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L. TOMASHPOLSKY

ON THE QUESTION OF THE METHODOLOGY OF DESIGNING PROGRESSIVE NORMS IN INDUSTRY

Our Party and Comrade Stalin have repeatedly emphasized the important role of progressive technical norms in the development of the socialist national economy. Comrade Stalin pointed out: "Without technical norms, a planned economy is impossible. Technical norms are also necessary in order to pull up the lagging masses to the level of the advanced ones. Technical norms are a great regulatory force, organizing the broad masses of workers in production around the advanced elements of the working class"[1].

Progressive norms are a powerful weapon in the hands of the socialist state in the struggle to raise labor productivity, for the better utilization of the means of production, and for the overfulfillment of production plans. Progressive technical and economic norms for the utilization of implements and means of production enhance the mobilizing role of our national economic plans. In the resolution of the Council of Ministers of the USSR "On the State Plan for the Restoration and Development of the National Economy of the USSR for 1947," the necessity was emphasized "to decisively expose and put an end to the practice of setting understated plans that mobilize no one and force people to drag behind 'bottlenecks' and achieved norms in production... The success of the fulfillment and

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1 *J. Stalin, Problems of Leninism, 11th ed., p. 502.*

overfulfillment of state plans is decided by people; the plan must focus on advanced workers, engineers, and technicians who show enormous possibilities in achieving progressive norms for the utilization of machines and mechanisms, and thus ensure the overfulfillment of state plans."

Progressive technical and economic norms for the utilization of implements and means of production now lie at the basis of state production and construction plans in the USSR. These norms mobilize collectives for the overfulfillment of plans and for the further unswerving development of the national economy.

Our economic plans are inextricably linked with the nationwide socialist emulation, based on the principle of achieving a general upsurge through the dissemination of the experience of innovators. Socialist planning is based on progressive norms and itself serves as an inexhaustible source of the creative initiative of the popular masses.

The planned character of the national economy of the USSR, the advantages of the socialist method of production, and the new, socialist attitude toward labor have opened up the widest opportunities for the ubiquitous introduction of progressive technical and economic norms for the utilization of implements and means of production, as well as progressive, technically sound time norms and output norms.

Progressive norms are in the closest dependence on the main productive force, on the active factor of production—the labor force. The practice of calculating the utilization of the capacities of machines and mechanisms that existed prior to the

development of the Stakhanovite movement insufficiently took into account the achievements of the best working people, production innovators. The technical norms operating at that time were compiled on the basis of the previously achieved level of labor productivity, without taking into account the growth of the technical and cultural level of workers; these norms became a brake on the development of the Stakhanovite movement and were rejected as backward, conservative, and not reflecting the actual conditions of socialist production.

The new position of the worker in production and the new conditions of labor in the USSR became the basis for the emergence of norms inherent only in socialist society—progressive, technically sound ones.

Labor norms in a socialist society are a new indicator expressing the features of the free creative labor of Soviet people for themselves, for their state; they signify conditions of labor that are unprecedented and impossible under capitalism.

The victory of the socialist system in the USSR led to radical changes in the economy of our country and in the consciousness of the people. The enormous work that the Communist Party has always conducted and unceasingly conducts to educate the working people is yielding remarkable fruit.

In the USSR, the interests of the state and of every working person are merged into one. In the consciousness of the Soviet person, labor for the good of society is inseparable from labor for his personal good. Every working person knows that an

increase in social wealth is at the same time an improvement in his personal living conditions.

Progressive norms arise and are introduced as a result of socialist emulation, the Stakhanovite movement, and the aspiration of all working people for new, higher indicators in the utilization of technology and for the economy of living and materialized labor. Soviet people, competing among themselves, cast aside everything backward, conservative, and hindering forward movement; they adopt the experience of advanced workers, introduce new technology, more perfect methods of labor and production organization, and new technological processes. This finds expression in the increase of progressive norms for the utilization of machines, the consumption of raw materials, materials, and fuel, and in the growth of progressive labor norms.

The fulfillment of labor norms in a socialist society is a public affair. The whole society is interested in the fulfillment and overfulfillment of labor norms by all working people. The socialist state monitors the fulfillment of norms, creates conditions for their overfulfillment, and surrounds production innovators with honor and respect.

Labor norms in a socialist society are fundamentally different from output norms in a capitalist society. Under capitalism, output norms are an instrument for intensifying the exploitation of workers. In a capitalist society, the means of production serve to squeeze the maximum amount of labor out of the worker, whereas under socialism, on the contrary, people must

"squeeze out of technology the maximum of what can be squeezed out of it"[2].

Without progressive norms, the correct organization of economic accounting, wages, and the bonus system is impossible. Output norms and norms for the utilization of the means of production serve as the basis for wage payments and intra-plant operational planning. Incorrectly determined wage payments calculated on the basis of understated norms give rise to wage leveling in production, lead to the division of jobs into so-called "profitable" and "unprofitable" ones, and weaken the stimulating effect of economic levers.

At all enterprises of socialist industry, intensive work is being conducted to establish and introduce progressive technical and economic norms for the utilization of implements and means of production, as well as progressive, technically sound time norms and output norms. Progressive technical and economic norms for the utilization of implements and means of production must not be replaced by arithmetic averages, nor progressive, technically sound labor norms by statistical ones. As early as December 1935, the plenum of the Central Committee of the All-Union Communist Party (Bolsheviks) condemned this practice of norm development:

"The predominance in the practice of norm-setting of so-called experimental-statistical norms, focusing on the output of a worker who poorly commands the technique of his production, the absence during the establishment of output norms of a genuine analysis of the growth of production possibilities of

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2 *J. Stalin, Problems of Leninism, 11th ed., p. 490.*

the enterprise and shop, the growth of the worker's power supply, the growth of his technical and cultural level—all this makes the existing practice of labor norm-setting a brake on the path of further growth of labor productivity and workers' earnings."

A norm based on statistical indicators cannot mobilize workers to struggle for the achievement of a higher level of labor productivity. Such a norm is conservative by its very nature and holds back the growth of labor productivity.

Statistical or experimental-statistical norms reflect shortcomings still existing in the organization of labor and production: time losses, defective work, poor servicing of workplaces, etc.; and the new and progressive in the life of the enterprise is overshadowed to one degree or another by these shortcomings.

The study of the experience of advanced workers and production reserves is impossible without well-organized accounting, without statistics. A correct analysis of reporting statistical data makes it possible to uncover production reserves, shortcomings in work and the causes generating them, and to better identify the experience of innovators. The widespread use of statistics does not mean, however, that the calculation of norms should be carried out by a statistical method.

Our Party and Comrade Stalin teach that one must be able to see the new, support this new thing, and help it penetrate life more quickly. Progressive norms must serve this purpose.

The questions of the methodology for determining progressive technical and economic norms for the utilization of implements and means of production and technically sound labor norms are insufficiently covered in the literature, and some of the published works do not give a correct interpretation of them.

Thus, P. A. Golyakov in the article "Tasks and Methods of Establishing Medium-Progressive Output Norms"[3] correctly criticizes such methods of calculating progressive labor norms as, for example, determining its arithmetic mean value from the average norm fulfillment by all shop workers and the maximum norm fulfillment by innovators, or determining the magnitude of the norm from the average indicators of workers fulfilling existing norms and the indicators of Stakhanovites.

However, while correctly asserting that one cannot look for the arithmetic middle when determining progressive norms, the author himself takes this incorrect path. He proceeds from the fact that one and the same worker expends a different amount of time on the performance of one and the same operation. At the same time, one can always note "such a duration that corresponds to maximum frequency." In other words, one can always determine the most frequently repeated time for the performance of a given operation, and this time, according to Comrade Golyakov, is conditioned by the established normal working tempo. He proposes to consider the time expenditure corresponding to the highest frequency (highest repeatability) as the normal duration, which can be accepted as the new time norm. But this is the very same statistical method!

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3 *See Oil Economy, no. 3, 1948, p. 1.*

From the proposed methodology it is not visible how achievements in the sphere of utilizing mechanisms and machines will find reflection in the new norm, how the growth of labor culture will be reflected, etc. The old, operating indicators will remain in the new norm, i.e., indicators reflecting the yesterday of a given enterprise, and not its tomorrow. This is confirmed by the author himself. He acknowledges that factors "deflecting the normal working tempo," or, let us call them simply, downtime, poor provision of the workplace, etc., will be taken into account in the new norm because they were reflected in the observed time expenditures and were not excluded from them.

In a review of articles received by the editorial office of the journal Oil Economy in connection with the publication of Comrade Golyakov's article, the editors write: "This level (medium-progressive.—L. T.) must first of all be taken into account when calculating individual norms by the methods of technical norm-setting and, in particular, when choosing the worker upon whose productivity the output norm is established. This level is important as a measure of achieved norm mastery, as a means of assessing the work of advanced people, as a basis for projecting the further growth of labor productivity, an indicator determining the magnitude of increases in existing output norms, etc."[4]

The propositions cited are deeply erroneous. First of all, they confuse two different concepts: progressive norms for the utilization of means of production and progressive technical

[4] *Oil Economy, no. 8, 1948, p. 5. (Emphasis added.—L. T.)*

output norms. These output norms are also called medium-progressive by Comrade Golyakov and the editorial board of the journal Oil Economy. Instead of "proceeding, when establishing output norms, from a strict check of the production capabilities of the shop and enterprise and taking into account the advanced production experience of Stakhanovites"[5], doubtful arithmetic abstractions are recommended that have nothing in common with the methodology for developing progressive norms.

In this connection, it is necessary to dwell on the concept of a technically sound norm. Some authors, including Comrade Golyakov, believe that "since it is knowingly known to us that these norms are fully technically sound, then, obviously, during their design, advanced labor methods were taken and a sufficiently high level of labor productivity and maximum utilization of technology were taken into account." Meanwhile, technically sound norms existed even before the emergence of the Stakhanovite movement, but, as is known, they turned out to be backward norms. The methods for developing these technically sound norms were vicious and backward: technical norm-setting, its methodology and practice oriented toward backward technology and low labor qualifications, and did not take into account the achievements of advanced workers.

If the methods of technical norm-setting are based only on accounting for already achieved indicators, if the elements of the new and progressive—that which has arisen and is developing—are ignored, then the new norm will not be

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5 *Resolutions of the Plenum of the Central Committee of the All-Union Communist Party (Bolsheviks), December 21–25, 1935. Partizdat, 1935, p. 11.*

progressive either; it will only copy and repeat the old with photographic precision.

A technically sound norm can be progressive only when advanced methods of technical norm-setting are applied, which comprehensively take into account everything advanced and progressive in the sphere of labor and production organization, the utilization of machines, mechanisms, and tools, in the sphere of technology, etc. The Law on the Five-Year Plan for the Restoration and Development of the National Economy of the USSR for 1946–1950 points out that it is necessary "to expand the application in industry of technically sound norms, taking into account advanced technology and the increased technical equipment of labor"[6].

An incorrect, statistical method for determining progressive norms is also recommended by Comrade M. Ya. Asvaldov. He writes that a norm is "chosen from a number of actual indicators exceeding the average level, on the basis of an analysis of the frequency of repetition and the conditions for achieving these norms"[7]. But the analysis of the frequency of repetition, in which a norm is "chosen," is precisely the statistical method of finding the so-called mode. For all the apparent convenience of this method, it is unsuitable for determining a progressive technical norm because it turns it into an experimental-statistical one.

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[6] *Law on the Five-Year Plan for the Restoration and Development of the National Economy of the USSR for 1946–1950. Gospolitizdat, 1946, p. 51. (Emphasis added.—L. T.)*

[7] *Bulletin of Machine Building, no. 7, 1948, p. 60. (Emphasis added.—L. T.)*

Sometimes attempts to justify such methods are masked by reasoning about the necessity to simplify the calculations of progressive norms in view of the fact that the analysis and design of these norms is, so to speak, labor-intensive. Such assertions demobilize practical workers, orienting them toward replacing progressive technical norms with various surrogates.

Progressive norms must be established only as a result of analyzing the experience and achievements of advanced people of a given shop, a given collective, a comprehensive assessment of the possibilities for the widespread introduction of the achievements of advanced plants, shops, and the planning of the further progress of Soviet technology and production organization.

An obvious discrepancy between the theoretical side of the study and the methods proposed by the author for practical calculations of medium-progressive norms is present in the brochure by P. S. Ivanov, The Introduction of Medium-Progressive Norms and the Mobilization of Internal Reserves of Industry. Here the normative indicator is established statistically-arithmetically, on the basis of reporting data. The same mistake is repeated by L. Volodarsky and A. Ezhov in the article "Some Questions of Uncovering Reserves in Industry," defining medium-progressive norms as "averages of advanced norms." The authors try to answer the question of "how under these conditions to statistically express the general medium-progressive norm"[8], without noticing that the very formulation

[8] *Bulletin of Statistics, no. 1, 1949, p. 39. (Emphasis added.—L. T.)*

of such a question is vicious and leads to the replacement of a progressive norm by a statistical norm.

Comrade Ivanov substantiates the propositions he presents using the example of 15 open-hearth furnaces with a range of actual steel output from 3 to 7 tons per 1 sq. m of hearth area. Multiplying the average indicators of actual steel output for each furnace by the specific gravity of its output in total steel smelting, then summing the obtained results and dividing them by 100, Comrade Ivanov obtains a weighted average indicator of steel output for all 15 furnaces equal to 4.94 tons. Next, a second weighted average value is derived from the indicators of seven open-hearth furnaces that exceeded the average steel output, i.e., produced more than 4.94 tons. The obtained value —5.74 tons—is named by the author the medium-progressive norm.

Let us imagine that workers are working on the most backward of all 15 open-hearth furnaces—on furnace No. 15, the steel output of which amounts to only 3 tons per 1 sq. m of hearth. The medium-progressive norm for this furnace is set at 5.74 tons, i.e., almost twice as high as the achieved indicator. Naturally, the collective of open-hearth furnace No. 15 will ask what specific technical and organizational measures ensure the fulfillment of this norm. But it will not receive an answer. The new norm will appear before it as an abstract magnitude, as the result of arithmetic calculations.

If we now turn to the indicators of advanced open-hearth furnaces, for example, to the indicators of open-hearth furnace No. 1, where the highest steel output of 7 tons per 1 sq. m of

furnace hearth has been achieved, it may turn out that not all its indicators are the best among the indicators of all furnaces. Steel output here is indeed high, but the quality of the metal and the observance of the thermal regime are worse than in some other furnaces. It is quite possible that, for example, on open-hearth furnace No. 2 a high metal quality was achieved, on open-hearth furnace No. 4 a significant reduction in cycle time and the highest steel output per 1 sq. m of hearth during high-speed melts were achieved due to careful observance of instructive graphs of the technological process, on open-hearth furnace No. 5 the period of furnace repairs is partially combined with the tapping of the melt, preliminary preparation of the charge is carried out, etc. Analyzing the indicators of other open-hearth furnaces and adopting their advanced experience, the collective of furnace No. 1 can introduce a more correct charging of charge materials into charging boxes, increase thermal power through the supply of secondary air, mechanize the filling of thresholds, etc. The exchange of experience among collectives will ensure an increase in labor productivity for the collectives of all furnaces, although to a varying degree. This example shows that the development of a progressive norm must be based on a living, concrete analysis of the experience of innovators, and not on abstract arithmetic calculations. The collective of each open-hearth furnace must develop its progressive norm on the basis of studying the achievements of the remaining fourteen open-hearth furnaces and support it with technical and organizational measures. Struggling for the implementation of these measures, the collective of each open-hearth furnace joins the struggle for advanced progressive norms.

A progressive technical and economic norm is a combat program of concrete measures mobilizing the collective for the widespread introduction of new technology, technology, and labor organization. This is taught by the experience of the advanced enterprises of the country. Here is what the metallurgists of the South and Center wrote in a letter to Comrade Stalin:

"At the conference of metallurgists of the South and Center, we exchanged the experience of advanced people, the achievements of the best shops and plants, and outlined practical measures for utilizing existing reserves.

"These measures are aimed at accelerating all production processes, ensuring their continuity, introducing advanced technical and economic norms for the utilization of equipment, raw materials, materials, and fuel in all areas of ferrous metallurgy, raising labor productivity, and improving the qualifications of workers..."[9]

At this conference of metallurgists, new progressive technical and economic norms were developed. One of the participants of the conference—the collective of the Serp i Molot Plant—undertook the obligation to achieve an output of 5.8 tons of steel per 1 sq. m of hearth area of open-hearth furnaces for shop No. 1 and 8.38 tons for shop No. 2. These obligations were supported by a program of concrete measures. In this lies the strength and essence of progressive norms.

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9 *Pravda, July 1, 1948.*

The only correct methodology for developing progressive technical and economic norms for the utilization of implements and means of production and progressive, technically sound labor norms is a methodology based on designing these norms for given, concrete production conditions for a specific period of time. For example, it is impossible to set the same progressive norm for steel output for open-hearth furnaces equipped with automatic regulation devices for the thermal regime and serviced by mixers, and for open-hearth furnaces not possessing such equipment, because such a norm will be abstract and unreal.

The establishment of a progressive norm is a complex process. In the most concise outlines, the scheme of this process, in our opinion, should be as follows: first, shortcomings and intra-production reserves existing at the enterprise must be identified and studied, and ways to eliminate these shortcomings and utilize reserves must be outlined; second, the experience and achievements of advanced enterprises, shops, and individual Stakhanovites must be studied, and a detailed system of measures for disseminating this experience and achievements must be given; third, further technical progress and the development of production on a new, higher cultural and technical basis must be taken into account.

The possible results of projected measures can always be determined in a concrete numerical expression. If, for example, we are talking about redesigning an existing norm on a new basis, the results will be expressed in an increase in the previously operating normative coefficients. The new norm will be progressive, concrete, realistic, and mobilizing.

One cannot approach the design of progressive norms formally. If new, more powerful equipment, new mechanisms, and automation are introduced at a given enterprise or in a shop, this must certainly be taken into account when designing progressive norms. New norms designed for more perfect equipment may exceed the indicators achieved by Stakhanovites on old aggregates. For example, the introduction of automatic regulation of the thermal regime of furnaces and the organization of continuous delivery of ore and limestone to the working platform, bypassing the stockyard, can have such a significant impact on the productivity of open-hearth furnaces that the new progressive norm will be set at a level exceeding the achievements of advanced workers who worked under the conditions of old, less perfect technology. This will be quite natural, since a progressive norm must orient people toward technical progress, toward the creative mastery of new technology and the continuous improvement of workers' qualifications.

Norms for the consumption of raw materials, materials, fuel, and energy must be designed by the same method. For example, the introduction of stamping for a number of products in production will lead to a reduction in machining allowances for these products and will decrease metal consumption. Another example: the regeneration of lubricating oils is introduced, shops are supplied with appropriate equipment, and the consumption norm for lubricating materials is reduced. Such norms will orient the entire plant toward the rapid introduction of stamping and the ubiquitous regeneration of oils. If these measures are implemented ahead of schedule, this

will give the plant the opportunity to obtain additional savings of funds.

When determining progressive technical and economic norms for an industry, it is completely impermissible to operate with average reporting data. These norms must be determined on the basis of progressive norms designed for groups of identical equipment or identical productions, taking into account the planned growth in the volume, composition, and quality of output for each such identical group. For example, when designing an industry progressive norm for steel output per 1 sq. m of hearth, one should proceed from the progressive norms established for each group of identical furnaces and the planned production of steel. Let us give a schematic example of such a calculation:

Groups of identical open-hearth furnaces | Progressive norm for steel output per 1 sq. m of hearth (in tons) | Planned specific gravity of the group in total steel smelting (in %)
A | 8.3 | 52
B | 7.8 | 39
V | 6.4 | 9

The industry progressive norm for steel output per 1 sq. m of hearth area of open-hearth furnaces at the planned specific weights of the groups of open-hearth furnaces in total steel smelting will be:

(8.3 x 52) + (7.8 x 39) + (6.4 x 9) / 100 = 7.94 tons.

Striving to ensure the overfulfillment of the state task for steel smelting on each group of open-hearth furnaces, enterprises

will achieve the overfulfillment of the industry progressive norm.

By the same method, progressive norms can be determined for other branches of industry. For example, in the oil industry, the progressive norm of drilling speed per machine-month can be established on the basis of progressive norms designed for individual regions and types of wells[10]. A change in drilling depth or the distribution of drilling across individual regions of the country, or, say, the growth of turbine drilling, will affect the fulfillment of the established drilling speed norm throughout the entire oil industry.

The methodology for calculating progressive labor norms must be based on the same principles as the methodology for calculating progressive technical and economic norms for the utilization of implements and means of production. To design a new, progressive, technically sound labor norm, one must first of all thoroughly analyze all conditions under which each job is performed by workers fulfilling existing norms and by Stakhanovite workers. Then, on the basis of this analysis, establish what the composition of operations should be, what the sequence of performing their individual elements should be, how much time needs to be spent on performing each operation having the most rational structure, and what measures must be implemented for this. The operation itself must be designed taking into account the widespread use of the

[10] *Typical designs for wells are developed taking into account drilling depth, drilling method (for example, turbine or rotary method, directional inclined drilling, cluster drilling), well construction (diameter and length of casing strings, cementing method), etc.*

experience of advanced workers and the further technical and cultural progress of a given production.

Let us consider a simplified example of designing a progressive operational time norm.

The technology developed at the plant provides for the manufacture of part "F" in the machine shop by performing four operations. Let us determine on the basis of chronometric observations the time for performing each operation, first, by workers fulfilling existing norms, and second, by Stakhanovite workers fulfilling norms at 150–160%. It goes without saying that the working conditions during chronometry must be normal, namely: workplaces must be provided with everything necessary for work, aggregates must be in working order, and necessary servicing must be provided. Let us examine the obtained data.

Operations No. | Content of operations | Time norm according to plant technology | Actual time expenditures (according to chronometry) by workers fulfilling norms | Actual time expenditures by workers significantly overfulfilling norms (by 150–160%) by Stakhanovite Comrade Petrov | Projected time norm

1 | Technological time (machine) | 4.2 | 3.7 | 2.1 | 2.45

1 | Auxiliary time (manual) | 2.8 | 2.2 | 1.8 | 2.1

1 | Total | 7.0 | 5.9 | 3.9 | 4.55

2 | Technological time (machine) | 7.6 | 6.8 | 3.6 | 4.15

2 | Auxiliary time (manual) | 3.4 | 2.9 | 2.8 | 3.20

2 | Total | 11.0 | 9.7 | 6.4 | 7.35

3 | Technological time (machine) | 2.8 | 2.8 | 2.0 | -

3 | Auxiliary time (manual) | 0.5 | 0.4 | 0.4 | -

3 | Total | 3.3 | 3.2 | 2.4 | -

4 | Technological time (machine) | - | - | - | -

4 | Auxiliary time (manual) | 0.3 | 0.2 | - | 0.0

Total for manufacturing part "F" | Technological time (machine) | 14.6 | 13.3 | 7.7 | 6.60

Total for manufacturing part "F" | Auxiliary time (manual) | 7.0 | 5.7 | 5.3 | 5.30

Total for manufacturing part "F" | Total | 21.6 | 19.0 | 13.0 | 11.90

An analysis of these data shows that the reduction in machine time is achieved due to increased cutting regimes applied by Stakhanovites (increased cutting speed, increased feeds per cutter tooth, etc.). Auxiliary time was shortened by Stakhanovites as a result of extensive work experience, precision of labor techniques, and the use of a special self-centering chuck for setting part "F" in operations Nos. 1 and 2; operation No. 4 (manual time) is usually performed by all shop workers by utilizing the machine time of other operations.

The table separately presents the indicators of Stakhanovite Comrade Petrov, who developed a new technology for manufacturing part "F" that differs from the plant technology. According to Comrade Petrov's technology, the product is manufactured in three operations: operation No. 1 of his

technology coincides with the plant one, operation No. 2 combines operations Nos. 2 and 3 of the plant technology; this is achieved

thanks to the application of a device constructed by Comrade Petrov that allows operations Nos. 2 and 3 to be performed simultaneously (for example, removing burrs from the ends of pins simultaneously with milling pockets). Operation No. 3 of Comrade Petrov's technology coincides with operation No. 4 of the plant technology.

The new norm is designed based on the following:

1) The new technology proposed by Comrade Petrov is adopted. The manufacture of part "F" is carried out through three operations: operation No. 1 remains the same as under the old technology; operation No. 2 of the new technology consists in the simultaneous execution of operations Nos. 2 and 3 of the former technology; operation No. 3 consists of auxiliary manual work.

2) The cutting speed (taking into account the experience of Stakhanovites) can and should be significantly increased. In order to provide all workers with the opportunity to transition to high-speed methods of processing parts and to achieve corresponding tool durability, it was decided to organize nitrocarburizing (gas cyaniding) of tools at the plant; at the same time, workers are trained in high-speed cutting methods in Stakhanovite schools.

Proceeding from the significant increase in tool durability during nitrocarburizing and the universal transition to increased operating regimes, machine time is calculated using known

formulas for operation No. 1—2.45 minutes and for operation No. 2—4.15 minutes.

3) To perform operation No. 2 according to the new technology, the necessary number of devices of Comrade Petrov's design is manufactured at the plant.

4) Auxiliary time (manual) for operations Nos. 1 and 2 is set at the level of Stakhanovites' indicators. In order for all workers to be able to fulfill the new norm, the necessary number of self-centering chucks is manufactured at the plant.

5) The time for performing manual operation No. 4 according to the former plant technology is not included in the new norm; it is overlapped by machine time for other operations.

Thus, the analysis and widespread utilization of the experience of advanced workers led to the implementation of a number of measures at a given enterprise that make it possible for all workers to significantly increase labor productivity. The new operational time norm was the result of utilizing the opportunities uncovered by enterprise innovators. This is a progressive norm; it orients workers toward achieving higher indicators, pulling all workers up to the level of advanced ones. The worker knows through what measures this norm is achievable; he strives to raise his technical qualifications, learn to use complex devices to perfection, and master high-speed cutting regimes with high-performance tools. A progressive norm here is not an abstract magnitude; it is designed on the basis of the experience of innovators and concrete measures ensuring a reduction in time expenditures and an increase in labor productivity.

Thus, to establish progressive norms, it is not required to invent new methods of norm-setting. Advanced methods of norm-setting are applied in our practice and described in the literature. It is necessary to ensure that these advanced methods are applied widely and finally oust experimental-statistical methods[11].

It must be understood that the design of progressive technical and economic norms for the utilization of implements and means of production and technically sound output norms is an active process, not a passive, contemplative one.

The design of norms is impossible without solving diverse and complex issues of production organization and technology, requires changes in technological processes existing at enterprises, the modernization of equipment, equipping it with new high-performance tools and devices, the mechanization of the introduction of automation, etc. In the process of designing progressive norms, the further rationalization of production must be outlined.

This entire complex set of issues can be successfully resolved only with the active participation of the entire plant collective, Stakhanovites, and engineering and technical workers; scientific workers are obliged to help this cause, and enterprise managers must head it.

Great and systematic work is needed to introduce progressive norms and create conditions for their overfulfillment; it is necessary to make these norms the property of the broad

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[11] *See, for example, N. N. Zakharov and G. I. Obraztsov, Technical Norm-Setting in Machine Building. Mashgiz, 1949.*

masses of working people. In this lies the vital force of progressive norms, which are inherent only in the socialist method of production and are a powerful lever in the struggle for high labor productivity unattainable by capitalism.

From the Editors. In publishing Comrade Tomashpolsky's article, the editors open a discussion on the pages of the journal concerning questions of the methodology for establishing progressive norms and request materials on these issues to be sent.

Questions of Economics, No.4 , 1950.

M. RUBINSHTEIN

LENIN'S EXPOSURE OF BOURGEOIS ECONOMIC SCIENCE

In the epoch of imperialism and the general crisis of capitalism, in the epoch of grandiose class battles between growing, developing socialism and decaying, dying capitalism, the titans of theoretical thought and revolutionary practice—V. I. Lenin and J. V. Stalin—unfolded their activity.

All the work of the great Lenin was permeated by the organic unity of theory and practice, thought and action, constituting the basis of that truly creative science that transforms the world, the coryphaeus of which Lenin was.

Lenin was a great scientist, a giant of thought, and a revolutionary in science. In the struggle against the enemies of the working class, he defended Marx's teachings and developed them further in application to the new epoch—the epoch of imperialism, proletarian revolutions, and the construction of socialism in the USSR. Relying on the principles of Marxism, Lenin made a number of new, greatest discoveries in social science.

Comrade Stalin in his conversation with the first American workers' delegation highlighted a number of issues in the field of which Lenin gave new developments, further advancing Marx's teachings.

Lenin gave a brilliant scientific analysis of imperialism as the highest and last, monopolistic stage of capitalism, when "the

smooth evolution of capitalism was replaced by leap-like, catastrophic development of capitalism, when the unevenness of development and contradictions of capitalism stood out with special force, when the struggle for sales markets and the export of capital under conditions of extreme unevenness of development made periodic imperialist wars inevitable for the purpose of periodic redivisions of the world and spheres of influence"[12]. Lenin revealed the conditions for the inevitable doom of imperialism and, on the basis of this analysis, came to the conclusion about the possibility of the victory of socialism initially in a few or in one separately taken country and about the impossibility of the simultaneous victory of socialism in all countries.

The Leninist theory of the possibility of the victory of socialism in individual countries, brilliantly developed further by Comrade Stalin, has been confirmed and embodied in life by the Soviet people under the leadership of the Bolshevik Party on one-sixth of the earth. At present, this Leninist theory inspires the working people of the countries of people's democracy for the speedy construction of a socialist society.

Fighting against opportunists of all stripes who tried by various ways to emasculate the revolutionary essence of Marxism and turn it into cathedramarxism, Lenin showed that the main thing in Marxism is the teaching on the dictatorship of the proletariat. Developing this teaching, Lenin discovered Soviet power as the best state form of the dictatorship of the proletariat. Lenin defined the dictatorship of the proletariat as a

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12 *J. V. Stalin, Works, vol. 10, pp. 93–94.*

special form of class alliance between the proletariat, which is the leader, and the exploited masses of non-proletarian classes (peasantry, etc.), which are the led; with special force he emphasized that the dictatorship of the proletariat—the highest type of democracy in a class society—expresses the interests of the popular masses as opposed to capitalist democracy, which expresses the interests of the negligible minority of exploiters.

Lenin substantiated the possibility of building a complete socialist society in the country of the dictatorship of the proletariat surrounded by imperialist states, outlined concrete paths of economic policy with the help of which the proletariat, having economic commanding heights in its hands (industry, land, transport, banks, etc.), linksized industry with agriculture and leads the entire national economy to socialism. Lenin also outlined concrete paths for the gradual involvement of the main masses of the peasantry into the channel of socialist construction through cooperation, which represents in the hands of the proletarian dictatorship the greatest means of transforming small peasant economy and re-educating the main masses of the peasantry in the spirit of socialism.

These propositions of Lenin, developed and supplemented by Comrade Stalin, served as the basis for the construction of socialism in the USSR. At present, these discoveries of Lenin and Stalin serve as the basis for the gradual transition to socialism in the countries of people's democracy.

Lenin created a harmonious system of the hegemony of the proletariat in the revolution, a harmonious system of the proletariat's leadership over the working masses of town and

country not only in the cause of overthrowing tsarism and capitalism, but also in the cause of socialist construction under the dictatorship of the proletariat.

Lenin developed a harmonious system of views on national-colonial revolutions in the epoch of imperialism, connected the national-colonial question with the question of the overthrow of imperialism, and showed that this question is an integral part of the general question of the international proletarian revolution. This system of Lenin's views, developed and supplemented by Comrade Stalin, became the theoretical basis of the mighty national-liberation movement of colonial peoples, which has already torn hundreds of millions of people out of imperialist bondage and portends an inevitable end to imperialism.

Lenin, as Comrade Stalin pointed out, "was the first in the history of Marxism to elaborate the teaching on the party as the leading organization of the proletariat, as the main weapon in the hands of the proletariat without which it is impossible to win in the struggle for the proletarian dictatorship"[13].

Lenin, together with Comrade Stalin, nurtured, fostered the revolutionary party of a new type—the great, invincible party of the Bolsheviks.

At present, the teachings of Lenin and Stalin are the basis of the activity of communist and workers' parties, which have become the leading force in many states.

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13 *"History of the CPSU(B). Short Course", p. 50.*

Lenin, according to Comrade Stalin's remarkable definition, was a genius of revolution: "Lenin was born for revolution. He was truly a genius of revolutionary explosions and the greatest master of revolutionary leadership... In days of revolutionary turning points he literally blossomed, became a seer, anticipated the movement of classes and the probable zigzags of revolution, seeing them as if on the palm of his hand"[14]. Lenin deciphered the inner meaning of events, and his revolutionary predictions subsequently came true with all exactity.

The life of Lenin, like the life of Stalin, is inseparable from the glorious history of the Bolshevik party. Creating and educating a party of a new type—a party which, in Lenin's expression, embodied the mind, honor, and conscience of our epoch—Lenin himself was a leader of a new, highest type. Stalin spoke of Lenin that he was "not simply one of the leaders, but a leader of the highest type, a mountain eagle, knowing no fear in struggle and boldly leading the party forward along unexplored paths of the Russian revolutionary movement"[15].

Lenin showed with extraordinary conviction that modern science is profoundly partisan, that science in a class society inevitably reflects the interests of struggling classes. Just as in politics parties are grouped into only two camps, so science under capitalism is divided into two main classes.

Lenin in his immortal work "Materialism and Empirio-criticism" branded the "despicable party of the middle" in

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14 *J. V. Stalin, Works, vol. 6, p. 61.*

15 *J. V. Stalin, Works, vol. 6, p. 53.*

philosophy, which confuses the materialist and idealistic directions on every individual issue, "conciliatory charlatanism," trying to jump out of these two fundamental directions in philosophy and boasting of its feigned "non-partisanship." Lenin repeatedly developed this same proposition in relation to political economy as well. He wrote about bourgeois economists that "not a single professor of political economy, capable of giving the most valuable works in the field of factual, special research, can be believed in a single word once the talk turns to the general theory of political economy. For the latter is just as partisan a science in modern society as gnoseology"[16]. Regarding representatives of bourgeois economic science and philosophy, Lenin pointed out: "By and large, professor-economists are nothing other than scholarly lackets of the capitalist class, and professor-philosophers—scholarly lackets of theologians"[17].

In this connection, V. I. Lenin wrote that the task of Marxists is to be able to assimilate and process factual materials on new economic phenomena collected in the works of these "lackets," but at the same time "to be able to cut off their reactionariness tendency, to be able to pursue our own line and fight against the entire line of forces and classes hostile to us"[18].

Lenin's economic studies are brightest examples of partisan economic science, waging an unremitting struggle against the entire line of forces and classes hostile to the proletariat,

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16 *V. I. Lenin, Works, vol. 14, p. 328.*

17 *Ibid.*

18 *Ibid.*

against the deceitful economic science of scholarly lackets of monopoly capital.

In the article "Methods of Struggle of the Bourgeois Intelligentsia Against Workers" written before the start of the First World War, Lenin gave a remarkable analysis of the role of bourgeois ideology in the struggle of monopoly capital against the working masses. Lenin wrote that "in all capitalist countries of the world the bourgeoisie employs two methods of struggle against the working movement and against workers' parties. The first method is violence, persecution, prohibition, suppression. This is a method essentially serf-owning, medieval"[19]. Another method of bourgeois struggle against the working class consists in dividing workers, in disorganizing their ranks, in bribing and attracting individual representatives or individual groups of the proletariat to the side of the bourgeoisie. At the same time, liberal and "democratic" methods of duping and corrupting workers are widely applied.

Lenin considered a huge step forward along the path of political enlightenment of workers the exposure of the ideological impact of the bourgeoisie on the working class, making it possible to knock the weapon of slander out of the hands of bourgeois groups. In a speech at the First All-Russian Congress of Workers in Education and Socialist Culture on August 1, 1919, Lenin gave a vivid description of bourgeois ideology. Marx, analyzing the foundations of capitalist exploitation, ironically noted: "Here, where I will lead you, to this place of profit-squeezing by capitalists, freedom, equality,

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19 *V. I. Lenin, Works, vol. 20, p. 425.*

and Bentham reign supreme." Lenin, citing this remark of Marx, says that "in a capitalist society based on the domination of capital, on the domination of money, on the exploitation of working people, precisely 'freedom, equality, and Bentham' reign. Freedom, by which they mean freedom of profit-making, freedom of enrichment for the few, freedom of trade turnover; equality, by which they mean equality of capitalists and workers; the rule of Bentham, i.e., petty-bourgeois prejudices regarding freedom and equality."[20]

This remarkable definition of Lenin reveals and exposes the very essence of bourgeois apologetics permeating numerous "theories," pretentious scholarly "works," and pompous propaganda speeches of economists, historians, sociologists, philosophers, jurists, and other ideologists of modern capitalism.

At the same time, Lenin repeatedly analyzed those changes that the epoch of imperialism introduced into bourgeois ideology, into bourgeois social science. Lenin wrote in 1913: "...such a historical moment has arrived when the ruling bourgeoisie, out of fear of the growing and strengthening proletariat, supports everything backward, dying, medieval. The decaying bourgeoisie unites with all past-due and expiring forces to preserve wobbling wage slavery"[21].

In the article "On the Significance of Militant Materialism," Lenin especially noted that materials on the United States vividly show that so-called "modern democracy" "represents

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20 *V. I. Lenin, Works, vol. XXIV, p. 422.*

21 *V. I. Lenin, Works, vol. 19, p. 77.*

nothing other than the freedom to preach what is profitable for the bourgeoisie to preach, and it is profitable for it to preach the most reactionary ideas, religion, obscurantism, defense of exploiters, etc."[22]. This preaching of reactionary ideas and all kinds of obscurantism is usually covered by the flag of "democracy," "freedom," "Western civilization," etc. But, as Lenin said, in the epoch of imperialism "English culture, French culture... means: American civilization—who robs best"[23].

Lenin repeatedly branded the chase after reactionary teachings fashionable among the bourgeois intelligentsia, after the tinsel of the supposedly "latest word" of European science and the inability to "dissect under this tinsel of this or that variety of servitude to the bourgeoisie, its prejudices, and bourgeois reactionariness." He demanded "the unremitting exposure and prosecution of all modern 'diploma-bearing lackeys of popishness,' whether they appear as representatives of official science or as free lances calling themselves 'democratic left or ideological-socialist' publicists"[24].

Lenin angrily pilloried bourgeois economic science, which had degenerated into the most vulgar "refutations" of Marxism and the defense of the interests of capital with the help of all sorts of nonsense and the most unconscionable absurdities. He wrote: "...the social position of professors in bourgeois society is such that only those are admitted to this position who sell science to the service of the interests of capital, only those who

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22 *V. I. Lenin, Works, vol. XXVII, p. 186.*

23 *V. I. Lenin, Works, vol. XXV, p. 54.*

24 *V. I. Lenin, Works, vol. XXVII, p. 183.*

agree to speak the most incredible nonsense, the most unconscionable absurdities and balderdash against socialists. The bourgeoisie will forgive professors all this, as long as they are engaged in the 'destruction' of socialism"[25]. This characterization of Lenin is even more applicable to modern bourgeois economists who are in the service of American and British monopolies and year after year repeat the most incredible nonsense and shamelessly distort reality just to serve their monopolistic masters and once again declare the "final destruction" of socialism.

Lenin vividly showed that bourgeois economists fear genuine science, fear scientific analysis of capitalist reality. These attempts to banish the laws of economic development from science Lenin revealed on the example of the writings of Struve, who subsequently slid into Black-Hundred nationalism and Denikin's counter-revolution. Lenin wrote: "Despair in the possibility of scientifically analyzing the present, abandonment of science, the desire to spit upon any generalizations, to hide from any 'laws' of historical development, to block the forest with trees—such is the class meaning of that fashionable bourgeois skepticism, of that dead and death-dealing scholasticism that we see in Mr. Struve"[26].

This rejection of science by bourgeois economists reaches in many of them the point of principled denial of science. Thus, Struve in the 20th century repeated the methods of vulgar economists of the 19th century who, in Engels's words,

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25 *V. I. Lenin, Works, vol. 20, p. 129.*

26 *Ibid., p. 179.*

frightened by the dangerous conclusions of classical economy, decided that in this field it is safest not to tolerate any science at all. Just like Brentano at the time, Struve and other bourgeois economists declared a crusade against the theory of political economy, made an attempt to turn it into the collection and description of facts and factlets, into the notorious "empirical" school; so now the epigones of this school fill modern economic literature of the USA, England, and other capitalist countries with their bulky "works."

Lenin thoroughly exposed this notorious "empiricism," which consists in banishing generalizations unpleasant for the bourgeoisie from science, in the instinctive desire, realizing the hopelessness of their position and the impossibility of refuting Marxist theory, "to run away head over heels from any scientific research." Lenin showed that not only in philosophy and natural science, but also in political economy "the expulsion of laws from science is in reality only the smuggling in of the laws of religion"[27].

Lenin pointed out that "after Marx, to speak of any other non-Marxian political economy can only be for the duping of petty bourgeois, even if 'highly civilized' petty bourgeois"[28]. At the same time, as Lenin repeatedly noted, "the dialectics of history is such that the theoretical victory of Marxism compels its enemies to disguise themselves as Marxists"[29]. Lenin unremittingly and mercilessly exposed all attempts by bourgeois economists and opportunists from the Second

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27 *Ibid., p. 182.*

28 *V. I. Lenin, Works, vol. XXVII, p. 333.*

29 *V. I. Lenin, Works, vol. 18, p. 546.*

International who disguised themselves as Marxists to distort Marx's revolutionary teachings, to emasculate the revolutionary essence of Marxism.

Lenin defended Marxist economic theory from countless attacks by bourgeois and petty-bourgeois economists, revisionists, opportunists of all stripes. There is not a single field, not a single question of economic science in which Lenin, creatively developing and moving forward Marxist theory, did not crushingly smash bourgeois and petty-bourgeois theories hostile to Marxism, did not expose the mendacity of bourgeois economic "science" and opportunist distortions of Marxism.

Back in the 90s of the last century, Lenin gave a devastating critique of the economic views of the Narodniks, who at that time expressed the interests of the kulaks, as well as the "legal Marxists" who donned Marxist garments. Developing Marx's theory of reproduction, Lenin smashed the false "theories" of the Narodniks that the realization of surplus value without foreign markets is supposedly impossible. Already in the 90s, Lenin completed the ideological rout of Narodnikism and thereby cleared the soil for the creation of a Marxist workers' party in Russia. In his famous book "What Is to Be Done?" Lenin smashed the ideological positions of "economism" and its allies in Western European social-democratic parties in the person of revisionists, supporters of the opportunist Bernstein, who were conduits of bourgeois influence on the working class.

In a number of remarkable works devoted to the agrarian question both in Russia and in other countries, Lenin irrefutably proved the utter insolvency of numerous "theories" about the possibility of non-capitalist development of agriculture under conditions of capitalist society. Lenin completely refuted the assertions of numerous "critics" of Marx about the imaginary advantages of small-scale production in agriculture over large-scale production. The book of the German revisionist David, who tried under the cover of pseudo-socialist phrases to prove the "superiority," "viability," etc., of "small-scale" production in agriculture, Lenin called a code of bourgeois prejudices and bourgeois lies[30]. Lenin thoroughly exposed the notorious "law of diminishing soil fertility" with the help of which bourgeois economists try to blame nature for the limitations and contradictions of capitalism, to "substantiate" the growing poverty of working people.

