved. The state budget was systematically executed with a significant excess of revenues over expenditures. By the beginning of the Second World War, our country had a solid monetary circulation system.

During the Great Patriotic War, the Soviet state was forced to issue a large quantity of money into circulation. In addition, on temporarily seized Soviet territory, the occupiers issued counterfeit money in large quantities. At the same time, retail commodity turnover decreased significantly. As a result, more money turned up in circulation than was required by the national economy. Throughout the entire war, the Soviet state maintained pre-war state prices for rationed goods, but market prices rose sharply, as a consequence of which the purchasing power of the ruble declined.

Already during the war years, the Party and Soviet Government took measures to expand commodity turnover and strengthen money. This task became one of the primary ones immediately after the end of the war. The Law on the Five-Year Plan for the Restoration and Development of the National Economy of the USSR for 1946–1950 adopted by the Supreme Soviet of the USSR indicated the necessity of strengthening monetary circulation. This task was successfully solved. The

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[152] "VKP(b) in Resolutions and Decisions of Congresses, Conferences, and CC Plenums", part II, Gospolitizdat, 1941, p. 580.

strengthening of Soviet money is one of the characteristic features of the post-war development of the Soviet economy. It was expressed in the growth of the purchasing power of the Soviet ruble and the raising of its exchange rate in relation to foreign currencies.

In 1947, a monetary reform was carried out which liquidated the consequences of the war in the sphere of monetary circulation, bringing the quantity of money into correspondence with the requirements of circulation. The monetary reform restored a sound Soviet ruble and facilitated the transition to trade without ration cards. During the monetary reform and abolition of the rationing system, retail prices for food and industrial goods were significantly reduced, as a result of which the purchasing power of the ruble rose by 41% already in the first quarter of 1948.

The history of capitalist countries does not know a single monetary reform that led to a rise in the well-being of the masses. Big capital always shifts all costs of currency stabilization onto the working people by lowering their wages. Usually monetary reforms under capitalism cause a deflationary crisis, curtailment of production, growth of unemployment. Post-war monetary reforms in France, Belgium, and other capitalist countries were effectively disrupted, because inflation continued after their execution; currency stabilization did not occur.

Only in the USSR was the monetary reform carried out in the interests of the working people; it immediately raised the real incomes of the population and restored a sound Soviet ruble.

Starting in April 1948, the second stage of state price reductions began, concluding on March 1, 1949. Already by the end of 1948, the purchasing power of the ruble had doubled compared to 1947.

On March 1, 1950, the third price reduction was carried out. In its scale, it far surpassed the previous price reduction. Prices

for flour and bread were reduced by 25–30%, for meat and meat products by 24–35%, for butter by 30%, for fabrics by 12–24%, for footwear by 15–25%, for soap by 40–50%, etc. This reduction of state retail prices caused a new reduction in collective farm market prices. As a result, the purchasing power of the ruble rose significantly once again and its exchange rate rose even further in comparison with the exchange rates of foreign currencies.

The rise in the purchasing power of the ruble on the basis of growing commodity turnover leads to raising the material well-being of the Soviet people. If one compares the current price level with that which existed before the 1947 monetary reform, it turns out that over three years the population gained over 500 billion rubles.

The Soviet price reduction policy is an integral part of the entire policy of the Soviet state aimed at building communism. The price reduction policy is a conscious application of the economic laws of socialism by the Soviet state.

Capitalists always strive to raise prices. Capitalist monopolies restrict free competition and ensure high monopoly prices and profits. Price reductions under capitalism are always forced, being a consequence of exacerbated competition or a sales crisis. They give nothing to the working class, because they immediately cause a drop in the price of labor power, which under capitalism is a commodity. Prices fall during a crisis, while monopoly prices are maintained at a high level. At the same time, it is precisely during crises that the living standard of the working masses drops catastrophically, unemployment grows, poverty intensifies.

The situation is fundamentally different under socialism. Growth of labor productivity, reduction of production costs and the value of a unit of product create the necessary conditions for lowering prices. Comrade Stalin showed that the line towards reducing prices is determined by the very nature of the

socialist state. Socialist industry must reduce prices, because only such an industry which systematically reduces production costs and prices follows the path of genuinely improving production and can develop successfully. Only price reductions make it possible to expand the internal market, which is the main market for Soviet industry.

Price reductions ensure a systematic rise in the real wages of workers and employees and the real incomes of the peasantry. Price reductions lead to strengthening the economic bond between town and country. They strengthen the Soviet currency, making it ever more stable. Thus, price reductions and the strengthening of the Soviet ruble express the most important regularities of socialist development.

The price reduction policy relies on the systematic increase in commodity masses concentrated in the hands of the Soviet state. The strengthening of the ruble carried out after the war is based on a solid foundation — the rapid growth of commodity masses in the hands of the Soviet state, which became possible thanks to the increase in the scale of socialist production. The growth of socialist accumulation as a result of rising production, increasing labor productivity, and lowering production costs created a solid base for Soviet finances, and thereby significantly contributed to strengthening the Soviet ruble.

In 1948, savings from above-plan reductions in product costs amounted to over 6 billion rubles. In 1949, production costs (in comparable prices) decreased by another 7.3%.

Successes in economic construction are not achieved spontaneously. They are the result of the leadership of the Communist Party, the Soviet State, the planned development of the economy and successful overcoming of difficulties, the result of the planned introduction of new technology and further development of socialist competition — a broad nationwide movement for above-plan accumulations, for

maximum economy, for accelerating the turnover of funds, for better utilization of the means of production.

The greatest advantage of the Soviet monetary system consists in the fact that it relies on the interest of the working masses in its strengthening, in the soundness of the Soviet financial system and the growth of socialist accumulation.

The awareness of the importance of new tasks pointed out by the Communist Party after the transition to peaceful construction gripped broad masses of Soviet people. Hence the great successes of the patriotic movement for mobilizing internal reserves, for above-plan accumulations.

The strengthening of the Soviet ruble is one of the most important methods of implementing the law of growth of the well-being of the masses, an economic law inherent only in socialist society and vividly expressing its advantages over capitalism.

On the other hand, the systematic improvement of the material position of the working people is one of the necessary conditions for creating a sound currency. The systematic raising of the purchasing power of the working masses, possible only under socialism, is, as Comrade Stalin points out, a constantly growing source for expanding production; it guarantees the working people against overproduction crises, against unemployment and poverty. The absence of crises and poverty makes possible the steady growth of commodity production and creates conditions for the continuous strengthening of the currency. The more the well-being of the masses grows, the more the socialist attitude toward labor is strengthened, the incentives for boosting production are enhanced. The growth of social labor productivity means that the necessary prerequisites are created for further strengthening Soviet monetary circulation.

Successes in strengthening the Soviet currency are contrasted in capitalist countries by complete chaos in the sphere of

monetary circulation. A relatively stable currency based on gold circulation and free exchange of credit money for gold functioned in the main capitalist countries only until the First World War. However, already from the beginning of the imperialist era, such contradictions began to develop as inevitably led to the demise of this system.

The domination of the financial oligarchy inevitably caused an intensification of anarchy in monetary circulation, as in the entire economic life of capitalist countries. Emission banks began to participate in financing operations of monopolistic capital; the issue of credit money was ever less prompted by the needs of commodity turnover; the unevenness in the distribution of gold funds intensified; governments of imperialist states, preparing for war, created ever larger centralized funds of gold, withdrew gold from circulation and regarded gold funds as their reserves in the international imperialist struggle. Already before 1914, the capitalist economy was pregnant with a profound crisis of monetary circulation. The First World War accelerated this crisis and extremely exacerbated it. The general crisis of capitalism undermined the stability of capitalist currencies and caused their universal depreciation.

Most capitalist countries emerged from the First World War with a depreciated currency and could no longer return to free gold circulation.

After the short-lived, very relative stabilization of paper currencies, the next blow of unprecedented force was dealt to capitalist currencies by the crisis of 1929–1933. The currencies of all capitalist countries depreciated sharply; the exchange rate of the dollar and pound sterling dropped by more than 40%. The USA, despite its enormous gold reserve, could not preserve monetary circulation with free exchange for gold or even maintain the previous value of the dollar.

The end of the crisis of 1929–1933 did not lead to a significant improvement in capitalist currencies. On the contrary, depression of a special kind, exacerbation of uneven development, preparation by monopoly capital for the Second World War, the new overproduction crisis of 1937 continued to undermine the stability of capitalist currencies. The capitalist world entered the Second World War with shaken monetary circulation.

The war led to a further exacerbation of the general crisis of capitalism, to deep changes in the economy of all capitalist countries, to serious currency upheavals in the capitalist world. Even in the USA and England, which participated little in the war, monetary circulation increased significantly and currency depreciated, while the transition to peaceful conditions and all post-war development not only did not improve, but vastly worsened the position of capitalist currencies. Further exacerbation of uneven development, impoverishment of the working class amidst immeasurably increased profits of monopolists, the aggressive policy of the financial oligarchy of the USA, the servility towards American monopolies of European bourgeois governments and right-wing socialists — all this further undermined capitalist currencies. In England, the quantity of money in circulation increased from the end of 1938 to 1949 by almost three times, and the volume of bank deposits by more than 3 times. The mass of money in the hands of the population and the growth of bank deposits during the war alone constituted a sum almost equal to England's pre-war annual national income. In the United States, the state debt during the war years increased by more than $200 billion, the sum of deposits (from 1938 to 1949) increased by more than 3 times, the quantity of money in circulation increased by almost 4 1/2 times.

Even worse is the situation in other capitalist countries. From the end of 1938 to the end of 1949, monetary circulation in

France increased 11-fold, in Italy 55-fold, in Japan 127-fold, in Greece 193-fold, etc.

As a result of this inflation, the value of capitalist country currencies dropped, which was expressed in the lowering of their official exchange rates, in the existence of multiple official exchange rates lower than the main announced currency exchange rate, in mass currency devaluation, in a significantly greater drop in free-market exchange rates compared to the reduction of official exchange rates.

In the USA even leading state figures were more than once forced to officially acknowledge the existence of inflation. For a number of major commodities, prices exceed the pre-war level by 3–4 times, as a result of which the purchasing power of the dollar on average has dropped by half compared to pre-war. In England the cost of living index has risen at least 2 1/2 times compared to pre-war. In France by the end of March 1950 prices had risen 21-fold compared to 1938. In early April 1950 prices were sharply raised in Norway (for a number of goods 1 1/2–2 times and more). In Holland meat prices at the end of March rose by 20%.

The rise in prices in capitalist countries, however, does not fully reflect the deterioration of the masses' position. One must also take into account the enormous increase in taxes extracted from working people in capitalist countries, the decline in nominal wages, the colossal growth of unemployment both in the USA and in Marshallized countries.

The situation in the sphere of capitalist monetary circulation characterizes the further collapse of capitalist monetary systems, which is typical of the period of the general crisis of capitalism. At the present stage of this crisis, one of the main factors in the further intensification of currency chaos in the capitalist world is US expansion, its struggle for world domination.

While the general price level in the USA has risen compared to pre-war by at least 2–3 times, the official exchange rate of the dollar remains as before at $35 per 1 ounce of gold. Such an artificially high exchange rate of the dollar amidst the actual drop in its value means that countries forced to import American goods pay twice or three times as much gold for them. US monopolists force other countries to sell them gold for a pittance. It is characteristic that gold producers in various capitalist countries constantly complain about the unprofitability of selling gold for dollars and demand a devaluation of the US currency.

Through this purchase of gold for the cheapened paper dollar, the USA has profited by at least $10 billion since the war. In addition, high prices for American goods have led to the exhaustion of gold reserves in other capitalist countries and to the growth of the US gold reserve. While the US gold reserve grew from $14.5 billion at the end of 1938 to $24.6 billion by the end of 1949, over the same period France's gold reserve decreased by almost 5 1/2 times, England's by roughly 2 1/4 times, Sweden's by more than 4 1/2 times, etc.

There is no doubt that this pumping of gold to the USA, which exacerbates the uneven distribution of gold reserves in the capitalist world, leads to the further undermining of capitalist currencies, intensifies inflation and currency anarchy. The USA attempts to impose the paper dollar on the entire world as the basis for international settlements, as a world currency. But it is well known that only gold can act as world money. Therefore, everywhere a free gold market exists, the depreciation of the paper dollar in gold is openly manifested.

The disorganization of the currency systems of capitalist countries is caused by the "Marshall Plan", which gives the USA the opportunity to export raw materials cheaply from capitalist European states and colonies, leading to the closure of industrial enterprises in Marshallized countries under the

pressure of the USA, which floods these countries' markets with its stale goods. All this exacerbates the deficit in payment balances, causes an artificially growing need for American currency, and increasingly shakes European capitalist currencies. Under US pressure, in late 1949 the currencies of over thirty countries were devalued. Undoubtedly, the lowering of these countries' currency exchange rates reflects the process of the growing depreciation of capitalist currencies. But it should be borne in mind that devaluation was carried out not in relation to gold, but in relation to the dollar, which itself depreciated. Under US diktat, an understated currency exchange rate in relation to the dollar was created. And this means that the USA can now buy raw materials, various valuables, and entire enterprises in Marshallized countries at an even cheaper price. No wonder devaluation did not lead to currency stability. Immediately after devaluation, prices rose and real wages fell even further. And now in capitalist countries they are talking about a new currency devaluation.

A most important factor in shaking the currencies of capitalist countries is the militarization of their budgets and the arms race, the policy of US monopolies striving to unleash a new war and conquer world domination.

The US budget concentrates 20% of the national income in the hands of the imperialist state. Three-quarters of this budget is used for military purposes, which leads to growing budget deficits. The military budgets of England and France grow with every year. This creates prerequisites for the further deterioration of monetary circulation in capitalist countries.

The arms race and the "Marshall Plan" cannot prevent an economic overproduction crisis caused by the exacerbation of the fundamental contradiction of capitalism, the impoverishment of the masses in capitalist countries, and deepened by the policy of trade discrimination in relation to the country of socialism and the countries of people's democracy.

The unfolding of the crisis even further undermines monetary circulation in the countries of capitalism, increases budget deficits, intensifies inflation, leads to a new currency devaluation. It increases the gap between the overstated exchange rates of capitalist currencies and their fallen value, causes a growth of distrust in the dollar, and intensifies the scramble of banks and private individuals for gold. According to some data, the hoarding of gold by private individuals in the capitalist world has reached impressive proportions — over $10 billion, which in turn pushes currency exchange rates down. All this characterizes the intensifying currency chaos in capitalist countries, which reflects the sharp exacerbation of contradictions in the period of the general crisis of capitalism, the decay and putrefaction of the capitalist economy, the impoverishment of the masses, the policy of aggression being pursued by the ringleaders of imperialist states headed by US monopoly capital.

The depreciation and instability of capitalist currencies, and in particular the American dollar, and the rise in the purchasing power of the Soviet ruble led to the necessity of raising the exchange rate of the ruble and transferring it to a gold basis. The exchange rate of a currency (i.e., its relation to foreign currencies or to gold) in capitalist countries is regulated by laws operating spontaneously. Under free circulation of gold and gold monetary circulation, the exchange rate was established spontaneously, in accordance with the gold content of monetary units. Fluctuations in the payment balance led to certain deviations from parity within small limits (so-called "gold points"), since free import and export of gold made deviations from parity greater than the cost of transporting gold impossible. When capitalist countries transitioned to paper-money circulation not redeemable in gold, paper currencies began to undergo significant fluctuations, although ultimately the ratio between them is determined in accordance with the

quantity of gold that each capitalist currency represents as a result of spontaneous fluctuations. An unbalanced payment balance thereby turned into an independent and important factor causing sharp fluctuations in currency exchange rates. Thus, for example, the drop in the exchange rate of the English and other currencies occurred at present not only as a result of an excess of paper money inside the country, but also as a result of a passive payment balance.

Under paper-money circulation, currency speculation and currency machinations of the financial oligarchy striving to crowd out competitors on the world market and lower the real wages of working people inside the country exert a great influence on the fluctuations of capitalist currencies.

After the crisis of 1929–1933, capitalist currencies, except for the franc and dollar, lost a definite gold content. Functioning capitalist currencies ultimately represent gold as a universal equivalent. However, owing to the fluctuation of their exchange rates and their instability, the quantity of gold they represent became indefinite, despite the existence of official exchange rates. In 1936 the franc also rolled downward, and after several devaluations it likewise lost a stable ratio to gold. The exchange rate of the dollar is also undermined. At the official quotation of $35 per 1 ounce of gold, on all free markets gold is sold much more expensively — from $45 to $60–70 per ounce, and only by way of diktat do the USA impose the official exchange rate of the dollar, far removed from its real content, on all countries selling them gold.

In the USSR the exchange rate of currencies in rubles is determined in a planned manner, since the foreign trade monopoly and currency monopoly reign here. There are no stock exchanges here where currency speculators operate. The foreign trade monopoly genuinely ensures the currency monopoly, allowing only the Soviet state to dispose of all currency resources. It makes it possible to structure the import

and export of commodities in nationwide interests, while ensuring the development of the socialist economy and its economic independence from capitalist countries. The foreign trade monopoly securely closes the borders of the USSR from international commodity and currency speculation, being a necessary condition for the independence of the Soviet monetary system from the monetary systems of capitalist countries.