Lenin thoroughly exposed all the falsity of the assertions of bourgeois economists and statisticians, as well as their reformist accomplices, that Marxist theory of impoverishment supposedly does not correspond to reality. He irrefutably proved that under conditions of capitalism the abyss between the haves and have-nots is deepening more and more. "The worker grows absolutely poorer, i.e., becomes downright poorer than before, is forced to live worse, eat more sparsely, starve more, huddle in cellars and attics. Even more striking,

30 *See V. I. Lenin, Works, vol. 22, p. 51.*

however, is the relative impoverishment of workers, i.e., the reduction of their share in the public income"[31].

In this connection, to this most important question, to which Lenin paid tremendous attention, as well as in connection with the analysis of a number of other economic problems, Lenin vividly showed the apologetic role of bourgeois statistics, revealed the methods of falsification by bourgeois statisticians of mass data for the purpose of embellishing capitalist reality in every possible way, glossing over and hushing up the irreconcilable class contradictions of capitalism.

Lenin waged an unremitting struggle against the separation of statistics from economic theory; he showed that the theoretical basis of economic statistics is and can be only Marxist political economy. Lenin exposed "statistical cretinism" in which "the forest disappears behind the trees, 'economic types of phenomena' disappear behind heaps of figures."

Lenin pilloried the "official-stereotyped" figures of bourgeois statistics and their uncritical use by economists, in which " researchers as it were do not even suspect what amount of need, oppression, ruin is hidden behind these stereotyped figures"[32].

Of especially great importance for the working class of the whole world was the teaching on imperialism created by Lenin in irreconcilable struggle against bourgeois economists who are apologists of imperialist reaction, against opportunists of the Second International, against Trotskyites and Bukharinites who

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[31] *V. I. Lenin, Works, vol. 18, pp. 405–406.*

[32] *V. I. Lenin, Works, vol. 22, p. 73.*

turned into agents of imperialist intelligence services. In his book "Imperialism as the Highest Stage of Capitalism," Lenin revealed the shameless lies of bourgeois economist social-chauvinists about the causes and goals of imperialist wars, about annexations, about the colonial policy of imperialism. Lenin exposed both the hired ink-slingers of imperialism and the reactionary petty bourgeois calling themselves pacifists and socialists who extolled "Wilsonism" and proved the possibility of peace and reforms under imperialism.

Lenin paid special attention to exposing "Kautskyism"—"the international ideological current represented in all countries of the world by 'prominent theorists,' leaders of the Second International... and a mass of socialists, reformists, pacifists, bourgeois democrats, priests"[33]. Lenin showed that "Kautskyism" was the product of the decomposition, putrefaction of the Second International, the inevitable fruit of "the ideology of petty bourgeois whose entire life situation holds them captive to bourgeois and democratic prejudices"[34].

Lenin revealed the mendacity of the assertions of bourgeois economists and Kautskyites echoing them that monopolies supposedly eliminate competition and crises. "The elimination of crises by cartels is a fable of bourgeois economists who embellish capitalism at all costs. On the contrary, monopoly, which is being created in certain branches of industry, strengthens and exacerbates the anarchy inherent in all capitalist production as a whole"[35].

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33 *Ibid., p. 180.*

34 *Ibid.*

35 *Ibid., p. 196.*

In this connection, Lenin also exposed the chatter of bourgeois economists (subsequently repeated by Hilferding and other apologists of "organized capitalism") about the supposedly beneficial impact of the development of technology on the elimination or mitigation of crises. Lenin showed that under conditions of imperialism "an intensively rapid growth of technology carries with it more and more elements of discrepancy between the various branches of the national economy, of anarchy, of crises"[36].

Lenin pilloried the apologists of imperialism, in particular German professor Schulze-Gaevernitz, who tried in every possible way to conceal the robbing of the working masses by a handful of banking monopolists. "The task of the bourgeois professor," Lenin wrote, "consists not in revealing the entire mechanics, not in exposing all the tricks of banking monopolists, but in embellishing them"[37]. In his "Notebooks on Imperialism," characterizing this professor's book "British Imperialism," Lenin wrote about him: "The greatest scoundrel, banality, Kantian, for religion, chauvinist... Traveled around England, gathered a lot of material and observations. The English s.o.b.'s robbed, let us rob too, 'consecrating' robbery with Kant, dear God, patriotism, science—such is the essence of the position of this 'scientist'!!"[38]. This apt characterization of Lenin hits not in the brow but in the eye hundreds of modern bourgeois "scientists" in the service of American imperialism who invoke in all keys "let us rob too" and "consecrate" this

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36 *Ibid., p. 197.*

37 *Ibid., p. 206.*

38 *V. I. Lenin, Works, vol. 22, p. 213.*

robbery with hypocritical phrases about "science," "democracy," "assistance to backward countries," etc.

Lenin exposed all the hypocrisy of theoretically absurd, but practically serving as a method of dishonest defense of the worst opportunism, arguments of bourgeois economists and Kautsky who joined them that international cartels supposedly provide an opportunity to hope for peace between peoples under imperialism. Lenin pilloried the scholarly lackets of the imperialist bourgeoisie who tried to embellish the colonial policy of imperialist states; he exposed Kautsky's attempts to tear the politics of imperialism away from its economics, to gloss over, to blunt the most fundamental contradictions of the last stage of capitalism instead of revealing all their depth.

Of special importance is Lenin's exposure of the counter-revolutionary theories of "ultra-imperialism" and "organized capitalism" picked up by Trotskyites and Bukharinites. Lenin ridiculed the "official extolling of the charms of 'organized' capitalism by its apologists like Schulze-Gaevernitz, Liefmann, and similar 'theorists'"[39]. He showed to what extent the "theory of ultra-imperialism" put forward by Kautsky breaks decisively and irrevocably with Marxism. The dead abstractions of "ultra-imperialism" serve, in Lenin's words, an exclusively reactionariness purpose: distracting attention from the depth of existing contradictions of imperialism, encouraging the deeply erroneous thought, which pours water on the mill of apologists of imperialism, as if "the domination of financial capital

39 *V. I. Lenin, Works, vol. 22, p. 213.*

weakens the unevenness and contradictions inside world economy, whereas in reality it strengthens them"[40].

Having revealed the reactionary character of the notorious "theory of ultra-imperialism" concocted by Kautsky, Lenin showed that in this "theory" there is precisely nothing except deception of the masses. Summing up the petty-bourgeois "critique" of imperialism by Kautsky, Lenin wrote: "Both Kautsky's theoretical analysis of imperialism and his economic as well as political critique of imperialism are thoroughly imbued with a spirit of glossing over and smoothing over the most fundamental contradictions, which is absolutely irreconcilable with Marxism..."[41]. All this opportunist "critique" of imperialism had as its purpose to emasculate the living revolutionary soul of Marxism, to "refute" the main general conclusion of Lenin's theory of imperialism that imperialism is the eve of the socialist revolution.

It was precisely on the basis of a consistently Marxist analysis of imperialism as the last phase of capitalism that Lenin showed that under conditions of imperialism and the extreme unevenness of development created by it, the victory of socialism initially in separately taken capitalist countries is possible and inevitable, and created the theory of the proletarian revolution.

Lenin paid enormous attention to exposing bourgeois and petty-bourgeois theories of the state. In his lecture "On the State" in 1919, Lenin pointed out that there is hardly another

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40 *Ibid., pp. 258–259.*

41 *Ibid., p. 284.*

question so confused by representatives of bourgeois science, philosophy, jurisprudence, political economy, and publicistics as the question of the state.

"This question is so confused and complicated because it (yielding in this respect only to the foundations of economic science) touches upon the interests of the ruling classes more than any other question. The teaching on the state serves as a justification of social privileges, a justification of the existence of exploitation, a justification of the existence of capitalism; that is why to expect impartiality in this question, to approach the matter in this question as if people pretending to scientific rigor can give you the point of view of pure science here, is the greatest mistake"[42].

Lenin showed that in the teaching on the state, in the theory of the state, one must always see the class struggle, which is reflected in or finds its expression in the struggle of views on the state, in the assessment of its role and significance. Exposing the mendacity and hypocrisy of bourgeois democracy, Lenin noted in the same lecture that "nowhere does the power of capital, the power of a handful of billionaires over the whole society manifest itself so crudely, with such open bribery, as in America"[43].

Bourgeois economic science attacks the Marxist-Leninist teaching on the class nature of the state with special ferocity. Ideologists of monopoly capitalism, from open imperialists to opportunists masking as Marxists, try in every possible way to

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42 *V. I. Lenin, Works, vol. XXIV, p. 364.*

43 *Ibid., p. 375.*

portray the bourgeois state as a supra-class force representing and defending the interests of the whole society. Lenin wrote: "The struggle to emancipate the working masses from the influence of the bourgeoisie in general, and the imperialist bourgeoisie in particular, is impossible without a struggle against opportunist prejudices regarding the 'state'"[44].

Lenin repeatedly exposed attempts by bourgeois economists to portray "state regulation" during wartime, which creates military penal servitude for workers and paradise for bankers and capitalists, in the form of "control" by the state over monopoly capital. Lenin wrote: "Bourgeois lie, passing off as 'control' state-planned measures ensuring triple, if not tenfold, profits to capitalists"[45].

This indication of Lenin, exposing the lies of bourgeois ideologists about the character of "state regulation," fully retains its relevance in our time when lackets of imperialism try to portray state-monopoly capitalism and the wartime economy of capitalist countries as a "planned economy."

With new force now sound Lenin's words that "states with a military apparatus intensified as a result of imperialist competition have turned into military monsters exterminating millions of people in order to decide the dispute—whether England or Germany, this or that financial capital is to dominate the world"[46].

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44 *V. I. Lenin, Works, vol. 25, p. 356.*

45 *Ibid., p. 29.*

46 *Ibid., p. 461.*

These propositions of Lenin were thoroughly developed by Comrade Stalin, who completely exposed illusions about the possibility of a planned economy under capitalism. In a conversation with English writer H. G. Wells, Comrade Stalin pointed out that economy "properly speaking little concerns the capitalist state, it is not in its hands. On the contrary, the state is in the hands of the capitalist economy"[47].

Comrade Stalin vividly showed the utter dependence of bourgeois governments on capitalist monopolies and banks despite the existence of "democratic" parliaments. "Parliaments assure," Comrade Stalin said, "that it is they who control governments. But in reality it turns out that the composition of governments is predetermined and their actions controlled by major financial consortiums. Who does not know that in not a single capitalist 'power' can a cabinet be formed against the will of major financial tycoons: one only has to exert financial pressure—and ministers fly from their posts like madmen. This is truly the control of banks over governments, contrary to the feigned control of parliaments"[48].

These propositions of Lenin and Stalin have even greater topicality at present when the state apparatus of the United States, which is in the hands of a handful of capitalist monopolies, is used by the latter to secure monstrous profits, for adventuristic attempts to unleash a new war, change the course of historical development, and conquer world domination.

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47 *J. Stalin, Problems of Leninism, 10th ed., p. 602.*

48 *J. V. Stalin, Works, vol. 10, pp. 100–101.*

Lenin repeatedly noted that bourgeois economic science in the epoch of imperialism has reached the extreme degree of marasmus, decline, and prostitution. At the beginning of the epoch of imperialism, before the development of the general crisis of capitalism, there occurs, as Lenin wrote, "the wholesale transition of all propertied classes to the side of imperialism. 'Universal' infatuation with its prospects, rabid defense of imperialism, embellishment of it in every possible way—such is the sign of the times"[49]. During this period, imperialist ideology also penetrates into the working class, for it is not separated by a Chinese wall from other classes.

"Monstrous facts concerning the monstrous domination of the financial oligarchy" strike the eye so much that a literature has arisen in the USA, England, and all other capitalist countries standing on a bourgeois point of view, but giving, as Lenin said, a "petty-bourgeois" critique of the financial oligarchy. A peculiar division of labor has developed among bourgeois economists between cynically frank defenders of imperialism and supporters of "reforming" capitalism. Lenin pointed out: "Bourgeois scientists and publicists appear as defenders of imperialism usually in a somewhat veiled form, glossing over the full domination of imperialism and its deep roots, trying to push into the foreground particulars and secondary details, straining to distract attention from the essential by completely non-serious 'reform' projects like police supervision over trusts or banks, etc. Cynical, frank imperialists who have the audacity

[49] *V. I. Lenin, Works, vol. 22, p. 272.*

to recognize the absurdity of the thought of reforming the basic properties of imperialism appear more rarely"[50].

Thus, the majority of bourgeois professor-economists whom monopolies pay for whitewashing capitalist slavery concentrate their efforts on concealing the mechanics of exploitation of the working masses by the financial oligarchy, on embellishing the crimes of banking monopolists. Lenin wrote: "...representatives of bourgeois German science, and not only German science... are thoroughly apologists of imperialism and financial capital. They do not reveal, but rather gloss over and embellish the 'mechanics' of oligarchy formation, its methods, the size of its incomes, 'sinless and sinful,' its connections with parliaments, etc., etc. They brush aside 'damned questions' with important, dark phrases, appeals to the 'sense of responsibility' of bank directors, praise of the 'sense of duty' of Prussian officials, serious analysis of trivial details of completely non-serious bills on 'supervision,' 'regulations,' theoretical playthings..."[51].

This characterization of Lenin is entirely applicable to modern American and British bourgeois economic literature on questions of imperialism and monopolies, to the writings of right-wing socialists. Now that the domination of monopolies in the USA and England has become even more all-embracing and the policy of monopolies even more reactionary, bourgeois economists, especially those pretending to "liberalism," masking behind pretensions to "scientific rigor," in reality grovel before imperialism, try by all means to distract the attention of the masses from the sly "mechanics" of domination

50 *Ibid., p. 214.*

51 *Ibid., pp. 214–215.*

of the financial oligarchy, from the essence and true goals of imperialist policy.

Some American bourgeois economists like W. Burger, D. Lynch, individual workers of the Temporary National Economic Committee, congressional committees on small business, etc., paint in their works a picture of the most flagrant facts of financial oligarchy domination and the tricks of monopoly capital. They sometimes even dare to criticize monopolies, calling to go back to the supposedly "paradise days" of free competition. However, this petty-bourgeois critique of monopolies not only has nothing in common with a genuinely scientific analysis of monopolistic capitalism and its fundamental vices, but by peculiar methods serves its goals, assisting in the deception of the masses and generating reactionary-utopian illusions about the possibility, without touching the foundations of capitalism, of "improving" and "patching it up." Such "innocent wishes" are constantly repeated in modern bourgeois economic literature of the United States, especially in the writings of liberal economists calling themselves "the last Mohicans" of Roosevelt's "brain trust" who vainly tried at the time to find a capitalist way out of the deepest economic crisis of 1929–1933.

At present, when the United States of America has become the basis of the imperialist, anti-democratic camp, the citadel of reaction throughout the world, the ideologists of aggressive American imperialism no longer limit themselves to the former preaching of "freedom, equality, and Bentham." Out of fear of the forces of democracy and socialism growing and strengthening all over the world, American imperialists unite

with all expired and expiring forces, support everything reactionary, backward, dying, medieval. The bourgeoisie tries during this period to adapt social science, like all science in general, to the task of saving dying capitalism, of its "artificial preservation," as Lenin said, at the price of millions of victims.

The ideologists of American imperialism spread the wildest, misanthropic "theories" and views borrowed from the arsenal of German fascism. Preparing a war against the USSR and the countries of people's democracy, an aggressive war for world domination, American imperialists strive to ideologically prepare the working masses for the role of cannon fodder in this war. For this purpose they try by all means to influence the politically backward masses of American philistines imbued with petty-bourgeois prejudices, to befog them with anti-socialist propaganda, poison them with the venom of chauvinism and militarism, racial hatred, and war hysteria.

To this end, the powerful apparatus of "public opinion production" in the USA is put into motion—the press and radio, cinema and church, completely in the hands of monopoly capital, fulfilling the will of the National Association of Manufacturers and other bodies of the American financial oligarchy. For the same purpose, bourgeois pseudo-science, scholarly lackets of monopoly capital, and "diploma-bearing lackeys of popishness" are used.

At present, the state, general economic, everyday, and any other dependence of bourgeois science, and especially social science, on monopoly capital dominating in the USA has become even greater than before. United States monopolies use

bourgeois pseudo-science not only to justify among American philistines their imperialist expansion and their demented plans for world domination, but also for a peculiar export abroad of a correspondingly adapted and whitewashed ideology of imperialism and misanthropic "theories" of instigators of a new war.

Bourgeois professors and the yellow press with equal zeal systematically spread slander about the imaginary aggressiveness of the Soviet Union, try to portray the Anglo-American imperialist bloc in the role of the "defending" side and remove responsibility for the preparation of a new war. This, however, does not prevent ideologists of American imperialism from propagating inside the USA vile ideas as if the preparation of a new war is the only means to mitigate the economic crisis developing in the country and provide work for the rapidly growing masses of the unemployed.

Trying to counteract the unremitting growth of the international authority and popularity of the Soviet Union, which through its heroic struggle against imperialism has won the love and respect of the working masses of the USA and all other capitalist countries, the ideological standard-bearers of American imperialism falsely accuse communists of "totalitarianism," spread all sorts of fabrications about the USSR and the countries of people's democracy. At the same time, they whitewash bourgeois pseudo-democracy in every possible way, hush up the domination of monopolies, national and racial oppression in the USA and other capitalist countries, and preach fascist "racial theories" in a new American edition.

American bourgeois political economy already in the 19th century was a vulgar rehash of "theories" of the most vulgar economists of Western Europe. The "coryphaeus" of American economic science is still considered to be Carey, about one of whose main books Engels wrote in a letter to Marx: "Ignorance and carelessness can compare here only with the shamelessness that allows him to set forth such balderdash"[52]. The ignorant bourgeois-apologetic balderdash of Carey and other reactionary American economists about the "harmony of interests" of exploiters and exploited is the most important basis, the unquestionable dogma of all modern bourgeois political economy of the USA. On this basis American political economy professors diligently layered in their "collection notebooks" all the refuse of European vulgar economists and the notorious "theory of population" by Malthus, and the "theory of diminishing soil fertility," and the revelations of reactionary German "national economy," and the theories of "marginal productivity" and "marginal utility." They tried to combine various vulgar theories in a mash of vulgar arguments and randomly dragged-in facts.

A sort of completion of American bourgeois economic science was the Harvard business cycle school, which completely rejects economic theory and concentrates its efforts on pseudo-scientific and invariably failing predictions of "economic weather." To what limits of ignorance these soothsayers from Harvard reached is shown by the attempts of some of them to explain the origin of economic cycles by... changes in sunspots, planetary positions, and similar astrological nonsense. No

52 *K. Marx and F. Engels, Works, vol. XXIV, p. 257.*

wonder that in October 1929, two days after the stock market panic that came to be called "Black Friday" and was one of the symptoms of the already arrived crisis, the Harvard Economic Society published its regular forecast asserting that "events on the stock market are not the precursor of a crisis."

Even in 1930, when the crisis was already raging in the United States with unprecedented force, Hoover's scholarly lackets tried to assure the starving masses of the unemployed that everything was going well.

Comrade Stalin pointed out at the 16th Congress of the VKP(b): "It must be admitted that bourgeois economists turned out to be complete bankrupts in the face of the crisis. Moreover, they turned out to be deprived even of that minimum feel for life that one cannot always deny to their predecessors"[53]. The collapse of the Harvard business cycle school was one of the expressions of the bankruptcy of modern bourgeois economic science.

The writings of other American "coryphaei" of bourgeois political economy like Clark are in turn a hodgepodge of vulgar economic "theories" of different countries and times. They picked up from garbage dumps all sorts of "theoretical" refuse long ago criticized and exposed by the only genuinely scientific Marxist economic science, and trying to utilize them, glue them together, presented all this in the form of the "latest word of economic thought."

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53 *J. V. Stalin, Works, vol. 12, p. 242.*

Marx wrote that "on a flat plain every molehill seems a hill; the flatness of modern bourgeois thought is best measured by the caliber of its 'great thinkers'"[54]. English economist Keynes is tried to be portrayed as such a "great thinker" and prophet of bourgeois economic thought of our days in the USA and England. In reality, however, Keynes's "theory" is also a hodgepodge of charlatan potions for "saving capitalism," trying to combine, after updating them correspondingly to the interests of monopoly capital, a number of long-ago refuted and exposed vulgar economic teachings.

Proceeding from his idealistic positions, Keynes, like other vulgar economists, shies away from economic regularities and looks for all sorts of "eternal" psychological motives of capitalists' behavior. At the same time, he is an ideologist of state-monopoly capitalism, a preacher of the further subordination of the bourgeois state to capitalist monopolies. Repeating Sismondi's theory of "underconsumption," Keynes looks for ways out of crises through increasing the wastefulness, luxury, and all sorts of unproductive expenditures of capitalists, trying to lay a sort of "theoretical" foundation for justifying and even glorifying the parasitism of the monopolistic bourgeoisie. Thus, Keynes's "theory," repeating the refrains of 19th-century vulgar economy, is a characteristic product of the period of the general crisis of capitalism, the decay and dying of modern capitalism. His quack recipes for "saving capitalism" with the help of "building pyramids, earthquakes, and even wars" were enthusiastically picked up by both English and many American bourgeois

54 *K. Marx and F. Engels, Works, vol. XVII, p. 566.*

economists in the service of military-industrial monopolies who try by order of the latter to find justification for the criminal activity of instigators of a new war. The main meaning of the stance of the bitterest enemy of the working class Keynes and his English and American epigones boils down to intensifying the exploitation of working people and the state's extraction of the greater part of their incomes for the purpose of financing military preparation and enriching monopolists.

Lenin already in 1920 called Keynes an English philistine, a professed bourgeois, a ruthless opponent of bolshevism. Subsequently Keynes became a frank ideologist of imperialist wars. Such is this fashionable prophet of bourgeois economic science whom the monopoly press tries to pass off as a "great thinker." Hundreds of scholarly lackets of monopoly capital make a career for themselves by adapting Keynes's "abstract" theories to the tasks of concrete economic policy of monopolies and the state apparatus of the USA, England, and other capitalist countries serving them. In Keynes's stances the imperialist bourgeoisie found a supposedly new, but in reality long ago rusted weapon of struggle against communism, struggle for world domination.

In the preface to the German edition of his book "The General Theory of Employment, Interest and Money" published in Hitler's Germany, Keynes directly wrote that his theory "is more suited to the structure of a total (i.e., fascist.—M. R.) state than to the structure of free competition and non-interference of the state." Indeed, the main features of Keynesianism—its apology of war, rabid malice toward the

Soviet Union and the working class, socio-economic demagogy (promises to eliminate crises, wage struggle against loan capital, etc.)—are extremely similar to the ideological foundation and social demagogy of the Hitlerites. Thus, Keynesianism is a characteristic reflection of the fascization of modern vulgar bourgeois political economy, and no wonder that rapidly fascizing American contenders for world domination grabbed onto it. Legends created by some American and Western European economists about the existence of "two Keyneses"—reactionary and reformist—about Keynesianism supposedly having a progressive side or direction, contribute to the spread of harmful illusions about the possibility of using the bourgeois state during the period of the general crisis of capitalism for the purpose of carrying out social reforms, about the possibility of turning monopoly capitalism into a sort of "progressive capitalism." It is well known that the modern state apparatus of bourgeois violence entirely and completely serves the interests of monopoly capital and is directed at preparing imperialist wars, at suppressing the working class and its organizations.

Modern bourgeois-apologetic "theories" are fundamentally hostile to the teachings of Marxism-Leninism, have nothing in common with genuine science.

Lenin with greatest force exposed and branded lackets of imperialism in the working movement—reformists, spiritual fathers of the current servants of American imperialism, right-wing socialists. He revealed the economic basis of reformism, showed that this basis is parasitism and decay inherent in imperialism.

Superprofits received by a handful of monopolists through establishing monopoly prices, the export of capital, the robbery of colonial and dependent countries give them the opportunity in thousands of ways, direct and indirect, open and veiled, to bribe the upper stratum of the proletariat—the labor aristocracy, as well as the trade union bureaucracy. Lenin showed that the labor aristocracy is the main social support of the bourgeoisie, and its ideologists and bourgeoisified social-democratic politicians are real agents of the bourgeoisie in the working movement, workers' lackets of the capitalist class. Lenin subjected to crushing criticism the most diverse "theories" of reformist lackets of imperialism—from frank social-chauvinists to preachers of "prostituted 'Marxism' à la Kautsky" who covered themselves with leftist phrases[55], who during the period of the general crisis of capitalism finally crossed over to the camp of the bourgeoisie, became its instrument in the struggle against the working class, against the Soviet Union.

Comrade Stalin developed Lenin's analysis of reformism as agency of imperialism. Comrade Stalin wrote: "Current social-democracy is the ideological support of capitalism. Lenin was a thousand times right when he said that current social-democratic politicians are 'real agents of the bourgeoisie in trade union movement, workers' lackets of the capitalist class,' that in the 'civil war of the proletariat with the bourgeoisie' they will inevitably come 'to the side of the Versailles people against the Communards.' It is impossible to finish off capitalism without finishing off social-democracy in the

[55] *V. I. Lenin, Works, vol. 22, p. 108.*

working movement. Therefore, the era of the dying of capitalism is at the same time the era of the dying of social-democracy in the working movement"[56].

These propositions of Lenin and Stalin have enormous significance in the modern international situation. Right-wing socialists in all capitalist countries act at present not only as the ideological support of "their" bourgeoisie, as its agents in the working movement, but also as agents of American imperialism, "substantiating" and whitewashing the aggressive struggle of US monopolies for world domination, their policy of fomenting war against the USSR and the countries of people's democracy. Social-democratic parties of European countries have turned into American parties, into a direct instrument of imperialist aggression of the United States. The "theorists" of right-wing socialists, having long ago abandoned even "prostituted 'Marxism' à la Kautsky," pick up all sorts of rubbish of reactionary bourgeois "theories" in the field of political economy, history, philosophy, sociology, trying to present it in the form of the newest, "constructive socialism." They chatter about the peaceful "growing into" socialism of capitalism, about the "harmony of interests" and "peaceful cooperation of classes." They extol in every possible way the notorious "American way of life" and lauded American "democracy," try even to surpass their imperialist masters in hatred of the Soviet Union, in malice against Marxism-Leninism.

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56 *J. V. Stalin, Works, vol. 10, pp. 249–250.*

As noted in the resolution of the Information Bureau of Communist Parties adopted in November 1949, "sliding further and further along the path of betraying the interests of the working class, democracy, and socialism, having completely renounced Marxist teaching, right-wing socialists now act as defenders and propagandists of the predatory ideology of American imperialism. Their theories of 'democratic socialism,' 'third force,' their cosmopolitan ravings about the necessity of abandoning national sovereignty represent nothing other than the ideological cover for the aggression of American and British imperialism"[57]. Fighting with all their strength to save dying capitalism, to preserve capitalist slavery, right-wing socialists have become direct accomplices of American instigators of a new war, conduits and preachers of their policy of an ever-increasing arms race and "cold war" against the forces of democracy and socialism.

Comrade Stalin already in 1928 said that social-democracy "is the main support of capitalism in the working class in the cause of preparing new wars and interventions"[58], which uses the pharisaical phraseology of imperialist pacifism for this. At present, right-wing socialists acting under the mask of imperialist pacifism are the main conduits and ideologists of the policy of American instigators of war, the "Marshall Plan," the North Atlantic Pact, and other aggressive military blocs, the notorious "military assistance" of the United States to Western European states.

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57 *"For a Lasting Peace, for People's Democracy!", 29/XI 1949.*

58 *J. V. Stalin, Works, vol. 11, p. 201.*

Right-wing socialists are the main instigators and most active preachers of the vile ideology of bourgeois cosmopolitanism, masking the predatory ambitions of American monopolies with phrases about a "world state" and "united Europe."

Right-wing socialists are suppliers of the most unbridled slander against the Soviet Union and the countries of people's democracy. They carry out the assignments of American imperialists on splitting the working movement in capitalist countries and organizing spy-diversionist nests in the countries of people's democracy.

Fulfilling the will of American monopolies, right-wing socialists and reformist trade union bureaucrats try with all their might to disrupt the growing day by day movement of popular masses for peace, by any means to weaken the camp of peace, democracy, and socialism, to counteract the ever-increasing international authority of the Soviet Union.

Deploying and activating the struggle for peace, for banning atomic weapons and other means of mass extermination, exposing every sortie of instigators of a new war, hundreds of millions of working people and their vanguard—Marxist-Leninist communist and workers' parties—unremittingly and tirelessly expose the main agency of imperialist instigators of war in the working movement—right-wing socialists and trade union imperialists.

The great continuer of the immortal cause of Lenin, Comrade Stalin, always attached and attaches paramount significance to the cause of the ideological education of the Soviet people, the unremitting exposure of all manifestations and remnants of

bourgeois ideology in all fields of socialist science and culture. Comrade Stalin emphasizes that mastering Marxist-Leninist ideology and developing the theory of Marxism-Leninism are inextricably linked with unremitting struggle against bourgeois ideology, against tenacious remnants of bourgeois theories and prejudices.

In his speech at the conference of agrarian-Marxists in December 1929, Comrade Stalin dwelt in detail on the fact that various bourgeois and petty-bourgeois theories on questions of our economy still circulate among us, that these theories and theorizing do not encounter proper rebuff. Comrade Stalin pointed out that a number of basic propositions of Marxist-Leninist political economy, which are the surest antidote against bourgeois and petty-bourgeois theories, are not popularized in our press, are not pushed to the foreground. In this connection, Comrade Stalin emphasized that "without an irreconcilable struggle against bourgeois theories on the basis of Marxist-Leninist theory it is impossible to achieve complete victory over class enemies"[59].

Comrade Stalin spoke of the necessity of uprooting these theories that acquire the strength of prejudices, "for only in struggle against bourgeois prejudices in theory can one achieve the consolidation of the positions of Marxism-Leninism"[60].

In the same speech, Comrade Stalin gave vivid examples of a genuinely scientific exposure of "bourgeois prejudices called theories," including the so-called theory of "equilibrium," the

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59 *J. V. Stalin, Works, vol. 12, p. 142.*

60 *Ibid., p. 143.*

theory of "spontaneity" in socialist construction, the theory of "stability" of small peasant economy, etc.

In his report at the 17th Congress of the Party, Comrade Stalin again emphasized the significance of the ideological struggle against remnants of capitalism in the consciousness of Soviet people. He pointed out that the tenacity of remnants of bourgeois ideology is caused not only by the fact that people's consciousness in its development lags behind their economic position, but also by the fact that the capitalist encirclement tries to revive and support remnants of capitalism in economy and people's consciousness in the USSR, and against this the Bolsheviks must keep their powder dry all the time. It is precisely in this connection that Comrade Stalin demanded strengthening ideological work in all links of the party, waging unremitting propaganda of Leninism, systematically exposing the ideology and remnants of ideology of currents hostile to Leninism.

In response to the boasters of fascists that they "destroyed Marxism," Comrade Stalin said: "Marxism is the scientific expression of the fundamental interests of the working class. To destroy Marxism, one must destroy the working class. And destroying the working class is impossible. More than 80 years have passed since Marxism entered the arena. During this time dozens and hundreds of bourgeois governments tried to destroy Marxism. And what? Bourgeois governments came and went, but Marxism remained. Moreover—Marxism achieved complete victory in one-sixth of the world, moreover achieving

victory in that very country where Marxism was considered finally destroyed"[61].

Only 16 years have passed since then. Marxism-Leninism is scoring one historic victory after another. 25 million people are united in the ranks of communist and workers' parties guided by the great and invincible theory of Marxism-Leninism. Countries where Marxism-Leninism has already achieved victory number about 800 million people, i.e., more than a third of all humanity. Marxist-Leninist theory has become the property of the broadest popular masses in all countries, inspiring them to struggle for the victory of socialism.

J. V. Stalin always distinguishes genuine science, inextricably linked with practice, illuminating the path forward, and science in quotation marks, trying with pseudo-scientific arguments to hinder progress.

In the article "The Year of the Great Turn," Comrade Stalin pointed out that "the objections of 'science' to the possibility and expediency of organizing large grain factories of 40–50 thousand hectares collapsed and scattered to the dust. Practice refuted the objections of 'science,' showing once more that not only must practice learn from 'science,' but 'science' would also do well to learn from practice"[62]. These objections of "science" were caused by the fact that "science" blindly followed the experience of capitalist countries where giant grain factories do not take root. Forgetting that the USSR is a socialist country, this science, like the assertions of right-wing opportunists,

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61 *J. Stalin, Problems of Leninism, 11th ed., p. 484.*

62 *J. V. Stalin, Works, vol. 12, p. 129.*

collapsed and scattered to the dust like old bourgeois-liberal rubbish.

These thoughts on advanced science paving and illuminating the path forward, unlike pseudo-science locked in a shell trying to hinder progress, J. V. Stalin developed in his speech at the Kremlin reception for higher school workers on May 17, 1938.[63]

Comrade Stalin emphasized that advanced science is science that "does not allow its old and recognized leaders to complacently lock themselves in the shell of priests of science, in the shell of monopolists of science, which understands the meaning, significance, omnipotence of the alliance of old science workers with young science workers, which voluntarily and willingly opens all doors of science to young forces of our country and gives them the opportunity to conquer the peaks of science, which recognizes that the future belongs to the youth of science"[64].

Comrade Stalin considers innovation a characteristic feature of advanced science, the people of which, understanding the power and significance of established traditions in science and skillfully using them, have the courage to break old traditions, norms, guidelines when they turn into a brake for forward movement, and know how to create new traditions, new norms, new guidelines.

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[63] *Comrade Stalin's speech at the Kremlin reception for higher school workers on May 17, 1938. Gospolitizdat, 1938, pp. 3–4.*

[64] *Comrade Stalin's speech at the Kremlin reception for higher school workers on May 17, 1938, pp. 3–4.*

The greatest coryphaei of science who know how to break the old and create the new despite any obstacles are Lenin and Stalin who, on the basis of scientific analysis, more than once drew conclusions that put "science" in a dead end, were not afraid to go against the current, against stagnation.

Comrade Stalin said that Lenin is "a model of a man of science boldly waging a struggle against obsolete science and paving the way for new science." Such a coryphaei of science is the great leader and teacher of the Soviet people and of all progressive humanity—J. V. Stalin.

In his historical speech at the First All-Union Stakhanovite Conference, Comrade Stalin ridiculed people who, hiding behind "science," cling to technical backwardness, orient themselves toward this backwardness, proceed from backwardness, and things finally reach the point that they begin to play at backwardness. He called "to break the conservatism of some of our engineers and technicians, break old traditions and norms and give free rein to new forces of the working class"[65].

The data of science are always checked by practice, by experience. Science that has broken ties with practice, with experience is not science. "If science were such as some of our conservative comrades portray it, it would have perished for humanity long ago. Science is called science precisely because it does not recognize fethes, is not afraid to raise its hand against expiring, old and sensitively listens to the voice of experience, practice. If things were otherwise, we would not

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65 *J. Stalin, Problems of Leninism, 11th ed., pp. 501, 502.*

have science at all, we would not have, say, astronomy, and we would still be getting by with the obsolete system of Ptolemy, we would not have biology, and we would still be comforting ourselves with the legend of the creation of man, we would not have chemistry, and we would still be getting by with the prognostications of alchemists"[66].

Comrade Stalin pointed out that "new paths of science and technology are sometimes paved not by people well known in science, but by people completely unknown in the scientific world, simple people, practitioners, innovators of action"[67].

Comrade Stalin daily teaches workers of Soviet science to be closer to life, to rely on practice and generalize its data, to introduce the results of scientific works into practice more quickly. This organic connection of Soviet science with the practice of socialist construction is inextricably combined with the systematic exposure of bourgeois pseudo-science, which has currently become a "science of death" in the service of imperialists and militarists plotting new wars.

Questions of Economics, No.4 , 1950.

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66 *Ibid., p. 502.*

67 *Comrade Stalin's speech at the Kremlin reception for higher school workers on May 17, 1938, p. 6.*

DISCUSSION OF N. LISITSIAN'S REPORT AT THE INSTITUTE OF ECONOMICS OF THE USSR ACADEMY OF SCIENCES

G. S. Shifrin ("Kalibr" plant) noted that Comrade Lisitsian touched upon urgent issues in her report. In 1949, some industrial enterprises made commitments to accelerate working capital turnover that were not always supported by calculations. It was unclear how the acceleration of working capital should be determined—by normed working capital or by all working capital. Since prices changed on January 1, 1949, the comparison of turnover in 1949 with actual turnover for 1948 was in most cases conditional. Price dynamics, essentially, is not fully taken into account to this day. At many enterprises, when comparing the speed of asset turnover for 1949 with the speed of turnover for 1948, it turned out that commitments were overfulfilled, whereas compared to the 1949 plan, it turned out that the speed of asset turnover had slowed down. This indicates a lack of control over the correctness of asset turnover rate calculation.

A shortcoming of the struggle to accelerate working capital turnover was the desire at all costs and ahead of schedule to make contributions of freed working capital. Many economic managers "bought off" their commitments: they contributed the corresponding amount to the bank, after which such an enterprise fell into the lists of "prosperous" ones. At the same time, very often such enterprises experienced financial

difficulties. Only in December 1949 did the USSR Ministry of Finance introduce significant corrections into the procedure for contributing freed funds.[68]

Comrade Shifrin further criticized the method of calculating the turnover of industrial enterprise assets recommended by the USSR Ministry of Finance and the USSR Central Statistical Administration (CSU USSR) on April 14, 1949. Comrade Shifrin considers economically unjustified the calculation of turnover at wholesale prices excluding the turnover tax. Such a calculation violates one of the main requirements of economic analysis—the comparability of values. This method cannot be used either to analyze the acceleration of asset turnover in economic accounting shops, sections, and brigades. As a rule, it embellishes the asset turnover indicator and therefore does not contribute to the maximum identification of reserves for accelerating working capital turnover. Comrade Shifrin proposes to revise this method and calculate working capital turnover by the volume of sales at factory-plant cost. The influence of conditions that increase or reduce cost on the acceleration or slowdown of the asset turnover rate should be taken into account when analyzing reporting and planned data.

In the practice of tool-making plants, the struggle to accelerate working capital turnover in 1950 is organizationally fixed. It has been established which officials should be responsible for the state of a particular group of working capital, what form of control over them should be applied, and within what timeframes control should be carried out. Indicators for

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68 *Review of speeches compiled by V. Chernysheva.*

accelerating asset turnover are communicated to departments and shops.

Depending on the fulfillment of these indicators, bonuses are awarded to workers. Under such conditions, there is no fear that in 1950 the collectives will weaken the struggle to accelerate asset turnover.

However, the asset turnover speed indicator has not yet been included in the system of main performance indicators of all enterprises. In 1949, some main administrations regarded the struggle to accelerate working capital turnover as a routine campaign, which led to spontaneity in this issue in 1950. The rapporteur correctly noted that this is fundamentally wrong and weakens the struggle to accelerate working capital turnover.

The planning of working capital is still in an unsatisfactory state. Current norms in most cases do not contribute to accelerating working capital turnover. They are overstated and do not orient toward identifying reserves and their better utilization. In particular, at the enterprises of Glavinstrument, significant reserves are embedded in the norms. Comrade Lisitsian's proposal on planning all working capital is, in Comrade Shifrin's opinion, premature, since there is still no clarity in the methodology of such planning. The question of planning buyers' solvency raises doubts. At Glavinstrument enterprises, buyers' non-payments make up 70% of all unnormed assets. When planning goods shipped and not paid for on time, it is very difficult to ascertain the sources of their coverage. Planning is not the decisive link. The main thing is the rationalization of the payment system, which will be a

radical means of accelerating asset turnover in the sphere of circulation.

In conclusion, Comrade Shifrin noted that the struggle for the mobilization of internal resources, for the better utilization of working capital requires the further development of the commonwealth of scientists and production workers. Only under this condition can many complex problems arising in the course of this struggle be successfully resolved.

V. P. Kopnyaev (Moscow Financial Institute)

having positively evaluated Comrade Lisitsian's report, emphasized that for the work of industrial enterprises to accelerate working capital turnover, the correct method of analyzing this indicator is of paramount importance. The current instruction of the USSR Ministry of Finance and the USSR Central Statistical Administration needs corrections. It is necessary to eliminate the defect of the methodology consisting in ignoring the turnover indicators of individual types of working capital. Particular turnover indicators are necessary for the development of an effective struggle to accelerate the turnover of individual types of working capital and improve the system of working capital rationing.

Comrade Kopnyaev shares the opinion expressed by Comrade Shifrin that it is necessary to change the evaluation of sales at wholesale-selling prices excluding the turnover tax recommended by the current instruction. With such a calculation, the turnover indicator depends on the difference between wholesale prices and cost, on what product assortment is produced—"profitable" or "unprofitable." In general, says

Comrade Kopnyaev, the turnover indicator of the total amount of working capital in the instruction of the USSR Ministry of Finance and the USSR Central Statistical Administration has turned into something similar to the medieval philosopher's stone. This indicator is affected by the influence of a number of factors: 1) the speed of turnover of individual elements of working capital, 2) the specific weight of various types of material values in product cost, 3) the reduction of its cost, 4) changes in product assortment. You get everything—and nothing.

Comrade Kopnyaev believes that along with evaluating sales at wholesale-selling prices, it would also be necessary to determine turnover based on evaluating the sales volume at actual factory-plant cost. This would make it possible to eliminate the influence of such conditions as the "profitability" of product assortment and changes in its cost. The change in general working capital turnover would reflect changes in the turnover of its individual elements.

To calculate the acceleration of working capital turnover in seasonal industries, Comrade Kopnyaev considers it expedient to exclude seasonal reserves credited by the bank from working capital balances, because when seasonal balances are included in the turnover calculation, enterprises may be incorrectly oriented toward an excessive reduction of seasonal reserves.

Comrade Kopnyaev believes that planning "normal" accounts receivable is premature, because for now there is enough work with normed funds as well. However, when accounting for the turnover of unnormed assets, it would be useful to subtract the

credited part from the amounts of "goods shipped." A number of enterprises do not have a stable contingent of buyers by the time the annual plan is drawn up. Enterprises sometimes have to sell their products to distant buyers. If this slows down turnover in the entire national economy, this cannot be blamed on each enterprise individually.

It is not necessary to try in the methodology of calculating the working capital turnover of each individual enterprise to take into account all national economic moments.

P. A. Parfanyak (Institute of Economics of the USSR Academy of Sciences)

emphasized one of the most significant shortcomings of the practical work of industrial enterprises in accelerating working capital turnover in 1949, which was not fully revealed by the rapporteur. This shortcoming consists in the fact that enterprises do not even outline justified, concrete organizational and technical measures to accelerate asset turnover. A major shortcoming is also the fact that working capital norms are determined by the glavok without the participation of plants. In order to improve work on accelerating working capital turnover, it is necessary first of all to establish their correct rationing on the basis of involving plant materials; it is necessary to expand and improve the planning of their turnover.