The Soviet state establishes the exchange rate of the ruble in relation to foreign currencies in accordance with the actual gold content of the ruble. In this lies one of the essential advantages of the Soviet monetary system. The Soviet state deemed it expedient to effect all settlements with foreign states in foreign currency. Thus, settlements of the State Bank with Soviet export and import organizations and with foreign states are made at the exchange rate established by the Soviet state. In early 1936, the Soviet state established the ratio of the ruble to foreign currencies on the basis of parity: 1 ruble = 3 francs. In November 1936, the franc was devalued, and the Soviet state raised the exchange rate of the ruble: 1 ruble = 4.25 francs. Since the franc continued to depreciate after this, the Soviet government established the ratio of the ruble to foreign currencies on the basis of the dollar: 1 dollar was equated to 5 rubles 30 kopecks. After the Second World War, significant changes occurred in currency ratios — prices in the USA began to rise, the exchange rate of the dollar to fall, while in the USSR prices dropped significantly, the exchange rate of the ruble rose.

Establishing the exchange rate of the ruble in relation to foreign currencies on the basis of the unstable dollar became inexpedient. The old ratio between the ruble and the dollar ceased to correspond to the increased purchasing power of the ruble. The purchasing power of the ruble as a result of systematic price reductions became higher than its exchange

rate. At present there is not a single stable capitalist currency to which the USSR could equate the ruble.

Under these conditions, it was necessary for the Soviet state to establish the exchange rate of the ruble in relation to foreign currencies not on the basis of the unstable dollar, but on the basis of gold. It fixed the gold content of the ruble at 0.222168 grams of pure gold. The exchange rate of the ruble in relation to the dollar, pound sterling, and other currencies has been raised. Thus, now 1 dollar equals not 5 rubles 30 kopecks, but only 4 rubles. Consequently, the exchange rate of the dollar is reduced by 1 ruble 30 kopecks. The exchange rate of the pound sterling is reduced by 3 rubles 64 kopecks, etc.

This raising of the exchange rate of the ruble in relation to foreign currencies and its transfer to a gold basis is a vivid expression of the advantages of the Soviet monetary system, of the Soviet state and social system. The victory of the Soviet ruble is the result of the tireless care of Lenin and Stalin for its strengthening, raising its purchasing power and exchange rate. The transfer of the ruble exchange rate to a gold basis means that the Soviet ruble is the sole currency in the world possessing a firm gold content. The dollar is losing its monopoly.

Even such a bitter enemy of the USSR as Hearst's newspaper Daily Mirror writes that "a number of countries currently basing their currency on the US dollar could undoubtedly see an advantage in transferring their currency to the basis of the gold ruble." In the press of the countries of people's democracy it was noted that the price reduction in the USSR and the raising of the ruble exchange rate is an outstanding international political and economic event demonstrating the superiority of the socialist economy over the capitalist one.

In the new international environment, the functions of the currency monopoly of the USSR have changed substantially. In relations with the countries of people's democracy, the

currency monopoly no longer performs functions of protecting the Soviet economy. The Soviet ruble becomes a means of developing planned economic ties between the Soviet economy and the economy of the countries of people's democracy.

The planned economic cooperation of the USSR and the countries of people's democracy occurs on the basis of fraternal union and mutual aid between them and is a most important condition for the successful construction of socialism in the countries of people's democracy. The transfer of the Soviet ruble exchange rate to a gold basis creates a solid barrier for the countries of people's democracy, shielding them from the influence of the economic crisis generating further depreciation of capitalist currencies. The transfer of the Soviet ruble to a gold basis and the raising of its exchange rate at a time when the currencies of 32 countries are devalued, when the same fate awaits the dollar, means that the Soviet currency is more powerful than capitalist ones. This testifies to the fact that the Soviet Union is winning on the path of peaceful competition with capitalist countries and will inevitably achieve complete victory.

The strengthening of the Soviet currency and the collapse of capitalist currencies demonstrate the contrast of two worlds; they are evidence of the triumph of socialism and an important sign of the inevitable final collapse of capitalism.

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PERSONAL ACCOUNTS OF STAKHANOVITES AND BONUS AWARDS FOR MATERIAL SAVINGS AND FOR OUTPUT OF EXCELLENT QUALITY PRODUCTS

(From the Experience of Leading Enterprises)

Stakhanovites' personal (individual) accounts in socialist industry have currently gained widespread adoption as a new form of cost accounting (hhozraschyot), organically linked with the unfolding of socialist competition.

This form of cost accounting is especially effective in combination with a system of bonuses for achieved savings and for high-quality products. Below, the experience of five leading enterprises is highlighted, where personal accounts and bonuses for savings have already existed for a relatively long time and yield a great production effect.

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The Moscow Plant "Kalibr" is widely known as one of the most advanced enterprises in Soviet industry. The workforce of this plant was the first in our country to win the honorable title of Stakhanovite enterprise. Systematically overfulfilling targets for increasing labor productivity and reducing production costs, on August 10, 1949, the plant fulfilled the five-year plan in

terms of production volume and provided the country with a vast amount of above-plan tools of excellent quality.

The "Kalibr" plant is the birthplace of many advanced methods of production organization. Here, on the initiative of Stalin Prize laureate and Deputy of the Supreme Soviet of the USSR I. T. Rossiysky, Stakhanovite sections were organized and flow production methods were introduced in instrument-making. At this plant, on the initiative of Vladimir Utkin, leader of a cost-accounting brigade—now awarded the Stalin Prize—personal accounts for Stakhanovites' savings were also broadly developed.

Back in September 1948, V. V. Utkin took upon himself an individual pledge to save tools, materials, electricity, and repair expenses. He pledged to save, by the end of the year, 6 machine reamers worth 54 rubles, 5 Pobedit-tipped cutters worth 35 rubles; to modify the technology of bracket processing without lowering their quality; to save 8 counterbores worth 72 rubles and 3 drills valued at 18 rubles, 3 kg of oil (by reducing consumption and leakage) worth 54 rubles; through careful handling of fixtures and equipment and meticulous maintenance, to cut repair costs for them by 20%; to double the service life of inventory; and to achieve savings of 500 kWh of electricity while doubling the output of parts.

The same pledges were taken by members of V. V. Utkin's brigade, Comrades Kurenkova, Krylov, Zalybin, and Prokopov.

V. V. Utkin's initiative was quickly picked up by young workers of N. A. Rossiysky's Stakhanovite section.

The plant Komsomol committee discussed the remarkable initiative of Komsomol member Utkin at an extraordinary meeting. The labor and wages department published a special poster, "Comrade Utkin's Personal Pledge," and distributed it across all shops of the plant. At the end of September 1948, a meeting of the Party, trade union, and management activists of the plant decided to broadly implement personal savings accounts.

Attaching great importance to V. Utkin's valuable initiative, the plant director, by a special order, obligated all shop superintendents to ensure the necessary conditions for a broad development of the workers' movement for thriftiness and for savings in tools, auxiliary, and other materials. The director's order was discussed at workers' meetings in brigades and sections. The ranks of those competing for tool and auxiliary material savings grew. The movement itself came to be known as the Utkin movement.

Comrade Utkin's brigade achieved great success in 1948. If the brigade's output of brackets in the first quarter of 1948 is taken as 100, then in the second quarter it amounted to 132, in the third quarter—173, and in the fourth quarter—204.

At the same time, the cost of processing a bracket in the brigade dropped from 40 kopecks in January to 26 kopecks in December 1948. Savings for 1948 in tools, auxiliary, and other materials amounting to 10,800 rubles were recorded in the brigade's personal accounts.

In the plant's socialist competition in 1948, V. Utkin's brigade won first place 9 times. In the competition among

Komsomol-youth brigades of enterprises in the Shcherbakovsky District, V. Utkin's brigade was awarded first place in the II, III, and IV quarters of 1948 and the Red Banner of the Shcherbakovsky District Committee of the Komsomol (VLKSM). The Moscow City Committee of the Komsomol (MGK VLKSM) awarded V. Utkin's brigade second place and an honorable diploma in the II quarter, and first place and the Red Banner of the MGK VLKSM in the IV quarter of 1948. At a general meeting on November 4, 1948, the plant workforce resolved to enter Utkin's name into the plant's "Book of Honor." On October 13, 1948, the Minister of Machine Tool Building of the USSR issued an order awarding V. Utkin the badge "Outstanding Worker of USSR Machine Tool Building" and a monetary bonus for high production performance.