The question raised by the rapporteur on planning accounts receivable should, in Comrade Parfanyak's opinion, be posed somewhat broader, namely, one needs to think about how to strengthen the solvency of enterprises in order to completely

eliminate or at least significantly reduce cases of non-payments. Such cases, unfortunately, still take place. If production workers must develop measures to shorten the production cycle, then financiers must take up the question of how to achieve constant enterprise solvency, which is disrupted mainly due to the disorder of payment turnover. Rhythm in production, rhythmic work according to schedule is the law of socialist organization of production. However, enterprises cannot achieve full rhythm in production without streamlining the financial economy, without establishing rhythm in payment turnover.

At present, payment turnover is a lagging sector in the economy. Up to now, even such simple methods of streamlining payment turnover as the payment schedule (payment calendars), not to mention other methods of rational organization of payment turnover, are little used.

Comrade Parfanyak agrees with Comrade Shifrin's opinion that to strengthen the solvency of economic bodies, corresponding changes in the procedure of crediting and settlements are necessary. But already now, through carrying out measures to rationalize the payment turnover of economic bodies, it is possible and necessary to achieve the liquidation of non-payments in the economy and the acceleration of working capital turnover on this basis.

I. A. Sholomovich (Moscow Financial Institute)
sees the main shortcoming in the struggle for the acceleration of asset turnover in the absence at many enterprises of technically and economically justified working capital norms.

This leads to the fact that the asset turnover indicator is not yet an equal economic indicator compared to others. Thus, for example, according to the cost reduction plan, organizational and technical measures are developed at enterprises, and therefore workers of these enterprises know well not only what the result of cost reduction should be, but also by what specific path it can be achieved. Such plans for working capital are in many cases absent. Not infrequently, enterprises limit themselves to receiving working capital norms from the glavok or Ministry, and do not themselves develop technical and organizational measures ensuring the achievement of these norms. Serious attention must be paid to this shortcoming, since it hinders the further development of the struggle to accelerate asset turnover.

Comrade Sholomovich notes that the report does not clearly enough pose the question of above-plan commitments and that one should speak first of all about the methodology of constructing the working capital turnover plan. Every enterprise of ours, every labor collective strives to fulfill and overfulfill the plan; the correct construction of the plan and daily control over its fulfillment must contribute to this. The plan must take into account all possible opportunities for accelerating asset turnover in the sphere of production and product realization.

A major shortcoming in some industries is unjustified withdrawals or temporary borrowings of working capital by glavoks. Sometimes working capital is withdrawn from an enterprise several times during the year in favor of other enterprises of the same system, and at the same time the glavok

finances it, replenishing working capital. Unjustified transfers of working capital should be prohibited as undermining economic accounting and weakening the interest of enterprises in accelerating asset turnover.

Comrade Sholomovich considers that the most important point of Comrade Lisitsian's report is the proposal on planning so-called unnormed assets. In the asset side of enterprise balances, there are shipments of goods not formalized for various reasons, amounts paid for water, electricity, gas, and other services, and similar inevitable accounts receivable. On the other hand, similar accounts payable arise. When constructing financial plans, balances of income and expenditures, neither accounts for nor accounts against are taken into account. This means that our plans proceed, as it were, from the assumption that the change in accounts receivable during the planned period should be equal to the change in accounts payable. But since accounts payable in industrial enterprises generally exceed accounts receivable, financial plans now actually legalize accounts payable, at least in the amount of the excess of liabilities over assets. Planning indebtedness would introduce clarity into this issue. In order for the financial plan to be a guide to action, it is not enough to simply reflect unnormed funds in it; it must provide for sources and deadlines for paying off indebtedness. The rapporteur's proposal on the material stimulation of enterprises that have achieved good results in the struggle to accelerate asset turnover is also correct. It is only unclear how to encourage collectives that have achieved only a relative release of funds, since it is

unknown what the source of encouragement will be in this case.

K. I. Blyumberg (Shcherbakov Branch of the USSR State Bank, Moscow)

emphasizing the great importance of the unfolding movement for the acceleration of working capital turnover, noted that in the course of enterprises fulfilling their undertaken commitments, significant shortcomings emerged that hinder the further development of this movement.

When deploying the movement for the acceleration of asset turnover, the majority of enterprises encountered difficulties caused by the fact that these enterprises did not have approved working capital norms and realization plans; the methodology for calculating asset turnover and especially the procedure for contributions were determined with great delay.

Using a number of specific examples for enterprises served by the Shcherbakov State Bank branch, Comrade Blyumberg showed that the actual acceleration of turnover (by normed funds) for 1949 according to commitment was less than planned. The lack of clarity among enterprises on the question of the procedure for determining commitments led to different enterprises taking a different range of working capital (normed or all working capital) whose turnover they bound themselves to accelerate, and the period with respect to which enterprises bound themselves to accelerate asset turnover in 1949 also differed: compared to turnover for the whole of 1948, for the 4th quarter of 1948, with the planned turnover of normed funds of the 1st quarter of 1949, etc. In a number of cases, the

number of acceleration days and the amount of released funds were established by enterprises arbitrarily, were not coordinated with each other and supported by concrete measures and calculations, as a consequence of which corrections and changes were subsequently introduced into these commitments.

Comrade Blyumberg illustrated, using the example of enterprises served by the Shcherbakov State Bank branch, what kind of influence on the course of enterprises' work is exerted by the absence of planned data on so-called unnormed working capital. At those enterprises that took commitments to accelerate the turnover of only normed working capital, before the reporting date, the balances of normed working capital were artificially reduced by "transferring" them into unnormed ones, and sometimes even by illegal methods. The most widespread method of "accelerating" the turnover of normed funds was the reduction of balances of work in progress and finished goods through the release and shipment of products in the last days of the month. Shipment was carried out in large batches, in a number of cases without taking into account the solvency of buyers, which led to an increase in the balance of unpaid goods.

In some cases, the reduction of normed working capital balances for finished products was a consequence of the fact that enterprise balances incorrectly showed shipped products that were actually located on the first day of the month in enterprise warehouses and were shipped only during the decade of the next month. Such a situation was observed in July 1949 at several enterprises of district local industry.

Since balances of shipped goods, as a rule, are not normed and not planned, glavoks and trusts do not sufficiently control this balance article. It is not accidental that in the balances of most enterprises there are large gaps between the amount of shipped goods balances and bank credit against settlement documents in transit.

In Comrade Blyumberg's opinion, planning the balances of funds occupied in shipped goods would contribute to the introduction of more rational forms of settlements (through Mutual Settlement Bureaus, through periodic balance settlements, one-off clearances, etc.), as well as to a more rational placement of manufactured products. It should be noted that individual ministries (oil industry, metallurgical industry) norm part of shipped goods, namely: they establish a norm for goods shipped but not formalized by settlement documents. This practice can be studied, generalized, and after introducing necessary corrections, extended to enterprises of other ministries and departments.

Having expressed a positive opinion on the instructions of the USSR Ministry of Finance and the USSR Central Statistical Administration on the methodology for determining working capital turnover, Comrade Blyumberg objected to Comrade Kopnyaev's proposal to exclude seasonal reserves credited by the bank when calculating the acceleration of working capital turnover. According to the indicated instruction, when determining the planned turnover of normed working capital, not planned but actually received credits for seasonal above-norm reserves, as well as accounts payable to suppliers credited by the bank, are added to the sum of norms. Therefore, the

accumulation of seasonal raw material balances below planned norms cannot be expressed as an acceleration of asset turnover in comparison with the plan.

Using the example of some enterprises of the Shcherbakov District of Moscow, Comrade Blyumberg showed how incorrectly made contributions toward the fulfillment of undertaken commitments to accelerate working capital turnover negatively affected their financial state. It is necessary to explain to enterprises that the release of funds is determined not by their contributions to the budget or State Bank, but by a calculation made by comparing average annual fund balances according to plan and report with the volume of realized products according to plan and report.

In conclusion, Comrade Blyumberg noted that some main administrations and trusts are largely to blame for the fact that subordinate enterprises did not fulfill undertaken commitments to accelerate working capital turnover. Glavoks assigned a number of enterprises the functions of material and technical supply of other enterprises of their system (garment-shoe combine, fur combine, etc.), as a consequence of which industrial enterprises had above-norm balances of commodity-material values, maintained settlements with a large number of buyers, and non-payments arose from these settlements. Thus, the turnover of both normed and unnormed funds was slowed down. Sometimes glavoks included in the production plan of enterprises products not secured by sales or financing (weight plant of Mosmetroves of local industry, KINAP plant of the Ministry of Cinematography). Planning the turnover of all working capital by glavoks and including this asset turnover

indicator as one of the main indicators of enterprise work would contribute to a more correct organization of work to accelerate the turnover of industrial working capital.

G. A. Etchin (Kirov "Dynamo" Plant)
considers that the most valuable thing in Comrade Lisitsian's report is the guideline for developing and improving the struggle to accelerate the turnover of all working capital, both normed and unnormed, on a correct organizational basis. The primary task is to fulfill planned assignments for turnover speed through organizing and deepening practical work inside the enterprise in individual production and economic sections.

Comrade Etchin shared the experience of the "Dynamo" plant, the entire collective of which joined the struggle to accelerate turnover on the basis of a detailed plan of organizational-technical and economic measures and communicating turnover indicators to concrete sections and executors. In 1949, the plant successfully fulfilled its commitment given to Comrade Stalin in a letter from 103 Moscow enterprises, and overfulfilled the 1949 planned assignment.

Each enterprise should have, in addition to the general planned indicator of turnover speed for all normed funds, also planned assignments for turnover speed for each shop, department, section. Such indicators must be analyzed and controlled. To this end, Comrade Etchin proposes, in addition to the existing instruction of the USSR Ministry of Finance and the USSR Central Statistical Administration, to issue an instruction on calculating intra-plant planned and actual indicators of asset turnover by individual fund elements. At the "Dynamo" plant,

an intra-plant instruction developed in 1949 at his initiative on organizing work to accelerate working capital turnover is in effect.

For fulfilling and overfulfilling planned assignments for asset turnover speed, workers of all shops and departments of the plant receive bonuses. The payment of bonuses is made from the director's fund, the bonus fund for all-union socialist emulation, and the payroll fund (within the limits established by the regulation on the bonus system).

Comrade Etchin considers worthy of attention the rapporteur's proposal on creating a special bonus fund at enterprises at the expense of working capital released by enterprises as a result of accelerated turnover. At the same time, he questions the expediency of putting enterprises that have achieved an absolute release of working capital in a privileged position compared to enterprises that have achieved only a relative release of working capital. Enterprises that have achieved a relative release of funds should also be materially encouraged.

Comrade Etchin expressed a number of objections against planning unnormed funds. He believes that the issue is not in the difficulties of planning, but in the fact that it will practically bring no benefit. The reduction of unnormed fund balances can be achieved by changing the system of settlements. Thus, the "Dynamo" plant, having increased the specific weight of distant shipments, simultaneously accelerated the turnover of funds in shipped goods by 15 days thanks to a sharp increase in settlements through Mutual Settlement Bureaus.

The volume of unnormed fund balances does not depend on shop workers; it depends on a narrow circle of enterprise workers, in contrast to normed funds, in the struggle to accelerate the turnover of which the main part of the plant collective is included. And under the existing methodology for determining the speed of turnover of normed funds, the struggle to reduce unnormed fund balances is sufficiently stimulated, since an increase in these balances correspondingly decreases the amount of realization and thereby slows down the turnover of normed funds.

If the cause of the slowdown in the turnover of normed funds —above-norm reserves—is eliminated, then, in Comrade Etchin's opinion, the problem of non-payments will also be basically resolved.

L. I. Skvortsov (CSU USSR)

believes that the issues raised in Comrade Lisitsian's report deserve attention. Over the past year, much that is new has undoubtedly been introduced into the organization of work to accelerate working capital turnover. This has yielded positive results both for the entire national economy and for individual industries and enterprises.

In Comrade Skvortsov's opinion, the experience of 1949 confirmed the correctness of the methodology for calculating working capital turnover recommended by the USSR Ministry of Finance and the CSU USSR, and criticism of this methodology is insufficiently grounded. The working capital turnover indicator calculated according to this methodology does not contradict, but fully corresponds to such an important

indicator as cost. An enterprise that has received above-plan profit will have its asset turnover accelerated. At the same time, Comrade Skvortsov believes that while raising the level of work to accelerate working capital turnover, a number of additional indicators characterizing the turnover of individual elements of working capital can be introduced into practice. Asset turnover indicators can be improved while remaining on the principled positions set forth in the current instructions of the USSR Ministry of Finance and the CSU USSR on the procedure for calculating asset turnover.

The posing of the question on planning the turnover of unnormed assets is economically correct. One should strive to ensure that planned regulation covers an increasingly wide circle of enterprise activity, but practically embarking on planning all unnormed funds is, in Comrade Skvortsov's opinion, premature. At a number of enterprises, one of the obstacles on the path to solving this task is the disorder of settlements with contractors. It is necessary to further rationalize the existing settlement system, eliminate, or at least maximally reduce, non-payments. Planning in itself does not yield anything yet. Therefore, the main task in 1950 must be the further rationalization of settlements in the national economy.

The proposal on planning those settlement articles that have legal coverage sources deserves attention. As for planning all accounts receivable and accounts payable, solving this task without simultaneously solving the task of rationalizing settlements is premature.

Z. P. Melamud (Moscow Regional Office of the USSR State Bank)

agrees with the rapporteur that for the further development of industrial enterprises' work to accelerate working capital turnover, it is necessary to organize it on planned principles.

Preliminary results of the work of Moscow Region industry in 1949 show that the overwhelming majority of enterprises accelerated working capital turnover both compared to the previous period and compared to the plan.

In Comrade Melamud's opinion, one should abandon two turnover acceleration indicators: against commitments and against the plan. A single indicator must be created that will mobilize the public and enterprise management for the struggle to improve qualitative indicators of their work, and this can be done only when enterprises are given a plan for turnover.

Comrade Melamud disagrees with Comrade Kopnyaev's proposal on planning funds engaged in shipped goods, excluding indebtedness to the State Bank for loans against settlement documents in transit; he proposes not to include their balances in the number of planned balances, since the size of these funds for shipped goods in many cases does not depend on the enterprise.

The question of the procedure for recalculating balance balances in connection with changes in wholesale prices must be resolved, without which correct analysis and comparison of working capital turnover across quarters and years of the year is impossible.

The rapporteur's proposal on the material stimulation of enterprises for accelerating asset turnover is correct, and the USSR Ministry of Finance must allocate corresponding funds for this purpose.

S. B. Barngolts (Moscow Institute of Economics and Statistics)

noted that the boundary currently drawn between normed and unnormed funds is rather conditional (for example, unformalized shipments, previously included in unnormed funds, from January 1, 1950, for some ministries began to be included in the sum of finished products). This leads to large distortions when calculating the acceleration of working capital turnover. But at this stage of calculations and under current crediting principles, planning of all working capital can be carried out and assignments for reducing unnormed funds can be established, in exactly the same way as cost reduction is planned. With such planning, one can calculate the effectiveness of measures to reduce accounts receivable, which depends on the given enterprise. It is incorrect that coarse unnormed assets are outside the enterprise's influence. There are a number of such receivable articles as accountable persons, apartment tenants, hired transport services, settlements for oil, etc., which depend on the enterprise and have legal grounds for their existence, since they are determined by the character of economic relations. For these articles, a definite assignment for reducing the size of accounts receivable can be given. This will bring financial planning closer to the real conditions of the economy, which when planning only normed articles do not find correct reflection in the financial plan. In

the same way, the enterprise can be obligated in the manner of a planned assignment to improve fund utilization to restore funds immobilized in construction costs, in over-expenditures on the director's fund, etc.

Determining released working capital compared to the previous year is not always legitimate; sometimes it leads to an incorrect evaluation of enterprise work and does not make it possible to isolate reasons for changes in working capital turnover that do not depend on the enterprise—changes in the cycle due to changes in product assortment, price reductions for raw materials and finished products. Turnover indicators for recent years essentially do not ensure data comparability. On the contrary, the plan is established based on existing prices and production conditions, and comparing actual turnover with the planned assignment makes it possible to more correctly evaluate both the quality of the collective's work directed at improving the utilization of working capital and the results of this work. That is why one must seriously take up the question of planning all working capital.

The general indicator of fund turnover with subdivision into indicators of fund turnover in the sphere of production and in the sphere of circulation and with further detailing by working capital elements—raw materials, fuel, work in progress, etc.—must be included in the enterprise's promfinplan. It is necessary that the turnover assignment be communicated to basic and auxiliary shops, production sections, functional departments of plant administration. The turnover assignment must become an equal indicator of economic accounting shops and brigades and be taken into account when determining bonus amounts.

When establishing cost reduction and the enterprise's right to deductions into the director's fund from accumulations, the exclusion of a number of cost-increasing and cost-reducing factors and other enterprise-independent reasons for changes in the size of above-plan profit is provided. By the same principle, a special instruction should be developed establishing the procedure for evaluating enterprise work on accelerating fund turnover.

In the instruction of the USSR Ministry of Finance and the USSR Central Statistical Administration dated April 14, 1949, in Comrade Barngolts's opinion, a fundamentally correct method of calculating the general turnover indicator for the enterprise as a whole is given. The fact that the turnover indicator reflects the influence of such aspects of enterprise work as plan fulfillment for assortment, cost, and accumulation is its merit, not a flaw. But the instruction must be developed. The content of the general turnover indicator must be disclosed in the system of particular indicators both when planning and especially when analyzing the utilization of working capital, excluding the impact of enterprise-independent causes in the process of this analysis. Particular indicators are extremely important for developing a concrete plan of measures to accelerate turnover.

I. F. Gindin (Research Laboratory of Mechanized Accounting)

supported the rapporteur's proposal on the necessity of planning unnormed working capital. The objections expressed against this proposal, in his opinion, boiled down either to the

technical complexity of planning unnormed funds, or to the fact that planning allegedly yields no practical results.

Gindin reminded that planning accounts receivable and payable is carried out in practice in a planning document called the directive balance. With the introduction of the income and expenditure balance, which raised financial planning to a higher stage, the significance of the directive balance began to be underestimated. In reality, the directive balance not only did not become redundant, but must retain its significance as an integral part of the financial plan, especially in the part of planning changes in accounts receivable and payable. What the underestimation of the directive balance led to can be clearly shown by the example of capital construction. Some construction departments ceased approving directive balances, even though in contracting organizations the main article of working funds is formed not at the expense of own working capital, but at the expense of bank advances (so-called customer advances) not included in the income and expenditure balance. As a result, in a number of cases, planning of the main article of normed assets—raw material reserves—has been discontinued.

The technical complexity of calculating unnormed assets can be overcome with the help of directive restriction of these articles. In essence, calculating a number of normed asset articles is also difficult—it is enough to point out reserves of low-value tools and inventory. Here too, planned restriction of growth or reduction of this working capital article acquires decisive significance.

The considerations expressed that there is no practical possibility of influencing unnormed assets—shipped goods and accounts receivable—are deeply erroneous. Exactly the absence of planning of these assets led to a weakening of financial workers' responsibility for the state of these articles. Gindin emphasizes that the abnormal state of these articles in one enterprise corresponds to abnormal accounts payable in another.

The enterprise, being responsible for reducing abnormal accounts payable, struggles to reduce accounts receivable among its suppliers and contractors as well, and at the same time, seeking funds to pay off abnormal accounts payable, it strives to collect debt from its debtors. Therefore, it is absolutely necessary to plan unnormed assets and accounts payable and as quickly as possible restore the role of the directive balance as an integral part of the financial plan.

The necessity of introducing bonuses for accelerating fund turnover cannot cause any doubts, but, in Comrade Gindin's opinion, it is inexpedient and incorrect to connect its source with the release of working capital in an absolute sum. The only source of fund formation for any types of bonuses are accumulations of socialist enterprises. The question must be resolved whether a special bonus system for accelerating turnover should be created or whether it should be introduced into the general system of enterprise workers' bonuses. Gindin leans toward the latter. For bonuses to be effective, careful differentiation is needed. There are workers at enterprises who have little influence on accelerating fund turnover. On the contrary, workers of financial departments, supply

departments, and bookkeeping can have a much greater impact on accelerating fund turnover than on production indicators of plan fulfillment. In the general bonus system, bonuses for accelerating turnover must occupy a different place for different categories of workers, in particular for financiers, accountants, and supply personnel, the first and decisive place. But it would be wrong to tear this type of bonus away from bonuses for plan fulfillment for product output and cost reduction.

Gindin noted as a negative feature the fact that workers of the construction industry have not yet sufficiently joined the movement to accelerate fund turnover.

In conclusion, A. D. Gusakov (Institute of Economics of the USSR Academy of Sciences) spoke, pointing out that Comrade Lisitsian's report and the exchange of views on the theory and practice of work to accelerate working capital turnover had the purpose of revealing some negative moments in work to accelerate working capital turnover over the past year and outlining measures to improve this work. We must view the results of the struggle to accelerate working capital turnover in 1949 not only from the point of view of national economic successes, but also from the point of view of the development of economic science and practical conclusions for further work in this field.

The struggle to accelerate working capital turnover did not begin in 1949, when the nationwide movement to improve working capital utilization arose. The Communist Party emphasizes that this task has always faced the national

economy and in the future will be an integral part of the struggle to master the economics of a socialist enterprise. This is a large and multifaceted problem requiring the most serious attention.

Gusakov considers that the question of planning all working capital has already matured—this has been confirmed by this conference—and now it can already be posed before directive bodies. Comrade Shifrin's arguments against introducing this planning cannot be recognized as convincing, because planning has been and will be a decisive lever for improving work in all sectors of Soviet enterprises.

Etchin, noted Gusakov, limits the tasks of the struggle to accelerate working capital turnover solely to the question of reducing above-norm balances. Many enterprises have liquidated above-norm balances; at these enterprises, planning the movement of working capital in the sphere of circulation is of greater significance, and not only in the sphere of production, as has been the case until now.

Gusakov joins the opinion of Comrades Shifrin and Skvortsov that the general problem of accelerating working capital turnover in the sphere of circulation is currently closely connected with the question of a more rational organization of the settlement system in the national economy. Touching upon questions of accounts receivable and accounts payable, Gusakov emphasizes that in each individual case one should approach differently, breaking it down by elements. The questions put forward by Comrade Lisitsian, as well as the question raised in the order of discussion on the necessity of

introducing corrections to the current instruction, are very urgent. The instruction of the USSR Ministry of Finance and the CSU USSR is the first positive experience of resolving a number of unclear issues when calculating working capital turnover. The task of corresponding bodies is to introduce necessary clarifications into this instruction, detail the turnover indicator, and introduce a number of additional indicators of the turnover of individual working capital elements. This will strengthen control over their turnover and help uncover new reserves for accelerating the turnover of funds of socialist enterprises.

Questions of Economics, No.4, 1950.

N. LISICIAN

ON THE ORGANIZATION OF FURTHER WORK OF INDUSTRIAL ENTERPRISES TO ACCELERATE THE TURNOVER OF WORKING CAPITAL[69]

The nationwide struggle for accelerating the turnover of working capital in 1949 gave a great national economic effect. As indicated in the report of the Central Statistical Administration under the Council of Ministers of the USSR on the results of the fulfillment of the state plan for the restoration and development of the national economy in 1949, "industrial workers achieved great results in 1949 in the release of working capital." The struggle to accelerate the turnover of working capital contributed to the successful fulfillment and overfulfillment of plans for the output and sale of industrial products, and to the improvement of the organization of the production and commodity circulation processes. Industrial enterprises are widely implementing organizational and technical measures to ensure the acceleration of working capital turnover. Such measures should first of all include the mechanization of labor-intensive and heavy work, the introduction of new equipment and new high-performance technological processes of high-speed cutting, processing of parts and assemblies by the flow method, automation of production processes, etc. The movement to accelerate the

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[69] *Report at the extended meeting of the National Economy Circulation Sector of the Institute of Economics of the USSR Academy of Sciences, February 27, 1950.*

turnover of working capital intensified the struggle for higher labor productivity, for saving materials, fuel and electricity, and for reducing production costs.

Collectives of industrial enterprises, fighting for the acceleration of capital turnover, improved the organization of supply and sales operations, identified excess stocks of materials at their enterprises and largely eliminated them, and strengthened intra-factory cost accounting.

The patriotic movement for accelerating the turnover of working capital contributed to the fact that wide masses of industrial workers mastered the economics of their production, raised their economic knowledge; it gave an impetus to workers' invention and rationalization.

At the same time, 1949 revealed shortcomings in the organization of this new form of socialist emulation. It is known of what immense importance organizational work is for the successful fulfillment of set tasks. In his report at the 17th Congress of the Party, Comrade Stalin pointed out: "...after the correct political line has been given, organizational work decides everything, including the fate of the political line itself — its implementation, or its failure"[70].

Therefore, it is very important to uncover the shortcomings in the organization of the struggle of industrial enterprises for the acceleration of turnover and release of working capital that existed in 1949, and to outline measures for their elimination. These shortcomings can be divided into three groups: 1)

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[70] *I. Stalin, Problems of Leninism, 11th ed., p. 477.*

incorrect determination by industrial enterprises of obligations to accelerate working capital turnover; 2) identification in these obligations of the amount of released working capital with the amount transferred to the state due to the acceleration of capital turnover; and 3) the existing procedure for contributions of released working capital to the state.

In 1949, in the struggle of industrial enterprises to accelerate the turnover of working capital, the criterion and guiding line were practically their specific obligations to accelerate turnover in days and in the amount of released working capital. However, some enterprises incorrectly determined these obligations, which led to incorrect management of the struggle of these collectives to accelerate capital turnover.

Until 1949, industrial enterprises did not have sufficient experience in using indicators of capital turnover, because these indicators were not included in their plans and reports. Only at the end of 1949 was reporting by industrial enterprises on the acceleration of working capital turnover introduced for the first time (according to the annual report for 1949).

In the first months of the deployment of this movement, there was no clear methodology for calculating turnover indicators. In a number of cases, all this caused discrepancy and confusion in the determination by enterprises of obligations to accelerate working capital turnover. For example, one of the Moscow enterprises — initiators of the movement for the acceleration of capital turnover — the Dorogomilov Chemical Plant named after Frunze revised its obligation several times simply because plant workers did not know how to approach the solution of

this issue. Enterprises had to overcome great difficulties in determining the actual turnover for 1948 as the initial base of their obligations. In April 1949, clarity was brought into this issue: the USSR Ministry of Finance and the USSR Central Statistical Administration recommended a methodology for calculating working capital turnover to industrial enterprises.

However, this was not enough. Collectives of industrial enterprises, joining the competition for the acceleration of capital turnover, assumed obligations not for the overfulfillment of planned tasks for accelerating capital turnover (since enterprises had no such tasks), but for the total volume of release of working capital as a result of accelerating their turnover. Unlike obligations for socialist emulation for overplan cost reduction, for overplan increase in profitability, transition to non-subsidized work, for saving fuel and materials, etc., in which tasks were assumed in excess of plans, obligations for accelerating working capital turnover established the total volume of this acceleration. Thus, the obligations of enterprises to accelerate turnover completely determined all work in this area.

At a number of enterprises, the assumed obligations to accelerate turnover were often less than the acceleration that corresponded to the plans of these enterprises for realization, working capital norms, credit limits, etc. As a result, these enterprises, overfulfilling their assumed obligations and accelerating turnover compared to 1948, nevertheless failed to fulfill planned targets for working capital norms. For example, the Podolsk Mechanical Plant assumed an obligation to release 8 million rubles; actually it released 22 million rubles,

significantly accelerating working capital turnover compared to 1948. But if we compare the actual turnover for 1949 with that provided for by the plant's plan for 1949 for standardized funds (funds invested in production inventories, work in progress, and finished products), it turns out that the turnover of working capital slowed down and they increased by 18 million rubles against the plan.

At some enterprises, the assumed obligations were not supported by concrete measures, and therefore they did not mobilize and direct collectives to the struggle for accelerating turnover.

One of the significant shortcomings in the organization of the struggle for capital turnover acceleration in 1949 was that many enterprises undertook to accelerate the turnover of only standardized working capital. For example, out of 47 enterprises in the Shcherbakovsky District of Moscow, 11 enterprises undertook to accelerate the turnover of all working capital, and 36 enterprises only standardized capital. The adoption of obligations to accelerate the turnover of only standardized working capital meant narrowing the front of the struggle for the acceleration of all working capital. Such a practice often led to the fact that favorable results in accelerating the turnover of standardized funds were brought to naught due to the slowdown in the turnover of non-standardized working capital (funds invested in goods shipped to the buyer, the payment period for which, according to the existing settlement system, has not yet arrived, accounts receivable, overexpenditures on capital repairs, housing

construction, etc.) and the final result of the struggle — the real release of working capital — was not achieved.

At many enterprises, any release of working capital was equated with the amount subject to transfer to the state. Such enterprises did not take into account that their working capital is formed from three sources: a) own working capital and equivalent legal sources (stable liabilities); b) borrowed working capital at the expense of short-term credits of the State Bank; c) attracted working capital of other organizations (accounts payable). In addition, a small part of the working capital of industrial enterprises is covered by special funds and sources.

The release of working capital achieved through the acceleration of the turnover of that part of working capital which is covered by bank credit means either early repayment of credit or refusal of it, and therefore cannot find expression in contributions to the state. Released working capital due to the acceleration of the turnover of working capital invested in super-normative material assets not credited by the bank or accounts receivable can be directed by the enterprise only to the repayment of accounts payable.

Only working capital released due to the acceleration of the turnover of working capital invested in standardized funds in the part covered by own working capital can be paid into the state budget. Enterprises crediting by turnover must return the corresponding share of working capital to the State Bank.

Due to the lack of timely clarifications on this issue in 1949, some enterprises, striving at all costs to fulfill the assumed

obligation to release working capital, made their contributions to the budget not at the expense of the real acceleration of own working capital turnover, but at the expense of reducing attracted working capital. For example, enterprises of the Raypromtrust of the Shcherbakovsky District of Moscow, while slowing down the turnover of their working capital, managed to "offset" 368 thousand rubles released from accounts receivable to the district financial department (Rayfo) on account of fulfilling the assumed obligation to release working capital for the needs of the state. Such "fulfillment" of obligations for contributions to the budget (or glavk) often only created financial difficulties for enterprises.

Financial difficulties for enterprises also arose because contributions of released working capital were made by enterprises in whole or in parts throughout the year. In the first quarters of the year, at some enterprises, the turnover of working capital accelerated, and they contributed released funds to the budget; if in subsequent quarters the turnover of their funds slowed down, enterprises began to experience financial difficulties and were forced to ask for replenishment of their working capital. A similar situation existed at those enterprises that contributed released funds at the beginning of the year and later received increased planned targets for 1949. For example, Moscow Auto Repair Plant No. 2 contributed about 1 million rubles on account of fulfilling its obligation in the II and III quarters, and in the IV quarter its product realization plan was increased, and therefore the working capital remaining after the contribution turned out to be insufficient to fulfill the increased planned target.

In a letter dated December 28, 1949, "On the procedure for using funds released as a result of accelerating turnover," the USSR Ministry of Finance correctly pointed out that the release of working capital should be calculated only on the basis of the annual report; that transfers are subject to own funds of enterprises, and "the indicated transfers are made in the amount of the real release of funds achieved as a result of overplan acceleration of turnover and reduction of balances of standardized working capital compared to the plan as of January 1, 1950. For the rest, the contributed funds, after approval of annual reports, remain at the disposal of enterprises and organizations."

By the beginning of 1950, collectives of industrial enterprises and other organizations had accumulated rich experience in the struggle to accelerate capital turnover. Thanks to the implementation of a number of measures, the possibility of repeating the indicated shortcomings in its organization has decreased; clarity has been introduced into many methodological issues of calculating working capital turnover; the procedure for using funds released as a result of accelerating their turnover has been established; book-keeping reporting on the acceleration of capital turnover has been introduced.

It is necessary in 1950 to fully utilize the accumulated experience and strengthen work on accelerating the turnover of working capital. It is unacceptable to allow a decrease in the pace of this work, which in 1950 continues to remain an important economic task, an essential additional source of

fulfilling and overfulfilling the plan for the output of industrial products.

However, some workers view the struggle to accelerate the turnover of working capital completely incorrectly as a temporary campaign, which allegedly has now been replaced by the movement for better use of fixed assets, and will then be replaced by other forms of emulation. Many enterprises have weakened the struggle to accelerate capital turnover, and the organizational measures carried out in 1949 cannot ensure its further deployment.

In 1950, a number of organizational measures should be carried out to eliminate these shortcomings and contribute to the further release of working capital. The work of industrial enterprises to accelerate turnover and release working capital must be based on appropriate planned targets. As one of the mandatory planned indicators of enterprise work, it is necessary to establish a new working capital turnover. Based on it, an industrial enterprise must develop a set of specific organizational measures to accelerate capital turnover. The experience of advanced enterprises shows that serious success in this area can be achieved only if every shop, department, section of an industrial enterprise has a corresponding planned target and if systematic control over its fulfillment is organized.

At the Novo-Kramatorsk Plant named after Stalin, specific indicators for accelerating working capital turnover were communicated to each shop, department, section. At the "Kalibr" plant, a system of personal responsibility of individual plant workers for the state and use of working capital was

introduced, and forms and procedures for monitoring the fulfillment of tasks were established.

Socialist obligations to accelerate the turnover of working capital, similar to the socialist obligations of enterprises for other economic indicators, must be adopted in relation to planned targets. Otherwise, the practice widely widespread in 1949 can repeat in 1950, when obligations to accelerate capital turnover coincided with planned targets, and sometimes were even less than them. Socialist obligations to accelerate the turnover of working capital must reflect the overplan acceleration of capital turnover based on the use of additionally identified reserves of this acceleration.

In this regard, it is necessary to improve and develop the system of planning the acceleration of turnover and release of funds. As is known, currently only the turnover of standardized funds is planned, the need for which is covered mainly by own working capital.

Non-standardized working capital currently distracts the main part of the enterprise's working capital engaged in the sphere of circulation. Leaving these funds outside of planned impact is incorrect. The circulation of working capital of socialist industrial enterprises can be completed only if the working capital advanced in monetary form to pay for the necessary elements of objects of labor and fulfill other obligations returns to its original monetary form. Enterprises that have achieved high production indicators are unable to fulfill obligations to suppliers and the financial and credit system if manufactured

products are realized with interruptions, if working capital returns to monetary form in an untimely manner.

In whatever form the release of working capital occurs through the acceleration of their turnover, really released can be considered only those funds which, having sequentially passed all stages of circulation, return to monetary form, as a rule, to the settlement account of the enterprise. With absolute release of working capital, their return to monetary form on the basis of completing a full cycle is necessary because without this condition, contributions of released own funds to the state budget, early repayment of State Bank credits, and repayment of debts to creditors cannot be really made. With relative release of working capital, their return to monetary form on the basis of completing a full cycle is necessary because without this condition, the advance of funds by the enterprise for the release of an additional amount of goods cannot be really carried out. Thus, the release of working capital achieved through the acceleration of their turnover is real only if it is the result of the acceleration of all working capital not only in the sphere of production, but also in the sphere of circulation, not only standardized, but also non-standardized.

The USSR Ministry of Finance and the USSR Central Statistical Administration on April 14, 1949, correctly recommended including the balances of all working capital of the enterprise, both standardized and non-standardized (except for funds located on settlement accounts of enterprises), in the calculation of actual turnover.

The planned task for accelerating turnover and releasing working capital should be determined on the basis of the full planned cycle of all working capital of industrial enterprises, breaking it down into the acceleration of: a) standardized and b) non-standardized funds. From the total amount of released working capital according to the planned task, the amount subject to contribution to the state budget should be singled out.

The issue of planning the turnover of non-standardized working capital can currently be solved by establishing planned balances of funds subject to investment in goods shipped to buyers and accounts receivable. For funds invested in goods shipped to buyers, planned balances are already essentially being established. Enterprises of some ministries (heavy engineering, electrical industry, aviation industry, etc.) include these balances in the calculation of the planned realization of manufactured products. This planning principle should also be applied at enterprises of other industrial ministries, improving the quality of this planning.

Planning the balances of shipped goods makes it possible to more correctly determine the planned volume of realization, which is very essential both for establishing planned profitability and for determining the entire planned capital turnover.

When drawing up the credit plan, the State Bank of the USSR projects the size of credit investments in that part of industrial working capital which is invested in goods shipped to buyers (by ministries). Planning the balances of funds invested by

individual enterprises in shipped goods will also raise the level of credit planning and strengthen the economic base for bank control when granting loans against shipping documents in transit.

The establishment of planned balances for funds invested in shipped goods and the inclusion of this part of working capital in the planned turnover of working capital will contribute to increasing the attention of enterprises and main committees (glavks) to this sector — more rational territorial placement of orders, better organization of product sales and settlements for it, faster document processing, and other factors that affect the speed of turnover of funds invested in shipped goods.

The issue of planning accounts receivable balances meets many objections. It is usually referred to that the reduction of these balances does not depend on the given enterprise. In order to solve the issue of planning accounts receivable balances, it should first of all be broken down into separate types. To determine the balance of goods not paid on time, it needs to be studied how much it can be reduced by the end of the year specifically at each enterprise.

At enterprises producing mass consumer goods (individual or industrial) and having, thanks to this, the opportunity to apply sanctions against inaccurate payers, for example, redirecting cargo to other buyers, no planned balance should be established for these settlements by the end of the year. For such enterprises, quarterly reduction of these balances should be provided, reflecting it in quarterly product realization plans.

For enterprises producing products for individual orders or having a strictly established quota of buyers, a minimum balance for these settlements should be planned at the end of the year, also providing for the quarterly reduction of these balances. In this case, the solvency of buyers and the possibility of improving settlements with them must be taken into account.

The change in planned balances for goods not paid on time should be included in the product realization plan of the corresponding period. Making such an adjustment to the plan for the realization of manufactured products will make it possible to establish a more realistic realization plan and link individual parts of the financial plan together.

If balances of funds invested in goods not paid on time are associated with settlements between enterprises of the same department, the reduction of accounts receivable largely depends on the Ministry or glavk and can also be planned. Large accounts receivable of enterprises of the same system often arise because industrial enterprises, on behalf of the glavk or ministry, perform uncharacteristic functions of supplying other enterprises. This slows down capital turnover and undermines economic accounting. Such a vicious practice must be eradicated.

Of other types of accounts receivable, balances should be planned for settlements that must constantly be on the balances of enterprises under the existing settlement system. Thus, for example, the "Metallist" plant of the Ministry of Heavy Industry systematically settles for petroleum products in

advance. As a result of this, the plant in 1949 had a constant accounts receivable (so-called suppliers for other settlements) in the amount of about 14 thousand rubles. The Moscow "Severyanin" plant of the Ministry of Heavy Industry Construction and many other enterprises settle for fuel, metal, oxygen in the same way.

A constant balance of working capital in settlements at enterprises exists and can be planned also for accountable sums, for settlements with the capital construction department, with apartment renters, for services of hired transport, for electricity, gas, etc.

It is quite obvious that designing the liquidation of accounts receivable for the near future under the existing settlement system is unrealistic. Until the existing settlement system changes, investments of working capital in some types of accounts receivable can and must be provided for by the plan, and the planned balance should not mechanically reproduce actual balances, but take into account all real possibilities for their reduction. The coverage of this kind of planned accounts receivable should be normal accounts payable in the part not included in stable liabilities and not credited during crediting. For most enterprises, such a source can be accounts payable for accepted payment demands.

Balances of monetary working capital should not be included in the calculation of the planned task for accelerating working capital turnover. Monetary working capital, being the concluding link of the working capital cycle, reflects the final result of the struggle to accelerate turnover — their release.

When evaluating the struggle of enterprises to accelerate working capital turnover, an increase in the balance of funds in settlement accounts, where the main mass of released monetary funds of industrial enterprises settles, is not a negative, but a positive indicator. Balances of working capital in settlement accounts, according to the instruction of the USSR Ministry of Finance and the USSR Central Statistical Administration, are correctly not included in the calculation of the actual acceleration of capital turnover.

In the struggle to accelerate the turnover of working capital, an important incentive is the material encouragement of enterprise collectives that have achieved success in this struggle. The issue of this has been raised more than once in our economic literature.

For the material encouragement of enterprises that have accelerated the turnover of working capital and achieved their absolute release, it is advisable to establish deductions into the director's fund from the total amount of funds released as a result of accelerating turnover subject to transfer to the budget income (in the amount of 2-4% of the amount paid into the budget).

Material encouragement for accelerating working capital turnover was practiced in 1949 at a number of enterprises and was a serious factor in improving their work. The Ministry of the Electrical Industry used the all-Union socialist emulation fund for this purpose, including the acceleration of the turnover of commodity and material assets among the performance indicators for which enterprises are awarded a prize from this

fund. Some enterprises used the director's fund to award bonuses to shops and departments that achieved positive indicators in accelerating working capital turnover.

However, the formation of existing special funds is not directly connected with the result of work on accelerating working capital turnover. Amounts released through the acceleration of working capital turnover and subject to contribution to budget income (in accordance with the clarification of the USSR Ministry of Finance dated December 28, 1949) can and should serve as an additional source for the formation of the director's fund.

To stimulate work on accelerating the turnover of all working capital of enterprises, the rates of deductions from these amounts must be differentiated: the maximum percentage of deductions should be provided for those enterprises that overfulfilled the task of accelerating the turnover of all working capital, both standardized and non-standardized; the minimum percentage for those enterprises that overfulfilled the task of accelerating the turnover of standardized working capital, but underfulfilled the task in the non-standardized part, provided that the task for general working capital turnover is fulfilled.

In order for the struggle of industrial enterprises for the acceleration of turnover and release of working capital to receive further development in the current year, it is necessary to conduct wide explanatory work, showing what importance this struggle has for the fulfillment and overfulfillment of the national economic plan for 1950. It is necessary to explain to

all workers of enterprises that released standardized and all other working capital are an additional source of accelerating the rates of socialist reproduction. It is necessary to explain that if the turnover of all working capital of the enterprise is accelerated, then regardless of the sources covering the working capital, ultimately the entire reproduction process is accelerated. If the acceleration of capital turnover is achieved by reducing balances of funds invested in non-credited by the bank super-normative stocks of production materials, the source of coverage of which is usually off-plan attracted funds (accounts payable), then the released working capital cannot be transferred to the state budget. But with the release of working capital in the case under consideration, another enterprise, having used the released production materials, will produce additional goods without additional costs of materials for the national economy, and a third enterprise-creditor, having received monetary funds from the first enterprise, will partially or completely restore the normal turnover of its funds. Consequently, ultimately the release of working capital on the basis of reducing super-normative non-credited balances of commodity and material assets leads to the additional output of goods without a corresponding increase (and sometimes with an absolute decrease) in working capital participating in the process of creating these goods, and serves as an additional source of expanded socialist reproduction.

Such an additional source, but in a slightly different form, is also the release of funds from accounts receivable, usually covered by accounts payable. At the same time, the normal cycle of working capital is restored, financial difficulties are

reduced, obligations to the financial and credit system, to the glavk, suppliers are fulfilled on time, and this in turn leads to the acceleration of capital turnover of the entire national economy.

The release of a certain part of working capital covered by short-term credit also has a great influence on the acceleration of the reproduction process of the entire national economy. Early repayment of credits issued for so-called temporary needs, or planned credits issued against super-normative non-seasonal commodity and material assets, accelerates the process of socialist reproduction.