By early 1949, there were already over a thousand followers of Comrade Utkin at the plant, who opened personal savings accounts and pledged to save materials and tools worth 300,000 rubles by the end of 1949.

The competition among youth brigades following V. Utkin's example unfolded with particular vigor on the eve of the IX Regional and VIII City Conferences of the VLKSM, the XI Congress of the All-Union Leninist Young Communist League, and the X Congress of Trade Unions. Stakhanovites of the plant took new, higher personal socialist pledges, among which pledges for savings were paramount.

As a result of the development of the Utkin movement, Komsomol-youth brigades in 10 shops of the plant achieved

savings of 69,440 rubles in tools and materials in the III quarter of 1949.

Following the example of A. Chutkikh, together with two other brigade leaders, R. Semyonova and M. Baurov, Comrade Utkin issued an appeal to all young workers of "Kalibr," calling for the organization of a competition for the output of products of excellent quality only. All members of the brigade received the right of self-inspection in early 1949.

Utkin's new initiative was rapidly picked up across the entire plant. By October 1, 1949, 22 brigades had already been awarded the title of Excellent Quality Brigades.

V. Utkin pledged to improve product quality and save materials and tools worth 1,551 rubles by the end of 1949. He significantly overfulfilled this pledge.

In V. V. Utkin's personal savings account for 9 months of 1949, the following savings of materials and tools (in rubles) were recorded:

Months	Savings per Month	Total Saved Since March
March	144	144
April	154	298
May	154	452
June	298	750
July	270	1 020
August	249	1 269
September	206	1 475
October	188	1 663
November	168	1 831

December	183	2 014

In an order dated August 13, 1949, the Minister of Machine Tool Building of the USSR announced the award to Comrade Utkin of the "Certificate of Outstanding Worker in Socialist Competition" and a monetary bonus.

Hundreds of workers from enterprises in Moscow and other cities visited the plant and acquainted themselves with the work experience of V. Utkin's brigade.

Having fulfilled their annual quotas in June 1949, V. Utkin's brigade entered the pre-October socialist competition and took on new pledges, which were also fulfilled with honor. V. Utkin daily produces 2.5–3 quotas. The pledges of Komsomol-youth brigades to yield 300,000 rubles in savings by the end of 1949 were also overfulfilled.

Savings of materials and tools amounting to over 350,000 rubles were recorded in the personal savings accounts of Komsomol-youth brigades.

Bonuses for workers for savings in materials and tools and for the output of excellent quality products were paid in 1949 from the foreman's bonus fund, set at up to 2% of the total payroll fund of the staff subordinate to him.

In March 1950, the Council of Ministers of the USSR awarded the Stalin Prize to V. N. Fomina, leader of a cost-accounting Komsomol-youth brigade in the steel foundry shop of the Kaganovich Foundry and Mechanical Plant, who initiated the socialist competition for thriftiness and the

introduction of personal accounts for tool and material savings. The idea of opening personal savings accounts originated and spread at this enterprise in late 1948 in connection with the pledge of Moscow enterprises for above-plan savings. Comrade Fomina approached the shop management requesting that consumption limits be established for the brigade for nails, wire, studs, and kerosene, and that personal savings accounts be opened. The shop management established limits on auxiliary material consumption and approved the form of the personal savings account. The limits were communicated to the brigade two days before the start of the planned month. This gave the brigade the opportunity to thoroughly familiarize itself with the limits and draw up a concrete plan for auxiliary material savings. The brigade pledged to provide monthly above-plan accumulations of 200 rubles, including 150 rubles from scrap reduction, 40 rubles from savings in nails, wire, and studs, and 10 rubles from lubricant savings.

In October 1948, Comrade Fomina's brigade achieved auxiliary material savings of 250 rubles; in November—319 rubles; and in December—400 rubles. It fulfilled the target for the IV quarter of 1948 by 112% while achieving a quota output of 180%. The brigade reduced scrap to 0.3% and yielded 492 output units above plan.

The movement for opening personal savings accounts and drawing up a brigade accumulation plan became a mass movement. The Party, Komsomol, and trade union organizations supported the initiative of the young communists.

Following V. N. Fomina's example, 20 brigades in the steel foundry shop opened personal savings accounts in October 1948, reflecting auxiliary material savings of 6,450 rubles.

By late 1948, over 50 brigades at the plant were covered by personal savings accounts. This helped the plant's workforce overfulfill previously assumed pledges for above-plan accumulations.

Having achieved fulfillment of her pledges in the first months, Comrade Fomina, together with members of her brigade, Comrades Strelkova, Lebedeva, and Yemelyanova, submitted a proposal to modify the established technology. The brigade proposed, instead of using nails to secure cores, to partially apply a special technological technique—pressing back part of the mold around the core. In this way, the quantity of construction nails used for securing the core of the lifting-roller was reduced by half. While 5–6 nails were previously used for molding the automatic coupler lifting-roller to secure the mold, now only 3 nails were required. As a result, Comrade Fomina's brigade saved 7,962 kg of nails in 9 months of 1949.

Comrade Fomina constantly monitored the work of the molders, the timely cleaning and lubrication of patterns, and the cleanliness and condition of the machine. This enabled the brigade to achieve savings of 74 kg of molding studs and a sharp reduction in gagger consumption (4,027 units in 9 months) without violating established technology.

In 1949, Comrade Fomina's brigade, following A. Chutkikh's example, began paying special attention to product

quality, systematically reducing the scrap percentage. Her achieved successes in 1949 are visible in the following table:

Indicator	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.
Savings from scrap reduction (in rubles)	482	222	585	821	418	291	456	632	12	367
Total scrap for brigade (% of cast metal)	0.66	0.64	0.71	1.19	0.68	0.81	0.99	0.39	0.03	0.19

Komsomol member Comrade Fomina was repeatedly awarded monetary bonuses for initiative, perseverance, high labor productivity indicators, and above-plan accumulation of funds through material savings; she was also awarded the badge "Stalin Call-up Shock-Worker" and the badge "Honored Railwayman" by the Ministry of Means of Communication. For 1947 and 1948, her brigade completed 3.5 annual quotas. The brigade fulfilled the 1949 plan ahead of schedule.

In total, Comrade Fomina's brigade contributed over 20,000 rubles to the above-plan accumulation fund in 1949 through auxiliary material savings. In the same year, on Comrade Fomina's initiative, personal savings accounts were opened by 88 cost-accounting brigades (500 people) at the plant, reflecting material savings amounting to over one million rubles. Thanks to the broadly developed socialist competition, 700 young workers completed five or more annual quotas, and 300 Stakhanovites completed the 1949 plan ahead of schedule.

In response to the appeal of Muscovites in September 1948, the workforce of the Leningrad Shoe Factory "Skorokhod" named after Yakov Kalinin took upon itself a pledge to yield 8.5 million rubles in above-plan savings. This pledge was broken down by each shop, and it was then decided to bring it down to brigades and individual workers as well. In concretizing the pledges, new reserves were revealed, and the workforce pledged to raise the amount of above-plan savings to 10.5 million rubles.

The Party committee and shop Party organizations of the factory, utilizing diverse forms and methods of Party political work, mobilized the creative initiative of workers, engineering-technical staff, and employees in the struggle for frugal expenditure of raw materials, basic materials, and auxiliary materials. Shop Party organizations devoted great attention to fostering in communists and non-Party workers a sense of responsibility for the economic performance indicators of the factory. The Party organization demanded of every Party member and candidate that they not only work in a Stakhanovite manner themselves, but also teach advanced work methods to non-Party workers, strengthen intra-factory cost accounting, and increase production profitability.

The factory workforce supported the initiative of O. Ya. Mushtukova, leader of the clickers' shop brigade—now a Stalin Prize laureate—who, preparing to decently meet the 31st anniversary of the Great October Socialist Revolution, proposed opening personal accounts for savings in raw materials, basic materials, and auxiliary materials. The form of the personal account was developed by Comrade Mushtukova

jointly with brigade members and shop management. This form was then refined and approved by the labor department and accounting office, not only for the clickers' shop, but for other shops as well.

For the clickers' shop, the personal savings account is styled as a booklet, on the cover of which is printed: "Personal Material Savings Account of Clicker. Worker No. ... for ... Month 194..." On the reverse side of the cover, the assumed socialist pledge is recorded—that is, the quantity of raw material to be saved in a given month.

The personal accounts record detailed information on material savings for each day of the reporting period: name of material, its planned cost, savings in physical units and in value, additional issuance in physical units and in value, and storekeeper's receipt for material saved against the norm.

For stitching shops, the personal account is executed on a separate sheet of paper. The account form includes the following indicators: name of operation, material used, output norm, material consumption norm per 100 pairs, cost of material, socialist pledge (by months) to reduce second- and third-grade footwear, material savings, cost of one pair of first, second, and third grades, actual monthly performance, actual output by product mix, material consumption norm, quantity of materials consumed, material savings (in pairs and in rubles), savings from reducing second- and third-grade output, losses from scrap, total savings amount, and total savings amount since the start of the half-year.

Personal savings accounts made it possible to account for the contribution of each brigade and individual worker to the factory's common fund of above-plan accumulations. Whereas previously a worker learned of achieved savings only at the end of the month and only in units of material, now every worker can daily evaluate their participation in the factory workforce's common struggle for above-plan cost reduction, compare it with the efforts of other workers in this direction, and systematically wage a struggle for material savings.

O. Ya. Mushtukova's brigade for clicking boot upper parts for the hot vulcanization shop was organized in late 1946 with the following composition:

Full Name	Year of Birth	Length of Service	Party Membership	Remarks
O. Ya. Mushtukova	1916	15 years	Member VKP(b)	Brigade Leader
E. A. Pushkina	1902	18 years	Non-party	Member
A. A. Kosnikovskaya	1910	15 years	Non-party	Member
M. L. Lukashevich	1911	15 years	Non-party	Member
A. P. Smirnova	1910	15 years	Non-party	Member

O. Ya. Mushtukova's brigade daily overfulfilled its planned target in both quantity and quality of output. Instead of the 500 pairs specified by norm, day after day the brigade cut 650–700 pairs of uppers of excellent quality. The Party bureau, together with the factory committee, mobilized the workforce to disseminate the work experience of Comrade Mushtukova's brigade. Her work methods were discussed at shop meetings and publicized in the factory and shop press and radio broadcasts.

The struggle that unfolded at the factory to fulfill assumed pledges for above-plan accumulations organically merged with the development of intra-factory cost accounting, particularly in the form of opening personal savings accounts.

Personal savings accounts stimulated measures to improve production organization and utilize internal production reserves. In the factory's main shops, checks were conducted on tool and die preparation, compliance of layout area standards, clicking layout, as well as spot checks of leather area and grade marking. Workforce placement in shops was improved. Clicker brigades were assigned to a single sorter. This made it possible to raise standards for leather selection when assembling batches.

Material consumption depends to a significant degree on the choice of clicking layout method. Technical directors Comrades Sukhobokova, Smironova, Senatorova, and others came to the aid of brigades: they conducted instruction, familiarized them with layout patterns and die systems, and demonstrated to brigade members with examples which transition angle during die positioning allows for more effective material utilization in clicking.

Previously, O. Ya. Mushtukova's brigade clicked boots using a wing-vamp layout, losing up to 1.5% of leather in waste. By applying a new layout system, waste was sharply reduced. Jointly with staff of the factory laboratory, Comrade Mushtukova found a clicking combination in which leather utilization efficiency increased by 4%. An end-to-end clicking

system gave the brigade the opportunity to additionally use leather offcuts for small parts, lining straps, and facings.

To consolidate the successes achieved in socialist competition, factory management implemented a series of organizational measures. Progressive material consumption norms were introduced into production, a special accounting system was introduced allowing daily savings indicators to be brought to the attention of all workers, and regulations were drawn up on organizing shop work for opening personal savings accounts. According to these regulations, basic and auxiliary materials, trimmings, and tools subject to accounting in personal savings accounts were designated in each shop; high-cost and scarce materials were accounted for first. Workers were informed of material consumption norms, their costs, and other indicators necessary for maintaining personal accounts.

On those sections of stitching shops where individual accounting of material consumption was not yet organized, brigade personal savings accounts were opened. In this case, the brigade is staffed on the principle of homogeneity of the performed technological operation (for example, sole painting brigade, cementing brigade for folding and turn-over, etc.).

Information on the results of the struggle for savings is posted in the shop no less than once every ten days. Competition results are discussed at production conferences with the participation of the shop superintendent, foremen, rate-setter, accountant, and economist. To reward workers who

achieve good savings results while adhering to technological process requirements, bonus payments for savings are made.

Savings accounting in the clickers' shop is conducted daily using clicking cards, and in stitching shops once every 5 days using requisition sheets opened in the storehouse for a worker or brigade. Workers who open personal savings accounts receive cabinets and special containers for storing materials and trimmings remaining after the end of the workday.

In regulations approved by the factory director, the duties of shop rate-setters, economists, and accountants tasked with norming, accounting, and controlling material savings are specified in detail. Already in 1948, the new form of socialist competition—personal savings accounts—allowed for the saving of 285,500 sq. dm of heavy sole leather, 101,661 sq. m of textiles, and 15,371 sq. m of granitol. Through savings in basic and auxiliary materials, over 250,000 pairs of footwear were produced above plan, and 10.5 million rubles of above-plan savings were obtained through above-plan cost reduction of output.

In early 1949, the workforce of the "Skorokhod" factory pledged to save various materials, fuel, and electricity worth 5 million rubles and manufacture an additional 260,000 pairs of footwear from these savings.

On January 14, 1949, a conference of famous clickers of the "Skorokhod" factory was held with clickers of the Moscow "Parizhskaya Kommuna" factory, dedicated to exchanging experience in clicking leather goods. Clickers from the

"Parizhskaya Kommuna" factory who arrived with Comrade Matrosov—Hero of the Soviet Union Comrade Aldoshin and Comrade Golenkova (deputy chairman of the factory committee)—acquainted themselves with the implementation of personal savings accounts at the "Skorokhod" factory.

From February 1949, on the initiative of foreman A. Chutkikh of the Krasnokholmsky Combine, a broad competition for products of excellent quality unfolded at the factory. Brigades of Comrades Tovstonog and Annushkina proposed developing Comrade Chutkikh's method—creating end-to-end streams of excellent quality brigades—that is, organizing production so that the clickers' brigade provides uppers of excellent quality to the stitchers' brigade, the stitchers in turn stitch uppers excellently and pass them to the lasters, lasters to shoemakers, and so forth. Thus, the entire technological process of footwear manufacturing would be serviced exclusively by excellent quality brigades, with the composition of brigades in each stream fixed. The proposal of Comrades Tovstonog and Annushkina was accepted and spread to other shops of the factory. By the fourth day from the start of the competition, 55 excellent quality brigades had already been organized. By the end of February, 120 brigades consisting of 1,300 workers had joined the socialist competition for excellent quality products.

O. Ya. Mushtukova's brigade also joined the end-to-end excellent quality stream. Striving for high quality of footwear upper clicking, since opening personal savings accounts the brigade cut the output of defective parts by half and achieved the output of 99.7% first-grade clicked parts in January 1949.

Having joined the competition for excellent product quality, O. Ya. Mushtukova's brigade set itself the task, following Alexander Chutkikh's example, of achieving 100% first-grade clickings, which is a condition for the output of 100% first-grade footwear by other shops.

In March 1949, indicators were established at the factory for winners in the socialist competition for the title of excellent quality brigade, shop, and section. It was established that a brigade deserves the title of excellent quality brigade if it overfulfilled the production plan, fully eliminated scrap, achieved output of 98–99% first-grade parts (according to OTK data), if the quantity of parts subject to repair did not exceed 0.4–0.5%, and if it achieved the best indicators in material savings.

For auxiliary shops, special indicators were established, primarily regarding compliance with technological processes in these shops: ensuring operation of equipment without downtime under proper regimes (temperature, pressure, etc.), conducting preventive maintenance of equipment only with an "excellent" rating (according to acceptance acts), etc.

Brigades taking first places in a shop are awarded monthly bonuses: brigade leader—100 rubles, public inspectors—70 rubles each, and remaining brigade members—50 rubles each.

In socialist competition for the title of excellent quality shop, the winner is considered the shop that achieved the highest indicators in plan fulfillment in physical units, systematic output of high-quality products (increased first-

grade output and reduced third-grade output relative to the plan and the level achieved in the previous quarter), full elimination of scrap and complaints due to the shop's fault, systematic increase in labor productivity and reduction in production cost compared to the previous quarter, best indicators in material savings, and coverage of workers by personal accounts.

Best shops receive bonuses: shop superintendent, section head, senior foreman, Party organization secretary, and shop trade union committee chairman receive 3 weeks' salary; 3,000 rubles are allocated for rewarding top Stakhanovites and staff personnel.

For rewarding winners in competition for the title of excellent quality section, five bonuses are established. Foremen of the five best sections are awarded 600 rubles each. For rewarding Stakhanovites and public inspectors of each section, 800 rubles are allocated.