The Kirov "Dynamo" plant for a number of years, up to 1949, repeatedly used planned loans against super-normative balances of basic materials and finished products. Having emerged among the initiators of the patriotic movement to accelerate the turnover of working capital and actively participating in it, the collective of the "Dynamo" plant achieved significant successes in 1949, in particular, it repaid credits to the State Bank ahead of schedule[71].

Early repayment of credits and refusal of enterprises from credits lead to an increase in State Bank liabilities and the all-state monetary reserve of temporarily free monetary funds, at the expense of which credit investments in the national economy can also be increased.

Examining the issue of accelerating the turnover of working capital covered by short-term credit, the issue of credits for

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[71] *See G. A. Etchin, In the Struggle for Accelerating the Turnover of Funds. Gosfinizdat, 1949, p. 7.*

seasonal stocks of materials should be singled out. A decrease in these stocks below the planned level established in accordance with the needs of production in the subsequent period and the acceleration in this way of the turnover of funds of enterprises with a seasonal nature of production should be considered from the national economic point of view not as a positive, but as a negative indicator.

Measures for the early presentation of invoices for shipped goods to the State Bank deserve attention. In the process of fulfilling assumed obligations to accelerate the turnover of working capital, some enterprises began to shorten the period for issuing documents for shipped products. Accordingly, these enterprises began to use bank credit earlier. Although working capital is not always released in such cases, this measure has great economic significance: thanks to early invoicing, the enterprise receives credit from the bank earlier than usual; this gives it the opportunity to accelerate the circulation of its funds and streamline the payment calendar; on the other hand, the structure of the enterprise's liabilities improves, because bank credit replaces accounts payable, which usually covers the gap in time between the moment of actual shipment of goods and the moment of invoicing them ("unregistered shipments"). At the same time, the turnover of funds of enterprises receiving monetary funds for supplied raw materials, materials, etc. ahead of schedule is accelerated.

Along with the considered cases of absolute release of working capital, the relative release of working capital has no less national economic significance. For 1949, relative release of working capital was characteristic. This is explained by the fact

that the growth rate of realization at many enterprises outpaced the growth rate of balances. Therefore, enterprises produced a larger quantity of goods with a relatively smaller volume of available working capital. The relative release of working capital will give an even greater economic effect if at the same time an absolute release of that part of working capital which does not participate in the creation of additional goods takes place — excess materials for given production, abnormal accounts receivable, immobilization in settlements with capital construction, etc.

Planned tasks for accelerating and releasing working capital turnover and material encouragement for overfulfilling these tasks should be introduced during 1950: in the first half of 1950 as an experiment at the most advanced enterprises, so that gradually, taking into account the results of this experiment, to extend it to a wider circle of enterprises.

The planned work of industrial enterprises to accelerate turnover and the real release of working capital will lead to an increased output of industrial products and strengthen the economic might of our Motherland.

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V. VENGZHER

LEADING ROLE OF MACHINE-TRACTOR STATIONS IN THE DEVELOPMENT OF COLLECTIVE FARM AGRICULTURE

The experience of the socialist transformation of agriculture led to the creation of machine-tractor stations—state agricultural enterprises of a new, special form. Comrade Stalin revealed the significance of MTS as strongholds in the cause of the socialist reorganization of agriculture and the provision of assistance to the peasantry on the part of the Soviet state. In the hands of the state, machine-tractor stations have become a most important lever for the development and strengthening of the collective farm system, and the re-education of the multi-million masses of the peasantry in the spirit of collectivism. In machine-tractor stations, the form of correct combination of state means of production with the initiative of collective farmers, the form of the state's guiding influence on the development of collective farm agriculture, has been found.

In his brilliant work "On Dialectical and Historical Materialism," Comrade Stalin points out that changes and development of production always begin with changes and development of productive forces, first of all instruments of production. "...productive forces," says Comrade Stalin, "are not only the most mobile and revolutionary element of production. They are at the same time the determining element of the development of production"[72].

[72] *J. Stalin, Problems of Leninism, 11th ed., p. 553.*

It was precisely this revolutionizing role of new technology in the socialist transformation of the peasant economy that V. I. Lenin had in mind when he said at the 8th Party Congress in 1919:

"If we could give tomorrow 100 thousand first-class tractors, supply them with gasoline, supply them with machine operators (you know very well that for now this is a fantasy), the middle peasant would say: 'I am for the commune' (i.e., for communism). But in order to do this, one must first defeat the international bourgeoisie, one must force it to give us these tractors, or one must raise our productivity so much that we ourselves can supply them. Only in this way will this question be correctly posed"[73].

Under the leadership of Comrade Stalin, the Soviet people implemented the plan for the industrialization of the country. From a backward, agrarian country that it was in the past, our Homeland has transformed into a mighty, industrial power. Heavy industry and its core—machine building—became the basis of the national economy of the USSR. An independent base of modern agricultural machine building was created anew.

For the first time in history, the working peasantry received from the hands of the proletarian state the technology necessary for the peasantry to transition to a higher form of economy, which forever freed it from kulak bondage. "In the history of humanity," Comrade Stalin wrote in 1929 in the article "The Year of the Great Turn,"—

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[73] *V. I. Lenin, Works, vol. XXIV, p. 170.*

"for the first time appeared power, the power of the Soviets, which proved in practice its readiness and its ability to render systematic and long-term production assistance to the working masses of the peasantry.

is it not clear that the working masses of the peasantry, suffering from primordial need for implements, could not fail to catch hold of this aid, having taken the path of the collective farm movement?"[74].

The difficulty and originality of the task of introducing new technology into agricultural production consisted in the fact that the mechanization of agriculture was possible only under the condition of transferring peasants to the path of collective farms, for only large-scale production makes it possible to apply modern technology; at the same time, it was impossible to deploy mass collective farm construction without technically re-equipping agriculture.

Thanks to the great transformative work of the party of Lenin-Stalin, the most difficult task of the socialist revolution after the conquest of power was successfully resolved—the transfer of small peasant economy to the path of collective farms, to the path of socialism. It was accomplished as a result of the consistent implementation of the Leninist-Stalinist policy of industrialization of the country and the Leninist-Stalinist cooperative plan.

The Bolshevik Party developed cooperative publicness, creating the simplest forms of agricultural cooperation, which

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74 *J. V. Stalin, Works, vol. 12, p. 128.*

accustomed the poor and middle peasant masses to collective forms of management. The party and Soviet power planted collective farms and state farms, showing by their example the advantages of large-scale production over small-scale. The Bolsheviks rallied the poor and middle peasants for the struggle against the kulaks and led this struggle. Thus, the party of Lenin-Stalin gradually led the multi-million masses of the working peasantry to the transition to the collective farm path. A profound revolutionary upheaval occurred in the countryside, equivalent in its consequences to the revolutionary upheaval in October 1917. New socio-production relations arose, based on socialist ownership of the means of production and collective labor.

The party of Lenin-Stalin and the Soviet state, intensively supplying the countryside with new technology, forcing the development of modern instruments of agricultural production, introduced radical changes into the productive forces of agriculture.

Through the efforts of the party and the Soviet state, both sides of the new, socialist mode of production in the countryside were created: new production relations based on public ownership and collective labor, and new productive forces—first-class, high-performance technology concentrated in the hands of the state and utilized through machine-tractor stations, and highly qualified workers of collective farm agriculture raised on the basis of modern technology, possessing new production experience and new work skills.

Socialism in the countryside triumphed conclusively and irrevocably. The spontaneous process of development of small-commodity production in the countryside was overcome. Consolidation of agriculture took place by uniting peasant households into collective farms. The country became covered with large collective farms developing on the basis of the national economic plan and capable of applying new technology, utilizing the achievements of agronomical science, and giving the country as much marketable produce as possible.

The introduction of new technology into agricultural production through MTS was a powerful lever for the socialist transformation of the countryside. In the first years, the deployment of the collective farm movement outpaced in its pace the process of supplying the collective farm countryside with tractors and other modern machines. However, the further rise of socialist industry made it possible to quickly overcome the lag in supplying the countryside with new technology. In 1934, 3.5 thousand MTS served 107 thousand collective farms, the sown area of which made up 64% of the entire sown area of collective farms. Already then, over 35% of the sown areas of collective farms were cultivated using MTS machines. This indicated that the transition to improving land cultivation, to introducing correct crop rotations, raising yields, which began back in 1932, had been accomplished. Comrade Stalin spoke about this transition to the only correct line of development of agriculture at the 17th Congress of the All-Union Communist Party of Bolsheviks (VKP(b)). Such a transition became possible as a result of the wide construction of state machine-

tractor stations and the introduction of new technology in the decisive agricultural regions of the country. Comrade Stalin's indication was confirmed that "the superiority of collective farms over individual peasant farming will become even more indisputable when our machine-tractor stations come to the aid of primary collective farms in regions of total collectivization..."[75].

The rapid expansion over the years of the Stalinist five-year plans of the independent base of agricultural machine building and the further development on this basis of the network of machine-tractor stations ensured the completion in the main of the technical reconstruction of agriculture. Over the period 1929–1938, the output of agricultural machine-building plants increased from 0.20 billion rubles to 1.62 billion rubles, or by 8.3 times.

Over the same period, the tractor plants of the country supplied more than 537 thousand tractors with a total tractive power of about 10 million hp exclusively for the needs of agriculture.

In 1940, 7,069 MTS served 200 thousand collective farms. Out of 117.6 million ha of the entire sown area of collective farms, tractors and MTS machines cultivated 110.7 million ha, i.e., almost the entire area of collective farm crops (94%). By this time, 435 thousand tractors, 153 thousand grain combines, 40 thousand trucks, and an extensive park of various agricultural machines operating on tractor draft were concentrated in MTS; 3/4 of all plowing and over half of sowing work was performed in collective farms by MTS tractors, and about half of grain

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75 *J. V. Stalin, Works, vol. 12, p. 156.*

was harvested by combines. In the North Caucasus and the Volga region, 90% of plowing, 85% of sowing, and 75–78% of harvesting work was performed by tractors.

"Our agriculture," Comrade Stalin said in 1939 at the 18th Congress of the VKP(b), "is... not only the most large-scale and mechanized, and therefore the most marketable agriculture, but also the most equipped with modern technology than the agriculture of any other country"[76].

On the decisive role of machine-tractor stations in the mechanization of collective farm production in that period, one can judge by the following data. Before the Patriotic War, mechanical engines (tractors, automobiles, combine motors, and other engines) made up 65.7% of all energy resources at the disposal of collective farm agriculture, including tractors and combine motors made up 45.5%, or 7/10 of the total power of all mechanical engines used in collective farms. In grain regions, the specific weight of tractors and combines in the total power of mechanical engines of collective farms was even higher: in the Altai Territory it reached 77%, in the Saratov and Novosibirsk regions—75%, in the Kuybyshev region—74%.

Machine-tractor stations, effectively utilizing state means of production on collective farm fields, performed 225 million ha of tractor work in 1940 (in terms of plowing), which made up on average more than 2 ha for each hectare of collective farm sowing[77].

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[76] *J. Stalin, Problems of Leninism, 11th ed., p. 582.*

[77] *According to adopted conversion coefficients, tractor works in the volume of 2 ha include: plowing with skimmers (1.0 ha), sowing (0.3 ha), cultivation (0.3 ha), and combine harvesting (0.5 ha).*

During the years of the Great Patriotic War, MTS, despite wartime difficulties, annually cultivated up to 100 million ha of land in the rear regions of the country (in terms of soft plowing). This was great assistance to collective farms in fulfilling their duty to the Homeland. The selfless and stubborn struggle of collective farmers, female collective farmers, workers of machine-tractor stations and state farms for the implementation of wartime agricultural production plans was a greatest contribution to the cause of organizing the economic victory of the USSR.

In the postwar period, new, even more responsible tasks were set before machine-tractor stations.

In 1947, the February Plenum of the Central Committee of the VKP(b) indicated that the earliest restoration and rise of agriculture are of paramount importance as a necessary condition for the successful development of the entire national economy of the country and further improvement of the material well-being of the people. "...before our party and state," stated in the resolution of the plenum, "again rose in full stature, as the most urgent task, to ensure such an ascent of agriculture as would make it possible in the shortest possible time to create an abundance of food for our population, raw materials for light industry, and the accumulation of necessary state food and raw material reserves."

The deadlines for restoring agricultural production, despite the consequences of the 1946 drought, were set to the minimum: for grain—three years; for leading technical crops—cotton, flax, sugar beets—less than three years; for the livestock

population—cattle, sheep, and goats—two years; and pigs—less than three years. Taking into account the leading role of machine-tractor stations in solving the main tasks of raising agricultural production and increasing the culture of farming, the plenum newly defined the duties of MTS and expanded the scope of their responsibility. The plenum indicated "...that the main task of machine-tractor stations is to increase the yield in served collective farms, further improve the utilization of the machine-tractor park, raise the quality of tractor work and perform them within agrotechnical deadlines, timely harvest the crop and fulfill plans for surrendering payments in kind for MTS work." The question was raised of radically improving the work of machine-tractor stations, of further developing their contractual relations with collective farms.

At the same time, measures were taken for the technical equipment of machine-tractor stations. The party and government approved a broad program of supplying agriculture with means of production, calculated not only to replenish the MTS machine park thinned out during the war years, but also to significantly expand and replenish it with machines of more perfect designs and new machines mechanizing the production of technical crops and animal husbandry.

In the postwar years, socialist industry replenished agriculture with a colossal amount of technical means. Agricultural machine building grew at exceptionally high rates.

If we take tractor production in 1946—the first year of the postwar five-year plan—as 100, we obtain the following growth rates of tractor production: 1946—100, 1947—209,

1948—426, 1949—661. Over the last three years, tractor output has increased almost 7 times. Over the same period, the production of combines, tractor plows, cultivators, threshers, and other agricultural machines and tools increased severalfold.

At present, socialist industry produces tractors of new types and more perfect complex agricultural machines corresponding to diverse zonal working conditions and the task of mechanizing all cultivation processes of various crops.

An important feature of tractors of new types is that the bulk of them are equipped with diesel motors and therefore operate on cheaper fuel, and consume this fuel in significantly smaller quantities than with carburetor engines.

Along with new tractors, new agricultural machines are also successfully applied in collective farm fields: the "Stalinets-6" combine designed for harvesting high-yield crops, self-propelled combines, combines for harvesting technical crops, self-propelled wide-cut mowers, disc harrows, more perfect soil-tillage and sowing mechanisms, automatically controlled mounted machines and tools. Machines for mechanizing labor-intensive work on livestock farms, machines for afforestation, land reclamation, etc., are being introduced.

Over 1946–1949, industry produced over 430 thousand tractors (in terms of 15-hp ones), 48 thousand combines, and many other machines. In 1949 alone, agriculture received 150 thousand tractors (in terms of 15-hp ones), 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 exceeds the supply of

tractors and machines in 1940 by 3–4 times. The bulk of new technology (except for part received by state farms) went to the technical armament of machine-tractor stations. From the spring of 1949 to the spring of 1950, the number of tractors (in terms of 15-hp ones) in MTS increased by 22%, tractor plows and seeders—by 20%, cultivators—by 21%.

At present, over 8,100 MTS operate in the country; the degree of their participation and leading role in collective farm production are continuously increasing.

Relying on technical progress, growing technical equipment, and the development of mass socialist emulation among MTS workers and collective farmers, machine-tractor stations from year to year increase the volume of tractor work in served collective farms. In 1947, MTS performed agricultural work in collective farms by 29% more than in 1946; in 1948—by 21% more than in 1947; in 1949—by 21% more than in 1948. The volume of tractor work in 1949 already exceeded the volume of this work in prewar 1940 by 19%.

Machine-tractor stations together with forest protection stations in 1949 performed work on 43.9 million ha more than in prewar 1940. The growth of the volume of tractor work occurred not only due to the expansion of the machine park, but also on the basis of the continuous increase in the efficiency of its utilization. Average output per 15-hp tractor in comparison with output in 1940 made up: in 1946—85% (i.e., was still lower than prewar), in 1947—102.5%, in 1948—113%, and in 1949—117%. Average output per combine in 1949 was also higher than in 1940.

Over the four years of the postwar five-year plan, the average annual growth rate of the volume of tractor work is 23.5%, the average annual growth rate of output per tractor is 12.8%. Under conditions of continuous replenishment of the MTS machine-tractor park, the average annual growth rate of the volume of tractor work must also be higher than the average annual growth rate of output per tractor.

Machine-tractor stations are basically successfully carrying out the tasks that were set before them by the February Plenum of the Central Committee of the VKP(b). The overwhelming number of machine-tractor stations fulfills plans for the most important types of tractor work within established deadlines and with the observance of corresponding agrotechnics; thereby planned yields are ensured in served collective farms.

The level of mechanization of main types of work is continuously increasing. In 1949, on average 82% of all plowing work in collective farms was mechanized, i.e., the prewar level of mechanization of this type of work was exceeded. In 1950, collective farms will have 85–90% of all plowing and 61% of all sowing work performed by MTS tractors.

The gross grain harvest in 1948, almost reaching the level of 1940, and the gross harvest of 1949 (7.6 billion poods), already exceeding the level of 1940, as well as the significant excess of the prewar gross harvest of cotton, flax, sunflower, and potatoes—all this largely depended on the work of the MTS machine-tractor park as the leading force of collective farm agriculture.

At present, in socialist agriculture, grandiose state plans for transforming nature in steppe and forest-steppe regions of the European part of the Soviet Union, developing public productive animal husbandry, and electrifying collective farms, MTS, and state farms are being implemented. MTS also play a leading role in fulfilling these plans. The functions of state machine-tractor stations continue to expand. In accordance with this, the volume of production activity of MTS increases and their responsibility for the development of not only collective farm crop production, but also animal husbandry rises.

From year to year, contractual relations of MTS with collective farms expand; their mutual obligations now cover the most diverse aspects of the production life of collective farms. In the party and government resolution "On the progress of preparation of collective farms, MTS, and state farms for the spring sowing" published in March 1950, the necessity is emphasized that in contracts, along with quantitative and qualitative indicators, the government-established level of mechanization of main types of agricultural work be ensured not only in grain collective farms, but also in collective farms cultivating koks-sagyz, cotton, beets, and other technical crops. The contracts must also provide for the mechanization of fodder harvesting, harvesting and threshing of seed plants and rubbing seeds of perennial grasses, afforestation, and labor-intensive work on livestock farms of collective farms.

The currently operating model contract of an MTS with a collective farm not only provides for a significant expansion of the sphere of activity of machine-tractor stations, but also

firmly fixes the yield level that must be ensured by the exact implementation of the entire complex of mutual obligations of MTS and collective farms provided by the contract. By a special clause of the contract, the MTS is charged with the duty of rendering constant assistance to collective farms in their organizational and economic strengthening through agronomical service, introducing achievements of agricultural science, assisting in the correct organization of labor, drawing up production plans and income-expenditure estimates, establishing correct crop rotation, distributing income, training collective farm personnel, and setting up accounting.

All this to an even greater extent enhances the role of MTS in planning collective farm production, since the plan of each collective farm is based on technical and organizational assistance assumed by the MTS, and since all this is fixed in MTS contracts with the collective farm as a mutual obligation with equal responsibility of both parties. The MTS also has a corresponding apparatus to assist collective farms in planning and exercising control over the implementation of planned assignments, over the quality and deadlines of their fulfillment.

MTS are charged with very responsible tasks for the further rise of the culture of socialist agriculture and the introduction of the travopole system of agriculture. In implementing the Dokuchaev-Kostychev-Williams complex, MTS must undertake the implementation of all most important agrotechnical measures that form in their totality a harmonious system of travopole agriculture connected by internal unity.

MTS are obligated to render huge assistance to collective farms in planting shelterbelt forest strips, in correctly organizing the territory with the introduction of travopole field and fodder crop rotations, in applying fertilizers, sowing with selected seeds, developing the irrigation system, creating a versatile economy with the correct ratio of crop farming, animal husbandry, and subsidiary branches of agriculture.

At present, over 40 thousand agronomists and other specialists work in sections and in the MTS apparatus. They render great organizational and agronomical assistance to collective farms in mastering the travopole system of agriculture. By the end of 1949, out of 254 thousand collective farms, travopole crop rotations had already been introduced in 202.6 thousand farms (80% of all collective farms). In accordance with the five-year plan, the introduction of travopole crop rotations in collective farms must be basically completed during 1950.

The role of machine-tractor stations is especially great in implementing a correct soil tillage system, which is an integral part of the entire complex of travopole agriculture. A correct soil tillage system yields a direct production effect in growing high yields and providing a fodder base for animal husbandry. Its main requirements can be fully implemented already now on the basis of MTS technology in all collective farms served by them.

A correct soil tillage system includes mandatory plowing of fallow land and winter plowland with plows with skimmers; stubble harrowing on the entire area going to winter plowland and black fallow; sowing spring crops exclusively on winter

plowland; expanding the area of black fallow and early plowing of clean fallow; applying, where necessary, layer-by-layer or simultaneously layer-by-layer and surface treatment of black fallow; periodic deepening of plowing in order to eliminate the "sole" formed during plowing to the same depth; spring harrowing of winter plowland and black fallow in no more than 2 days from the start of field work.

The successful activity of MTS in the field of correct soil tillage is characterized by the fact that from year to year the area of winter plowland, black and early fallows, and stubble harrowing increases. Over the last three years—1947, 1948, 1949—the area of winter plowland increased in the USSR by 33.3 million ha. From 1951, the sowing of spring crops will be performed exclusively on winter plowland.

Plowing fallow land for crops of the 1950 harvest was carried out at earlier dates than in 1949; moreover, according to data as of July 5, 1949, 5 million ha more fallow land was plowed than on the same date of the previous year. On the whole, the area of clean fallow in 1949 already exceeded the level of 1940, and plowing of fallow land and winter plowland with tractor plows with skimmers in 1949 increased by 5 times compared to 1940. The 1950 plan provides for stubble harrowing on an area 3 times larger and plowing of black fallow on an area 8.7 times larger than in 1949.

Machine-tractor stations currently possess all necessary technical means to introduce the entire complex of a correct soil tillage system into collective farm production. The task in this field as well consists in most fully and skillfully utilizing

technology on the basis of correct labor organization in MTS tractor brigades and collective farm production brigades.

In the postwar period, the task of completing in the near future the complex mechanization of all branches of collective farm production, i.e., the consistent implementation of all most important operations for cultivating crops, developing public animal husbandry, and raising its productivity with the help of machine technology concentrated in MTS, rose in full stature before machine-tractor stations.

MTS must mechanize all processes of soil tillage, tending crops of all cultures and their harvesting, as well as mechanize fodder harvesting, fodder preparation, and other labor-intensive work of animal husbandry.

Already now many MTS are equipped with necessary technology for mechanizing all grain production processes. In collective farms served by such MTS, complex mechanization of grain production is carried out. As an example, one can cite the Vurnary MTS of the Chuvash ASSR, in the region of which is the Stalin Collective Farm well known to the country. This MTS fulfills plans for each type of work within established deadlines, ensuring complex mechanization of grain production. Collective farms served by it harvested on average 81 poods of grain per hectare in 1947, 72 poods in 1948 under unfavorable meteorological conditions, and 85–90 poods in 1949.

In the main grain regions of the country, complex mechanization of grain production is on the eve of full completion.

Complex mechanization of technical crop production presupposes, along with improving existing types of machines, completing the mechanization of such processes where manual labor still predominates (work on tending crops, harvesting, primary processing of agricultural products, etc.). The problem of mechanizing the most labor-intensive work is successfully resolved: beet combines, flax combines, cotton harvesting machines have been created and are applied[78].

Machines for complex mechanization of vegetable-melon crop and potato production are also being created. There are already machines for planting vegetable seedlings, potatoes, etc. A potato harvesting combine has been designed. Production of a 3-hp garden tractor has begun.

A system of machines for complex mechanization of animal husbandry is being prepared. In accordance with the party and government decision on the three-year plan for developing public productive animal husbandry, complex mechanization of fodder harvesting is entirely entrusted to machine-tractor stations. A system of machines for cultivating sown grasses, as well as a series of machines designed for various hay harvesting conditions, is already applied. Machines for improving meadows, draining and clearing them of bushes and stumps, as well as ditch diggers, heavy disc harrows, drainage machines, etc., have been created, tested, and are successfully used.

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[78] *On labor savings in the mechanization of technical crop harvesting, one can judge by the following data: when applying beet combines, labor costs are reduced from 35–40 to 9–10 man-days per one hectare of harvested area.*

Intra-farm transport, water supply to farms, milking, milk processing, and sheep shearing are being mechanized. The development

of a system of machines for mechanizing fodder preparation is being completed. For special fodder shops of livestock farms, equipment has been created consisting of a number of machines and mechanisms for washing root crops and potatoes, cutting root crops, straw, and silage crops, crushing and grinding feeds, steaming and mixing them (fodder steamers and feed mixers).

According to the 1950 plan, silage ensiling by MTS machines in collective farms compared to the 1949 level must increase by 25 times. MTS are entrusted with the operation of individual units, for example, for electric sheep shearing, as well as the duty of rendering constant assistance to collective farms in assembling machines, energy installations, in technical supervision of the operation of these machines and their repair. To ensure the fulfillment of these new tasks, the position of senior mechanic for the mechanization of labor-intensive work in animal husbandry is established in each machine-tractor station.

Recently, the necessity of creating a special network of state specialized machine-tractor stations has been determined. These stations include first of all forest protection stations organized by the ministries of agriculture and forestry to perform work associated with planting forest strips and rendering assistance to collective farms in shelterbelt afforestation and constructing ponds and reservoirs. In total,

570 such stations must be organized. In 1949, 119 forest protection stations were created, by the spring of 1950—another 144 stations; by the end of 1950, there will be a total of 310 forest protection stations. The organization of such stations does not relieve MTS from the duty of participating in shelterbelt afforestation. Work on soil preparation, planting and sowing forest, as well as tending forest plantations on collective farm lands, is included in MTS production plans.

The second type of specialized machine-tractor stations is meadow-reclamation stations. They are created in the largest livestock-raising regions of the Soviet Union—Kazakhstan, Western Siberia (for example, in the Baraba steppe, in the Novosibirsk region), etc. The task of these stations is draining swamps, improving meadows, expanding pastures, constructing canals, hay mowing.

For constructing ponds and reservoirs, building irrigation systems, specialized machine-reclamation or excavator stations are organized.

In regions of pasture and transhumant animal husbandry, specialized machine-livestock stations are created. The tasks of these stations include carrying out the entire complex of hay harvesting work, mechanization of water supply, sheep shearing, improvement of hayfields and pastures, combating ice crust (dzhyut) and deep snow on winter pastures, landscaping territories, etc.

The sphere of activity of state specialized stations usually extends to several administrative districts. This makes it possible to better and more productively utilize complex

machines of these stations: tree-planting units, excavators, sheep-shearing units, etc. The work of specialized stations, like the work of MTS, is built on the basis of contractual relations with collective farms.

The tasks of completing the complex mechanization of agricultural production require accelerating the pace of electrification of agriculture. Electrification means a new, higher stage in the development of the material and technical base of agriculture on the path to communism.

Electric energy is increasingly penetrating into the production and everyday life of the collective farm countryside. Electrification of state farms and MTS is being completed. Primary processing, threshing, cleaning, drying, and sorting of seeds, labor-intensive processes of animal husbandry—all these are processes where

electric energy is already widely applied now. The duty of machine-tractor stations is to ensure the application of electric energy in collective farm production. MTS bear responsibility for the correct production utilization of available capacities of rural power stations. The senior mechanic of MTS for the mechanization of labor-intensive work in animal husbandry must be an electrical specialist, since the mechanization of these work processes will be based primarily on electric energy.

As an experiment, the first electric machine-tractor stations have already been created (Korsun-Shevchenkovsky in Ukraine, Rybnovo in the Ryazan region, etc.). Electric

plowing, electric combine harvesting are passing through a test period.

Complex mechanization is spreading at a rapid pace to all branches of agricultural production. The party and government are taking energetic measures in this direction. The share of manual labor is steadily declining, while the share of machine labor and the mass of past labor objectified in machines are continuously increasing.

The rapid progress of agricultural machine building, the growth of industrial labor productivity ensure not only the mass influx of new technology into agriculture and its introduction into all its branches, but also a significant reduction in the cost of machines applied in agriculture.

Marx pointed out that the less labor machines contain, "...the less value" they add to the product. The less value they transfer to the product, the more productive they are and the closer they approach the forces of nature in their service[79].

Equipping agriculture in a mass manner with the latest production technology through MTS, the Soviet State thus makes agricultural production even cheaper, because the productive power of agricultural labor grows, and public costs for producing a unit of product are significantly reduced.

Mechanization of labor processes in collective farm production on the basis of MTS technology already in the second Stalinist five-year plan raised the productive power of agricultural labor in grain farming compared to individual peasant farming by no

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79 *K. Marx and F. Engels, Works, vol. XVII, p. 429.*

less than 3–4 times. In the near future, in connection with the successful completion of the restoration of agricultural production and on the basis of the further development of complex mechanization of all branches of collective farm agriculture, an even greater growth of collective farm labor productivity will occur.

The concentration of agricultural production in large enterprises—state farms, MTS, and collective farms—and the concentration of means of production and labor associated with this have created conditions for transforming agricultural labor into a variety of industrial labor. As complex mechanization spreads to all branches of agriculture, simple, unskilled, manual labor is increasingly replaced by skilled, mechanized labor. The main personnel of collective farms and MTS at present are technically educated specialists of agricultural production. Over the period from 1933 to 1940 alone, about 4 million skilled labor workers were trained from among collective farmers: tractor drivers, combine operators and their assistants, tractor brigade leaders and their assistants, mechanics, operators of complex threshers, flax pullers, chauffeurs, etc. According to the postwar national economic plan, over the five-year plan (1946–1950), another 2.3 million tractor drivers, combine operators, and other skilled workers must be trained for agriculture. Only over

the last two winter periods, 790 thousand agricultural machine operators underwent training in mechanization schools and MTS courses.

An enormous role in transforming agricultural labor into a variety of industrial labor is played by the development of own industry in the countryside—repair shops, power stations, subsidiary enterprises, primary processing plants, etc. Significant masses of industrial labor workers—electricians, mechanics, turners, welders, etc.—are employed at these enterprises. The completion of complex mechanization of all production and subsidiary work in agriculture will essentially mean also the completion of the process of transforming agricultural labor into a variety of industrial labor; this complex mechanization is a most important condition for eliminating the antithesis between town and country.

The February Plenum of the Central Committee of the VKP(b) (1947) indicated that "the main task of the party in collective farm construction is the further organizational and economic strengthening of the agricultural artel, the multiplication of the public property of collective farms."

The successful solution of this task strongly depends on the work of MTS, on the skillful, high-performance utilization of the entire machine park. Without a correct form of labor organization corresponding to the level of productive forces, high-performance utilization of the latest technology cannot be ensured.

The USSR is the country of the largest socialist agriculture in the world. Our collective farms as large-scale enterprises can widely and fully utilize the most advanced technology—tractors, combines, and other complex agricultural machines—apply fertilizers, scientific methods of land cultivation. But in

some regions there are still many small collective farms which, especially under current conditions of mechanization development, cannot utilize all the advantages of large-scale collective farm economy.

Data from state acts on securing land to collective farms (1939) make it possible to make the following grouping of collective farms by the size of arable land per one collective farm:

Groups of collective farms by size of arable land (in ha)	**up to 50**	**51–100**	**101–200**	**201–500**	**501–1000**	**1001–1500**	**over 1500**	**Total**
Number of collective farms (in % to their total number)	3.2	8.8	18.4	29.6	20.0	9.3	8.1	2.6 (100)
Arable land	0.6	1.0	4.1	14.5	21.2	16.8	24.4	17.4 (100)

area (in % to arable land of all collecti ve farms)

The table shows that in the country there were 20% of collective farms with an arable land area of over 1000 ha and 20% with an arable land area from 501 to 1000 ha. In these 40% of collective farms, 79.8% of all collective farm arable land was concentrated. Collective farms with arable land from 201 to 500 ha made up 29.6%, and they had 14.5% of collective farm arable land. This group of medium-sized collective farms in terms of arable land can basically successfully apply the latest technology of agricultural production. Collective farms with an arable land area of up to 200 ha made up 30.4% of the total number of collective farms, but this group had less than 6% of arable land. In total, there were about 72 thousand such collective farms in 1940, of which 36 thousand were not served by MTS and about 36 thousand (with an arable land area of about 200 ha) were served by MTS. The bulk of such small collective farms is located in the central, northwestern, and northern regions of the country. Thus, for example,

in the Moscow region 66%, and in the Pskov region 84% of the total number of collective farms had up to 200 ha of arable land.

The consolidation of small collective farms is one of the important tasks of the organizational and economic strengthening of collective farms. In small collective farms where the size of one field in crop rotation is from 5–10 to 20 ha, the application of tractors is extremely difficult, costs more, and does not yield full effect. In such collective farms, the entire complex of the travopole system of agriculture cannot be consistently implemented. Besides, small collective farms do not possess a sufficient number of workers to service tractor aggregates and machines. The mechanization of all processes of collective farm production and the best service by machine-tractor stations of all collective farms require the consolidation of small collective farms[80].

In agricultural artels larger in land area, on the basis of better utilization of MTS machines, the versatile development of the public economy is ensured, labor productivity rises, and consequently the growth rates of the artel economy and the well-being of collective farmers as well. As Comrade N. S. Khrushchev indicated in his speeches on March 16 and 31, 1950[81], larger collective farms of the Moscow region accumulated for every 100 ha of arable land 6.4 times more indivisible funds, have 2 times more horses, raised 2 times more cattle, 4 times more pigs, and received 6.5 times more monetary income per 1 ha of arable land than small collective farms having up to 100 ha of arable land. Over February and March 1950 in the Moscow region, the number of agricultural artels as a result of amalgamation decreased by 2,139. This will

80 *See "Pravda", 25/IV 1950.*

81 *See "Pravda".*

contribute to the further organizational and economic strengthening of collective farms, first of all thanks to the better utilization of MTS technology.

Using the experience of advanced collective farms ("Trud", Zagorsk District, Moscow Region, which amalgamated 14 small agricultural artels; Stalin Collective Farm, Genichesk District, Kherson Region, which amalgamated 720 households located in 15 settlements, and others), Comrade Khrushchev showed what possibilities of further rise of the public economy of artels, multiplication of their public property, and raising the material and cultural living standards of collective farmers are hidden in the collective farm system.

In the Stalin Collective Farm, Genichesk District, there are 12,588 ha of land, including 7,738 ha of arable land. 37 MTS tractors work in the fields of the collective farm[82]. The collective farm has 15 engines, 13 trucks, two power stations with a total capacity of 150 kW. The public herd numbers 1,000 head of cattle, 400 pigs, 8,092 sheep, 279 horses. The economy has 140 ha of orchards, 39 ha of vineyards, 42 ha of ponds. Such is the brief economic characteristic of the Stalin Collective Farm. Recently, two more artels merged into this collective farm. Now the Stalin Collective Farm already has 14,600 ha of land, including 9,200 ha of arable land.

Lenin teaches that socialism is a new resettlement of humanity (with the elimination of both rural abandonment, isolation from

82 *In 1940, there were on average 62 tractors per one MTS.*

the world, savagery, and the unnatural concentration of gigantic masses in big cities)[83].

The victory of the Great October Socialist Revolution marked the beginning of the transition to a new resettlement of the urban population, since new industrial centers were created, slums were liquidated, and extensive housing construction was carried out in cities and workers' settlements. The victory of the collective farm system marked the beginning of the transition to a new resettlement of the rural population, since khutor isolation and savagery were liquidated, a cultural revolution in the countryside was carried out, and the construction of cultural institutions was deployed.

During the period of mass collectivization, collective farms were created on the basis of existing villages and hamlets. For that period it was inevitable. Now the situation has changed. New rural centers have grown around machine-tractor stations. The bulk of collective farms has grown stronger. Advanced collective farms have rebuilt their villages, changed their appearance, created production centers (power stations, mechanized livestock yards, subsidiary enterprises, etc.) and cultural centers (theaters, clubs, libraries, hut-laboratories, etc.). Small artels cannot afford to build their own power station, mechanized livestock yard, etc.; the consolidation of small collective farms creates conditions for even broader construction in the countryside of production and cultural-service buildings, good, well-appointed houses for collective farmers, for rebuilding our villages.

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83 *See V. I. Lenin, Works, vol. 21, p. 55.*

The growing mechanization of collective farm production requires the further strengthening of permanent production brigades in collective farms.

Already in the initial period of collective farm development, the permanent production brigade became the main form of organization of collective labor, and first of all in the leading grain branch. The role of the permanent production brigade as the best form of organization of collective labor in collective farms increases along with the growth of the technical equipment of MTS and the development of complex mechanization. Mechanization of all production processes compresses working time and reduces to a minimum the gaps between various operations: during the sowing period—between plowing, cultivation, harrowing, and sowing; during the harvesting period—between mowing, stacking, threshing, field cleaning, stubble harrowing, etc. With the growth of the technical armament of labor, the work front expands, and the deadlines for performing each individual operation are shortened. For high-performance utilization of MTS machines, it is necessary that the tractor brigade be serviced by a field-growing brigade of collective farmers possessing the necessary composition of workers. The link system of labor organization with the assignment of grain crop sowings to links means the fragmentation of collective farm fields into smaller (link) plots on which MTS technology cannot be utilized as effectively as on large fields.

"Pravda" on February 19, 1950, in the editorial article "Against distortions in the labor organization in collective farms" condemned the practice of assigning grain crop sowings to

links as causing serious damage to collective farm production, closing access to collective farm production for tractors, combines, and other complex agricultural machinery requiring large land arrays for its productive application. The link system leads to the spraying of forces and means of the artel, returns from advanced technology and collective forms of labor to manual, isolated labor. It undermines the main foundations of large-scale collective socialist agriculture.

"Pravda" subjected to harsh, principled criticism the incorrect line of the Kursk Regional Committee of the VKP(b) on liquidating the production brigade, on planting isolated links in grain farming. This line was anti-mechanization, hindered the application of new technology, and caused enormous harm to the cause of the organizational and economic strengthening of collective farms.

The creation of links inside permanent production brigades is expedient only in the cultivation of certain technical, vegetable, and other row crops, since their production is still insufficiently mechanized.

With the further growth of mechanization of agriculture, the need to assign row crops to links will also disappear. The all-out strengthening of the production brigade in crop farming and fodder harvesting was and remains the main task of labor organization in collective farms.

Collective labor in collective farms represents a complex cooperation of labor of MTS tractor brigades with collective farm field-growing brigades. As the experience of advanced MTS (Dëmino, Salsk, etc.) shows, the best results are achieved

under the condition when each field-growing brigade permanently works paired with a tractor brigade attached to it on the same plots assigned to the collective farm production brigade. Thus, from the Salsk MTS, Rostov Region, in 1948, 23 collective farms were served by 25 tractor brigades, i.e., one tractor brigade permanently served on average one collective farm. In 1948, the Salsk MTS fulfilled the tractor work plan by 124%, and 99.6% of these work items were within established agrotechnical deadlines. The level of mechanization of all plowing and sowing work reached 90%, combine grain harvesting—64%. At the same time, the yield plan of collective farms served by MTS was fulfilled: according to the plan, grain yield was supposed to be 14.2 centners per 1 ha, and MTS harvested with combines on average 14.4 centners. The experience of this and many other MTS indicates that it is expedient to organize work so that each MTS tractor brigade permanently serves one and the same production brigade or, in any case, one collective farm.

Labor organization in the agriculture of the USSR is continuously improving. In the resolution "On the progress of preparation of collective farms, MTS, and state farms for the spring sowing" (1950), the party and government, generalizing advanced experience in the work of tractor brigades, demanded: "In assignments to tractor brigades, establish the volume of tractor work separately for the spring, summer, and summer-autumn periods, as well as provide output indicators per tractor by periods, shift and average daily output norms by each tractor driver." The introduction of shift and average daily

work schedules of tractor aggregates will make labor organization in collective farm production brigades clearer.

In 1949, many MTS organized the work of combines, tractor, thresher, and other aggregates according to an hourly schedule, i.e., on the basis of hourly productivity norms of each aggregate under concrete conditions. Working according to an hourly schedule, tractor drivers of the Kanevskaya MTS, Kiev Region, S. Kovalenko and Yu. Girich, servicing one "SHTZ-NATI" tractor, plowed 31.75 ha of winter plowland per day on October 7, 1949, instead of 14 ha according to the norm. The movement to apply the hourly schedule of aggregate work is growing and expanding. Hourly assignments are already given for the work of combine, thresher, and other aggregates.

An enormous influence on the organization of collective farm labor will be exerted by moving plowing work performed by MTS from spring and summer to autumn. Full provision of winter plowland for spring crop sowings and significant expansion of black fallow plowing will lead to the bulk of plowing work being performed in autumn. This will affect extremely favorably the deadlines for conducting spring work and, consequently, the growth of yield. Although the tight deadlines of spring sowing will require higher work rates from collective farm production brigades, overall during the year the utilization of collective farmers' labor will become more uniform. All this shows how great the influence of MTS technology is on the organization of labor in collective farms.

The party and government highly value the labor of MTS workers. Annually for production successes, government

awards are received by many tractor drivers and tractor brigade leaders. In 1947 and 1948, 105 tractor brigades on the areas cultivated by them achieved an average grain yield of 25 centners per 1 ha and 8 tractor brigades an average cotton yield of 50 centners per 1 ha. The title of Hero of Socialist Labor was conferred upon the leaders of these tractor brigades.

Under the leadership of the party of Lenin-Stalin, relying on the industrial technology of MTS, collective farm agriculture in two to three years healed the wounds inflicted by the war, restored and surpassed the prewar production level. A further powerful rise of agriculture continues uninterruptedly. State machine-tractor stations ensure the rapid development of the productive forces of collective farm agriculture, render technical, organizational, and guiding assistance to collective farms in the struggle of collective farmers for creating an abundance of agricultural products in the country.

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P. LISOVSKY

THE RISE OF THE PEASANT MOVEMENT IN ITALY

Italy is one of the few major capitalist countries of Europe in which significant vestiges of feudalism still survive to this day.

Following the unification of the country in 1861, a rapid penetration of capitalism into agriculture began in Italy, accompanied by the differentiation of the peasantry, the ruin of millions of small producers, and the concentration of land and other means of production in the hands of capitalist elements. This process was further accelerated during the years of the First World War and especially during the period of the fascist dictatorship (1922–1943). Contrary to the fabrications of bourgeois economists claiming that small "independent" peasant farms form the basis of Italian agriculture, the capitalist form of production has long predominated in Italian agriculture. In 1930, capitalist-type farms accounted for 64% of the land area, 70% of large horned cattle, 80% of gross output, and 85–90% of the marketed output of the country's entire agriculture[84].