A major role in unfolding the struggle for better product quality and material savings at the "Skorokhod" factory was played by rewarding workers in direct dependence on product quality and the extent of achieved savings. In addition to the above-mentioned bonuses based on socialist competition results, workers and brigade leaders received bonuses in 1948 and 1949 for material savings tracked in personal accounts, as well as bonuses for high-quality product output.

The existing regulations on the bonus system of worker remuneration provide for bonuses for improving footwear quality in the following amounts (see table below):

Reduction of	Bonus Amount in % of

Non-First-Grade Footwear Limit (in %)	Piece-Rate Earnings or Salary
Up to 20	Up to 5
From 21 to 40	10
41 to 60	20
61 to 80	25
81 to 99	35
By 100	40

In addition, bonuses are awarded for individual qualitative indicators and material savings, provided for by special regulations in the following amounts: up to 13% of the cost of saved fabric while maintaining technological regime parameters, up to 20% of the cost of saved tacks and nails, up to 50% of the cost of saved wire, up to 50% of the cost of saved gutta-percha cement and thread, up to 25% of the cost of saved cement of other types, and up to 100% of the cost of saved needles.

In brigades that opened personal savings accounts and fight for high product quality, bonuses are paid to workers systematically and constitute a significant sum in their earnings. This can be illustrated by the example of Comrade O. Ya. Mushtukova's brigade:

Results of Introducing Personal Savings Accounts in Comrade Mushtukova's Brigade from November 1948 to August 1949 (in rubles)

Years and Months	Brigade Leader O.Ya.		Brigade Member E.A. Pushkina		Brigade Member A.A. Kosniko		Brigade Member A.P. Smirno		Br M r Lu

	Musht ukova				vskaya		va		e
	Saving s Amoun t	Bonus Issued	Savings Amount	Bonus Issued	Savings Amount	Bonus Issued	Savings Amount	Bonus Issued	Sa An
1948 Nov.	7 034	628	6 010	676	8 762	708	7 475	537	6
Dec.	6 022	783	3 241	292	7 923	783	6 013	682	5
1949 Jan.	7 768	570	4 883	339	8 990	719	5 913	460	6
Feb.	6 571	495	5 832	468	7 418	614	6 738	539	6
March	5 669	446	3 791	314	4 064	328	4 903	400	5
April	7 109	539	5 317	420	8 418	696	9 387	755	7
May	7 451	562	5 335	424	9 769	808	7 097	568	7
June	7 908	619	5 119	408	9 220	718	7 544	598	7
July	7 217	557	6 355	510	8 438	669	7 102	572	6
August	4 654	358	5 104	409	11 928	950	7 980	641	8

In addition to all listed types of bonuses for output of excellent quality products, bonuses of up to 50% of the brigade's monthly earnings are issued from funds at the director's disposal intended for individual bonuses.

Unfolding the competition for excellent product quality and material savings already in the I quarter of 1949 yielded a great effect. The factory fulfilled the I quarter plan for 1949 ahead of schedule. While first-grade footwear output was 77.6% in January 1949, it reached 78.3% in February and 79.9% in March. In the I quarter of 1949, product scrap was cut by half compared to the previous quarter, production cost of output dropped by 3.8%, and basic and auxiliary materials worth 3,067,000 rubles were saved.[7] The All-Union Central Council of Trade Unions (AUCCTU) and the Ministry of Light Industry decided, based on competition results for the I quarter,

to leave the Red Banner of the Council of Ministers of the USSR with the factory workforce.

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[7] "Voprosy Ekonomiki" No. 3.

Leading the way was O. Ya. Mushtukova's brigade, which saved upper leather worth 87,000 rubles in the I quarter. This saving made it possible to manufacture 4,345 pairs of footwear above plan. Clicker Comrade Gruzintsev's brigade saved heavy leather worth 60,950 rubles.

As a whole, the clickers' shop completed its four-month program by April 23, saving 274,191 sq. dm of leather and reducing production costs by 5%.

Comrade Dolotov's advanced section, having a target to release 91.8% first-grade footwear, yielded an average of 94.5% first-grade footwear, saving trimmings and materials worth 3,000 rubles.

Comrade Tovstonog's brigade, the first to pick up Comrade Chutkikh's initiative, achieved material savings of about 5,000 rubles in the I quarter and first-grade product output significantly above plan.

On March 29, 1949, the opening day of the XI Congress of the VLKSM, Komsomol members and non-union youth of the factory reported to the congress on high labor productivity indicators and achievements in material savings. For instance, Komsomol member Valya Yefremova's brigade produced 2% more first-grade output than the established norm; Comrade Fochenkova's brigade, with high work quality, saved trimmings and materials worth 1,856 rubles. Komsomol clickers reported

overfulfillment of their pledge: they saved leather worth 701,553 rubles instead of the planned 510,094 rubles. Excellent results were achieved by I. Belousova's brigade. Here are her achievements by the X Congress of Trade Unions:

Pledges Taken Nov. 20, 1948 for X Trade Union Congress	Performance of Pledges by April 15, 1949
Complete eight-month production program in five months	Eight-month production program completed in four and a half months
Increase first-grade footwear output to 2,880 pairs	First-grade footwear output reached 2,930 pairs
Save 70 spools of thread	Saved 117 spools of thread
Save 60 kg of natural rubber cement and 10 kg of dextrin	Saved 75 kg of cement

There are many brigades at the factory producing nearly 100% first-grade products. For example, Comrade Yakovlev's lasters' brigade achieved output of 99.8% first-grade footwear and completely eliminated scrap; Comrade Shmargun's brigade on welt stitching achieved output of 99.92% first-grade uppers; Comrade Kalistratova's brigade yielded 99.26% first-grade footwear. With the introduction of end-to-end streams, Shop No. 13's workforce achieved an increase in first-grade footwear output from 63.4% to 78.9%; in the children's footwear shop, after switching to an end-to-end stream, first-grade output rose from 46.9% to 60.6%, and so forth.

The competition for excellent product quality and material savings developed throughout 1949. While only 5 personal accounts were opened at the factory in November 1948, there were 690 in December 1948, and by November 1949, 1,700 workers already had personal accounts. In May 1949, 4

sections and 9 brigades received the title of Excellent Quality Sections and Brigades. In the same month, the factory released 80.1% first-grade products instead of the planned 79% and gave the state 100,000 pairs of footwear above plan in April and May alone.

On June 20, 1949, the factory workforce completed the half-year plan ahead of schedule and was again awarded the Red Banner of the Council of Ministers of the USSR, which it retained until the end of the year.

In July 1949, 214 brigades participated in the competition for first-grade footwear output at the factory. Nine shops won the title of Excellent Quality Shop, 12 sections—the title of Excellent Quality Section, and 48 brigades—the title of Excellent Quality Brigade.

Among the leaders of the competition was the brigade of famous Stakhanovite clicker O. Ya. Mushtukova. Entering into competition with clickers of the "Parizhskaya Kommuna" factory, Comrade Mushtukova's brigade reached an average monthly savings of 49,100 sq. dm of leather in August 1949.

In the clickers' shop, material savings in the II quarter increased by 200,000 sq. dm compared to the I quarter. From the saved leather and textiles, 60,000 pairs of shoe uppers were additionally cut.

The workforce of the "Skorokhod" factory met the seventieth birthday of the great leader and teacher, Comrade Stalin, with a new surge of socialist competition.

By December 14, 1949, the factory completed fulfillment of the annual program, releasing significantly more footwear than in 1948; it achieved savings of 7.5 million rubles for 1949; 745 Stakhanovites completed five-year quotas. Famous laster Comrade Mikhailovsky is already working toward 1957, and Stakhanovite Comrade Golubeva of Shop No. 3 finished fulfillment of the eight-year plan.

O. Ya. Mushtukova's brigade also fulfilled its high pledges with honor, saving over 50,000 sq. dm of leather in December.

The factory committee, summing up the results of socialist competition among shops, sections, and brigades for excellent quality footwear output in December and the IV quarter of 1949, resolved to confer the honorable title of Excellent Quality Shop on 3 shops, Excellent Quality Section on 9 sections, and Excellent Quality Brigade on 106 brigades.

For developing rational methods of labor and production organization in light industry that ensure improved product quality and savings in raw materials and supplies, O. Ya. Mushtukova was awarded the high title of Stalin Prize Laureate in 1950.

The Verkh-Isetsky Metallurgical Plant is one of the plants that completed the five-year production plan back in 1948. The plant raised its initial pledge for above-plan accumulation of 3 million rubles—taken in response to the appeal of workforces of 35 Moscow enterprises—to 9 million rubles, and by October 1948 had already yielded 8,167,000 rubles in savings.

In 1949, fuel and electricity consumption decreased noticeably at the plant, scrap losses were reduced by 43%, and product production costs fell by 13%. Six shops were awarded the title of Model Shops and presented with corresponding passports.

The savings movement at the Verkh-Isetsky Metallurgical Plant is associated with the names of famous steelmakers and Komsomol-youth brigade leaders P. Zaika and F. Petukhov, who opened the first personal savings accounts.

Competing to fulfill the five-year plan in four years, P. Zaika ensured that his brigade began producing fast heats exclusively. Daily and significant overfulfillment of the program became a regular occurrence for his brigade.

For two years, month after month, Pyotr Zaika has been awarded first place in the plant's electric furnace steelmakers' competition. He was awarded the title of Best Steelmaker of the City of Sverdlovsk.

Not resting on his laurels, Comrade P. Zaika set up a brigade personal savings account, which tracks the consumption of electricity, magnesite, dolomite, and lime per ton of steel.

The electric furnace brigade paid greatest attention to reducing electricity consumption, which accounts for the main share of steelmaking expenses.

In the very first month after opening the personal savings account, P. Zaika's brigade, sharply cutting heat duration, saved

48,500 kWh of energy against their pledge to save 35,000 kWh.

Striving to reveal all possibilities for achieving maximum savings, brigade leader Comrade Zaika established that during furnace fettling, part of the expensive magnesite powder could be safely replaced with cheaper dolomite. As a result, magnesite powder savings of nearly 40% were achieved, yielding savings of 650 rubles on each heat.

In P. Zaika's account by October 1948, 948 tons of high-quality transformer steel produced above plan and savings of 495,000 kWh of electricity were already recorded.

P. Zaika proposed revising the accounting system for additive and fettling materials, consumption of which was planned and accounted for overall per furnace for three brigades, rather than for each individually.

The Party organization supported this proposal, and separate accounting of these materials by brigades was introduced in many shops. Daily, not only steelmaking results and electricity savings were calculated, but also consumption of fettling and additive materials. All necessary indicators were included in the personal accounts of steelmakers' and rollers' brigades to determine savings or overconsumption compared to plan.

Daily indicators are tracked in physical units, and every ten days the result is calculated in monetary terms as well.

At the Verkh-Isetsky Plant, brief instructions were drawn up for compiling personal savings accounts, according to

which calculation of fulfilled pledges for the past month is made by the 9th of each following month by the shop economist with the involvement of shop accounting staff. Primary accounting is conducted on the basis of material and tool issue slips, scrap notices, shop records of quota output, foreman's certificates of above-plan parts, shop rationalization engineer's certificates of rationalization proposals, and shop economist's calculations of electricity savings.

The struggle for improved product quality and savings in materials and energy is stimulated by a developed bonus system. How substantial a significance bonuses have in workers' earnings can be judged by the following example. Steelmaker Comrade Pestovsky's brigade, working on an electric furnace, melted an additional 21 tons of sound steel in ingots during April and achieved savings of 25 tons of charge. In the form of direct piece-rate pay for tonnage, the additional earnings of the brigade—consisting of three people—equaled 180 rubles for that month. In addition, the brigade received a bonus for plan overfulfillment of 126 rubles and progressive extra pay for quota overfulfillment of 206 rubles.

Even higher are brigade extra earnings for electricity and fuel savings. Thus, for electricity savings during a quarter, steelmaker Mansurov's brigade received a bonus of 2,340 rubles; Fomin's brigade—3,100 rubles; and Petukhov's brigade —7,150 rubles. Brigade leader Comrade Mansurov received a bonus of 1,340 rubles; Fomin—1,070 rubles; and Petukhov—2,500 rubles.

The movement for opening brigade personal savings accounts, initiated by steelmaker Comrade Zaika, proceeds under the slogan "For the Richest Personal Savings Account." More and more brigades are joining it. The workforce of the Verkh-Isetsky Plant follows with great interest the competition between steelmaker Comrade Zakharov's brigade—having 245,000 rubles in savings in its personal account—and the brigade led by his student, Comrade Suchkov, which has 160,000 rubles in savings in its account. Steelmaker Petukhov's brigade saved over 136,000 rubles in the first half of 1949. Steelmaker Mansurov's brigade saved 266,000 rubles over the same period. In total, 75 brigades at the Verkh-Isetsky Plant had personal savings accounts in 1949, yielding 1,765,000 rubles in savings. The three electric furnace brigades on which P. Zaika worked saved 586,000 rubles during this time alone.

Joining the movement for excellent product quality, steelmaker Comrade Fomin's brigade increases labor productivity month after month and, producing fast heats, achieved the highest yield of top metal grades. In July 1949, it overfulfilled the target for top metal grade yield by 61.3%, and in August first-grade steel output results were even higher.

Perfecting and improving their work methods, achieving better equipment utilization, fighting to extend its service life and for maximum furnace and rolling mill productivity, continuing to mechanize and automate labor-intensive processes, and organizing the transfer of top workers' experience, Stakhanovites of the Verkh-Isetsky Metallurgical Plant strive to make their plant a model socialist enterprise.

The workforce of the Podolsk Mechanical Plant named after M. I. Kalinin is leading in the struggle for early fulfillment of the post-war five-year plan, profitability, improved utilization of fixed assets, acceleration of working capital turnover, and high product quality. In 1948, the plant fulfilled the five-year plan in production level, and by September 1949—in production volume.

Back in 1947, a movement began at the plant for early fulfillment of the five-year plan.

In 1948, the plant was among the industrial workforces of Moscow and Moscow Oblast that pledged in a letter to Comrade Stalin to give the Motherland 2 billion rubles in above-plan accumulations. It overfulfilled its pledge, giving the state 14 million rubles in above-plan profit in 1948. In 1949, under the leadership of Party and trade union organizations, the plant workforce actively joined the movement for accelerating capital turnover, material savings, and improving product quality.

The first personal accounts were opened by Stakhanovites back in 1946. Recorded in them were: the five-year target in standard hours, the socialist pledge taken by the given Stakhanovite, and its performance.

In 1946–1947, checking of pledge performance was conducted at the end of the year, and in 1948 and 1949—at the end of each month. This made it possible to account for which month a Stakhanovite worked better and how many annual quotas they completed during the five-year period.

On the personal account form where the pledge was recorded, special space below the text was reserved for notes on pledge performance and on bonuses and commendations. Entries in the personal account are monitored by the shop superintendent, Party organizer (or Komsomol organizer), and shop committee chairman, who sign each account.

In shops such as mechanical repair, machine tool building, gauge, and certain others, special display cases for Stakhanovites' personal accounts are maintained. This produces a great effect, as all workers can follow pledge performance.

The successes of top workers inspire the entire workforce. The shop rate-setter checks the progress of pledge performance in the shop. Every month, work results of all Stakhanovites are summed up. Results of pledge performance are discussed monthly at shop committee meetings, and workers who completed the volume of work provided for by the five-year target ahead of schedule are specially noted. The shop committee notifies the plant committee of such Stakhanovites, and the plant committee awards the Stakhanovite a plant certificate of honor and a monetary bonus. Stakhanovite workers completing one, two, or more annual quotas are awarded a certificate of honor by the Central Committee of the Trade Union and a monetary bonus of 250–300 rubles. When a Stakhanovite worker is entered on the Honor Roll, a bonus of 150 rubles is issued; when awarded a certificate of honor—200 rubles; and when entered in the Book of Honor—250 rubles. These bonuses are allocated from socialist competition bonus funds.

Stakhanovites having individual personal accounts and overfulfilling their annual quota numbered 4,942 by late 1949; of these, 1,108 completed two annual quotas.

Many Stakhanovites finished work scheduled by plan for the five-year period ahead of schedule. Among them were foundry shop molder Comrade Zlodeyeva, electroplating shop nickel-plater Comrade Vychalnnikov, and repair-mechanical shop boring-lathe operator Comrade Bayushkin.

Tool shop turner I. I. Artyomov pledged to complete the five-year plan by July 1, 1949. Already in May he overfulfilled this pledge, and by October had produced a quota volume equal to two five-year plans. Turner Comrade Isayev of the gauge shop also overfulfilled two five-year quotas. The number of such top workers grows every day.

Growth of Movement for Excellent Product Quality in 1949

Date (1949)	Number of Excellent Quality Brigades	Number of Workers in These Brigades	Number of Workers Taking Individual Pledges for Excellent Quality Output
March 1	4	16	148
May 1	0	235	0
July 1	30	1 889	807
October 1	730	2 291	1 625

Picking up Comrade A. Chutkikh's initiative, workers of the Podolsk Mechanical Plant began organizing excellent quality brigades. The first to enter competition for excellent quality was a 5-member Komsomol-youth brigade in the tool

shop led by I. Kadykov; after them came a brigade of fitter-assemblers in the machine tool building shop headed by top plant Stakhanovite and Deputy of the Supreme Soviet of the RSFSR Comrade B. N. Varyushenkov; and dozens of brigades in the needle, woodworking, and other shops.