The penetration of capitalism into Italian agriculture did not lead, however, to the elimination of the vestiges of feudalism

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[84] See E. Sereni, The Agrarian Question in Italy. Gospolitizdat, 1949, p. 186. Out of 156 thousand hectares of land in Agro Romano, 139 thousand hectares belong to landlord latifundia of 100 hectares and above. The largest landlords of Agro Romano, the Princes Torlonia, own 7.4 thousand hectares of land; Boncompagni Ludovisi, 3.7 thousand hectares; Aldobrandini, 3.5 thousand hectares; the large industrialist Vaselli, 4.6 thousand hectares, etc.

surviving within it. Fearing the growth of the revolutionary struggle of the popular masses, the bourgeoisie that came to power in the united Italian kingdom formed a bloc with the landlord class, the basis of which was the preservation of the privileges of large landownership. This bloc, aimed at perpetuating the disenfranchisement and bondage exploitation of the popular masses of Italy, was consolidated during the period of imperialism, when Italian monopoly capital subordinated to its sway not only the industry but also the agriculture of the country.

In the South and in certain regions of central Italy, huge landlord latifundia have survived. The landholdings of the titled aristocracy amount to 3 million hectares, or more than 10% of Italy's entire agricultural area. The 15 largest representatives of the landowning aristocracy—Borghese, Colonna, Chigi, Boncompagni, Pavoncelli, Torlonia, Guicciardini, Piccolomini, d'Ayala, Trigona, and others, many of whom played a prominent role under the fascist regime—hold in their hands about 0.5 million hectares of land.

A significant portion of the landlord latifundia consists of uncultivated or nearly uncultivated land, because its owners consider it unprofitable to invest capital in agricultural production. In the southern regions of Italy alone, there are up to 2 million hectares of uncultivated land. In the agricultural region of the Roman Province (Agro Romano), where large landlords owning over 100 hectares of land possess 89% of the entire agricultural area 2, only an insignificant portion of the land (in some cases less than one-tenth) is cultivated, and only 15% of the land area is under grain crops. In Apulia, where

huge latifundia belong to several "dynasties" of the landowning nobility, the greater part of the agricultural area (90 thousand hectares) is also uncultivated[85].

One of the main strongholds of large semi-feudal landownership in Italy is the vast territory of Calabria, an area in the extreme south of the country. A small number of aristocratic families own 800 thousand hectares of land here, whereas the 2 million Calabrian peasants account for a mere 700 thousand hectares 3. The Calabrian landlords—latifundia owners—present a striking example of social parasitism. Living off the enormous land rent they receive, they live in idleness and luxury in Rome and Naples. Tens of thousands of hectares of land in Calabria have been converted into hunting reserves. The same picture is observed in the neighboring region of Lucania, where huge latifundia belong to a handful of landowning aristocrats who likewise live in luxurious palaces in Rome and rarely show themselves on their estates.

Another vestige of the feudal Middle Ages in the Italian countryside is sharecropping (mezzadria), widespread in both Southern and Central Italy (for example, in Tuscany). The sharecropper peasant, receiving a plot of land, a house, and a certain portion of the means of production from the landlord or large tenant farmer, typically gives him half of the gathered harvest. Historically, sharecropping is a product of the decomposition of the serf system and one of its survivals. In

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[85] Thus, for example, Baron Berlingieri owns huge estates in various parts of Calabria totaling 23 thousand hectares; Baracco and Galluccio own 7 thousand hectares each. Many communes (municipalities) of Calabria are possessions of two or three large landlords.

many parts of Italy, sharecroppers still bear various feudal obligations today: for example, they are obligated to perform a number of unpaid chores on the master's estate, make him "offerings" on his birthday and on other "solemn occasions," etc.

The forms of sharecropping vary across different regions of Italy. In Tuscany, the predominant form of sharecropping is one in which the landowner supplies the peasants with the principal portion of the means of production. In this case, the sharecropper differs very little from a wage laborer, and the landowner from a capitalist entrepreneur. Farms of this type are characterized by a relatively higher level of agricultural technology. In the South, however, the landowner typically provides sharecroppers with little besides land and an insignificant fraction of the means of production, yet nonetheless takes half of the harvest; here, the exploitation of sharecropping peasants assumes an especially pronounced parasitic character, retaining many features of feudalism.

Fascism, which ruled Italy for over two decades, executing the will not only of finance capital but also of large landlords, zealously protected the vestiges of feudalism in the country's agriculture. The intensification of monopoly capital's control over Italian agriculture under the fascist regime also led to the strengthening of the kulak upper strata and the ruin of the working peasantry.

The preservation of numerous remnants of feudalism in Italian agriculture greatly hindered the development of its productive forces. Over 30 years—from 1908 to 1938—Italy's agricultural

production increased by only 4%, whereas over the same period the country's population grew by 27%. The decline of such branches of Italian agriculture as horticulture, viticulture, etc., which are engaged in primarily by small and medium peasant farms, reached especially catastrophic proportions. The interests of these farms were systematically sacrificed by fascism to the interests of large capitalist companies. The index of fruit production, including citrus (1908 = 100) and olive oil, dropped to 72.1 in 1934–1938, and the index of wine production fell to 58.4. The Second World War dealt a new blow to Italy's agricultural production. Two years after the war, Italy's official agricultural production index stood at three-quarters of the pre-war level.

The ruinous influence of feudal vestiges on Italian agriculture stands out especially clearly when comparing the Italian North with the South. The industrialization of Northern Italy in the 19th and 20th centuries took place largely at the expense of the enslavement and plunder of the southern regions of the country by the industrial and financial bourgeoisie of the North, turning those regions into a peculiar agrarian and raw-material appendage of the North's capitalist economy. A sharp contrast arose between the capitalistically developed North of Italy and the backward, agrarian South. The southern regions of the country became the main stronghold of Italian reaction.

In the regions of Northern Italy, which occupy 38% of the country's territory, 70% of all large horned cattle and 70% of tractors are concentrated. The technical level of agricultural production here is incomparably higher than in the South of the country, with machinery and fertilizers applied on a much

larger scale. By contrast, Southern Italy, whose territory slightly exceeds that of Northern Italy, accounts for only 11% of large horned cattle and 12% of tractors. Crop yields in the North are likewise incomparably higher than in the South. Thus, in 1935–1937, the wheat yield per hectare in the northern regions of the country was: Lombardy—26.7 centners, Emilia —21.9 centners; whereas in the southern regions: Apulia— 10.9 centners, and Sicily—10.4 centners.

According to the 1930 agricultural census and the 1936 population census, there are approximately 2.9 million peasant holdings in Italy, as well as over 1 million minute allotment "holdings" that do not serve as the primary source of subsistence for their owners[86]. Approximately 700 thousand holdings (about 1/4 of all holdings) are operated on a sharecropping basis, while approximately 2.2 million holdings (3/4 of all holdings) belong to the category of "independent" farms, of which 1.6 million are operated on owned land and 0.6 million on rented land. Landless and land-poor peasantry predominates in the Italian countryside, lacking the quantity of means of production necessary to secure a livelihood and therefore frequently compelled to resort to selling their labor power. Kulak-capitalist farms, according to postwar data, numbered approximately 150 thousand in the Italian countryside, middle peasant farms—750 thousand, and poor peasant farms—approximately 2 million.

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[86] Extreme diversity in the forms of agrarian relations in Italy and the lack of reliable statistical data make it impossible to construct an exact picture of the social structure of the Italian countryside. We provide here several approximate figures calculated on the basis of official statistical data.

According to the 1936 census, Italy's gainfully employed population engaged in agriculture totals about 8.8 million people; of these: kulaks and rural capitalists—0.3 million, middle peasants—1.7 million, poor peasants and agricultural semi-proletarians—4.4 million, agricultural proletariat—2.4 million. Thus, the agricultural proletariat and poor peasantry together constitute over 77%, and agricultural laborers alone account for 27% of the entire gainfully employed population of the Italian countryside.

Agricultural laborers in Italy are hired either under a contract for a whole year (so-called contract workers) or for a short term, sometimes for one or several days (day laborers, in Italian braccianti). Contract workers live together with their families in dreadful hovel-barracks located on the master's land. Upon the expiration of the year, the landlord may arbitrarily refuse to renew the contract and evict the worker along with his family. The second category of agricultural workers (day laborers) exceeds the first in number by almost five times and represents the most revolutionary, class-conscious, and best-organized detachment of working people in the Italian countryside.

The Italian peasantry, especially in the north of the country, possesses considerable experience in revolutionary struggle. The presence of vestiges of feudal-serf relations, bringing Italy close to prerevolutionary Russia, has served for decades as an objective, powerful factor pushing the Italian peasantry into the struggle for land, against the landlords and the bourgeois-landlord state.

Comrade Stalin pointed out that in the bourgeois revolutions of the West (England, France, Germany, Austria), hegemony belonged not to the proletariat—which neither represented nor could represent an independent political force owing to its weakness—but to the liberal bourgeoisie. "There the peasantry received liberation from serf orders not from the hands of the proletariat, which was numerically small and unorganized, but from the hands of the bourgeoisie. There the peasantry went against the old order together with the liberal bourgeoisie. There the peasantry constituted the reserve of the bourgeoisie. There the revolution led, in view of this, to a tremendous strengthening of the political weight of the bourgeoisie"[87]. In Russia, on the contrary, the bourgeois revolution "brought to the fore not the liberal bourgeoisie, but the revolutionary proletariat, rallying around it the multi-million peasantry." This difference is explained by the fact, Comrade Stalin noted, that "the bourgeois revolution unfolded in Russia under more developed conditions of class struggle than in the West, that the Russian proletariat had already succeeded in transforming itself into an independent political force, whereas the liberal bourgeoisie, frightened by the revolutionariness of the proletariat, lost any semblance of revolutionariness (especially after the lessons of 1905) and turned toward an alliance with the tsar and landlords against the revolution, against the workers and peasants"[88].

The bourgeois-democratic movement that developed in Italy in the 19th century under the hegemony of the liberal bourgeoisie

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87 J. V. Stalin, Works, vol. 6, p. 126.

88 Ibid., p. 127.

did not lead to the elimination of the vestiges of feudalism in the country. Italy, like Russia and in contrast to England, France, Germany, and Austria, entered the 20th century with the unresolved tasks of the bourgeois revolution. The peasant masses did not receive land from the hands of the liberal bourgeoisie and did not become the reserve of the bourgeoisie. Thus, objective prerequisites were created for rallying the peasantry around the revolutionary proletariat. However, for this possibility to turn into reality, there was required, firstly, the existence of a revolutionary party of the proletariat—the communist vanguard of the working class, which could exercise leadership over the peasant masses—and, secondly, the accumulation of sufficient political experience by the peasantry so that it would finally become convinced of the futility of hopes for receiving land from the hands of the bourgeoisie. In Russia, both these conditions were already present in 1917. In Italy, however, they took shape much later.

The Italian Socialist Party remained for a long time in thrall to reformists and centrists who ignored the revolutionary struggle of the peasantry. The revolutionary party of the working class —the Communist Party—was formed in Italy only in 1921.

In the early years of its existence, however, it did not head the struggle of the peasant masses, because sectarian elements headed by the Trotskyite Bordiga, who temporarily seized leadership in the party, sabotaged work in the countryside. It is not surprising that under such conditions the process of forming the political consciousness of Italy's peasantry developed slowly, although as early as the beginning of the

20th century, outbreaks of revolutionary struggle by the broad peasant masses repeatedly occurred in the country.

During the First World War, the growth of revolutionary sentiment among the Italian peasantry and its dissatisfaction with the policy of the bourgeois-landlord state served as one of the causes of Italy's grave military defeats, particularly at Caporetto (1917). The Italian government had no other recourse than to promise the peasants land grants in the future. When, upon the war's conclusion, the government—fulfilling the will of the landlords and agrarians (large agricultural capitalists)—attempted to evade fulfilling this promise, a series of revolutionary uprisings of the peasant masses erupted; peasants began seizing landlord lands. Frightened by the scale of this movement, the government found itself compelled to pass laws sanctioning, under certain conditions, the transfer of uncultivated landlord lands to the use of peasants. Agricultural laborers achieved some wage increases, tenant farmers secured rent reductions for land use, sharecroppers gained an increase in their share of the harvest, and landlords were barred from exercising the "right" to arbitrarily evict sharecroppers from the land, etc.

Striving to suppress the developing revolutionary movement of the peasant masses, landlords and agrarians resorted to terror. Fascist gangs, joined by tens of thousands of landlord and kulak scions, smashed progressive workers' and peasant organizations in cities and villages. Immediately upon coming to power in Italy, fascism liquidated all the conquests achieved by Italian peasants in 1918–1922 and restored the unrestricted domination of landlords and capitalists in the countryside.

In 1943–1945, following the capitulation of fascist Italy as a result of the Soviet Army's victories on the fronts of the Second World War, a new powerful upsurge of the peasant struggle began in Italy. The peasant masses, together with the entire Italian people, rose under the leadership of the Communist Party to wage a patriotic struggle against the German fascist invaders. The partisan detachments fighting against the Hitlerite occupiers consisted chiefly of workers and peasants. The participation of the Italian peasant masses in the liberation struggle against fascism raised their class consciousness and organization.

Terrified by the growing might of the peasant movement, the Italian landlords and large capitalists—whose dominance in the country's economy and politics was fully preserved by the Anglo-American imperialists—resorted to deceiving the peasantry in order to divert it from the revolutionary struggle for land. Reactionary elements entrenched with the help of US and British imperialists in Italy's state apparatus and the leaders of all bourgeois parties promised the peasants to carry out a broad land reform. The Christian Democratic Party engaged in especially unbridled demagogy around land reform, relying in the countryside chiefly on kulak elements as well as on backward strata of the peasantry in the agrarian regions of the country. In practice, however, the Christian Democrats, like the other bourgeois parties, sabotaged in every possible way measures aimed at satisfying the peasants' just demands for land allotments. The Christian Democratic Party acts in accordance with directives received from the Vatican, which is one of the chief strongholds of reaction in Italy. The Vatican

and the upper hierarchy of the Catholic church in Italy are bound by the closest ties to large landownership and stand guard over the interests of large latifundia landlords.

Representatives of the Communist and Socialist parties, who in 1944–1947 were part of the Italian government, succeeded—overcoming the sabotage of the Christian Democratic party leaders— in implementing certain measures that eased the condition of the working peasants. In particular, the Communist Minister of Agriculture Gullo enacted a law providing for the transfer of uncultivated landlord lands to the use of peasant agricultural cooperatives[89].

After the Christian Democrats, at the dictation of American capitalist monopolies, secured the removal of communists and socialists from the government in May 1947, preparations for measures aimed at dividing landlord lands among the peasantry were completely suspended. The Christian Democrats exerted every effort to nullify even those modest gains that the peasantry, under the leadership of the Communist and Socialist parties and with the support of the working class, had achieved after the war. However, Italian reaction failed to suppress the peasant movement in the country.

The postwar period in Italy is characterized by a decline in agriculture—experiencing, like the entire Italian economy, the ruinous consequences of the "Marshall Plan"—and a progressive deterioration in the condition of the broad peasant masses.

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[89] As a result of the sabotage of this law by reactionary forces, only 200 thousand hectares of land were transferred to the peasants.

The sown area under grain in Italy in 1945 was 10% lower, and in 1948 still 7% lower, than the 1934–1938 level. Grain production in 1945 was 46% lower, and in 1948 18% lower, than the pre-war level. At the same time, food imports into Italy increased sharply, chiefly from the USA. In the first quarter of 1949, Italy imported 15 times more wheat and wheat flour than in the first quarter of 1937. Before the war, foodstuffs accounted for a third of Italy's entire export and less than one-sixth of its import. Now, conversely, the share of foodstuffs in Italian exports has declined, while in imports it has increased substantially, which was a consequence of the significant contraction of agricultural production within Italy itself. Italy's food balance has sharply deteriorated.

The Second World War temporarily caused an acute shortage of labor in the countryside, the almost complete cessation of agricultural fertilizer supplies, a significant reduction in livestock herds, a decrease in sown areas, and a drop in crop yields. However, the current deplorable state of Italian agriculture is caused not so much by the effects of the war—to which Italian rulers are fond of referring—as by much deeper causes: the productive forces of Italian agriculture cannot be fully and rationally utilized within the framework of the capitalist system. Italy has millions of hectares of uncultivated or nearly uncultivated lands, yet millions of peasants and agricultural laborers cannot find employment for their labor. Yet as soon as landless peasants or unemployed farmhands occupy idle lands in order to begin cultivating them, Minister of the Interior Scelba dispatches police detachments to the

"scene of the incident" to defend the "sacred right of property" of the latifundia owners.

Today, large Italian industrialists and agrarians avoid investing their capital in domestic industrial and agricultural production, preferring to channel it through other avenues promising higher or better-secured profits. They strive to profit from exporting capital abroad, from various speculative maneuvers, etc. Many industrialists shut down their enterprises and throw tens of workers onto the street, while agrarians curtail agricultural production, dismiss workers, terminate contracts with sharecroppers, and evict them from the land. In this flight of capital from productive spheres of investment within the country lies the parasitism of the exploiting classes, their fear of the working masses, and their lack of faith in the stability of Italy's existing, thoroughly reactionary social system. In the interests of preserving their rule and fighting against the revolutionary workers' and peasants' movement, Italy's ruling classes have assumed the role of agents of aggressive American imperialism, unreservedly placed themselves at its service, and subscribed to its program of turning Italy into a market for American goods, a colony, and a US military-strategic base.

The "Marshall Plan," zealously implemented in Italy through the joint efforts of American monopolies and Italian reactionaries, has served as a powerful instrument for curtailing the country's industrial and agricultural production and subordinating the entire Italian economy to the interests of the US financial oligarchy. As a result of two years of the "Marshall Plan," Italy's industrial production index (1938 =

100) dropped to 82. Agricultural production in mid-1949 stood at only 87% of the 1938 level.

At the dictation of the American imperialists, Italy's exploiting classes and the reactionary government guarding their interests launched a fierce offensive against the living standard of the worker and peasant masses and against the remnants of their political rights. Unemployment is the scourge of working people in town and country. In Italy, up to 3 million workers are jobless. According to official statistics, over a million agricultural workers (out of 2.4 million) are fully unemployed. In reality, however, the number of jobless is significantly higher: so-called "employed" agricultural workers and day laborers actually have work and earnings on average for no more than 4–5 months a year. The plight of agricultural workers is especially dire in Southern Italy, where they do not possess such powerful trade union organizations as in the North. In Apulia, more than a quarter of the 250 thousand day laborers have no work, while the rest are employed on average 150–200 days a year. Their wages do not exceed 500 lire a day, whereas feeding a family of 5 costs no less than 2,000 lire.

In many provinces, particularly in Southern Italy, agricultural workers are deprived of the opportunity to conclude collective agreements with the landowner or tenant farmer, and agreements of the type concluded during the fascist dictatorship remain in force there to this day. In the townships of Southern Italy, so-called "laborer markets" are widespread: at dawn, a large crowd of unemployed farmhands gathers in the market square; landowners select the sturdiest among them and take them off to their estate, usually located many kilometers

from town. Cases where farmhands hire themselves out for work in exchange for mere meager sustenance are not uncommon.

Day laborers are also in a very difficult position in the developed agricultural regions of the North. Thus, for example, in Emilia, a day laborer's average monthly earnings total only 14 thousand lire, while the earnings of women employed in rice fields who have work only during the short harvesting period typically do not exceed 4 thousand lire a month. In mid-October, after the agricultural campaigns end, the day laborer —having accumulated 20–30 thousand lire over the season, i.e., having secured meager sustenance for himself and his family for no more than a few weeks ahead—is left without work and without any hope of obtaining it until spring. In search of earnings, day laborers are forced to engage in "hunting" for frogs, which, for example, in Vercelli Province begins as early as the end of September, or mole catching, which is widespread in Northern Italy. With the onset of autumn, day laborers wander in groups and alone from one farmstead to another in search of work, agreeing to any labor, no matter how arduous or poorly paid.

The living standard of Italy's agricultural workers is now significantly lower than even during the years of fascism. In a number of localities in Lucania and Apulia, farmhand families live together with livestock in dark and damp caves and kindle fires to cook food no more than once a week. In Cremona Province, agrarians lock the barracks where workers live at 8 o'clock in the evening and do not permit them to leave. The situation of other detachments of working people in the Italian

countryside—sharecroppers, small tenant farmers, small owners—is also very difficult. Hunger, poverty, and unemployment rage among them as well. Bourgeois statistics completely fail to account for unemployment among this category of working people.

The plight of the millions-strong peasant masses of Italy began to deteriorate especially rapidly after the removal of communists and socialists from the government, the transfer of all power into the hands of the reactionary Christian Democratic government, and the subsequent transition of monopoly capital and landlords to an open offensive against the living standards of urban and rural working people.

The De Gasperi government attempts to play upon the contradictions between individual groups of rural working people, pitting small owners and tenant farmers against agricultural workers, the latter against sharecroppers, etc. However, these maneuvers of reactionary forces as a rule end in failure. The Italian peasantry has learned a great deal from the years of revolutionary struggle after the First World War, during the period of fascist oppression, and especially during the 18 months of armed partisan warfare against the Hitlerite invaders. Today, Italian peasants are not easily deceived by demagogic promises as they were thirty years ago. Broader and broader masses of the peasantry are coming to understand that only in the struggle against the landlords, big capital, and American dominance, only in alliance with the working class and under its leadership can they obtain land and win democratic rights. Today they have an experienced and reliable leader—the Communist Party, tempered in revolutionary

battles, which, as the vanguard of the proletariat, leads the main masses of the peasantry behind it.

In recent years, the revolutionary uprisings of working people in the Italian countryside have proceeded with a high level of activity, class consciousness, and organization of the masses.

Agricultural workers, sharecroppers, small tenant farmers, small owners, technical personnel and employees of agricultural enterprises, and other detachments of rural working people are united by a trade union organization named "Confederterra" (Confederation of Land Workers). Confederterra is affiliated with the Italian General Confederation of Labour (IGCL) and counts 1.8 million members in its ranks. It consists of the Federation of Agricultural Workers and the Federation of Sharecroppers, and also includes organizations uniting small owners, tenant farmers, etc. The Federation of Agricultural Workers, numbering 1.2 million members, is the largest and leading organization within the Confederation of Land Workers. Both within Confederterra as a whole and in both federations, the leading role belongs to communists[90].

Until mid-1948, the governing bodies of Confederterra included representatives of three parties: the Communist, Socialist, and Christian Democratic. In the interests of the unity of the working class and all working people, communists and socialists admitted Christian Democrats to participate in the

[90] In Confederterra prior to its split, only 7% of its members voted for Christian Democrats, while 68% voted for communists and 22% for socialists. In the federations of agricultural workers and sharecroppers, only 5% voted for Christian Democrats.

governing bodies of Italy's professional movement, although the number of Christian Democratic party supporters in trade union organizations typically did not exceed 5–10%.

In 1948, Christian Democrats, striving to split the workers' and peasants' movement, withdrew from the IGCL and all affiliated organizations, including Confederterra. However, this vile attempt to undermine the unity of the ranks of the working class and peasantry and to break their resistance to the onslaught of industrialists, agrarians, and landlords ended in failure. Only a small fraction of Catholic workers and peasants followed the splitters. The IGCL and Confederterra remained as before the bodies uniting the overwhelming majority of organized working people in town and country.

Alongside Confederterra, land committees play an important role in the struggle of the peasant masses. The creation of these committees was initiated in December 1947 by the Land Constituent Assembly convened in Bologna upon the initiative of the Communist Party and other democratic organizations. Land committees are elected at general meetings in villages and unite agricultural workers, sharecroppers, small owners, tenant farmers, and progressive rural intelligentsia in the struggle for broad democratic transformations in the Italian countryside.

At present, several thousand land committees already exist in the country. The session of the National Assembly of Land Committees held in Modena on March 13–14, 1949, was attended by a thousand delegates in whose election over 2 million people participated. Land committees, guided by the

Communist Party, serve as a powerful instrument for rallying rural working people on a democratic basis. Mass seizures of landlord land by peasants in Southern Italy in October–December 1949 provided a strong impetus to the movement of land committees; during this period, many new committees arose, heading the peasants' struggle.

Organs of struggle of the Italian peasant masses also include farm councils and factory councils. Farm councils unite all agricultural workers, employees, and agronomists of capitalist-type agricultural enterprises. They were established spontaneously beginning in the autumn of 1947 at hundreds of agricultural enterprises, chiefly in the Po Valley and especially in Emilia. Similar to workers' management councils at industrial enterprises, farm councils are designed to exercise workers' control over agricultural enterprises and ensure workers' participation in the management of these enterprises. However, farm councils were recognized by employers and admitted to participating in production management in rare cases only.

Factory councils, similar in their tasks to farm councils, have begun to emerge recently on estates based on sharecropping, chiefly in Tuscany. These bodies, which have not yet received widespread development across the country, undoubtedly have a great future.

A tremendous role in the struggle of Italy's working peasantry is played by the cooperative movement, which has solid traditions in the country. Cooperation is a major force in the Italian countryside. Its central body—the National League of

Cooperatives—unites 3 million members, including 2.1 million in consumer cooperatives, 200 thousand in agricultural cooperatives, and 150 thousand in peasant cooperatives for joint purchasing, marketing, and industrial processing of agricultural produce, as well as for the collective use of machinery. Leadership in the League passed in 1947 to the Communist Party, which received 59% of the votes at the 21st Congress of the League (socialists received 26%, and Saragatites only 5%). Agricultural cooperatives play a major role in organizing peasant seizures of landlord land.

All organizations of Italy's rural working people operate in close contact with one another and with other progressive democratic organizations of the country.

The leading role within them is played by the Communist Party, which has significantly strengthened its positions in the countryside in recent period and ensures the correct political line of these organizations. The transition of hundreds of thousands of Italian peasants to the banner of the Communist Party signifies that for the first time in Italy's history, a close militant alliance of the proletariat and the broadest peasant masses under the leadership of the proletariat is being embodied in life. This alliance provides powerful support from the multi-million peasant masses to the working class, which heads the struggle of democratic forces against imperialist reaction, and likewise opens up to the peasant masses the possibility of obtaining land and the path to deliverance from centuries-old feudal bondage and capitalist exploitation.

The leading role of the Communist Party in the countryside is evidenced, for example, by the experience of two agricultural regions of Italy—Emilia and Tuscany—where industry is poorly developed and the number of factory proletariat is relatively small[91]. In both regions, the Communist Party has won firm positions. In Emilia, one person out of every five, and in Tuscany one out of every seven inhabitants is a member of the Communist Party. In these two regions, whose population constitutes one-tenth of Italy's total population, there are 3/4 million members of the Communist Party. In the provinces where peasant seizures of landlord land have occurred in recent months, an exceptionally stormy growth of local Communist Party organizations is observed.

Over the past 2–3 years, the Italian countryside has been almost continuously rocked by fierce class battles. In various parts of the country, revolutionary uprisings of the masses frequently occur simultaneously, and strikes of rural working people break out.

The common demands of all toilers in the Italian countryside are: firstly, the carrying out of a broad agrarian reform, the elimination of vestiges of feudalism that weigh as a heavy burden on the country's agriculture and exacerbate the plight of the peasant masses, the division of landlord lands, and the granting of land to landless and land-poor peasants; secondly, the protection of wage laborers, sharecroppers, and small tenant farmers from the arbitrariness of landlords and

[91] Emilia and Tuscany are regions of intensive agriculture. At the same time, while capitalist-type farms with hired labor predominate in Emilia, Tuscany is one of the oldest sharecropping regions.

agrarians, depriving the latter of the right to dismiss farmhands uncontrollably and evict peasants from the land they cultivate upon the expiration of contracts; thirdly, the admission of rural working people to participate in the management of agricultural enterprises.

It should be noted that the absence of any legal norms guaranteeing rural working people against eviction from the land they cultivate is a most serious obstacle to agricultural development, for it deprives landless peasants of any incentive to improve the land plot they work. The absence of such a guarantee grossly violates the interests of all categories of Italian agricultural workers operating on alien land. Therefore, in almost all conflicts arising in the Italian countryside in recent years without exception, agricultural workers and sharecroppers put forward above all the demand that landowners abandon contract termination "without just cause."

Alongside common demands, individual detachments of Italy's rural toilers put forward their own specific demands.

Agricultural workers seek higher wage rates and the fixing of these rates in labor contracts. They demand the introduction of a sliding wage scale in order to prevent a decline in real wages resulting from rising prices.

Of great importance for agricultural workers is the question of hiring procedures. Agricultural workers wage a struggle to remove the hiring of labor from the jurisdiction of government offices and transfer it to parity commissions with the participation of representatives of organized workers, for the right to a weekly rest day, an annual paid vacation, so-called

"Christmas bonuses," etc.; they struggle for the right to a so-called "bread supplement," for increased allowances for family workers, and for unemployed agricultural workers—unemployment benefits, etc.

The execution of land reclamation work is of no small importance for agricultural workers. Broad organization of land reclamation work, the construction of irrigation facilities, etc., could provide work for hundreds of thousands of rural working people. Agricultural workers demand that the main share of income extracted by agrarians from the land go toward carrying out land reclamation work[92] and that the participation of a definite number of workers per hectare of land in these works be guaranteed.

Small tenant farmers seek a reduction in exorbitantly high rental rates, which frequently reach 50–60% of gross output value. They demand that these rates be calculated on the basis of taxes levied on land plots.

Sharecroppers, furthermore, struggle against the still-surviving medieval principle of equally dividing output between the master and the sharecropper. Confederterra demands the transfer of 57% (and in mountainous regions—60%) of the produce to sharecroppers.

Under the pressure of the rural working masses resorting to strikes and other forms of struggle, landlords, agrarians, and the reactionary De Gasperi government are forced to make

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[92] The economic program developed by the IGCL in 1949 provides for the obligatory deduction of at least 10% of gross income of agricultural enterprises for land reclamation work.

concessions. However, these concessions have typically been merely a tactical maneuver calculated to deceive the masses. As a rule, landlords and agrarians, with the government's support, sabotage the agreements concluded with Confederterra, which leads to new, even sharper class conflicts. As a result, in the Italian countryside in recent years, the class struggle has almost unceasingly continued, drawing in the broadest masses not only of agricultural workers, but also of sharecroppers, small tenant farmers, and small owners.

Thus, for example, in the summer of 1947, the entire Po Valley became the arena of a fierce struggle by 600 thousand agricultural workers. Agrarians found themselves forced to yield to the strikers and in September 1947 signed an agreement with Confederterra. However, after the parliamentary elections in April 1948, emboldened agrarians tore up the agreements they had signed. In May 1948, the farmhands of Northern Italy again entered the struggle and once more won a victory. In 1949, agrarians made an attempt to destroy the gains of agricultural workers, and then a new grand general strike of agricultural workers broke out. In September 1947, sharecroppers as a result of a stubborn struggle achieved a promise from agrarians and the government to adopt a new type of collective agreement partially satisfying sharecroppers' demands; in the spring of 1948, agrarians disrupted negotiations on specifying the terms of this agreement, and this led to a fresh aggravation of the sharecroppers' struggle.

The struggle of Italy's rural working people is increasingly losing its spontaneous character and becoming organized. It is extremely diverse in its forms.

Agricultural workers and sharecroppers present their demands to large landowners and agrarians through trade union bodies. If landowners and agrarians refuse to satisfy the legitimate demands of rural toilers, the latter typically stage a demonstrative strike for a short period, for example, for one day. If even this fails to help, they organize a strike without limitation of term. Beginning on a small scale and initially encompassing working people of a small district or province, these strikes, in the event of landlord stubbornness, frequently spread to neighboring provinces, entire regions, and the whole country.

Alongside strikes, another form of working people's struggle has become widespread in the Italian countryside—the seizure of vacant or poorly cultivated lands by unemployed agricultural workers and landless peasants. The powerful movement of the peasant masses for the seizure of uncultivated land has acquired such a broad scale that neither monstrous repressions nor the bloody terror of the government, which sends police and troops against the peasants, are able to stop it[93].

The struggle of agricultural workers and sharecroppers against eviction from the land has recently assumed enormous proportions in Italy. This movement, analogous to the struggle of factory and plant workers against the curtailment of industrial production and the dismissal of workers, is one of the

[93] Employment contracts in agriculture expire in the autumn.

most effective forms of rural working people's struggle against the sabotage of landlords and agrarians. When in the autumn of 1948 agrarians in the Po Valley intended to carry out mass dismissals of agricultural workers, the latter, barricading themselves in their barracks, offered resolute resistance to the police and forced owners to extend contracts. The police proved powerless to suppress the resistance of agricultural workers.

The culminating point of the class struggle in the Italian countryside was the grand strike of two million agricultural workers in May–June 1949, which lasted 36 days and ended in a brilliant victory for the strikers. The strikers demanded the conclusion of a collective agreement defining the rights and duties of agrarians and agricultural workers across the country, providing for the execution of land reclamation work, increased allowances for family workers, the introduction of unemployment benefits for agricultural workers on the same basis as for industrial workers, a ban on agrarians dismissing workers without sufficient grounds, etc. As a result of a stubborn struggle, agrarians were forced to accept essentially all these conditions. The agreement signed in June 1949 provided for the conclusion of the first collective agreement in Italy's history for all agricultural workers of the country. This is a major victory for Italy's agricultural proletariat; it is of special significance for the agricultural working people of Central and Southern Italy, for whom right up to recent times, as a rule, no collective agreements whatsoever existed.

The characteristic features of the 1949 strike were the solidarity and unity of action of the agricultural proletariat of

the North and South, as well as a tactic by agricultural worker organizations that ensured them the support of all working strata of the countryside. The strike was directed exclusively against agrarians; this enabled agricultural workers to avoid past mistakes that had repeatedly led to their isolation and the unification of other classes and groups of the countryside against them under the leadership of agrarians. Broad strata of the peasantry rendered the agricultural workers the most active support. Even numerous groups of sharecroppers took direct part in the struggle.

The weakness of the workers' and peasants' movement in Italy formerly lay in the detachment of the peasant masses' struggle —which was largely spontaneous in character—from the struggle of the conscious and organized proletariat, and in the detachment of the struggle of working people in the regions of the backward, agricultural South from the struggle of working people in the capitalistically developed regions of the North. No later than 1946, Italy's reactionary forces succeeded in pitting the southern part of the country against the northern part and turning the peasant masses of the South against the republic[94]. In the grand uprising of agricultural workers in 1949, this historically formed weakness of the general democratic movement in Italy was overcome for the first time. The peasantry of the South is actively and rapidly joining the broad front of Italy's progressive, democratic forces. This signifies a tremendous strengthening of the democratic front

[94] The referendum of June 2, 1946, on Italy's form of government yielded two-thirds of the votes in favor of a republic in all regions north of Rome, whereas two-thirds of the votes were cast in favor of monarchy in all regions south of Rome, including Rome itself.

and serves as vivid testimony to the giant stride forward made by the Italian peasantry in recent years, and how titanically its political, class consciousness has grown.

The victory of Italy's agricultural workers is a striking indicator of the force represented by the united front of working people of the South and North of Italy, led by the advanced industrial proletariat. This victory would have been unthinkable had the agricultural workers not relied on the solidarity and active assistance of organized and conscious industrial and transport workers, and had the full might of the leading trade union organization of the Italian working class—the IGCL—which concentrated direct leadership of the agricultural workers' struggle in its hands, not been thrown onto the scales. This victory would have been unthinkable had the party of the working class—the Communist Party, which is the leader and organizer of all progressive, democratic forces of Italy—not raised a powerful movement across the entire country in support of the striking agricultural workers. The victory of the agricultural workers demonstrated the gigantic growth of the Communist Party's authority and influence in the Italian countryside, and the immense expansion and strengthening of the base of the democratic movement in the country. The victorious strike of two million agricultural workers was undoubtedly a major milestone in the development of the revolutionary struggle of Italy's working people.

However, agrarians waited merely for a convenient opportunity to attempt a revenge. The De Gasperi government, as always rendering every assistance to agrarians, reneged on its promise to give legislative backing to the agreement reached after the

end of the strike, thereby facilitating the agrarians' sabotage of this agreement. In the autumn of 1949, following the completion of autumn field work, agrarians in certain provinces of Emilia refused to carry out land reclamation work provided for in the agreement. In response, agricultural workers in a number of places invaded agrarians' lands and proceeded to carry out this work on their own initiative.

Simultaneously in the South, the movement for the seizure of landlord lands unfolded on a massive scale. Having waited for several years for the land reform promised by the Christian Democrats and having lost hope of receiving land from the hands of the current government, the poorest peasants in a number of localities in Calabria, Lucania, Apulia, Sicily, Campania, and other regions of Southern Italy initiated mass seizures of uncultivated or poorly cultivated landlord lands.

These seizures typically involved anywhere from several hundred to several thousand peasants. The movement arose upon the initiative of the masses themselves, but it by no means bore a spontaneous and unorganized character as had happened in the past. It was led by land committees, which arose wherever the idea of seizing landlord land penetrated the consciousness of the peasant masses. Local organizations of the Communist and Socialist parties, grassroots cells of Confederterra, and peasant cooperatives took active part in creating the committees. Land seizures were preceded by long and thorough work: compiling lists of landless peasants and agricultural laborer brigades, selecting the most suitable land plots with the participation of agronomist specialists, etc. In many cases, prior agreements were concluded with small

landowning proprietors who sympathized with the movement and rendered it assistance by placing draft livestock, agricultural implements, tools, and seeds at the disposal of the land committees for the prompt carrying out of plowing and sowing.

Active assistance to the struggling peasants was also rendered by workers of nearby cities. Workers sent food to the peasants, and in a number of places, such as in the vicinity of the city of Crotone (Calabria), joining the peasants, they helped them repel attacks by police attempting to drive the peasants from the landlord land they had seized.

The struggle against the police cost Italian farmhands and landless peasants no small casualties. Police and carabinieri detachments brutally beat agricultural workers who had invaded agrarians' lands and smashed equipment and tools. In November–December 1949, police repeatedly opened fire on peasants.

However, government attempts to suppress the rural working people's movement by force ignominiously failed. Then the De Gasperi government once again resorted to demagogic maneuvers: it promised to transfer 45 thousand hectares of land in Calabria to the use of peasants and obligate landowners to begin land reclamation work. Furthermore, in January 1950, the government drafted a "land reform" project that provided for preserving landlord latifundia inviolate and merely facilitated the acquisition of landlord land by the kulak upper strata of the peasantry. In his speech at the plenary meeting of the CC of the Italian Communist Party on April 14, Palmiro

Togliatti stated that this bill, representing a cynical mockery of peasant demands, aims to split the front of the peasant movement and stifle the struggle for land.

In February 1950, realizing that landlords, agrarians, and the government had no intention of fulfilling their promises, the peasants resumed the struggle. In the South, in Calabria, the movement for the seizure of landlord lands flared up with renewed force. During the first week of March, in 150 communes of Calabria, peasants seized many tens of thousands of hectares of landlord land. The movement rapidly spread to Campania, Lucania, Sardinia, Sicily, and also to certain regions of Central Italy (Latium, Abruzzi, Tuscany) and Northern Italy (Po Valley), i.e., it embraced an even wider zone than even in the autumn of the previous year.

The enthusiasm and solidarity of rural working people were even higher than in 1949. When peasants returned in the evening from the plots they had occupied, the entire village population greeted them with jubilation. Women hung carpets from balconies as they do on major holidays.

Support for the movement of the poorest elements was also rendered by middle peasants. The movement acquired such a scope that even the splitter trade union organizations of the Christian Democrats and their confederates—the right-wing socialists and republicans—who had acted as strikebreakers in the autumn of 1949, fearing exposure, were forced to declare their support for this movement, though in practice, as always, they tried to undermine the revolutionary movement of working people.

A significant fact is that in the vast majority of cases, the authorities and landlords fail to drive peasants from the lands they seize, and peasants emerge victorious from the struggle. In the spring of 1950, landlords and agrarians of the Po Valley organized a series of "rallies" in Milan, Brescia, Cremona, and Mantua with the aim of creating terrorist armed bands to deal with peasants, in the image and likeness of the fascist terrorist bands of 1920–1922. However, they soon had to verify that the correlation of struggling forces in Italy today is entirely different from what it was thirty years ago. Thus, the agrarians' attempt in the city of Brescia (Northern Italy) to convene a conference on March 9, 1950, to create "agrarian resistance groups" ended very dismally for its organizers: they had to flee headlong from anti-fascists. The intervention of the police, who used tear gas against anti-fascists, did not help either.

A similar incident occurred in Avezzano (Abruzzi region) in Central Italy. When armed bands of the fascist organization "Italian Social Movement," bursting into the city on trucks, attempted to "occupy" Avezzano, they encountered the resolute resistance of the city's residents and were forced to clear out.

Italy's ruling clique, losing its head from fear, is making desperate attempts to strengthen its position through fierce repressions against working people. Across the entire country, police shootings have begun anew. On March 18, 1950, the government adopted a resolution on new emergency measures aimed at drowning in blood the powerful movement of the peasant masses who have risen to struggle for land, for their rights. Three days later, police opened fire on a demonstration of unemployed farmhands in Lentella (Abruzzi). In response to

the murder of two farmhands in Lentella, multi-million masses of working people conducted a one-day general strike at the IGCL's call. On April 30, the authorities perpetrated a new bloody reprisal against working people in the settlement of Celano (Aquila Province), where agricultural workers had been waging a struggle for a number of months for carrying out land reclamation work on the lands of local major landlord Torlonia. On April 30, carabinieri (gendarmes) and armed guards of Prince Torlonia without any pretext provocatively opened fire on a group of workers, killing two of them and wounding 12 people. On May 17, another atrocity was committed in the township of Bancola (Mantua Province). Here, fascist assassins dispatched by local major agrarian Grazioli treacherously attacked two agricultural workers at night, killed one of them, and severely wounded the other. The vile murder served as an act of revenge for the courageous struggle that agricultural workers are waging in Mantua Province, demanding the conclusion of a collective agreement.

Openly fascist methods of violence, terror, and deceit by means of which the venal clique of agents of monopolies and major landlords, headed by De Gasperi, attempts to cling to power and suppress the revolutionary movement of the multi-million masses of Italian working people vividly attest to the political bankruptcy of this clique of American imperialism's mercenaries. Each new police reprisal visited by Italian reaction upon working people prompts a further strengthening of their class solidarity, a new upsurge in their struggle.

The current powerful upsurge of the revolutionary struggle of Italy's peasant masses is of historic significance. It testifies to

the tremendous strengthening of Italy's progressive, democratic front fighting for people’s democracy.

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OPPRESSION AND SLAVERY OF BLACK PEOPLE IN THE USA

HARRY HAYWOOD, Negro Liberation. Publishing House of Foreign Literature, 1950, 283 pp.

In modern imperialist America, many books are written and published about the situation of blacks. Most authors present this issue in a false light, trying to conceal the true tragedy of the black people. The lackeys of the American bourgeoisie portray the matter as if the black problem has long since been resolved in favor of blacks. More open enemies of the American people, overt racists, call for a further intensification of oppression against American blacks, for the extermination of the black people in the interests of preserving the "purity of the American race". The ruling circles of the USA, especially in the post-war years, fiercely propagate this philosophy of fascist cannibals. The economic oppression of blacks in the USA is combined with their political disenfranchisement. Speaking of the American bourgeoisie, V. I. Lenin pointed out: "Having 'freed' the blacks, it did everything possible on the basis of 'free' and republican-democratic capitalism to restore, to do everything possible for the most shameless and vile oppression of blacks"[95].