A major role in developing the new movement was played by a public inspection of product quality organized at the Podolsk Mechanical Plant.

Workers and brigades began opening personal accounts for excellent quality products. In these accounts, the Technical Control Department (OTK) inspector daily records the quantity of all accepted sound parts, parts accepted with an "excellent" rating, parts returned for rework, and parts scrapped through the fault of brigade members.

On the reverse side of the personal account, details are provided on brigade members—workers' pay grades, birth years, Party affiliation—and the work performance of the brigade as a whole for the corresponding month is recorded as a percentage of assumed pledges.

Daily monitoring of the work of brigades and individual workers yields an exceptionally great effect.

As an example, the work of Comrade S. S. Yakunov's turners' brigade in the tool shop can be cited. Results of the brigade's personal account for August 1949 were as follows:

Personal Account of Excellent Quality Brigade of Comrade S. S. Yakunov

Full Name	Trade	Grade	Year	Party	Total	Excellent	Sound	Rework

					Parts	Parts	Parts	/ Scra
Yakunov (Brigadier)	Turner	5	1928	VLKSM member	4 192	4 124	48	6 / 0
Rybalko	Turner	4	1924	Non-party	385	385	—	0 / 0
Yakunov	Turner	3	1930	Non-party	1 030	921	94	10 / 5
Baryshev	Turner	4	1931	Non-party	919	279	609	19 / 1
Kondratyev	Turner	4	1929	Non-party	544	62	420	52 / 1
Pimenov	Turner	4	1930	Non-party	789	365	409	10 / 5
Alimova	Turner	5	1931	VLKSM member	441	369	71	1 / 0
Gubernatorova	Turner	5	1929	Non-party	503	410	89	4 / 0
Total for Month	—	—	—	—	**8 803**	**6 915**	**1 740**	**102 / 3**

Inspector Signature: [Signed] OTK Stamp: [Stamped]

Comrade S. S. Yakunov's brigade produced 69.1% excellent quality output in August, with scrap amounting to 0.7%. In September, the brigade achieved 99.7% output of excellent quality products, and scrap dropped to 0.25%.

As seen from the table, not all brigade members worked equally well; some were already yielding 90% excellent quality output in August. Improvement in the brigade's performance indicators in September was achieved primarily by pulling laggards up to the level of top workers and further improving top workers' performance.

As a result of these achievements, all brigade members have already fulfilled the plan set for the five-year period.

Increasing excellent quality product output by the turners' brigade depends to a large extent on proper workplace organization, good maintenance of machine tools, maximum utilization of working time, and rationalization proposals made as a result of the public quality inspection conducted at the plant. At the plant, 161 rationalization proposals aimed at improving product quality and reducing scrap were implemented.

Many other brigades work no worse than Comrade S. S. Yakunov's brigade. By late 1949, the title of Excellent Quality Brigade had been conferred on 205 brigades; 211 workers received the title of Excellent Quality Worker. Certificates of honor and monetary bonuses were awarded to these brigades and workers: leader of an excellent quality brigade—200 rubles and all brigade members—150 rubles each. A worker receiving the title of Excellent Quality Worker is issued a bonus of 200 rubles.

Stakhanovites producing products of excellent quality exclusively are exempted from presenting products to the Technical Control Department and have the right to a personal stamp. Such workers include boring-lathe operator Comrade V. Pisarev of the machine tool building shop and template-fitter Comrade Pyshkin of the gauge shop. V. Pisarev holds the qualification of 7th-grade turner and works on processing parts on a vertical boring mill. Yielding products of excellent quality, he significantly overfulfills production quotas. He fulfilled the product release plan in July 1949 by 124.1%, in August by 223%, and in September by 233.8%. He fulfilled the labor productivity target in July–September by 185.9%.

Workers, engineers, technicians, and employees of the Podolsk Mechanical Plant workforce also supported the initiative of the Kolomna Plant, which organized a struggle for metal and material savings and for output of above-plan products from saved materials.

At workers' meetings and production conferences at the Podolsk Mechanical Plant, the letter of the Kuibyshev Locomotive Building Plant workforce in Kolomna to Comrade I. V. Stalin was discussed, pledges were assumed, and measures were outlined for metal, fuel, and electricity savings.

In this struggle as well, Stakhanovites' personal accounts played a major role. Material consumption and achieved savings began to be tracked in workers' and brigades' personal accounts. The savings account form contains the following columns: part numbers; name, grade, and size of materials; consumption norm per 100 units; actual part output in units; material consumption by norm for actual output in kilograms; quantity of actually consumed material; result (savings or overconsumption). According to instructions on maintaining personal accounts, personal accounts are set up for each worker or brigade taking pledges for frugal material expenditure. Monthly material consumption is tracked in them. The personal account is maintained and filled by the planning-dispatch bureau based on material movement accounting sheets. Data from such accounts are reconciled with monthly accounting material reports; these accounts are kept in the shop planning-dispatch bureau until the end of the year.

The automatic machine shop was the first to join the material savings movement at the Podolsk Mechanical Plant, where metal consumption was significantly above norm. Competition for metal savings gave an impetus to implementing a series of rationalization measures. Thus, a method of stamping and thread rolling for fastening screws was introduced in the shop, yielding great metal savings. Transferring just one part (No. 1) to stamping yielded monthly savings of 1.5 tons of automatic machine steel.

All this contributed to the successful fulfillment of the plan by the plant in 1949 and ensured a significant increase in production profitability. The plant completed its 1949 plan by Stalin Constitution Day, reducing product production costs by 20.7%.

The experience of implementing Stakhanovites' personal accounts reviewed above demonstrates the great positive significance of these accounts. Thanks to personal accounts, every worker sees their contribution to the common cause and is rewarded in accordance with the quality and quantity of labor contributed. Personal accounts ensure improvement in intra-plant planning and accounting, allow control over pledge performance, reveal best and worst workers, create a material incentive system for workers for savings obtained in production through their labor and for output of excellent quality products. Personal savings accounts stimulate the struggle for above-plan savings, broader manifestation of workers' creative initiative, and help them master production economics.

The vanguard role in implementing personal savings accounts is played by communists and Komsomol members. The implementation of personal accounts itself is carried out with the active assistance of plant Party, Komsomol, and trade union organizations.

Control over material and financial resource expenditure becomes deeper, more operational, and mass-based, as brigade leaders and rank-and-file workers participate in it. Personal savings accounts aid in the communist education of working people, training them in thriftiness.

The experience of implementing personal savings accounts is disseminated through the press, direct exchange of experience, and generalized in corresponding ministries.

Personal savings accounts thus represent an effective tool in the struggle for further growth of socialist production, improved product quality, and increased intra-industrial accumulation.

While noting the positive aspects of implementing Stakhanovites' personal accounts at the "Kalibr" Plant, Kaganovich Plant, "Skorokhod" Factory, Podolsk Mechanical Plant, and Verkh-Isetsky Plant, a number of individual shortcomings existing in the practice of implementing personal savings accounts should also be pointed out. Thus, personal accounts at these enterprises were opened only for production brigades and individual workers. Shop superintendents, warehouse heads, auxiliary production heads, auxiliary, and service personnel did not take pledges for savings.

At certain enterprises, the question is raised regarding the necessity of opening personal accounts for shop superintendents. Amounts of savings in general shop expenses for general production and management needs of the shop—costs not tracked by individual brigades—should be recorded in these accounts, for the amount of expenses is heavily influenced by the shop superintendent's work and their frugal, managerial use of state funds. Opening personal savings accounts for workers of this category will not only refine intra-production planning and accounting, but will also offer the opportunity to further strengthen intra-plant cost accounting operating at these enterprises, thereby increasing profitability.

In personal savings accounts implemented at the "Skorokhod" factory, only leather savings (in decimeters and rubles) are tracked; such a form of personal account lags behind current tasks of the Stakhanovite movement. In personal accounts, in addition to material savings, indicators such as labor productivity, share of top grades in total output, quantity of products released from saved material, and so forth should be reflected. It is expedient to record in the personal account not only achieved savings, but also overconsumption. This provides the opportunity to reveal shortcomings in the workforce's performance.

The Bolshevik Party and the great leader of the Soviet people, Comrade Stalin, teach us never to stop at achieved successes, to tirelessly press forward, display creative initiative, and steadily deepen the struggle for increasing socialist accumulations and strengthening cost accounting.

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