In our time, the policy of the slaveholders is meeting with ever greater rebuff from the progressive forces of the American people. Its best sons are increasingly realizing Marx's words that "a people that enslaves another people forges its own chains"[96]. The progressive forces of the USA are waging an unceasing struggle for the liberation of blacks. They publish not a few books, brochures, and journals aimed at defending

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95 *V. I. Lenin, Works, Vol. 22, p. 13*

96 *K. Marx and F. Engels, Works, Vol. XIII, Part 1, p. 348*

the interests of the black people and exposing modern slavery in the United States. Among them, mention should be made of the book by progressive American journalist Harry Haywood, "Negro Liberation", published in New York in 1948.
This book was published in Russian in the Soviet Union in 1950.
The author shows on vast factual material the system of economic and political oppression of blacks in America, analyzing the historical and socio-economic causes of the slave-like position of American blacks.
According to data from the New York newspaper "Daily Worker" (June 20, 1949), 14,460 thousand blacks live in the United States, of whom 10 million live in 17 Southern states, especially in Virginia, North and South Carolina, Georgia, Alabama, Mississippi, Louisiana, Arkansas, Tennessee, Texas, and Florida. It is precisely in these states, where the black population predominates over the white, that the so-called "Black Belt" is located, about which V. I. Lenin wrote in 1914: "Clannishness, stagnation, lack of fresh air, a sort of prison for the 'liberated' blacks—that is what the American South is"[97].
Haywood reminds us that "the Black Belt is the center of America's black problem, the place of greatest concentration of blacks. Here is the focus of infection, from whence the poison of racial hatred spreads throughout the country, poisoning the existence of the black people throughout their entire life"[98].
As early as 1915, V. I. Lenin pointed out: "Capital smashed chattel slavery half a century ago, only to restore it in a renovated form, specifically in the form of sharecropping"[99].
Lenin emphasized at the same time that precisely in the US

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[97] *V. I. Lenin, Works, Vol. 22, p. 15.*

[98] *Harry Haywood, Negro Liberation, Publishing House of Foreign Literature, Moscow 1950, p. 39. Further page numbers of the reviewed book are indicated in the text.*

[99] *V. I. Lenin, Works, Vol. 22, p. 74.*

South “semi-feudal (semi-slave-owning as well) exploitation in the form of sharecropping is still strong”[100]. Haywood shows that large-scale plantation farming is “the source constantly generating the inequality of blacks in all spheres of life and dooming the colored population, which constitutes one-tenth of America's entire population, to racial subjugation and isolation” (p. 122). Therefore, writes the author, “the Negro question in the United States—by its origin—is an agrarian question. It includes the problem of the oppressed peasantry living... in conditions of the plantation system, which represents a survival of slave labor” (p. 38).

The book shows that large landowners, leasing land, receive from 60% of all Southern farmers payments in kind ranging from a fourth to half or even more of the products of their labor. Hereby, half of all tenants and more than half of all sharecroppers are blacks. Moreover, the number of blacks owning their own land has sharply decreased; in 1945 they numbered only 186 thousand people. Only one out of ten black farmers owns a land plot, but the size of the plot does not allow the farmer to feed himself and his family.

The most enslaving form of sharecropping in the American South is “crop-peasantry” [crop-cropping / share-cropping]. Croppers have no implements for cultivating the land and are forced to borrow them from the landowner, giving for this more than half of their harvest. However, the remaining part of the harvest is not enough for purchasing seeds and for the existence of the croppers' families, which dooms them to further enslavement and even greater dependence on the landowner. Under such conditions, croppers find themselves on the verge of turning into slaves. The author emphasizes that sharecropping “is a hybrid form in which the most primitive features of capitalism are combined with remnants of slave

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100 *Ibid., p. 21.*

labor in the exploitation of the agriculturist under conditions of the domination of monopoly capital" (p. 66).

The American newspaper "Daily Compass" (August 18, 1949) describes the tragic fate of one of millions of such black sharecroppers. The black Henry Sapp, having fallen into debt bondage to the planter Gettings in South Carolina, was thrown into a camp where, chained in irons, he did hard labor for 60 days. After that, the planter took him "on surety" and forced him to work without pay. Sapp fled from South Carolina to New York in the hope of finding salvation for himself and his family. But his wife—the mother of ten children—was thrown into prison as a hostage, and children older than 8 years were given into slavery to the planter Gettings. Sapp himself could not find work in New York. Sapp's case is typical of modern America.

The criminal regime of plantation slavery brings hundreds of thousands of black sharecroppers to extreme poverty. They are forced to wander across the country in search of bread and work. America's ruling circles persecute unemployed blacks on the basis of "laws" against "vagrancy". In all Southern states, sheriffs and bands of policemen drive unemployed blacks into prisons, and then "sell" them off to landowners who have paid the court-imposed fine for them. The vicious circle closes—homeless blacks turn into slaves.

Plantation farming is dependent on finance capital—the dominating economic force in the USA. "Wall Street is the main usurer exploiting the plantation" (p. 84), Haywood remarks. "The true masters of the South," he says, "are now the Morgans, Rockefellers, du Ponts, and Mellons. It is they who have seized the commanding heights dominating the economic life of the South, it is they who approve the plantation system and the system of racial and caste division. Their banks support the credit structure without which plantations could not exist" (p. 88–89). All railways, mines, and enterprises of various

branches of industry in the South are also in their hands. "Strengthening the social, racial, and juridical power of plantations with the might of the dollar, finance capital acts to preserve pre-capitalist forms of exploitation..." (p. 94).

V. I. Lenin pointed out that "the economic survivals of slavery do not differ in the slightest from those of feudalism, and in the former slave-owning South of the United States these survivals are still very strong"[101].

As Haywood shows, the ominous shadow of the plantation, this decaying feudal institution of exploitation, lies over the entire socio-political and cultural life of the South and other regions of the USA.

Three-quarters of all working children in the country aged 10 to 15 are placed under the power of planters and entrepreneurs of the US South. The wages of white and especially black workers here are 30–57% lower than the average level existing in the country. It is precisely here that the highest percentage of illiterates is found; blacks are deprived of the opportunity to get an education. Lenin noted that in 1900 the number of illiterate blacks in America was 44.5%, while among whites it was 6.2%. This class line of American imperialists to keep the black population in ignorance and darkness is pursued at the present time as well.

In 1948, in the state of Alabama, a meager sum was expended on the education of a white child—about $70 per year, and on the education of a black child even less—$25; in the state of Arkansas respectively—$60 and $25, in Florida—$95 and $47, in Mississippi—$71 and $11, in Louisiana—$121 and $40, etc. The salaries of white teachers in the state of Georgia amounted to $1,123 per year, and of black teachers—$515; in Louisiana respectively—$1,683 and $828, in Mississippi—$1,107 and

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101 *V. I. Lenin, Works, Vol. 22, p. 12.*

$342, etc.[102]. Blacks are almost completely deprived of the opportunity to receive higher education.

Extremely low wages, unbearable labor starting from childhood, disgusting dwellings—in such conditions blacks vegetate in the USA. In any industrial center of the North, "the black district is invariably located in the most dreary, unamenitized part of the city, in its deepest slums." The black population "lives in horrifying poverty, in half-destroyed, fire-hazardous, insect-infested hovels..." (p. 117). All this generates high mortality among the black population. In 1939–1941 in Chicago and New York, for example, mortality among blacks from tuberculosis alone exceeded mortality among whites by 5 times; in Newark (New Jersey) by 7 times.

In search of "justice", blacks have always striven at the first opportunity to leave the plantations of the South cursed by them and their ancestors and go to the North. Of this flight of blacks Lenin wrote in his time: "From the two non-colonized regions of the South blacks are fleeing: in the 10 years that have passed between the last two censuses, these two regions gave away to other localities of the country almost 600,000 of the 'black' population"[103].

From 1940 to 1943, 600 thousand blacks migrated to cities. But here too the same slavery and need overtake them. Unemployment and hunger, disenfranchisement and disease follow them everywhere on their heels.

The political disenfranchisement of the black population completes the humiliating picture of its slavery in the USA. After the Second World War, American reactionaries widely use the subjugated position of blacks for the purpose of opposing the unification of the entire people. The anti-black campaign is used by American imperialists as one of the means

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102 *"Daily Worker", November 4, 1948.*

103 *V. I. Lenin, Works, Vol. 22, p. 15.*

of suppressing the working class's struggle against monopolies, suppressing the progressive movement for peace, against warmongers.

The inequality of blacks is expressed first of all in the restriction and deprivation of their right to vote and be elected to the country's legislative bodies. In the state of Alabama, out of 3 million residents blacks number 1,100 thousand people; however, in 1948 voters in this state were: whites 496 thousand, and blacks—only 4 thousand. A similar picture exists in other American states as well.

The disenfranchised position of blacks is further evidenced by countless acts of mockery against them, torture and murder. These villainous crimes of American racists are committed not only in the Southern states, but directly in the capital, Washington, under the shadow of the Capitol and the White House.

This monstrous system of persecution organized by the ruling circles of the USA has placed blacks in the position of a “caste of outcasts”. Fanning rabid baiting of blacks, modern American slaveholders pursue the goal of cultivating hatred of the “colored” population in the white American, of instilling in his consciousness the vile idea of the “inferiority” of blacks.

To the question of where the way out is from the impasse into which American slaveholders have driven the hardworking black people, the author replies that “only under socialism will the black people in the United States be completely free from exploitation and oppression in any form” (p. 178).

One of the main tasks of the liberation movement of blacks, like all democratic forces of the USA, the author considers to be the struggle for the destruction of sharecropping, debt bondage, and the overseer's power, the struggle for the destruction of the plantation system, which “strangles the development of the productive forces of the South and ruins the life of its people” (p. 166). Haywood puts forward the demand

for transferring land to those who cultivate it, and providing them with cheap long-term state credit, carrying out an agrarian reform aimed at liquidating the semi-feudal landownership system strongly supported by Wall Street. The struggle of blacks and whites for land, against planters, objectively must be a struggle for radical bourgeois-democratic transformations, which the American bourgeoisie did not agree and does not agree to undertake due to its reactionariness and fear of losing in the person of the slaveholders of the South an ally in their common business of oppressing American working people.

H. Haywood does not tear the struggle of working farmers of the South for land away from the struggle of the entire American people against capital, repeatedly emphasizing that the land question in the USA can be radically resolved only under the socialist system. Therefore, Comrade Pyrsky's reproaches, the author of the introductory article to the reviewed book, addressed to Haywood, to the effect that he supposedly considers the realization of agrarian democratic transformations possible “under conditions of preserving the power of monopolies”, under conditions of capitalism, are groundless.

In reality, Haywood states precisely the opposite. He says that the American bourgeoisie, which did not wish to carry out land reform after the North's victory over the South, will all the more not carry it out now, in the epoch of rotting capitalism, when monopoly capital preserves and uses in its own interests the most reactionary survivals of feudalism.

Moreover, the financial bigwigs and their Federal government will continue to try to disrupt the carrying out of land reform in the South. “...the liberation of the black people and the restructuring of agrarian relations in the South,” Haywood writes, “cannot be accomplished through the further economic evolution of capitalism in this region” (p. 174). Haywood negatively answers the question about the possibility of

carrying out land reform under conditions of the domination of monopolies in the USA. “...the people cannot at present carry out fundamental changes in their interests without freeing themselves from the dead grip of monopoly capital and, consequently, without embarking on the path leading to a classless socialist society” (p. 175).

Further, the author notes that the struggle for land “is a struggle for democratic demands, which cannot now be waged without dealing a blow to one of the main strongholds of monopoly capital and, consequently, the main obstacle to the establishment of socialism” (p. 177). Haywood's main idea is that the masses of black and oppressed white farmers have common vital interests, that by waging the struggle for land, they undoubtedly join and will join in the general struggle of working people under the leadership of the working class against capital and its yoke.

Characterizing the position of the Communist Party of the USA on the Negro question, Haywood writes that American communists view the struggle of blacks as an integral part of the general struggle of the working class and all working people of the USA for liberation from the power of monopolies, for democracy and socialism. They consider it their duty to wage a struggle for the equal rights of blacks, against chauvinism and discrimination in all its forms. Communists insist that the black population be granted its right to have representation in the Federal Congress and government.

Haywood emphasizes that the black people are an ally of white American workers.

The author shows the process of emergence and growth of the black working class, numbering about two million people in its ranks, as well as the black intelligentsia. Major public and political figures Paul Robeson, Benjamin Davis, Henry Winston, talented representatives of black culture and art—are

advanced fighters for peace, the national dignity of their people, for the democratic rights and freedom of the entire American people, of whom blacks are an integral part. Haywood exposes American “socialists” who, masking themselves with phrases about a humane attitude toward blacks, in reality justify the policy of oppressing blacks and support racial segregation. They try to instill in the ordinary American the idea that the struggle for the special demands of the black people supposedly disunites the working class and distracts it from the struggle for socialism. Haywood exposes the reformism of social-traitors, which still exerts significant influence on the black liberation movement, and declares that “the struggle for the freedom of blacks is at the same time an inseparable part of the struggle for socialism, the highest form of democracy, which alone can radically resolve the black agrarian and national questions in the South.” The author calls for the creation of “a militant alliance between the labor movement and the black people, without which neither the victory of the labor movement nor the freedom of the black people can be achieved” (p. 279–280).

It should be noted that Haywood in his book, contrary to historical facts, overestimates the political and economic results of the French bourgeois revolution of the late 18th century, characterizing incorrectly the role of the Mexican government, asserting that during the revolution of 1910–1917 it undermined the political power of large landowners by expropriating land from them. Haywood's proposition that the land reforms carried out in the countries of people's democracy allegedly continue the tradition of the French revolution is erroneous. As is known, in the countries of people's democracy land reforms were carried out under the leadership of the working class, in the interests of the landless and land-poor peasantry, for the purpose of eliminating the exploitation of man by man and his genuine liberation on a democratic basis.

The working people of the countries of people's democracy, in carrying out fundamental democratic transformations, use the world-historic experience of the Great Socialist October Revolution and the victory of socialism in the USSR, which gave a classic example of a radical solution to the agrarian question.

Despite some erroneous propositions, G. Haywood's book “Negro Liberation” is undoubtedly a useful contribution to the struggle for the liberation of the oppressed black people in the USA. It truthfully portrays the monstrous picture of the slavery of blacks, exposing the reactionary policy of the ruling circles of the USA, who implant in the country a barbaric system of arbitrariness and despotism in relation to the nearly 15-million black population. The materials cited in the book accuse the American plutocracy of consciously fanning racial discord, enmity, and hatred among the American people. The book shows the so-called “American way of life” in its true form.

Questions of Economics, No.5 , 1950.

V. Tsybulsky

A FLAWED BOOK ABOUT TURKEY

B. DANTSIG, Turkey. Voenizdat, Moscow 1949, 312 pp.

In 1949, B. Dantsig's book 'Turkey' was published. The author, as can be seen from the preface, set himself the goal of 'acquainting the reader with modern Turkey, its geography, economy, foreign and domestic policy,' as well as giving 'a brief idea of the past of the Ottoman Empire.' However, B. Dantsig failed to cope with these tasks.

It is known that the current rulers of Turkey have placed the country in complete dependence on American monopolies, turning it into a semi-colony and a military base of American imperialism. The ruling circles of the USA are drawing Turkey into the aggressive North Atlantic Pact and supplying it with various weapons. Dozens of military airfields have been built in the country. The unbridled Turkish reactionaries, encouraged by the ringleaders of the Anglo-American imperialist bloc, openly come forward with aggressive, expansionist programs.

It goes without saying that an author appearing in print with a work on modern Turkey should have first of all exposed the true meaning of American 'aid' to Turkey, which led to its loss of national independence, and shown the collapse of the Turkish economy. In expounding the history of Turkey, he was obliged to substantiate the historical justice and legality of the demands of Armenians and Georgians, who temporarily fell into Turkish slavery, for the reunification of their territories in a single, integral state. The author should have exposed the anti-popular essence of the current regime in Turkey, and shown that the Turkish ruling clique, with the help of American imperialists, is planting fascist orders in the country.

However, these issues are covered incorrectly in the reviewed book, from the positions of bourgeois objectivism. At the end of the book, true, there are 2–3 pages in which an attempt is made to formulate the essence of the aggressive policy of American imperialism in Turkey, but these pages contradict the entire book.

B. Dantsig first of all sets forth historical facts incorrectly. For example, he writes: 'In the 15th century, the Turks closely approached Georgia. The South Georgian principality of Samtskhe, whose possessions stretched to Erzincan and the approaches to Trabzon, heroically fought off the attacking enemy. In 1545, the Georgians won a brilliant victory over the Turkish army near Erzurum. The Turks failed to conquer all of Georgia; they entrenched themselves only in its southern part. According to the Iranian-Turkish treaty of 1555, Samtskhe, Kartli, and Kakheti were recognized as possessions of the Shah of Iran. Imereti, Odishi, South Georgia, and Abkhazia remained with Turkey'[104].

It turns out, firstly, as if Georgian lands were first conquered by Turkey only in the 16th century, while in the 15th century the Turks only approached the borders of Georgia, and secondly, that Georgian lands allegedly stretched then only to the 'approaches of Trabzon.' Meanwhile, it is universally known that Trabzon and the Black Sea regions adjacent to it are primordial Georgian territory and that the main population of the Empire of Trebizond, located on the lands of Western Georgia and known as Lazistan, as early as 1461, i.e., at the time of its conquest by the Turkish Sultan Mehmed II, consisted of Georgians, Laz, and other related nationalities. Having conquered Lazistan, the Turks began to forcibly carry out the assimilation and Islamization of the Georgian

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[104] B. Dantsig, Turkey. Voenizdat, Moscow 1949, p. 6. Hereinafter, pages of the reviewed book are indicated in the text.

population. As a result of this policy, carried out for centuries, the majority of the Laz were forced to adopt the Muslim religion and the Turkish language. However, the Laz, not even having the right to use their native language, nevertheless remember their Laz origin and consider themselves Laz, and not Turks. Meanwhile, the book reproduces the tenets of pan-Turkic historiography.

The reviewed book also incorrectly covers the issue of Black Sea trade and Turkey's role in international trade, especially after the great geographical discoveries. Having captured Constantinople (1453) and the Black Sea trading cities of Sinop, Amasra, Trabzon (1461–1462), and Kaffa (1475), the Turks brutally dealt with the local trading population; this dealt a powerful blow to Black Sea trade. In 1463, Turkey completed the construction of forts on the Dardanelles and began to collect huge duties for the passage of foreign ships through the straits. This, in turn, led to an even greater reduction in Black Sea trade. The discovery of America (1492) and the discovery of the sea route to India (1498) finally undermined Black Sea trade (incidentally, from B. Dantsig's book one might conclude as if the discovery of America was preceded by the discovery of the sea route to India, which does not fit with historical facts at all).

B. Dantsig asserts that Turkey, although it remained aloof from world trade routes, nevertheless 'continued to occupy a major place in trade with the East, especially with the Black Sea region' (p. 8). But this assertion contradicts the characterization given by K. Marx and F. Engels of the pernicious impact of Turkish invasions on Western trade with the East during this period: '...all trade with the East perished as a result of Mongol and Turkish invasions, and the grandiose geographical-trade

discoveries since 1492 merely accelerated and then consummated this ruin'[105].

Completely incorrect is B. Dantsig's coverage of the history of naval battles in the Black and Aegean Seas. The author distorts history, diminishing the significance and strength of the Russian fleet (pp. 7 and 11), and remains silent about the rout of the Turkish fleet in the battles of Chesma, Sinop, and others that glorified the Russian fleet throughout the world.

B. Dantsig, citing the names of dozens of Turkish and other foreign political and naval figures, does not say a single word about Ushakov, Nakhimov, Kornilov, and Makarov, who inscribed glorious pages in the history of Russia and the Russian naval fleet.

In the chapter 'National Liberation Movement,' the author makes a serious error by asserting that the struggle for the 'integrity' of Turkey within the framework of the National Pact allegedly united everyone, i.e., all classes and class strata (p. 79). We are talking about the fact that on January 28, 1920, the Turkish parliament adopted the so-called 'National Vow,' or pact, which put forward demands to include a number of territories in Turkey, including part of Armenian, Georgian, and Kurdish lands. The working class of Turkey could not share such imperialist pretensions of the Turkish bourgeoisie. In reality, Turkish workers and their vanguard — the Communist Party — opposed the imperialists; they fought for the integrity of Turkey, but by no means within the framework of the notorious 'National Pact,' as follows from B. Dantsig's writings.

The author gives an incorrect characterization of Edhem. He depicts him as a certain 'leader of partisans' (p. 83), although right there, a few lines below, he cites M. V. Frunze's statement

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105 K. Marx and F. Engels, Works, vol. XVI, pt. II, p. 504.

that Edhem was essentially a 'demagogue and adventurer of the purest water.'

A special chapter of the reviewed book is devoted to considering the most important branches of Turkey's economy. Along with other errors, B. Dantsig puts forward here a nonsensical thesis as if in Turkey in recent years, when American imperialism became the full master of the country, an economic upswing is observed.

It is known that the dominance of American monopolies in Turkey and the flooding of the country with American goods led to the disruption of the entire Turkish economy, to the curtailment of a number of industries, to an unprecedented growth of unemployment, which the author completely ignores. In 1949, out of 14 silk-weaving and silk-winding factories located in Bursa, only three were working. As a result of American competition, all small glass factories closed down in the country — only the plant in Beykoz operates, and even then at 75% of its capacity. All canning enterprises of Turkey with a total productivity of 8 million cans produced only 700 thousand cans in 1948. Pencil and stocking factories, plastic product plants, paint production, leather, tableware, nail, screw-rivet enterprises, tire factories, and many others sharply reduced their output. Turkey's agriculture is degrading. The sown area is continuously shrinking — in 1949, 1.3 million hectares less were sown in the country than in 1948. Turkey's foreign trade also suffered greatly from the 'Marshall Plan.'

Such is the situation in marshalled Turkey. The author, contrary to facts, tries to paint a picture of the non-existent prosperity of the post-war Turkish economy. Thus, he asserts that in recent years the canning and mining industries have developed in Turkey (pp. 171, 176, and 192). Uncritically reproducing the falsified data of official Turkish statistics, B. Dantsig declares as if the food industry basically satisfies the country's needs. The sugar industry, also allegedly developing

during the years of American mastership, provides, according to B. Dantsig, 90% of the country's needs (p. 176). Meanwhile, the 100 thousand tons of sugar, and actually even less, produced in Turkey, 'suffice' only because workers and especially peasants, due to their grave material situation, generally have no opportunity to consume sugar, so that the 'needs' of the country, which B. Dantsig babbles about, are the needs of only the bourgeoisie and the disproportionately bloated military clique.

The author gives a fundamentally incorrect characterization of Turkey's shipbuilding industry. He declares that there are several large shipbuilding shipyards, plants, and docks in Turkey, and that the shipbuilding industry 'ensures the repair of ships of all classes' (p. 183). In reality, there is not a single sizable shipbuilding plant or shipyard in Turkey. Throughout their history, the Turks have not built a single merchant steamship, not to mention modern warships. Turkey's shipbuilding industry is capable of producing only running and medium repairs of ships and building small boats and dinghies.

Gross errors and distortions abound in the pages of Dantsig's book about American 'aid' to Turkey. For example, the book describes the activities of US oil monopolies in Turkey in such a way that American imperialists look like 'benefactors' who import capital into Turkey not to increase their super-profits, but allegedly to satisfy the needs of the Turkish economy (p. 172).

In another place, B. Dantsig writes: 'The cement industry has received fairly large development in Turkey in connection with the unfolding construction of railways, cities, industrial enterprises, and defensive structures' (p. 181). Even the venal Turkish press not only dares not declare a 'turn' in urban or industrial construction in the country, but on the contrary is forced to admit that it is being curtailed. As for the construction of airfields and other military facilities, it has by no means a

'defensive' character, as Dantsig asserts, but an overtly aggressive one.

American imperialists, preparing a war against the USSR and the countries of people's democracy in Europe and Asia, do not hide the role assigned to them by Turkey in preparing this aggression. 'We chose Turkey,' said the scribbler of American imperialism W. Lippmann, 'because Turkey represents the strategic gateway leading into the Black Sea, into the heart of Russia.' American Senator Russell expressed himself no less frankly: 'I do not say that I want to help the democracy of Greece and Turkey. I do not think the peoples of these countries have democracy, but I wish to help the Turks in arming against Russia.' The reactionary clique ruling in Turkey, in turn, calls for unleashing a war against the Soviet Union. Turkey has been turned by American aggressors into one of the military-strategic bridgeheads of the war they are preparing against the USSR and the countries of people's democracy. Dantsig, however, babbles about some kind of peaceful, 'defensive' character of construction in Turkey.

Completely incorrectly, B. Dantsig illuminates the policy of 'etatism' (i.e., state nationalization of industry) carried out by the ruling top of Turkey on a wide scale since 1934. The policy of 'etatism' is entirely aimed at satisfying the selfish interests of the Turkish big bourgeoisie, in whose hands state power in the country is located. The big bourgeoisie, using the state apparatus subordinate to it, is taking over one branch of the Turkish economy after another, crowding out the middle and petty bourgeoisie. For example, if as of December 1, 1941, the so-called state capital owned about a third of coal mining in the country, now the petty and middle bourgeoisie has been completely ousted from this branch; it is dominated undivided by the Eregli Operations Management, belonging to the state, i.e., being under the full control of large national capital, and presently also of American monopolies.

In 1949, Etibank, Sumerbank, and other financial institutions operating as state organizations concentrated in their hands all hard coal, iron and copper ore mining, all rail and air transport, all sugar and alcohol-vodka industry, 91% of sulfur mining, 84% of lignite, 64% of chromium, 62% of the textile industry, etc.

The policy of 'etatism' in modern conditions contributes to the establishment of complete control by American imperialists over the Turkish economy. The ruling top of Turkey transfers the management of the coal, steel-foundry, and other branches of industry, railway and air transport into the hands of American capital.

The author of the reviewed book reproduces the fabrications of reactionary bourgeois propaganda, also explaining the policy of 'etatism' primarily by the unwillingness of capitalists to invest capital in industry (see, for example, p. 164).

The agrarian question is also incorrectly covered in the book. The author reduces it mainly to the problem of inventory. He asserts that there are allegedly many 'free lands' in Turkey: 'There is a lot of free land, but the "soft", convenient land is in the hands of large landowners, landlords, kulaks. The Turkish peasant cannot master new areas, virgin land with his pathetic inventory' (p. 145). B. Dantsig believes that in Turkey a peasant can receive 'free' land free of charge at any time for his personal use.

In reality, uncultivated land in Turkey either belongs to large landowners, landlords, and kulaks or is under the jurisdiction of the state and vilayet administrations. The multi-million Turkish land-poor and landless peasantry is deprived of the opportunity to use this land. Therefore, portraying the agrarian question in Turkey as the author did means glossing over the genuine grave situation of the masses of the Turkish peasantry.

B. Dantsig asserts that the Turkish government allegedly provides 'free assistance' to peasants. 'In addition to crediting

the peasantry through the Agricultural Bank and agricultural cooperation,' he writes, 'from 1923 to 1939 repayable and non-repayable loans amounting to 10 million liras were issued' (p. 152). In reality, the broad masses of the Turkish peasantry receive no assistance, let alone non-repayable loans. Such loans fall only into the pockets of kulaks — Turkish aghas. If the government does issue seed and other loans to peasants who suffered as a result of floods, drought, earthquakes, and other natural disasters, it, by the admission of even the Turkish press itself, charges colossal, usurious interest rates from the peasants.

The book incorrectly covers the issue of agricultural cooperatives. B. Dantsig writes: 'Members of cooperatives enjoy fairly large privileges, they are exempted from a number of taxes. The requirement of property security deprives the broad masses of the peasantry of the opportunity to join cooperation and use credits. Agricultural credit cooperation therefore does not bear a mass character, although there are data on a significant increase in the number of its members' (p. 147). The author at the same time forgets the provisions of Marxism-Leninism on the nature of cooperation under capitalism. He does not notice that agricultural cooperation in Turkey is one of the forms of intensifying the exploitation of working peasants.

The pernicious influence of the 'Marshall Plan' also affected Turkey's agriculture. The degradation of agriculture and the ruin of the working peasantry are intensifying. Agricultural cooperatives lead a miserable existence. For example, the 'Tarysh' dried fruit cooperative in 1948–1949 found itself unable to sell its products as a result of American competition. In 1949, Turkish sericulture cooperatives could not realize even 50% of cocoons because the country is flooded with nylon products and artificial yarn imported from the USA. As even the Turkish press notes, out of 20 local firms buying

cocoons, only 3 remained, while the rest either went completely bankrupt or reduced their operations to a minimum.
B. Dantsig drew a distorted, idyllic picture of the state of agriculture in Turkey. Thus, on page 156 we read: '...production of wheat, the staple food, was 250 kg per capita in 1939. In 1938, the production of all grain crops (wheat, rye, rice, corn, and wheat mixed with rye) per capita was 320 kg.' Page 161 states: 'According to the Turkish conjuncture bulletin, an average of 6.6 heads of small cattle and 1.5 heads of cattle accounted for per capita of the economically active agricultural population...'
Behind these 'average' figures, the author, following official Turkish statistics, hides the hunger and impoverishment of workers and the working masses of the peasantry. That is precisely why bourgeois statistics resorts to 'average' indicators masking the growth of wealth of the ruling classes and the ruin of working people. B. Dantsig reproduces the fabrications of bourgeois apologists in the Soviet press.
The author forgets the indisputable truth that the only salvation for Turkey and the Turkish people is to break out of the clutches of imperialism and embark on the path of democratic transformations. He babbles that 'the creation of modern industrial enterprises, banks, and transport' in the conditions of Turkey, 'which recently emerged from a semi-colonial position, with weak development of capitalism and preserved semi-feudal relations in the countryside, a narrow domestic market...' (pp. 165, 166) can be ensured through the use of state funds. B. Dantsig writes in his book about some kind of 'all-subjugating activity' of the Turkish state, which allegedly 'regulates' the economic life of the country almost in a planned manner.
The chapter on the state system of Turkey is written very superficially. It lacks a characterization of the fascist state system of Turkey, the dictatorial role of the ruling reactionary circles, does not show local administration in villages, does not

give a characterization of the Turkish reactionary court, and does not expose the anti-democratic character and reactionary role of the ruling so-called 'People's Party' and its factions in vilayets, nahiyes, etc.

In the chapter 'Domestic Policy,' the author details and uncritically reproduces the principles ('umde') underlying the ruling 'People's Party,' which declare that power allegedly 'belongs to the nation without any restrictions or conditions...', that 'the method of collecting the aşar (medieval tax. — V. Ts.), which causes complaints of the people, will be radically reorganized... laws protecting working people will be developed... measures will be taken relieving military invalids, pensioners, orphans, and widows from beggary,' etc. (pp. 219–220). Instead of exposing the demagoguery and falsity of these 'principles,' the author impassively informs the reader that 'the People's Party was formed' 'on principles proclaimed by Kemal,' that 'later the party was named the "Republican People's"' (p. 220), etc.

In conclusion, it should be noted the unacceptable negligence shown by the author regarding historical facts, geographical data, names, etc. Thus, on page 293 the author writes: 'During the years of the Second World War, the USA extended the Lend-Lease Act to Turkey. The corresponding agreement with Turkey was signed on February 23, 1945 and ratified on July 4, 1945, i.e., already after the end of the war with Germany.' And on page 291 we read: '...Turkey, receiving weapons from England and France under Lend-Lease, simultaneously, precisely in 1943, heavily supplied Germany...' The question arises: when did the American Lend-Lease Act extend to Turkey — in 1943 or in 1945? As is known, the USA and England in 1943 supplied arms to Turkey not under Lend-Lease, but under trade agreements. The author should have exposed the true essence of Lend-Lease, which contributed to the enslavement of Turkey by American capital.

From the book, the reader learns with surprise that 'the length of the coastline of the Dardanelles strait along the European shore is 44 km, and along the Asian shore — 52 km, and in a straight line — 58 km' (p. 110). As can be seen, the author 'discovered' a new law according to which the shortest distance between two points is not a straight line, but a curve.

At the end of the book, a map of Turkey is attached, which also abounds in errors and inaccuracies. The author asserts, for example, that Istanbul is connected through Edirne with all European railways. But judging by this map, Edirne is not a railway station at all, since the railway line, if the map is to be believed, crosses the Turkish-Greek border 60 km from Edirne. The map also does not show that a railway passes through the large industrial city of Turkey, Bursa. There are multitudes of such distortions in the map.

As is known, the Soviet public has more than once criticized B. Dantsig's erroneous positions. His new work shows that he did not draw appropriate conclusions from this criticism.

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V. Abramov

THE PERMANENT PRODUCTION BRIGADE IN COLLECTIVE FARMS — THE MAIN FORM OF ORGANIZATION OF ARTEL LABOR

Armed with the Stalinist theory of collectivization, the Communist Party created and strengthened the mighty collective farm system—a world-historic achievement of the Soviet people.

"Within 8–10 years," Comrade Stalin points out, "we accomplished in the agriculture of our country the transition from the bourgeois individual-peasant system to the socialist, collective-farm system. This was a revolution that eliminated the old bourgeois economic system in the countryside and created a new, socialist system."[106]

On the basis of the victory of collective farms, MTS (Machine and Tractor Stations), and state farms in the USSR, the centuries-old backwardness of agriculture was done away with in a short historical period, ensuring the successful satisfaction of national economic needs for agricultural products both during the years of peaceful construction and during the Great Patriotic War. The great vital force of the collective farm system enabled the Soviet peasantry, under the leadership of the Bolshevik Party, to eliminate the

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[106] *J. Stalin, Concerning Marxism in Linguistics, Gospolitizdat, 1950, pp. 25-26.*

consequences of the war in agriculture in an unprecedentedly short timeframe. Socialist agricultural production is currently experiencing a new, powerful upsurge.

The vital tasks of communist construction in the countryside and the provision of further development for all branches of socialist agriculture urgently demand a systematic increase in the productivity of collective-farm labor through the introduction of the latest technology, better organization of labor, and full utilization of all the advantages of collective farming.

The struggle for the correct organization of labor in collective farms has always been and remains a crucial economic and political task, for the question of organizing collective-farm labor is inextricably linked with the further development and strengthening of the collective farm system. Correct organization of labor is a necessary condition for the highly productive application of modern machinery and for raising the level of farming and animal husbandry practices. Correct organization of labor contributes to the communist education of collective farmers, overcoming individualistic tendencies and other remnants of capitalism in their consciousness.

The Communist Party and Comrade Stalin daily display concern for the consistent application of socialist principles of organizing collective labor in collective-farm production. The Party teaches that the primary and main form of labor organization in collective farms is the permanent production brigade, which permits the most productive use in collective-

farm production of the modern machine technology of machine and tractor stations and the means of production of the collective farms themselves.

However, the Party's directives and the requirements of the Stalinist Rules of the Agricultural Artel on issues of labor organization in collective farms were violated by a number of local Party and Soviet bodies.

The Council of Ministers of the USSR and the Central Committee of the VKP(b) in the resolution "On the Progress of Preparations of Collective Farms, MTS, and State Farms for Spring Sowing" (1950) noted that "in a number of regions, krais, and republics, proper attention is not being paid to strengthening the permanent production brigade in collective farms as the main form of organizing artel labor, which allows for the most productive use of the large machine technology of MTS and the means of production of the artels themselves."[107]

An editorial article published in Pravda on February 19, 1950, entitled "Against Distortions in the Organization of Labor in Collective Farms," exposed and subjected to severe principled criticism the incorrect practice of the Kursk Regional Committee of the VKP(b). Contrary to the directives of the Party and government, the Kursk Regional Committee of the VKP(b), instead of strengthening the production brigade, pursued an incorrect line of planting isolated squads (zvenya) in collective farms and liquidating production brigades, which

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[107] *Pravda, March 17, 1950.*

in fact was directed against the mechanization of agricultural production and led to the weakening of collective farms.

Violating the Stalinist Rules of the Agricultural Artel, in the collective farms of Kursk Oblast inventory, draft livestock, and all developed arable land were assigned to squads for a period of no less than one year, and in collective farms having crop rotations and having fully developed their land area—for the entire duration of the crop rotation. In 1948, for example, 89% of all grain crop sowings were assigned to squads. At the same time, the squads operated in isolation, outside the brigade, carrying out the entire cycle of agricultural work, including even the delivery of grain to state procurement points.

The deeply flawed practice of creating isolated squads and assigning grain crops to them meant in fact the liquidation of production brigades in collective farms and led to the fragmentation of brigade land tracts into small squad plots, in many cases not exceeding 5–10 hectares. Under such conditions, the machine technology of the MTS naturally could not be used productively. And indeed, tractor and combine downtime in Kursk Oblast reached tens of percent (tractor downtime in 1948 amounted to 33%, combine downtime to 34%; in 1949, 28% and 21% respectively). Such was the direct consequence of the grossest distortions in the organization of labor in the collective farms of Kursk Oblast.

Assigning grain crops to squads inflicted immense damage on collective-farm production. It meant a return from advanced technology and collective forms of labor to manual,

isolated labor, shaking the foundations of large-scale collective, socialist agriculture.

Squads, being an auxiliary form of intra-brigade labor organization, are expedient only when cultivating a number of labor-intensive technical, vegetable, and other row crops as long as the production of these crops is insufficiently mechanized. Currently created squads within field crop brigades for cultivating crops such as sugar beet, tobacco, vegetable, and certain other row and technical crops have an auxiliary significance and can in no way be counterposed to the brigade.

Eliminating distortions in the organization of collective-farm labor, abolishing squads for grain crop operations, and all-out strengthening of the permanent production brigade as the main form of artel labor organization—these are the most important conditions for the further development of highly mechanized socialist production in collective farms and their organizational-economic consolidation.

The Soviet peasantry, voluntarily uniting into collective farms and receiving through the MTS immense productive assistance from the socialist state, did away with low-productivity individual labor and primitive technology, basing its work and its assets on collective labor and modern machinery. Exploitation, poverty, and ruin in the countryside have been eliminated forever. Large-scale, highly mechanized socialist production of collective farms has opened the greatest opportunities for developing the productive forces of agriculture, increasing its productivity and marketability, and

continuously raising the well-being of the peasantry. With the organization of collective and state farms, for the first time in history, the foundations were laid for genuinely rational agriculture and the planned utilization of natural agricultural resources in the interests of working people. Collective farms opened unlimited possibilities for applying modern machinery and all scientific achievements in agriculture, creating exceptionally favorable conditions for the development of agricultural science itself. "The great significance of collective farms consists precisely in the fact," Comrade Stalin teaches, "that they represent the main base for the application of machines and tractors in agriculture, that they constitute the main base for remaking the peasant, for reworking his psychology in the spirit of socialism."[108]

The Soviet State, led by the Party of Lenin and Stalin, relying on the successes of socialist industrialization of the country, in a short historical span equipped socialist agriculture with modern machine technology and organized a broad network of machine and tractor stations, which render immense assistance to collective farms and represent the decisive force in the development of collective-farm production. In pre-war 1940, three-quarters of plowing and more than half of sowing operations in collective farms were mechanized, and about half of grain crop sowings were harvested by combines. At the 18th Party Congress, Comrade Stalin pointed out that "the reconstruction of our agriculture on the basis of new, modern technology is already completed in the main. Our agriculture

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[108] *J. V. Stalin, Works, vol. 12, p. 165.*

is, therefore, not only the largest and most mechanized, and hence the most marketable agriculture, but also the most equipped with modern technology compared to the agriculture of any other country."[109]

In the post-war years, the supply of modern machinery to socialist agriculture is being carried out on an even more grandiose scale than in pre-war times. In 1949 alone, agriculture received 3 to 4 times more tractors, motor vehicles, and agricultural machinery than in 1940.

Machine and tractor stations, with their continuously growing park of tractors and agricultural machinery, are the leading force in the development of collective-farm production. Thanks to the MTS, collective farms are successfully completing the comprehensive mechanization of production and systematically developing all branches of communal collective-farm economy, which is being restructured on the basis of the grass-field system of agriculture. Mechanization and electrification of agriculture are a powerful factor in the final eradication in our country of the antithesis between town and country, increasingly transforming agricultural labor into a variety of industrial labor.

The high level of mechanization of collective-farm production fundamentally changed the character and organization of collective farmers' labor.

On the basis of public socialist property and the proper combination of state and artel means of production,

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109 *J. Stalin, Problems of Leninism, 11th ed., p. 582.*

specialization and division of labor have developed in collective farms. Machine-operating cadres of the MTS who have mastered modern machinery have come to play a crucial role in agricultural production. In multi-branch collective-farm production, collective farmers specialize in specific types of labor in field crop cultivation, animal husbandry, horticulture, vegetable growing, fodder procurement, etc. Within the branches of collective-farm animal husbandry, stable professions have formed for milkmaids, calf-tenders, shepherds, swineherds, and others. In crop-growing branches, specialization and professional division of labor are also widely carried out (taking into account the seasonal nature of these branches), especially when using machinery. This ensures the highly productive use of modern tools of labor, the introduction of all achievements of agronomical science, and high labor productivity.

Socialist cooperation of collective farmers' labor is a vivid expression of the immense economic advantages of collective farming in the countryside. Under capitalism, labor cooperation serves to intensify the exploitation of working people and enrich capitalist entrepreneurs. Under conditions of socialist collective-farm production, labor cooperation is a powerful factor in developing agricultural productive forces and raising the material well-being of the peasantry.

In the early years of collectivization, collective farms did not yet possess a sufficient machine base and conducted their communal production predominantly using socialized peasant tools. But even such a simple pooling of peasant tools within collective farms yielded a huge effect in raising labor

productivity. Comrade Stalin points out that "the peasants, being powerless under conditions of individual labor, transformed into a great force by pooling their tools and uniting into collective farms."[110] Already at the beginning of mass collective-farm construction, the collective character of labor provided collective farms with immense advantages in the more productive use of draft livestock, agricultural inventory, and buildings, and created the possibility of successfully applying agrotechnical measures, executing agricultural work in more rational timeframes, and eliminating unnecessary movements and other losses of working time inevitable under small-scale farming with its fragmented, universal labor.

The advantages of cooperative labor among collective farmers increased immeasurably when the Soviet State, on the basis of the successes of socialist industrialization, mechanized collective-farm production, supplying it with more perfect tools of labor.

In the first period of collective farm construction, temporary specialized brigades were created to perform field and other work, often staffed according to the place of residence of the collective farmers (yard brigades). Thus, in crop cultivation, brigades of plowmen, sowers, mowers, etc., were created; upon completion of work, these brigades were disbanded and others were formed to perform the next tasks in line. The fundamental flaw of these temporary brigades was depersonalization (obezlichka), above all the depersonalization of land plots; there was no proper responsibility for the use of

[110] *J. V. Stalin, Works, vol. 12, p. 154.*

means of production and for the application of agrotechnical techniques in the struggle to increase yields.

The temporary brigade, whose activity was limited to performing individual tasks of the agricultural cycle, did not meet the requirements of rationally organized collective-farm production.

The Party and the government set before the collective farms as their main task the raising of crop yields. To accomplish this task, it was necessary to improve soil cultivation and raise the agrotechnical level of all agricultural work. This could be achieved only on condition of eliminating depersonalization with respect to land and other means of production, with full and highly productive utilization of machine technology continuously entering the countryside on an increasing scale. Comrade Stalin, in his speech at the conference of business executives on June 23, 1931, stated: "...we can no longer tolerate depersonalization in production. To get rid of this evil, labor must be organized in a new way; forces must be distributed in such a manner that each group of workers is responsible for the work, for the machinery, for the machine tools, for the quality of work."[111]

This Stalinist instruction, confirmed by years of experience across all our economic construction, lies at the foundation of production organization both in industry and in socialist agriculture.

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[111] *J. Stalin, Problems of Leninism, 11th ed., p. 347.*

Based on the pressing economic needs of collective-farm production, taking into account the experience of the best agricultural artels that eliminated depersonalization in their communal economy, the Central Committee of the Party defined the permanent production brigade as the main and primary form of organizing collective-farm labor.

In the resolution of the CC VKP(b) of February 4, 1932, "On Immediate Measures for the Organizational and Economic Strengthening of Collective Farms," the fundamental principles of organizing permanent brigades and measures for their consolidation were clearly stated: "The most important link in the organization of labor in collective farms," this resolution states, "must be the brigade. In accordance with the experience of the best agricultural artels, the CC considers it expedient to organize brigades in collective farms with a permanent composition of collective farmers so that, as a rule, such brigades perform all main agricultural work throughout the entire year on designated plots. To these brigades, the collective farm assigns for the duration of their work the necessary machinery, inventory, and draft livestock, for the condition of which the brigade is fully responsible. The evaluation of a collective farmer's work-day (trudoden) must be raised or lowered depending on the successful performance of the brigade..."

"The practice tested on the best collective livestock farms of having workers in the brigade service a designated group of animals must receive widespread adoption, so that the livestock brigade and its constituent collective farmers are paid

depending on the results of their work (amount of milk milked, weight gain of young stock, size of offspring, etc.)."

The practice of collective farm construction brilliantly confirmed the vitality of these initial propositions regarding the collective-farm brigade. These principles fully entered into the fundamental law of collective-farm life—the Stalinist Rules of the Agricultural Artel, developed and adopted by the Second All-Union Congress of Collective-Farm Shock-Workers under the personal leadership of Comrade Stalin.

The Model Rules of the Agricultural Artel consolidated the permanent production brigade as the main form of organizing collective farmers' labor and provided for the most important principles of creating brigades and their place in internal collective-farm life. "From the members of the artel," the Rules state, "the management board creates production brigades. Field brigades are designated for a term of no less than a full crop rotation. A field brigade is allocated plots in the fields of the crop rotation for the period of the crop rotation. For each field brigade, the management board of the collective farm assigns under a special act all necessary inventory, draft livestock, and economic buildings.

"Livestock brigades are designated for a term of no less than 3 years. For each livestock brigade, the management board of the artel assigns productive livestock, inventory necessary for servicing, draft power, and livestock buildings."

The duty to distribute work among the members of the brigade was placed by the Rules on the brigadier, who must make the best use of each collective farmer in accordance with

his qualification, experience, and physical strength. Every member of the artel, according to the Rules, is obliged to conscientiously perform the work and public duties assigned to him by the management board and brigadier, strictly observe labor discipline and internal regulations, and obey the requirements of the Rules.

Permanent production brigades are created in collective farms according to branches of the communal economy: field crop, vegetable growing, orchard-gardening, fodder procurement, cattle care, pig breeding, sheep breeding, and others. They represent a stable form of labor cooperation.

The most important condition for organizing an independent production brigade in one branch of collective farming or another is a defined scale and character of production that ensures full and highly even utilization of labor power and means of production throughout the year.

Until recently, for example, field crop brigades everywhere handled fodder crop production. As collective farms mastered fodder crop rotations and concentrated diverse crops within these rotations (grasses, root crops, grain crops, etc.), and as fodder production intensified, economic preconditions were created for organizing independent fodder procurement brigades. By decision of the Party and government, these brigades were charged with sowing and cultivating all areas of fodder crop rotations; growing and fully supplying livestock on summer stall-camp management with succulent fodder; harvesting hay on natural meadows and sown grass plots assigned to the brigades; laying silage; and

managing all seed production for fodder root crops, melons, silage crops, and annual and perennial grasses for the green conveyor. Assigned to fodder procurement brigades, as to field brigades, are the necessary draft livestock, machinery, agricultural equipment, transport vehicles, and inventory. Under these conditions, experience shows that these brigades maintain even workload throughout the working period and successfully fulfill their tasks.

The creation of permanent production brigades in collective farms was a vital measure for their organizational and economic consolidation and fully justified itself. The permanent production brigade meets the vital interests and characteristics of large-scale, highly mechanized socialist production in collective farms, conducted with decisive production assistance from state machine and tractor stations with their highly developed industrial technology.

Under collective farming conditions, public land is the most important mean of production. Naturally, the forms of labor organization in collective farms must above all eliminate depersonalization in land care, creating maximally favorable conditions for increasing its fertility. By the very nature of agricultural production, the assignment of land plots to brigades must be long-term rather than brief, so that the brigade completes the entire production cycle (from soil preparation to harvesting) by its own efforts and remains interested in expanded reproduction of soil fertility conditions on assigned plots. This is the economic basis for assigning land plots in crop rotation fields to permanent production brigades for the duration of the crop rotation.

Assigning land plots to brigades for extended periods is necessary for applying advanced agrotechnology in collective-farm production, improving the quality of agricultural work, and raising crop yields. Without this, one cannot raise the level of collective farming culture or master the Dokuchaev–Kostychev–Williams agrotechnical complex—the grass-field system of agriculture. In agriculture, the final results of labor spent throughout the entire agricultural season are visible only upon receiving the harvest. Here, depersonalization in production can be eliminated only by entrusting to the brigade the execution of the entire complex of work throughout the working period and assigning to it permanent land plots in crop rotation fields for the duration of the crop rotation.

Major agricultural operations in collective farms that require the greatest energy expenditure and play a decisive role in securing the harvest—especially in grain farming—are performed by machinery. Under these conditions, the cooperative character of the labor process becomes "a technical necessity dictated by the very nature of the instrument of labor."[112]

Tractor units operate on collective-farm fields throughout the entire agricultural year, requiring a certain scale of labor cooperation and a specific arrangement not only of the individuals directly operating the unit, but of all who service it and perform accompanying tasks. Proper organization of labor must ensure full utilization of all advantages of socialist labor cooperation under conditions of highly mechanized collective-

[112] *K. Marx, Capital, vol. 1, 1949, p. 392.*

farm production. The economic basis of the advantages of the permanent production brigade is that it creates all conditions for applying industrial technology and, consequently, for continuously raising the productive power of labor and increasing yields.

A very important task is the correct determination of the size of the permanent production brigade. It must possess a sufficient number of workers of appropriate qualifications so that, in cooperation with the tractor brigade, it can productively use the most advanced tools of production of the MTS requiring the greatest labor cooperation (tractors, combines, and other complex machines) while simultaneously utilizing collective-farm means of production (draft power, simple machines, and tools of labor); it must ensure the successful execution of all overlapping operations during any given agricultural period. For example, a complex MTS threshing machine threshes grain crops harvested from plots assigned to the brigade. Servicing this thresher requires 25–30 people, while simultaneously performing overlapping work on plots assigned to the brigade requires, say, another 15–20 people. This means the brigade must include no fewer than 40–50 people capable of performing diverse, primarily highly skilled, work. Practically, in collective-farm production, the numerical composition of field and other crop brigades in plant growing is also determined by other factors (overall availability of labor power, crop mix, degree of farm intensity, etc.). According to 1937 data, a collective-farm field brigade averaged 62 people (including teenagers). In the largest collective farms of grain

regions, a brigade averaged up to 80 or more able-bodied workers.

The decisive influence of tools and means of production on the size of permanent production brigades in collective farms manifests itself along another line as well. The dimensions of permanent land plots assigned to brigades must also correspond to the character of applied technology and other production conditions. For the productive use of advanced technology such as powerful tractors and combines, large land tracts are needed. When working on small plots, tractor unit productivity drops significantly due to frequent turns and idle transfers from plot to plot. Thus, when plowing with an SKHTZ tractor with a three-bottom plow on a land strip measuring 500 x 80 m, turns and maneuvers account for 12.7% of net working time, whereas when plowing with the same unit on a strip measuring 2000 x 40 m, it takes only 2.4% —five times less. The larger the unit and the wider its working width, the larger the land plots must be. It is completely obvious that creating small production brigades and assigning plots to them in every field of crop rotation leads to fragmentation of land tracts, hinders the application of advanced machinery, and slows down labor productivity growth.

In this connection, it is necessary to emphasize the immense progressive significance of the voluntary amalgamation of small collective farms carried out by collective farmers. Small collective farms cannot productively use modern machinery and all other advantages of large-scale collective farming. Substantiating the expediency of merging

small collective farms, Comrade Khrushchev, in his speech at a meeting of voters of the Kalinin Electoral District of Moscow on March 7, 1950, stated: "Indeed, how can such a collective farm grow, develop, and yield much marketable product as, for example, the 'Krasny Pakhar' collective farm of Vereya District, which consists of five households and has only 92 hectares of arable land? Small collective farms cannot achieve a powerful surge and development of all branches of agriculture. Is it possible to introduce a proper crop rotation on an area of 90–100 hectares? By breaking the land into 8–9 fields, you get a field of about 10 hectares. What machines can enter such a field? A tractor and combine have no space to operate properly on such a field. An 'MK-1100' thresher requires 26–30 people to operate, while a small collective farm has only 10–15 able-bodied collective farmers. It is clear that in small collective farms the use of complex machinery is very limited, and without complex machinery agriculture cannot be conducted properly."

Data from the processing of annual reports from 362 MTS in the non-black-earth belt, carried out by the Department of Economics of Socialist Agriculture at the Leningrad Agricultural Institute, are characteristic. According to these data, seasonal output per 15-horsepower tractor in machine and tractor stations servicing larger collective farms (with an average arable land area of 301–400 ha per farm) in 1948 amounted to 201% compared to output in MTS servicing small collective farms (with an average arable land area under 100 ha per farm). The cost per hectare of tractor work in the first group of MTS was 38% lower than in the second. Across all

intermediate groups of MTS, a regular increase in output per tractor and a reduction in unit cost of tractor work are observed as average arable land area per collective farm increases.

A necessary condition for strengthening collective-farm production brigades and highly productive utilization of modern machinery is the proper organization and layout of field and fodder crop rotations, and the rational placement of brigade plots and crop sowings within crop rotation fields. Meanwhile, instances of unjustified fragmentation of crop rotation fields and brigade plots occur during the introduction of crop rotations, especially fodder and vegetable rotations, as well as the scattering of individual crop sowings across small plots. This prevents the highly productive use of tractors and agricultural machines, leading to unnecessary transfers and movements of collective farmers during agricultural work. For example, in the northern non-black-earth belt, during the introduction of near-farm fodder crop rotations, fields of 3–5 ha were laid out in a number of cases, with two crops frequently planned for such a field. Existing opportunities for rational field enlargement were not utilized.

Compact positioning of brigade plots within crop rotation fields is also of major importance. This creates the most favorable conditions for tractor and field crop brigades: time spent on transfers and movements is reduced, working land strips for tractor processing are enlarged, and operational management of field work improves. Amalgamation of collective farms allows these favorable conditions to be created for brigade work, contributing to the consolidation of permanent brigades and the improvement of their performance.

The Party and government have repeatedly emphasized the necessity of taking all measures to further strengthen permanent production brigades. In April 1948, based on directives of the February (1947) Plenum of the CC VKP(b), the Council of Ministers of the USSR adopted a resolution on measures to improve organization, raise productivity, and regulate labor payment in collective farms. In this resolution, all-out strengthening of permanent production brigades was set as a paramount task in improving the organization of collective farmers' labor.

Proper organization of production brigades in collective farms and the establishment of their planned production activity, coordinated with the work of tractor brigades, constitutes the most important task in organizing the entire communal economy of collective farms.

In production brigades, the successful fulfillment by collective farms of state plan targets for agricultural development is decided; therefore, labor power in collective farms must be maximally concentrated right here—directly in the sphere of production. The Council of Ministers of the USSR pointed out the necessity of reinforcing production brigades by reducing administrative and service personnel. Draft livestock used for secondary economic work and administrative travel must also be transferred to brigades.

Violations of the permanent composition of collective-farm production brigades and depersonalization are frequently caused by improper combination of work between field crop brigades and MTS tractor brigades, improper organization of

field crop brigades themselves, and shortcomings in intra-farm planning, particularly in planning crop areas by brigades during years of mastering proper crop rotations.

Both brigades—tractor and field crop—must work according to a coordinated plan that properly distributes operations between tractors and draft animal power, ensuring planned and full utilization of both MTS tractors and machinery and collective-farm means of production. The MTS brigade must perform tractor work throughout the entire season on permanent land plots, applying advanced agrotechnology and ensuring the fulfillment and overfulfillment of crop yield plans. Only in this case will the tractor brigade genuinely bear responsibility for the quality of tractor work and fulfillment of yield plans.

The size of land plots cultivated by tractor brigades is determined based on the rational composition of the brigade (currently, a tractor brigade usually has 3–4 tractors), tractor productivity, planned tractor work mix, taking into account introduced crop rotations, etc. Experience shows that in steppe regions, where no less than 800–1000 ha of arable land in crop rotation fields is assigned to each field brigade, the most rational combination is when one tractor brigade cooperates with one field crop brigade. In smaller collective farms, naturally, one tractor brigade services several field crop brigades or the collective farm as a whole. The interests of rational operation of tractor technology and ensuring its high productivity determine the above-mentioned composition of tractor brigades and, consequently, defined land plot areas serviced by them.

For the highly productive use of MTS tractors and machinery, smooth operation of the field crop brigade during tractor work and proper organization of brigade land plots are further required.

The experience of the best tractor brigades, leading tractor drivers, and combine operators working on an hourly schedule shows that the high output and excellent agrotechnical quality achieved by them are largely predetermined by smooth servicing from the collective-farm field brigade. For instance, tractor driver Nikolai Agafonov of the Novo-Bykov MTS, Chernihiv Oblast, during autumn sowing in 1949 brought output on a unit consisting of an KhTZ-NATI tractor and three 24-row seeders to 158–174 ha instead of the 34 ha norm. The quality of sowing was good, without gaps, and winter crop germination was uniform. Comrade Agafonov's unit was serviced by 19 people, including 2 tractor drivers, 5 sowers, 7 seed refillers (refilling was done while the unit was in motion), 4 grain haulers, and 1 fuel hauler. To ensure continuous operation of the unit working on an hourly schedule, the field crop brigade assigned experienced trailer operators, prepared unbagged grain hoppers (bestarki), and a truck for transporting seed. The truck delivered seed from collective-farm storehouses to the field, where seeds were unloaded into six hoppers positioned across the field. Upon signal, the next hopper was delivered to the tractor unit, and seeds were poured into seeder boxes on the move. Fuel and water delivery were also organized smoothly. Thanks to all this, the unit had no unforeseen downtime. Out of 17 hours 15 minutes of operation

per day, downtime accounted for only 28 minutes (20 minutes for refueling and 8 minutes for extra lubrication).

It is completely obvious that the high productivity of the tractor unit during sowing in this case was ensured thanks to the coordinated work of both brigades—tractor and field crop.

The experience of spring sowing in the current year also convincingly demonstrated the immense importance of coordinated work between tractor and field crop brigades. Where cooperation between brigades was ensured and the field crop brigade smoothly serviced tractor units, good quality work was achieved, execution times were reduced, and high output was secured. For example, in the Chapaev collective farm, Kalachovsky District, Voronezh Oblast, as a result of smooth, coordinated work between tractor and field crop brigades, early spring crops on an area of 1,124 ha were sown in 8 working days instead of 16 last year, and 130 ha of sugar beet were sown in 4 days. Simultaneously, the farm completed harrowing and top-dressing of winter crops, applied fertilizer under sugar beet, grass seed plots, and irrigated areas, and planted 11.5 ha of field-protective forest shelterbelts.

Properly organized field crop brigades, strict observance of the MTS contract with the collective farm, and machine operators working on an hourly schedule played a decisive role in achieving success.

To an even greater degree, planned combination of work between tractor and field crop brigades is necessary during combine harvesting of grain crops. The field crop brigade is obliged to prepare plots in timely fashion for trailing combines,

organize combine unloading, straw and chaff clearing, grain transport from combines to threshing floors, grain processing on threshing floors, and grain hauling to procurement points.

It should be noted that agricultural research institutions study and develop issues of rational organization of individual production processes very weakly, both in field crop cultivation and in other branches of collective-farm production, especially issues of labor organization in mechanized work. Meanwhile, immense reserves for raising agricultural labor productivity lie here.

The most important condition for strengthening the permanent production brigade and successfully fulfilling its production plans is the proper organization of labor within the brigade. The production brigade carries out various operations throughout the year on assigned plots using different tools and means of production. Decisive operations such as plowing, sowing, cultivation, and harvesting—especially grain crop harvesting—are performed predominantly by forces of the tractor brigade, and the forms of participation of the collective-farm field crop brigade in these operations are determined by the character of combining tractor work with horse and manual labor. The collective-farm brigade primarily services tractor units and executes transport and certain other tasks. In addition, the field crop brigade performs a number of very important manual tasks and tasks using draft animal power. Practically, in manual and horse work, various forms of labor cooperation have become widespread—both simple cooperation and cooperation with division of labor—and in connection with

this, various forms of piecework (individual and small-group piecework).

Simple cooperation, where many collective farmers participate simultaneously in the same operation performing identical or homogeneous work, is widely used in weed pulling, sugar beet hoeing (sharovka), etc.

More complex is the labor cooperation of production brigade members when the labor process is executed by united forces working with division of individual operations among collective farmers. Such a form of cooperation is found in manual tasks, for example, in sheaf binding, tobacco planting, and other crops, and especially in machine operations.

Cooperation with division of labor, when properly organized, significantly increases labor productivity. This is understandable: such work promotes labor specialization. For instance, in sheaf binding during grain harvesting with reapers, many collective farms apply division of labor. Each machine is serviced by a small group of male and female collective farmers. Besides the driver operating the machine, all are engaged in sheaf binding, picking up ears, and stacking sheaves into shocks (suslony). In sheaf binding, division of labor is applied: some female collective farmers make straw bands for binding sheaves, while others tie them. This significantly increases labor productivity.

Cooperation with division of labor is especially widely used when operating horse-drawn machinery or machines powered by stationary engines (threshing grain crops and flax, grain sorting, etc.).

Attempts to counterpose some forms of piecework to others without regard to production conditions must be recognized as incorrect. In particular, the effort to apply individual piecework with individual worker placement across all horse and manual tasks, regardless of production conditions, must be sharply condemned.

In literature on collective-farm labor organization, assertions are sometimes encountered regarding the superiority of individual piecework over small-group piecework without reference to production conditions. Furthermore, some authors wrote that "only the application of individual piecework makes it possible to fully utilize reserves for raising labor productivity of each collective farmer in a squad."[113]

Such an assertion is incorrect. There is no doubt that on many tasks in collective farms it is expedient to apply individual piecework. This, however, does not mean that only individual piecework makes it possible to fully utilize reserves for raising labor productivity in collective farms, or that it should be applied even when it leads to fragmentation of forces and means and is not dictated by production conditions. Scientific development of collective-farm labor organization issues must expose and indicate real paths for utilizing reserves to raise collective farmers' labor productivity in field and other work, defining specific forms of workforce placement and organization of each production process as a whole.

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[113] *See article by Comrade Golubev in the newspaper Socialist Agriculture, April 15, 1949.*

Training and educating collective-farm brigadiers and rendering them all-around assistance in their work is an integral part of the entire system of measures to improve collective-farm labor organization and consolidate collective farms organizationally and economically. Back in the resolution of the CC VKP(b) of February 4, 1932, "On Immediate Measures for the Organizational and Economic Strengthening of Collective Farms," it was stated that "the selection of brigadiers, elimination of turnover in their composition, and genuine assistance to brigadiers in raising their economic and political qualifications must become a paramount task of Party organizations."

Created and educated by the Communist Party, numerous cadres of collective-farm brigadiers have in practice proven their devotion to the collective farm system, their ability to lead collective production, raise its productivity, and increase collective-farm wealth. The current stage in the development of collective-farm production presents new demands to the collective-farm brigadier, elevating his role and responsibility for production organization and fulfillment of plans established for the collective farm.

"In connection with the amalgamation of collective farms," says Comrade N. S. Khrushchev, "the role of production brigades increases. High requirements are placed upon the brigadier as the leader of the main production unit in the collective farm. Skillful and persistent organizers must be promoted to this work. It is necessary to work daily with brigadiers, educate them, raise their knowledge, and arm them with advanced experience in managing communal economy.

The duty of agricultural agency workers, agricultural specialists, and collective farm chairmen is to constantly assist brigadiers in properly planning work, placing forces, organizing labor, and skillfully utilizing all material means allocated to the brigade."[114]

Of paramount importance for strengthening the permanent production brigade is the improvement of internal collective-farm planning, proper labor norming, and distribution of collective-farm income taking into account the crop yield obtained by brigades.

The system of internal collective-farm planning provides for establishing an annual production assignment for the collective-farm brigade. In it, the volume and qualitative indicators of all agricultural operations are defined, yield targets for each assigned crop and for agrotechnical applications are set, and measures ensuring fulfillment and overfulfillment of planned targets are indicated. In addition, brigade work plans are drawn up for each major period of the agricultural year. Production assignments for brigades must comprehensively account for working conditions and orient toward highly productive use of all material-technical resources, application of advanced agrotechnology, and the best experience of leading collective-farm production workers.

In the resolution of the Council of Ministers of April 19, 1948, "On Measures to Improve Organization, Raise Productivity, and Regulate Labor Payment in Collective

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[114] *Moskovskaya Pravda, June 28, 1950.*

Farms," it was indicated that crediting of work-days (trudodni) to production brigades must be performed depending on the harvest obtained. This created a huge incentive for launching a struggle to raise farming standards on plots assigned to brigades. For the government-established procedure of crediting and writing off work-days based on obtained yield to be consistently put into practice, serious organizational work is necessary, alongside setting up proper accounting of obtained yield and credited work-days, and proper, scientifically grounded planning of yield by brigades. This will render immense assistance to strengthening brigades.

Eliminating distortions in collective-farm labor organization and strengthening the brigade open great scope for the further unfolding of socialist competition and the Stakhanovite movement, the broad application of knowledge and talents of high-yield masters, strengthen the spirit of collectivism in collective farms, and contribute to the fulfillment and overfulfillment of crop yield plans and the development of animal husbandry.

Under the leadership of the Party of Lenin and Stalin, the workers of the collective-farm village, having achieved full utilization of all advantages of socialist labor organization, will successfully accomplish the tasks of a further, even more powerful upsurge of Soviet agriculture.

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N. Ryabov

PREDATORY METHODS OF CAPITALIST INDUSTRIALIZATION

Developing and enriching Marxist-Leninist theory, Comrade Stalin brilliantly generalized the historical process of the creation of industry in capitalist countries, uncovering the main paths and methods of the formation and development of capitalist states. Comrade Stalin showed that in the development of large-scale capitalist industry, external sources of accumulation played the main role.

Comrade Stalin indicated that the formation and development of powerful capitalist industrial states proceeded along three paths: the first path is the path of seizing and plundering colonies; the second path is the path of military defeat and indemnities, carried out by one country in relation to another country; the third path is the path of enslaving concessions and enslaving loans coming from capitally developed countries into a capitally backward country[115].

These three different methods of attracting "additional capitals" from outside into the industry of capitalist countries to accelerate its development correspond to three paths of capitalist industrialization. Despite all their differences and peculiarities, all three paths have common features bringing them close together. As Comrade Stalin emphasized, all of them, firstly, "lead to the formation of capitalist industrial states; secondly, all of them presuppose the influx from outside of 'additional capitals', obtained by these or those methods, as an inevitable condition for the formation of such states."[116] The community of features of various industrialization paths makes

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115 *See I. V. Stalin, Works, Vol. 7, pp. 195-196.*

116 *Ibid., p. 197.*

it possible for them to intertwine with one another, as the history of individual capitalist states shows. However, as Comrade Stalin emphasizes, it would be incorrect on this basis to confuse these paths with one another and not see that they represent three different methods of forming industrial capitalist states, the presence of which testifies to the historical features of the formation of large-scale industry in individual capitalist countries.

England's industrial development followed the first path. For centuries, the English bourgeoisie shamelessly and brazenly plundered the peoples of colonial countries and, through the influx of enormous wealth from these countries, created its powerful industry. England, "having seized colonies in all parts of the world, pumped out 'additional capital' from them to strengthen its industry for the course of two centuries and turned, in the end, into the 'workshop of the world'[117].

England embarked on the path of colonial expansion in the 16th century. Jointly with the Netherlands, it broke the colonial power of Spain and Portugal, and by the end of the 17th century emerged victorious from the prolonged struggle for dominance in the colonies with the Netherlands. From the middle of the 18th century, England began the conquest of India, the predatory plunder of which became the main source of England's industrialization. Upon the blood and bones of the enslaved Indian people, at the end of the 18th century, England began to take shape as a powerful industrial state.

The conquest of India by English colonizers was accompanied by the pillage of its wealth, plunder, and unheard-of exploitation of the Indian people. The main aspiration of English rule in India, as acknowledged in 1798 by major English official D. Shore, "was to make the entire Indian nation serve in all possible ways the interests and profits of the

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[117] *Ibid., p. 196.*

English. All the wealth of the country was pumped out, the people were taxed to the highest limits, trade and industry were destroyed"[118]. The plunder of India by the East India Company, accompanied by robbery, treachery, forgeries, bribes, and murders, is a vivid example of the predatory policy of the English bourgeoisie.

England's predatory "administration" of India brought this once wealthiest country to complete exhaustion. In just the last three decades of the 18th century, the population of India as a result of famine and epidemics decreased by one third. Enormous wealth of India "migrated" to England, which gave a powerful impetus to its industrial development.

"In capitalist countries," Comrade Stalin pointed out, "industrialization usually begins with light industry. Since less investment is required in light industry and capital turns over faster, moreover obtaining profit is an easier matter than in heavy industry, light industry becomes the first object of industrialization there. Only after the expiration of a prolonged period during which light industry accumulates profits and concentrates them in banks, only after this does the turn of heavy industry come and the gradual pumping of accumulations into heavy industry begin in order to create conditions for its deployment. But this is a prolonged process, requiring a large period of several decades, during which one has to wait for the development of light industry and vegetate without heavy industry"[119].

The first object of industrialization in England was the textile and, above all, the cotton industry. The cotton industry—a young branch of the English economy—was not bound by old

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[118] *Quoted from the "Great Soviet Encyclopedia", Ogiz, Moscow 1937, Vol. 28, p. 195.*

[119] *I. V. Stalin, Speech at the pre-election meeting of voters of the Stalin Electoral District of Moscow, February 9, 1946. Gospolitizdat, 1946, pp. 16–17.*

traditions and petty regulation of production, which retarded technical progress in England's woolen industry. Competition on European markets of high-quality and cheap Indian fabrics with English cotton products necessitated the rapid technical re-equipment of England's cotton production.

Data on the import of raw cotton into England and the export of cotton fabrics indicate that in the last third of the 18th century the country's cotton industry developed at rapid rates. The import of raw cotton into England increased from 3 million lbs. in 1750 to 4.7 million lbs. in 1771 and 56 million lbs. in 1800. The value of cotton fabric exports rose from £360 thousand in 1780 to £7.8 million in 1802. Whereas in 1764 the export of woolen fabrics from England exceeded the export of cotton fabrics by 20 times in value, already in 1802 the value of cotton fabric exports exceeded the value of woolen fabric exports—which had increased significantly during this period—by £1.4 million.

The expropriation of the peasantry led to the creation of a domestic market in England for the products of its industry. But the domestic market, like European markets, could not absorb the rapidly growing output of the textile and, above all, the cotton industry of England; the need for more capacious external markets arose.

"To the extent," Marx wrote, "that the cotton industry began to acquire vital importance for the entire social structure of Great Britain, East India acquired vital importance for the British cotton industry"[120].

England's industrialization and the establishment of industrial capitalism's dominance in it led to the emergence of new forms of plunder and exploitation of Indian working people by the English bourgeoisie.

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120 *K. Marx and F. Engels, Works, Vol. IX, p. 360.*

According to Marx's definition, the change in the character of English trade with India as a result of the industrial revolution in England occurred at the beginning of the second decade of the 19th century. With the transition to industrial capitalism, the English bourgeoisie and embourgeoised landowners began to plunder and exploit the Indian people under the flag of proverbial “free trade”. The main principle of England's colonial trade in the period of industrial capitalism becomes the export from India, as from other colonies, of raw materials and the forced import into these countries of goods and semi-manufactures of English industry. India, which had been from time immemorial the largest workshop of cotton and silk fabrics, turned within a few decades of the 19th century into an agrarian-raw material appendage of the English metropolis.

In the first half of the 19th century, England not only ousted Indian cotton fabrics from European markets but also flooded India with its goods. The domestic system of Indian industry perished under the blows of English competition. In the struggle to oust Indian fabrics from the world market, English industry relied not only on its technical superiority but also on state support. Already from the beginning of the 19th century, the government of England established discriminatory customs tariffs on products of Indian industry. In 1840, duties on cotton products of India imported into England amounted to 10%, on silk goods—20%, and on woolen goods—30% of their value. At the same time, English goods imported into India were taxed at a duty of only 2–3% of their value.

England's light industry, and especially the cotton industry, continued to develop at rapid rates in the 19th century as well. The volume of English exports, primarily to colonial countries, also increased.

Cotton Consumption and England's Exports in 1813–1853[121]

Years	Cotton Consumption (in mln. English lbs.)	Total Export (in mln. £)	Export to Asia (in mln. £)	Export to Asia (% of total export)
1813	51.0	35.5	3.9	11.0
1823	41.7	39.7	4.7	11.8
1833	82.3	52.3	9.5	18.2
1843	95.5	—	—	50.0*
1853	186.3	—	—	98.9**

* *1812.*
** *1814.*

The table shows that over 40 years—from 1813 to 1853—cotton consumption in England increased almost 15 times, and the volume of its exports more than 2 times. At the same time, England's exports to Asian countries grew significantly faster than total exports. Thus, over the thirty years 1813–1843, England's export to these countries increased 4.1 times with an increase in its total export of 25.4%.

The intensive growth of English goods exports to Asia occurred predominantly at the expense of an increase in England's exports to India. Thus, if in 1780 only 1/12 part of all foreign trade turnovers of England fell to India, then in 1850 the value of English exports to India (£8 million) already constituted 1/7 part of the total value of England's exports, and the value of exports of English cotton products to India (£5.2 million)—1/4 part of the total export of England's cotton products. Over 1818–1836, the import into India of twisted cotton yarn from England increased 5,200 times. Consequently, a significant part of its profits England's light industry received from India. These profits are the result of the exploitation of the English proletariat and the working people of India.

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[121] *See "World Economic Crises 1848-1935", Vol. I. Sotsekgiz, 1937, pp. 474-475, 493.*

India turned into a supplier of cheap raw materials for rapidly developing English industry. Over the period 1813–1844, the export of Indian raw cotton to England increased 10 times. In 1914, 438 thousand tons of raw cotton were exported from India, or over 100 times more than in 1813. Over 1833–1844, the export of sheep's wool from India to England increased from 1.7 tons to 1.2 thousand tons, of linseed from 2.1 thousand to 237 thousand bushels. At even faster rates grew the export of grain, mainly rice and wheat: from £858 thousand in 1849 to £3.8 million in 1858 and £7.9 million in 1877[122].
Thus, English capital plundered the masses of peasantry, industrial and agricultural workers of India not only as consumers of expensive and low-quality products of England's light industry, but also as producers of raw materials for it and finished goods from semi-manufactures imported by England into India. These goods, like raw materials, were exported to England literally for a song. New forms of plunder and exploitation of the Indian people by the English bourgeoisie were combined in the 19th century with old methods of its direct pillage and the pilfering of India's national wealth. Open plunder of India was carried out by England during this period on a massive scale.
The incomes of the English bourgeoisie flowed from India in the form of interest and dividends on invested capital, land rent, tribute for the “administration” of India, various exactions from the local population, etc. The burdens of paying salaries and pensions to numerous English military and civil officials in India were also dumped onto the Indian people. “What the English take away annually from the Indians,” Marx wrote in 1881, “in the form of rent, railway dividends from railways completely useless to the Indians themselves, pensions to

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[122] *See Palme Dutt, Today's India. State Publishing House of Foreign Literature, 1948, p. 127.*

military and civil officials, costs of Afghan and other wars, etc., etc.—what they take from them without any equivalent, not counting what they annually appropriate to themselves right in India, i.e., the value of unpaid products alone which the Indians must annually send to England—exceeds the total sum of income of 60 million agricultural and industrial workers of India! This is a real bloodletting, this is a crying affair!"[123].
Approximately three-fifths of the net income that English invaders received from the exploitation of India consisted of incomes from land[124].
Along with huge land taxes, a means of plundering the Indian people was the monopoly sale by English "civilizers" of opium, vodka, and salt in India. The monopoly on the opium trade yielded the English bourgeoisie about one-seventh part of all its net income from the plunder of India, and the monopoly on the salt trade—more than one-ninth. Together with land rent, in the middle of the 19th century these two sources constituted 85% of England's entire net income from the exploitation of India.
In the second half of the 19th century and in the 20th century, the incomes of English capital from the plunder of India increased significantly.
Annual remittances by English government agencies of incomes from the exploitation of India's working people to England under the guise of so-called "special incomes" rose from £2.5 million in 1851 to £17.3 million in 1901 and £27.5 million in 1933/34. The excess of India's exports over its imports, as the main part of the tribute paid by India to England, increased from £3.3 million in 1851 to £11.0 million

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123 *K. Marx, F. Engels, Selected Letters. Gospolitizdat, 1947, p. 343.*

124 *In the middle of the 19th century, the sum of the land tax amounted annually in Bengal and Madras to over £3.5 million, in the North-Western Provinces of India to over £4.8 million, in Bombay to over £2.2 million, etc.*

in 1901 and £69.7 million in 1933/34[125]. The cited data do not fully reveal the process of intensification of India's exploitation by the English bourgeoisie. The tribute received by English exploiters from India was undoubtedly greater.

The plunder by the English bourgeoisie of India, as well as China and other colonial and semi-colonial countries of the East, the transformation of these countries into sales markets and suppliers of cheap raw materials for English industry served as the basis for the rapid growth of capital accumulation in England, especially in its light industry. England's national income, amounting to £122 million in 1770, increased to £1.2–1.3 billion in 1875, and it grew at the fastest rates in 1850–1870. The main share in the accumulations of English industry consisted of incomes of light industry. In 1850, 1/12 of England's national income was provided by the cotton branch alone.

The concentration of light industry profits and incomes from India in English banks starting from the second decade of the 19th century led to the gradual pumping of capitals into England's heavy industry. During this period, other necessary conditions for the development of heavy industry were created in the country. The technical revolution in the cotton, woolen, and other branches of industry caused a sharp increase in these branches' demand for machinery equipment and steam engines, thereby determining the rapid development of machine production in England. At the same time, a technical revolution in shipbuilding took place in the country, locomotive construction began to develop, and railways were constructed. However, the low level of development of England's heavy industry retarded the satisfaction of the growing demand for iron, coal, steel, and equipment. With the growth of mechanical engineering in the country, other branches of heavy industry—

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[125] *See Palme Dutt, Today's India, p. 134.*

ferrous metallurgy and the fuel industry—began to gradually develop.

The table given below shows that in the first half of the 19th century the main branches of England's heavy industry were only beginning to develop and that throughout this century the rates of their development were growing. The rates of development of metallurgy, mechanical engineering, and the fuel industry in England at first lagged significantly behind the growth rates of light industry. Over 1800–1840, cotton consumption in England increased over 10 times, whereas pig iron smelting—7.4 times and coal mining—3.5 times. Over the first fifteen years of railway construction in England, from 1825 to 1840, approximately 90 km of railway tracks were built and put into operation annually, while in the subsequent thirty years—1870—788 km.

Coal Mining, Pig Iron and Steel Smelting, Shipbuilding, and Railway Length of England in the 19th Century[126]

Years	Coal Mining (in thous. tons)	Pig Iron Smelting (in thous. tons)	Steel Smelting (in thous. tons)	Shipbuilding (in thous. reg. tons)	Railway Length (in km)
1800	10,100	—	—	—	—
1820	—	—	—	—	—
1830	14,000	678	—	—	—
1840	35,000	1,396	—	123	—

[126] *See "World Economic Crises", Vol. I, pp. 474, 493-494.*

1850	—	2,249	—	164	6,538
1860	80,000	3,800	—	212	14,348
1870	110,000	6,000	200	343	24,999
1880	147,000	7,700	1,300	473	28,854
1890	182,000	7,900	3,600	813	32,297
1913	287,000	10,300	7,700	1,200	37,717

The creation of heavy industry and the development of railway transport in England were basically completed around 1880. Thus, in order to create heavy industry and its life nerve—mechanical engineering—England needed more than half a century.

The development of English industry, fertilized by the influx of "additional capitals" into the country from India, as well as other English colonies and semi-colonies, was one of the main prerequisites for England's industrial hegemony during many decades of the 19th century.

V. I. Lenin pointed out that "two major distinctive features of imperialism had taken place in England from the middle of the 19th century: vast colonial possessions and a monopoly position on the world market"[127].

England's industrial and colonial monopoly led to the fact that in England, earlier than in any other capitalist country, the features of parasitism and decay inherent in monopolistic capitalism manifested themselves.

Starting from the middle of the 19th century, the English bourgeoisie began to direct an ever larger part of its enormous incomes from the exploitation of colonial countries not to the development of English industry, but to the export of capital. Capital placed by England abroad increased from 3.6 billion francs in 1862 to 22 billion francs in 1882, 62 billion francs in 1902, and 75–100 billion francs in 1914[128]. England turned into

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127 *V. I. Lenin, Works, Vol. 22, p. 270.*

128 *See ibid., p. 230.*

a state of rentiers. Over 1865–1898, its national income approximately doubled, while incomes from exported capitals increased ninefold. Throughout the entire 19th century and right up to the Second World War, England's rentier income exceeded the income from foreign trade of this most “trading” country of the world by more than five times. In 1929, according to official, understated data, capital placed abroad accounted for 18% of England's entire national wealth, and in 1938 England's foreign investments equaled $22.9 billion with foreign liabilities estimated at about $2 billion.

The plunder of colonies, which right up to the middle of the past century was the main source of England's industrialization, in subsequent decades proved to be one of the main causes of the decline of England's industrial might, the decay and parasitism of English imperialism.

The rates of development of English industry, primarily light industry, increasingly lagged behind the development rates of the young capitalist USA and Germany. Already at the end of the 1840s, England's specific weight in world cotton production began to decline. In the 1860s, England began to yield to other countries in the rates of heavy industry development as well and steadily lose its primacy in world production of pig iron, steel, and mechanical engineering products. In the 1870s, England's industrial monopoly vanished irrevocably into the past, and at the beginning of the 1890s industrial primacy in the capitalist world passed to the United States of America.

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The second path of capitalist industrialization, as Comrade Stalin indicated, is typical of Germany. Comrade Stalin emphasized that Germany, having crushed France during the period of the Franco-Prussian war and wrung 5 billion in indemnity out of it, subsequently poured this sum into the channels of its industry. This path of creating and developing

powerful capitalist industrial states, in essence, does not differ from the first path.

In the first half of the 19th century, Germany was a typical agrarian country. “Until 1848,” Engels wrote, “there was, strictly speaking, no large-scale industry in Germany. Manual labor predominated; steam and machinery were encountered only as an exception”[129]. Marx and Engels considered the revolution of 1848 as the starting point of the industrial revolution in Germany. Over the two decades following the 1848 revolution, “steam and machinery everywhere invaded” the industry of Germany (Engels). Large capitalist enterprises that arose and developed rapidly crowded out small workshops. Internal cotton consumption in Germany over 1850–1870 increased almost 5 times—from 17.8 thousand to 80.9 thousand tons. German railway transport also developed intensively during this period. The railway network increased from 6,044 km in 1850 to 19,575 km in 1870.

The plunder of the peasantry and the exploitation of workers were the main sources of Germany's industrialization in the 1850s and 1860s. From 1816 to 1865, German peasants paid Junker landowners no less than 1 billion marks for their “liberation”. A strong influence on the development of Germany's industry during this period was also exerted by the liquidation on a significant part of its territory of customs barriers that retarded the development of trade and capitalist relations in the country[130]. The rapid development of German trade from the moment of the organization of the customs union led to a growth of accumulations in Germany, and then to the overflow of capitals from the sphere of trade into the sphere of industry.

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129 *K. Marx and F. Engels, Works, Vol. XV, p. 484.*

130 *In Prussia in 1818, there were over 60 internal customs posts. Goods dispatched from Magdeburg to Dresden were subjected to customs duties 16 times.*

However, in the first decades of the second half of the 19th century, the foundations of industrialization were only being laid in Germany. During this period, light industry developed tempestuously in the country. Meanwhile, Germany's heavy industry in the 1860s was still weakly developed and sharply lagged behind the heavy industry of England and France. In 1860, almost 6 times less iron ore was mined in Germany than in England. In 1870, 3-plus times less coal was mined and 4.3 times less pig iron was smelted in Germany than in England. In Germany in the 1870s, the development of heavy industry was retarded due to a lack of capitals.

Germany's victory over France in 1870 unusually accelerated the rates of development of German industry. In the four-year period following the Franco-Prussian war, German capital developed frenzied speculative activity. The establishment of banks, the organization of joint-stock enterprises for the construction of railways, metallurgical plants, mines, etc., assumed enormous proportions in these years. If in Germany over the twenty-year period 1850–1870, 205 joint-stock enterprises arose with a capital of 2.4 billion marks, then only over a short span of time—from the second half of 1871 to 1874—857 joint-stock companies were organized with a capital of 3.3 billion marks. According to F. Mehring, Germany's joint-stock capital in 1871–1873 increased by more than 1.2 billion talers, i.e., by almost the entire sum of the military indemnity received by Germany from France[131]. As Engels noted, in Germany during these years “more railways, plants, mines, etc. were created than would have been created under normal industrial development in a quarter of a century”[132].

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131 *See Franz Mehring, History of Germany from the End of the Middle Ages. Moscow 1924, p. 246.*

132 *K. Marx and F. Engels, Works, Vol. XV, p. 486.*

Following the rout of France, the unification of Germany was completed, and internal obstacles to the rapid development of capitalism were liquidated in the country. Germany's seizure of Alsace and Lorraine and the combination of Ruhr coal with Alsace-Lorraine iron ore, in turn, created very favorable conditions for the development of Germany's heavy industry. As a result, already in the mid-1880s Germany achieved an "industrial revolution more radical and profound, unfolding across a larger space and more comprehensive than in other countries..."[133]

Cotton Consumption and Production of Major Industries of Germany in the Last Third of the 19th Century (in thous. tons) [134]

Indicator	1870	1880	1890	1900	1880 in % of 1870	1890 in % of 1880	1900 in % of 1890
Cotton Consumption	80.9	136.7	233.0	307.5	169	170	131
Iron Ore Mining	1,400.8	7,238.7	11,406.1	18,964.3	517	158	166
Coal Mining	34,000	59,100	89,300	149,800	174	151	168
Pig Iron Smelting	1,391	2,729	4,659	8,521	196	170	183
Steel Smelting	170	624	2,162	6,646	367	346	308

In the 1870s, the main branches of Germany's large-scale industry developed at the highest rates.
The rapid growth of output of Germany's mining and metallurgical industry in these years and in subsequent decades was due to the fact that precisely here (as well as in railway construction) a large part of the French indemnity settled. Reparations from France were also the main source of financing the enormous railway construction in Germany in the

133 *K. Marx, F. Engels, Selected Letters, p. 385.*
134 *Data for 1860.*

1870s. These years have no equal in the growth rates of the railway network either in the previous or in the subsequent history of Germany. From 1870 to 1880, the length of German railways increased by 72% compared to 27% in 1880–1890 and 36% in 1890–1907. The expansion of the production apparatus of Germany's textile industry, however, was mainly achieved through the annexation of Alsace-Lorraine textile enterprises to it[135].

Despite the very favorable conditions that developed after the Franco-Prussian war for Germany's heavy industry, the process of its development stretched over another three decades. Even in the mid-1890s, light industry was the predominant branch of the German economy. In 1882, the number of employed workers in the textile, food, garment, and leather industries of Germany exceeded the number of employed workers in the mining, metallurgical, machine-building, and chemical industries by 2.1 times. In 1895, the specific weight of light industry production in Germany's total industrial output still constituted 70%.

Heavy industry as the leading branch of Germany's economy began to take shape only at the end of the past and the beginning of the current century. At the beginning of the 1890s, Germany smelted almost 2 times less steel and 1.6 times less pig iron than England. However, at the very end of the past century, steel smelting and iron ore mining in Germany were already 35% higher than in England. In the middle of the first decade of the 20th century, Germany overtook England in pig iron smelting as well. The length of Germany's railway network exceeded the length of England's railway network in 1880 by 5 thousand km, and in 1907—by 21 thousand km.

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[135] *The annexation of Alsace-Lorraine to Germany increased the production capacity of Germany's textile industry by 56% in the number of spinning spindles, by 88% in the number of mechanical looms, and by 100% in the equipment of calico-printing factories.*

Germany, which embarked on the path of capitalism significantly later than England, developed its industry on the basis of the latest technology and new branches of production —electrotechnical, chemical, etc. A large role in the rapid rates of development of Germany's industry, as well as the USA, at the end of the 19th century was played by the system of protectionism. These countries, having defended themselves with “protective” duties from English competition, rapidly developed into powerful industrial capitalist states and undermined England's industrial monopoly.

At the beginning of the 20th century, Germany took first place in Europe and second place in the world after the USA in terms of industrial output volume. Germany's elevation into the rank of the most powerful industrial states of the world, which was facilitated by the intensifying decay of English capitalism, served as a vivid indicator of the sharp aggravation of the unevenness of development of capitalist countries at the turn of the 19th and 20th centuries.

Tsarist Russia, trying to claw its way onto the path of industrialization, as Comrade Stalin indicated, followed the third path. By granting enslaving concessions and taking enslaving loans from Western powers, pre-revolutionary Russia thereby got into the yoke of semi-colonial existence. Foreign capital, mainly Franco-Anglo-Belgian and German, flowed into pre-revolutionary Russia through external loans of the tsarist government, loans of private railways and enterprises guaranteed by the tsarist government, municipal loans, and investments of foreign capital in industry and other branches of the tsarist Russian economy. Starting from the 1890s, the influx of foreign capital into Russia increased rapidly.

State Debt of Tsarist Russia (in mln. rub.)

Years	Total Debt	Internal Debt	External Debt (% of total debt)

1895	5,775	4,042	1,733 (30%)
1899	6,122	3,857	2,265 (37%)
1904	6,651	3,592	3,059 (46%)
1909	8,850	4,779	4,071 (46%)
1914	8,811	4,582	4,229 (48%)

Over the period 1895–1914, the external state debt of tsarist Russia increased almost 2.5 times and equaled 48% of Russia's entire state debt in 1914. The tsarist government expended large foreign loans not so much on economic development as on unproductive purposes, on covering the budget deficit, in the interests of strengthening Russian autocracy, which without foreign loans, as V. I. Lenin pointed out, could not have held on. The loans received by the tsarist government went to maintain its enormous bureaucratic apparatus, to payments on former loans, to endless handouts to Russian landowners and capitalists and the foreign bourgeoisie. The lion's share of these loans was expended on military purposes, on the preparation of the imperialist war of 1914–1918. Out of the total state debt as of January 1, 1914, of 8.8 billion rub., 5.7 billion rub. were expended on so-called “general state needs”.

From that part of foreign loans that settled in the economy, the tsarist government expended comparatively large sums on railway construction and the acquisition of private railways. A large share of these funds fell into the pockets of embezzlers, went on bribes and handouts to capitalists.

.On the eve of the First World War, the total sum of external loans guaranteed by the tsarist government amounted to 870 million rub. A significant part of these loans constituted bonds of private railways and industrial enterprises circulated on foreign markets. External municipal loans (the sum of which before the First World War equaled 422 million rub.) were a form of attracting foreign capital into municipal enterprises of public significance; of them, 99,627 thousand rub. were

invested in electric lighting societies and 50,553.5 thousand rub. in tramway societies[136].

The intensified influx of foreign capital into industry and credit institutions of pre-revolutionary Russia began from the mid-1890s and occurred especially intensively in the last five-year period of this century and in the first half of the second decade of the 20th century. From 1890 to 1915, all foreign capital in industry and credit institutions of Russia increased 10.4 times, and foreign capital invested only in industry—almost 12 times.

In 1916–1917, according to P. I. Lyashchenko's definition, foreign capital in the industry of pre-revolutionary Russia constituted 1.7 billion rub., or 34% of Russia's entire share capital, which equaled approximately 5 billion rub.

The tsarist government widely opened the doors to foreign capital in the decisive branches of Russia's economy.

Specific Weight of Foreign Capital by Branches of Russia's Industry in 1916–1917[137]

Branches	Total Capital — Share and Bond (in mln. rub.)	Foreign Capital (% of total capital)
Mining	917.8	834.3 (91%)
Metal Processing	937.8	392.7 (42%)

[136] *See P. I. Lyashchenko, History of the National Economy of the USSR, Vol. II. Gospolitizdat, 1948, p. 378.*

[137] *See ibid.*

Textile Industry	685.4	192.5 (28%)
Chemical Industry	166.9	83.6 (50%)
Wood Processing	68.8	25.7 (37%)

Foreign capital, strengthening its positions in the economy of pre-revolutionary Russia, simultaneously pumped enormous tribute out of our country in the form of profits and dividends on invested capital, interest on state and private loans, and through other channels. In Russian industrial enterprises, credit institutions, and municipal economy over 1898–1913, 2.2 billion rub. of foreign capitals were invested. Over these same years, foreign loans amounting to 2 billion rub. were provided to the tsarist government, while Russia paid 5 billion rub. in interest and dividends abroad. The burdens of all these enormous payments by Russia to foreign capitalists were placed by the Russian autocracy onto the shoulders of workers and peasants. The tsarist government, with the help of direct and indirect taxes, the vodka monopoly, etc., squeezed enormous sums out of working people.

The growing dependence of tsarist Russia on foreign imperialist predators was one of the serious obstacles on the path of its industrialization. Having fallen into bondage to foreign capital, pre-revolutionary Russia could not create heavy industry over half a century of its industrial development. In the first decades of the 20th century, Russia's technical and economic backwardness not only did not diminish but, on the contrary, intensified from year to year. Tsarist Russia was becoming an ever larger tributary of imperialist predators. Its economic and political dependence on the main capitalist countries continuously increased. The ruling classes of tsarist Russia—the feudal aristocracy and the bourgeoisie—proved incapable of overcoming our country's backwardness. They

“were incapable even of setting it, this task, in any satisfactory form whatsoever”[138].

Russia's technical and economic backwardness was overcome only after the victory of the Great October Socialist Revolution. The Soviet government and the Communist Party, on the basis of successful socialist construction—socialist industrialization of the country and collectivization of agriculture—ensured an unprecedented flourishing of our country's productive forces and its independence from capitalist states.

Socialist industrialization, the comprehensive social and technical reconstruction of the national economy of the Soviet Union were carried out on the basis of such sources of accumulation that are fundamentally, by their essence, radically different from capitalist sources of accumulation. Dirty sources of fund accumulation by capitalist countries for the development of their industry—exploitation of working people, colonial seizures and plunder, military indemnities, and enslaving loans—are incompatible with the nature of the Soviet socialist system. The influx of foreign capital from capitalist countries not on enslaving conditions turned out to be excluded for the Country of Soviets. The ruling circles of capitalist countries and their agency in the person of the deadliest enemies of the people—the Trotskyites and Bukharinites—strove with all their might to disrupt the cause of our Homeland's industrialization.

The Soviet country followed a new path of accumulating funds necessary for the development of large-scale industry. This was “the fourth path of industrialization, the path of own savings for the cause of industry, the path of socialist accumulation...”[139]. Onto this path, as the sole path of our

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138 *I. V. Stalin, Works, Vol. 11, p. 249.*

139 *I. V. Stalin, Works, Vol. 8, p. 124.*

country's industrialization, V. I. Lenin repeatedly pointed. Relying on Lenin's instructions, Comrade Stalin elaborated the propositions on the socialist industrialization of our country. Comrade Stalin scientifically substantiated the new path of creating and developing large-scale industry in the USSR, showed the radical differences of socialist industrialization from capitalist, uncovered the sources of socialist accumulation, the paths and methods of its implementation. Comrade Stalin provided a scientific substantiation of the possibility and feasibility of socialist industrialization at the expense of internal accumulations, on the basis of public ownership of the means of production and the savings of wealth created by the labor of workers and peasants, without attracting funds from outside, without the mandatory influx of foreign capital.

The rates of socialist industrialization of the USSR far surpassed the industrialization rates of any capitalist country. In unprecedentedly short periods, the Soviet Union, under the wise leadership of Comrade Stalin, transformed from a backward, agrarian country into a mighty, highly industrial power. Socialist industrialization, unlike capitalist, is connected with the unswerving improvement of the material situation of the working masses. This is vividly shown by the experience of the socialist industrialization of the USSR, as well as the countries of people's democracy that have firmly embarked with the Soviet Union's help on the path of building socialism.

Apologists of American imperialism—bourgeois economists, historians, and right-wing socialists—bend over backwards trying to “prove” as if the economic development of the USA, in contrast to England, Germany, and pre-revolutionary Russia, was carried out by other methods, without the plunder of the peoples of colonies and foreign countries, without enslaving loans and other dirty sources of capitalist industrialization.

In reality, the history of the development of large-scale industry in the USA completely refutes this legend. The history of US development, as Comrade Stalin indicated, provides a vivid example of the intertwining, the close interweaving of the three main paths of capitalist industrialization. The American bourgeoisie widely used foreign loans, bestial methods of plundering the Indian population of the United States and adjacent territories for the purpose of creating and developing industry.

After the War of Independence in 1775–1783, the USA began to receive solid loans and long-term credits from Western European countries. The US state debt increased from $12.7 million in 1820 to $200 million in 1840. The overwhelming part of it constituted loans and credits received by the United States from other states, primarily from England. The USA paid about $12 million in interest to its European creditors[140]. In the second half of the 19th century, the sum of capitals placed by capitalist countries of Europe into the US economy steadily increased. Comrade Stalin showed that America "was forced after the civil war to potter around for a whole 30–40 years in order to set up its industry at the expense of loans and long-term credits from outside and the plunder of adjacent states and islands"[141]. Even on the eve of the First World War, the United States continued to remain a debtor of Europe. In 1914, the sum of US investments abroad was $3.25 billion less than the sum of foreign capitals that settled in its own economy (respectively: $3.50 billion and $6.75 billion).

Throughout the 17th–18th centuries, European colonizers systematically "cleansed" American territory of its indigenous population—the Indians. Pointing to the ruthless, barbaric

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[140] *See E. L. Bogart, Economic History of the United States. Moscow 1927, pp. 164–165.*

[141] *I. V. Stalin, Works, Vol. 9, p. 173.*

character of this “cleansing”, Marx cited as an example a resolution of the legislative assembly of New England from 1703, according to which £40 was paid for each Indian scalp and red-skinned captive.

Irrefutable facts show that American history is inextricably connected with the ruthless plunder and almost total extermination of Indian tribes, with the seizure of lands belonging to them.

The most important sources of accumulating large capitals were also the slave trade and the bestial exploitation of American working people and the black people. The history of US development vividly testifies to the fact that American capitalism grew and developed on forced labor, on the blood and bones of “black” and white slaves.

At the end of the 1620s, black slaves were first brought to America. Slave blacks continued to be imported throughout the 17th and even 18th centuries, and by the time of the Civil War of 1861–1865, their number reached 4 million people. In the southern slave-owning states, the black population constituted 40% of the entire population. Marx emphasized that “continuous expansion of territory and continuous expansion of slavery beyond the limits of its old borders is the law of life for the slave-owning states of the Union”[142].

Throughout the first two centuries of the colonization of North America by Europeans, free workers were the most meager stratum of US working people. On plantations, slave labor was widely used not only of blacks but also of white slaves from among hungry poor people who “voluntarily” enslaved themselves for several years into slavery, as well as from among those convicted in England to forced labor, who were brought to America and sold at auction. Among white slaves there were not a few children kidnapped in England and

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142 *K. Marx and F. Engels, Works, Vol. XII, Part II, p. 240.*

forcibly brought to America. The lot of these white slaves, by the admission of contemporary observers, was no less hard than the lot of black slaves[143].

Officially, slavery in the USA was abolished in 1865. However, in the subsequent period as well, the American bourgeoisie tried, Lenin points out, "to do everything possible and impossible for the most shameless and vile oppression of blacks"[144]. Negro slavery in its most inhuman forms has survived in "democratic" America to this day.

The history of American capitalism is a history of continuous territorial seizures carried out by bloody methods of violence, blackmail, and deceit and accompanied by the plunder and extermination of the indigenous population. After the War of Independence, the USA did not fight for 60 years. This, however, by no means signifies that the policy of American ruling circles was distinguished by peacefulness. On the contrary, starting from the last quarter of the 18th century and right up to the end of the 19th century, the USA expanded its territory by more than 3 million square miles. By the beginning of the 20th century, US territory had increased almost 10 times compared to the 1870s. In the first half of the 19th century, the USA seized Louisiana and Florida and forcibly wrested the huge and wealthy province of Texas from Mexico, as well as California and a number of other regions. In the second half of the 19th century, the American bourgeoisie annexed the Hawaiian Islands, seized the Philippines, Cuba, and Puerto Rico from Spain.

With the establishment of the dominance of monopoly capital in the US economy, the reactionary and aggressive features of the American big bourgeoisie began to manifest themselves in even sharper forms. The United States economically and

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143 *See ibid.*

144 *V. I. Lenin, Works, Vol. 22, p. 13.*

politically subordinated to itself the majority of countries of Central, and then South America. Simultaneously, American monopoly capital began to penetrate ever more actively into Western European countries and their colonies and consolidate its positions there. During the period of the general crisis of capitalism, the economic and political expansion of American imperialism intensified unusually. After the First World War, the USA turned into the main usurer and the center of financial exploitation of the entire capitalist world. American billionaires, having plundered hundreds of millions of dollars, made all, even the richest countries their tributaries. In the period between the first and second world wars, the USA seized important positions not only in small but also in major capitalist countries. American monopolies invested billions of dollars in the industry of fascist Germany and thus contributed to the unleashing of Hitlerite aggression. After the end of the Second World War, the USA subordinated to itself the weakened capitalist countries of Europe. American imperialist predators are the primary stranglers and gendarmes of all peoples of capitalist, colonial, and dependent countries. Fattened on gigantic military super-profits, increasingly parasitizing and decaying, the monopoly capitalism of the USA is currently the most reactionary, predatory, and aggressive imperialism in the world. It exerts all efforts toward the forcible conquest of world domination, wages frenzied preparation for war against the Soviet Union and the countries of people's democracy, and has already moved on to direct acts of aggression in the East.

The “Marshall Plan” led to the liquidation of the economic and political independence of Western European countries, to their gradual transformation into agrarian-raw material appendages of the USA, to the curtailment of decisive branches of industry in marshallized countries. US exports to Western Europe consist predominantly of consumer goods that do not find sales

on the domestic market of the country, as well as armaments. At the same time, American financial bigwigs reduced to a minimum the deliveries of equipment to Western European countries, despite the fact that these countries experience a shortage primarily precisely in machines and other means of production. The policy of strangling the major branches of heavy industry and first of all mechanical engineering in marshallized countries, pursued by American imperialists, is actually a policy aimed at the de-industrialization of Western Europe, at turning it into a military-strategic bridgehead of the USA in the war being prepared by the imperialist camp against the camp of peace, democracy, and socialism, at shifting the burdens of the economic crisis developing in the USA onto the shoulders of the working people of Western European states. The anti-popular essence of the "Marshall Plan," the North Atlantic Pact, and other aggressive measures of the ruling circles of the USA and their European satellites, the preparation by imperialists of a new world war, armed US intervention in the Korean People's Democratic Republic cause an unswerving growth of the struggle of working masses of all countries for peace, against warmongers, against American enslavers. The peoples of all countries are increasingly clearly beginning to realize that they can win freedom and national independence only by embarking on the path of decisive struggle against American imperialists and their accomplices in Europe. The peoples of all countries unite their efforts in the struggle against the war danger. They are rallying ever closer around the Soviet Union—the standard-bearer of peace, the reliable bulwark of security, friendship, and cooperation of all peoples.

Questions of Economics, No.6, 1950.

B. BOLDYREV

STRENGTHENING OF MONETARY CIRCULATION AND FINANCES IN THE EUROPEAN COUNTRIES OF PEOPLE'S DEMOCRACY

The creation of a new financial system is of great importance for the construction of the foundation of a socialist society in the European countries of people's democracy. Organized completely anew, on a fundamentally different basis than under the capitalist mode of production, the financial system serves in these countries as one of the powerful instruments for building a new, higher social system.

The Second World War and the predatory policy of the German fascist invaders brought colossal destruction to the countries of Central and Southeastern Europe. Industrial production in most of these countries at the end of the war did not exceed 30–40% of the pre-war level. State finances, undermined by unbearable expenditures, came to a complete state of disarray by the end of the war. State budgets were drawn up with huge deficits and were covered by more than half through note issuance. The amount of money in circulation increased during the war years in Hungary by 24 times, in Poland by 20 times, in Czechoslovakia and Bulgaria by 15 times, in Albania by 8 times, and in Romania by 6 times. Inflation, expressed in a huge growth of banknote circulation alongside a simultaneous sharp reduction in the volume of production and trade, fell with all its weight upon the working masses. The overfilling of the channels of monetary circulation with paper-money signs had an extremely unfavorable effect on the economy of the countries of people's democracy,

hindering in them the process of restoration and further development of the national economy.

The radical rehabilitation of monetary circulation, the creation of a solid currency, and the construction of a new financial system on a socialist basis were therefore primary and very important tasks that the organs of people's democratic power had to solve in the course of restoring and developing the economy, in the course of building the foundation of a socialist economy. Great assistance in this matter was rendered to the countries of people's democracy by the example of the construction of the credit-monetary and financial system in the Soviet Union.

The great leaders of the Soviet people and all progressive humanity, V. I. Lenin and I. V. Stalin, attached enormous importance to the creation of a stable currency during the transition period from capitalism to socialism in the USSR. In November 1922, V. I. Lenin said: "What is truly important is the question of stabilizing the ruble. We are working on this question, our best forces are working on it, and we attach decisive importance to this task. If we manage to stabilize the ruble for a long period, and subsequently forever—it means we have won"[145]. Guided by the instructions of Lenin and Stalin on the role and significance of money in socialist construction, using the richest experience of the Soviet Union in strengthening the monetary system, and relying on its fraternal assistance, the governments of the European countries of people's democracy, at the initiative of the Communist and Workers' Parties, carried out currency reforms of circulation, which became one of the vivid expressions of the advantages of the people's democratic system over the capitalist system. After the First World War, the majority of the states of Central and Southeastern Europe were able to proceed to the

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145 *V. I. Lenin, Works, Vol. XXVII, p. 346.*

stabilization of their disordered monetary circulation only after 10–12 years. Carrying out currency reforms at that time, the capitalist governments of these countries widely resorted to foreign loans, mainly British and American, which increased the economic and political dependence of these states and contributed to their enslavement by foreign imperialists. Thus, for example, the Romanian government, having received a "stabilization loan" in the amount of $100 million from the International Banking Consortium in 1929, transferred the revenues from all state monopolies as collateral to this bank. Imperialist usurers achieved the abolition of all restrictions on the inflow of foreign capital into Romania. Morgan then obtained from the Maniu government a monopoly on the construction and operation of telephone and telegraph communication facilities for a period of 20 years, the Swedish Kreuger company obtained a 30-year monopoly on the production, sale, and export of matches, etc. The Romanian government also granted foreign capital a 10-year monopoly on road construction in the country and, to top it all off, recognized foreign "tutelage" over the National Bank and the railways of Romania.

As a result of the currency reforms carried out after the First World War in the countries of Central and Southeastern Europe, the living standard of the broad working masses dropped sharply, onto whom the ruling classes shifted the entire burden of measures to "heal" the financial systems: the tax burden intensified, prices for prime necessities increased, the real wages of workers and low-paid employees fell even further, and the incomes of working peasants decreased. At the same time, the currency reforms contributed to the new enrichment of the bourgeoisie and landlords. Despite all the efforts of governments, the currency reforms in these countries did not lead to the creation of a stable currency or to the strengthening of financial systems, which, just as in all

capitalist states during the period of the general crisis of capitalism, continued to remain in a state of chronic disarray. Directly opposite in character were the currency reforms in these countries after the Second World War, under the conditions of the people's democratic system. The currency reforms were successfully carried out in extremely short periods: in Poland and Czechoslovakia already in 1945, in Albania in July 1946, in Hungary in August 1946, in Bulgaria in March 1947, and in Romania in August 1947. They were carried out without enslaving loans and “assistance” from imperialist states and led to the liquidation of inflation and the stabilization of the currency in the countries of people's democracy.

The nationalization of banks, which undermined the positions of the exploiting classes and foreign imperialists in these countries, was of decisive importance for the construction of the new financial system. An important role in strengthening the new financial system was played by other revolutionary-democratic transformations carried out in the countries of people's democracy: the nationalization of large and medium industry, transport, means of communication, foreign and a significant part of internal trade, and the land reform. All these measures created economic prerequisites for increasing industrial and agricultural production, the growth of trade turnover and state revenues. The transition of the most important instruments and means of production into all-people ownership created a solid material base for the new currencies.

Enormous assistance to the countries of people's democracy in rehabilitating their monetary circulation was rendered by the Soviet Union, which provided them with large economic credits. The USSR Government significantly eased the conditions for deliveries by Hungary, Romania, and Bulgaria in compensation for the losses caused by them to the Soviet Union during the war years, by reducing the total amount of

reparation payments and extending the deadlines for deliveries on reparations.

The currency reforms in the countries of people's democracy were carried out in the interests of the working masses and contributed to a significant improvement in the material position of the people. The entire burden of these reforms fell upon the capitalist elements of town and country, who had accumulated colossal monetary funds during the years of war and inflation. Along with the rehabilitation of national currencies, the currency reforms pursued the goal of undermining the economic power of the bourgeoisie and expropriating the monetary capitals accumulated by it through the plunder of the working people.

Currency reforms were carried out in the form of exchanging old, depreciated money for a new, hard currency. In order to withdraw large monetary accumulations from the bourgeoisie, fairly low norms for exchanging old money for new were established. Thus, in Poland the exchange norm per person was set at 200 zlotys, in Czechoslovakia at 500 crowns. During the exchange of cash, strictly limited amounts were issued, and the remaining funds were credited to blocked accounts in credit institutions, wherein the issuance of sums from these accounts could be carried out only by special permission of government organs. At the same time, the blocking of all monetary deposits and bank assets was implemented; the payment of interest on deposits was temporarily suspended. Along with this, in Czechoslovakia, the registration and blocking of securities, foreign currency, and insurance policies were carried out, and all fixed assets were revalued.

During the implementation of currency reforms, the democratic forces of the countries of people's democracy had to overcome the fierce resistance of the capitalist elements of town and country, inspired and encouraged by Anglo-American imperialists. The remnants of the smashed exploiting classes

used inflation not only in the interests of their own gain, but also for political purposes, trying to “prove” that the people's democratic system was “incapable” of carrying out the rehabilitation of the financial system. They resisted with all their might the implementation of currency reforms and the establishment of stable currencies. In Romania, the commercial bourgeoisie, having learned in advance about the impending reform through its agents in the government of ministers from Tătărescu's party, closed most of its shops in the largest cities of the country in order to cause panic and discontent among the population. In Hungary, the owners of many enterprises sharply increased prices for goods after the reform, thus trying to disrupt the stabilization of the forint carried out by the government. In Czechoslovakia, reaction-ary ministers from the “National-Socialist,” “People's” (Catholic), and Slovak “Democratic” parties who were in the government until February 1948 helped capitalists—owners of blocked accounts—to circumvent the law on the issuance of funds from these accounts and thereby intentionally undermined the stability of the new crown. But all attempts by reaction to disrupt the currency reforms or discredit them suffered complete failure.
As a result of successfully implemented currency reforms in the countries of people's democracy, the paper-money mass in circulation dropped sharply: in Poland by 15 times, in Romania by more than 12 times, in Czechoslovakia by almost 6 times, in Bulgaria by 3 times. In Hungary, old money was exchanged for new at the rate of 400 thousand quadrillion pengős for 1 forint.
In order to create a stable monetary unit, the people's democratic governments implemented a whole series of economic and financial measures ensuring the liquidation of budget deficits, the growth of trade turnover, and the accumulation of gold and currency reserves.
The stabilization of currencies had enormous political and national economic significance in the countries of people's

democracy. It strengthened the people's democratic system, further undermined the economic power of the bourgeoisie, raised the living standard of the working masses, and consolidated the alliance of the working class with the peasantry under the leadership of the working class. The introduction of hard money led to a sharp drop in prices for mass consumer goods and, as a result, to the expansion of retail trade turnover. Sales of agricultural products intensified significantly, stimulated by the availability of stable money, for which the peasant can acquire industrial goods, agricultural implements, fertilizers, etc. Hard currency strengthened incentives for growth in labor productivity. Thus, in Hungary, within just the first six months after the currency reform, output per worker rose by 64%, and in individual branches, such as the leather industry, even by 81%. Workers' wages over the same period increased by more than 50%. In Poland, in the very first year after the reform, labor productivity in the most important branches of industry—coal, engineering, iron-making—increased by 40–50%.

Currency stabilization contributed to strengthening the economy and accelerating the economic upswing in the countries of people's democracy. In short historical periods, industrial and agricultural production surpassed the pre-war level. On this basis, retail trade turnover expanded. National economic planning, which became possible in these countries as a result of the transition of the principal instruments and means of production into the ownership of the people's democratic state, acquired a solid basis through the hard currency for controlling production and the circulation of goods.

The essence and role of state finances changed radically in the countries of people's democracy. Finances in the hands of the people's democratic power turned into an important instrument for building a socialist economy, became an instrument for

strengthening the dictatorship of the proletariat, and for restricting and ousting private-capitalist elements. The essence of finances in these countries is currently determined by the nature of the people's democratic system, which represents one of the forms of the dictatorship of the proletariat and whose economic basis is all-people ownership of the most important instruments and means of production.

The socio-economic nature of individual financial categories, in particular the most important financial institution—the state budget, which is currently an instrument of the dictatorship of the proletariat—became completely different. In accordance with this, both the revenue and expenditure parts of the budgets of the countries of people's democracy acquired new content. In the past, state revenues of these countries, as in any capitalist state, were provided in their overwhelming part at the expense of tax revenues. At the same time, indirect taxes on consumer goods played the main role. In Bulgaria, for example, indirect taxes, including excise duties, customs duties, and state fiscal monopolies, constituted 75% of all tax revenues of the state budget. In Hungary, indirect taxes equaled 65% of all state revenues. A similar situation was also observed in Poland and Czechoslovakia. The burden of taxes fell entirely upon the shoulders of the working people.

The nationalization of industry, banks, transport, foreign and wholesale domestic trade led to the creation of a powerful socialist sector in the countries of people's democracy. This radically changed the content and structure of the revenue part of the state budgets of the countries of people's democracy. Taxes and levies from the population lost their former significance in budget revenues. They were replaced by completely new sources of state revenues—revenues from the accumulations of the socialized economy (in the form of profits of state enterprises and turnover tax). In the 1949 budgets, revenues from the socialist sector constituted almost 80% in

Czechoslovakia, over 75% in Romania, 60% in Poland, and 50% in Bulgaria of all state budget revenues. The specific weight of these revenues is continuously increasing. In the 1950 budgets, they constitute: in Romania about 80%, in Poland about 70%, in Bulgaria over 70%.

Before the victory of people's democracy in the countries of Central and Southeastern Europe, budgets were drawn up year after year with huge deficits. Bourgeois-landlord Hungary, for example, did not have a single deficit-free budget for the last seventy years. In Czechoslovakia, over the past 25 years, budgets were executed without expenditures exceeding revenues only 6 times. During the years between the First and Second World Wars, Romania had a balanced budget only twice. Chronic budget deficits were covered to a significant extent at the expense of external loans provided by imperialists at very high interest rates. This not only increased the already heavy tax burden falling on the working people, but further intensified the enslaving dependence of these countries on foreign imperialists. On the eve of the Second World War, Czechoslovakia's foreign debt exceeded 7 billion crowns[146]. Almost 3/4 of this amount constituted its debts to Germany, France, and England. The total amount of foreign loans received by Romania up to 1932 reached an astronomical figure— 140,556 million lei[147]. As a result of the continuous growth of debts, the countries of Central and Southeastern Europe were turning into unpayable debtors of imperialist predators.

The situation is completely different in the countries of people's democracy. They have stable and deficit-free budgets. This is determined by the fact that the revenue part of the budget in these countries relies primarily on revenues from

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146 *"National Bank of Czechoslovakia", July 1949.*

147 *"Probleme economice" No. 3, 1948.*

state enterprises. Thus, for example, in Poland already the execution of the 1947 budget (the first post-war budget covering an annual period) yielded an excess of revenues over expenditures of more than 37 billion zlotys. With a very significant surplus (10% of the entire revenue part), the budget of Poland was also drawn up in 1948[148]. The 1948 budgets were executed with an active balance in Romania of 22.4 billion lei, in Bulgaria of 2.5 billion leva, in Hungary of 292.6 million forints. A substantial excess of revenues over expenditures took place in these countries in 1949 as well.

The powerful upswing of the economy and culture in the countries of people's democracy, the steady growth of industrial and agricultural production, the expansion of trade turnover, and the systematic rise in the material well-being of the working masses found their expression in the rapid growth of state budget revenues.

The table given below shows that over the past four years, the revenue part of the state budgets of the countries of people's democracy has increased several times. A significant growth in state budgets, occurring on the basis of the upswing of the entire national economy of these countries, serves as vivid testimony to the strength and vitality of the people's democratic system developing toward socialism.

Growth of Revenues of State Budgets of Countries of People's Democracy in 1946–1950 *

Countries	1946	1947	1948	1949	1950
Poland (in billion zlotys)	57.8	223.9	451.2	604.2	846.0
Czechoslovakia (in billion crowns)	37.8	48.4	56.9	89.3	131.9 (9 mo.)
Bulgaria (in billion leva)	—	—	108.7	165.7	207.3
Romania (in billion lei)	4.0	—	7.6	272.0	353.9
Hungary (in	—	—	12.8	17.5	—

148 *"Wiadomości Statystyczne" No. 6, 1949.*

billion forints)

Unlike the bourgeois state, which is in the hands of capitalist economy and constitutes a parasitic apparatus of violence by a minority of the population over the exploited majority, an instrument for implementing imperialist expansion, the people's democratic state, like the Soviet State, directly and on the basis of a plan implements the guidance and management of the country's economy in the interests of the working people liberated from capitalist yoke. The economic-organizational activity of the state acquires ever greater significance in the countries of people's democracy. This seriously affects the state budget as well, increasing its revenue part and changing the direction and use of budget resources. The lion's share of state expenditures in the countries of people's democracy consists of expenditures for the further development of industry, agriculture, internal and external trade, transport, and other branches of the national economy, and for raising the material well-being and cultural living standard of the people.
In expenditures on financing the national economy, the main place is occupied by appropriations for the construction and expansion of fixed assets. A large share of capital investments is directed into heavy industry, which plays a decisive role in the industrialization of the entire national economy, in its technical re-equipment, and the creation of the material base of socialism in town and country. Large-scale industry, V. I. Lenin teaches, “from the standpoint of the state of productive forces—i.e., according to the principal criterion of all social development—constitutes the foundation of socialist economic organization, uniting advanced industrial workers, uniting the class that exercises the dictatorship of the proletariat”[149].

[149] *V. I. Lenin, Works, Vol. XXVI, p. 254.*

Based on the historical instructions of Lenin and Stalin on the role and significance of socialist industrialization, the governments of the countries of people's democracy direct large funds through state budgets into such branches of heavy industry as metallurgy, chemical, mining, coal, oil, as well as engineering—the core of heavy industry. Large investments in the engineering industry, along with great economic and technical assistance from the Soviet Union, led to the creation in the countries of people's democracy of a number of new branches—tractor manufacturing, automobile manufacturing, locomotive and railcar manufacturing, machine-tool manufacturing—the development of which ensures the rapid growth of the technical equipment of the entire economy of these countries, including their agriculture, and the strengthening of the national independence of the people's democratic republics. Great attention is also paid in the budgets of the countries of people's democracy to financing light industry, creating new production facilities ensuring the rise in consumption of the working people and the growth of their well-being as a whole.

The second place after financing industry by its specific weight in state budgets is occupied by appropriations for the restoration and further upswing of agriculture, for implementing measures to transfer fragmented, individual small-peasant households onto the rails of large socialized mechanized production. Guided by Comrade Stalin's instructions that "cooperatives under the dictatorship of the proletariat and the existence of a socialist-type industry are the main foothold for including the peasantry in the system of socialist construction"[150], relying on the world-historic experience of the great Soviet Union, which created the largest collectivized socialist agriculture in the world, the people's

[150] *I. V. Stalin, Works, Vol. 7, pp. 255-256.*

democratic governments render all-around assistance to the development of agricultural cooperatives. The budgets of the countries of people's democracy provide for large appropriations for the all-around development and organizational-technical strengthening of production cooperatives, machine-tractor stations, and state farms, for the further increase in crop yields and livestock productivity. Large sums are directed to carrying out work on the mechanization and electrification of agriculture, tree-planting, forestry, irrigation, and land reclamation work.

State budget appropriations in the countries of people's democracy for the development of other branches of the national economy—transport, means of communication, housing construction, state and cooperative trade—are also very significant.

In the budgets of the countries of people's democracy, enormous attention is paid to financing socio-cultural measures. Previously, appropriations under these items constituted negligible sums. "The bourgeoisie in a bourgeois state cannot give anything truly for cultural purposes except pennies," V. I. Lenin pointed out, "for it needs piles of money to ensure the domination of the bourgeoisie as a class"[151]. Until recently, the majority of countries of Central and Southeastern Europe stood in one of the last places among the capitalist countries of Europe by their cultural level. Thus, as late as 1945, half of the entire population of Bulgaria was illiterate, in Romania illiterates numbered 60% of the entire population, and in Albania almost 80%.

The situation is completely different in the countries of people's democracy. Expenditures on public education have increased colossally in these countries compared to pre-war times. In the 1949 budgets of the countries of people's

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

democracy, they constituted from 10 to 15% of all expenditures. As a result of the care of the Communist and Workers' Parties and governments, the network of educational institutions and the number of students in them rapidly increased in these countries. Over the past three years, the number of secondary schools in Romania increased from 656 to 3,200, in Bulgaria the number of primary and secondary schools almost tripled, and the number of schools also increased sharply in Poland, Czechoslovakia, Hungary, and Albania. The number of students in all these countries also increased significantly. Thus, in Poland in the 1948/49 academic year the number of students was 40% greater, and in Romania 25% greater, than in 1938/39; in Albania the number of students increased over the same time from 58 thousand to 181 thousand.

Serious attention is paid in the countries of people's democracy to the matter of liquidating illiteracy—one of the heaviest heritages of the old regime. Great successes have been achieved by the people's democratic republics in the field of higher education as well.

In the past, despite the exceptionally high level of morbidity and mortality of the population, appropriations for healthcare in the countries of Central and Southeastern Europe, just as in any other capitalist country, were negligible. Thus, for example, expenditures on healthcare in Romania according to the budget of the 1938/39 financial year did not exceed 2% of all budget expenditures; in Poland they barely reached 4%. The network of medical-sanitary and treatment institutions was extremely small. In the budgets of the people's democratic republics for 1949, expenditures on healthcare were 8–12 times higher than pre-war. Large outlays for the development of public healthcare made it possible for these countries to significantly expand the network of medical-sanitary and treatment institutions—hospitals, maternity homes, outpatient

clinics, women's and children's consultation centers, nurseries, etc., and to increase the number of hospital beds and medical personnel. Sanitary, preventive, and medical measures carried out on a broad scale sharply reduced morbidity and mortality among the population. Thus, in Hungary in 1949, mortality of children under one year of age was 36% less, and in Poland 21% less, than in 1938.

Large funds are allocated in the budgets of the countries of people's democracy for social insurance—provision for working people in case of temporary disability, disability, old age, for measures to protect motherhood and infancy, the maintenance of rest homes, sanatoriums, etc. Expenditures on the development of science, literature, and art increased several times compared to pre-war. In all countries of people's democracy, the number of theaters, philharmonics, cinemas, libraries, museums, clubs, etc., has increased significantly.

It is also very indicative that the specific weight of expenditures on national defense in the countries of people's democracy is low. This testifies to the peaceful policy of the countries of people's democracy, whose military expenditures are called upon to ensure the protection of the peaceful creative labor of the population. At the same time, in the budgets of the countries of the imperialist camp, which are preparing an aggressive war against the USSR and the states of people's democracy under the aegis of the USA and are forcing the arms race, the specific weight of military expenditures currently exceeds half of the total sum of state expenditures. Thus, for example, US military expenditures constitute about 76% of the country's entire budget for 1950/51, and France's in 1950 constitute 57% of all budget expenditures. The budgets of imperialist states constitute an instrument of aggression and the preparation of aggressive war. At the same time, the budgets of the countries of the camp of democracy and socialism clearly reflect the peaceful, creative labor of the peoples. This is most

clearly seen in the example of the state budget of the USSR approved by the Supreme Soviet at its June session in 1950. Out of the total sum of expenditures of the state budget of the Soviet Union for 1950 of 427.9 billion rubles, appropriations to the Ministry of War and the Ministry of the Navy will constitute 79.4 billion rubles, or 18.5% of all budget expenditures, while in 1940 expenditures on the country's defense occupied 32.6% in total budget expenditures, and in the first year of the post-war five-year plan—23.9%.

The specific weight of budget outlays for the maintenance of organs of power and administration also dropped sharply in the countries of people's democracy. People's democratic governments are carrying out great work on simplifying and cheapening the state apparatus. Thus, in the budget of the Polish Republic for 1949, administrative expenditures compared to the pre-war period decreased by 1.5 times, in Hungary by 2 times, and in Romania according to the budget for 1950—even by 3 times.

By the beginning of 1949, in most countries of people's democracy the period of restoration of the national economy had already ended and the period of its reconstruction and further development had begun. This was reflected in state budgets like in a mirror.

The 1949 budget of the People's Republic of Bulgaria exceeded the 1948 budget by more than 22%. Out of the total sum of appropriations according to the plan of 152.6 billion leva, over 40 billion leva (27% of the entire budget) was designated for capital investments in the national economy—for the construction of new plants and factories, power stations and reservoirs, railways and highways, etc. About one-fifth of the entire expenditure part of Bulgaria's budget in 1949 was allocated to financing measures for satisfying the cultural and everyday needs of the working people. Appropriations for the development of science, art, and culture constituted 4,600

million leva in 1949 against 2,750 million leva in 1947. At the same time, expenditures on the country's defense, just as in 1948, equaled only 10% of the expenditure part of the budget. The 1949 budget, despite the wrecking activity in the field of finances by the now smashed Traicho Kostov spy-diversionary gang, was executed in the amount of 165.7 billion leva, i.e., with an excess of 13.1 billion leva. In Bulgaria's budget for 1950, more than 65% of expenditures goes to financing the national economy, social and cultural measures.

The budget of people's democratic Poland in 1949 amounted according to the plan to 604.2 billion zlotys. 267 billion zlotys was designated for capital investments. Hereby, out of the total sum appropriated for capital investments, 40.3% was directed into industry, 21.8% into transport, 12.6% into agriculture, etc. Appropriations for public education constituted 20% of all budget expenditures. 9.5% of the entire budget was designated for national defense needs. The state budget of Poland for 1950 is 40% larger than in 1949. Out of the total sum of the state budget together with local budgets, 43.5% is appropriated for the development of the national economy, and 32.6% for education, healthcare, and social security. At the same time, administrative expenditures constitute only 8% of budget expenditures, and expenditures on national defense and state security—10.2%.

In the state budget of Czechoslovakia for 1949, the revenue part constituted 89.3 billion crowns, i.e., was 32.4 billion crowns greater than in 1948, and almost 43 million crowns greater than the expenditure part of the budget. Hereby, capital investments in industry and other branches of the national economy constituted more than 21 billion crowns, or 24% of the entire sum of state expenditures of 1949, which is several times greater than in 1948. About 26 billion crowns, or almost 29% of all budget expenditures, was appropriated for social security, healthcare, and cultural construction. Outlays for

national defense constituted about 9% of all expenditures. The revenue part of Czechoslovakia's budget for 1950 exceeds the revenue part of the 1949 budget by 47.7%. More than 32% of all budget expenditures, amounting to 131.56 billion crowns, is directed to financing the national economy, for social security and healthcare—26.3%, for education—almost 12%. Expenditures under the Ministry of National Defense constitute 9% of all expenditures.

In Hungary, the 1949 budget was executed with an excess of the revenue part over the expenditure part of 120 million forints (revenues constituted 11,640 million, expenditures—11,520 million forints), which gave the Hungarian government the opportunity to return 50 million forints to the National Bank in order to strengthen monetary circulation. In the budget for 1950, the excess of revenues over expenditures constitutes 83 million forints. Out of the total sum of prospective expenditures of 17.45 billion forints, 7.25 billion forints, or 41.5%, represent investments in the national economy in accordance with the five-year plan. In the 1949 budget, these investments constituted 36% of all expenditures.

In the budget of the Romanian People's Republic for 1949, capital investments in the national economy were projected in the amount of 82 billion lei, which is 3.7 times greater than in 1948. Of these, 36.8% was to be directed to the development of heavy industry, including extractive industry, 10.4% to the development of light industry, 21.2% to agriculture and forestry, 11.2% to financing the social and cultural needs of the population. In reality, the sum of capital investments reached 100 billion lei in 1949. In the budget for 1950, 131.3 billion lei, or 37.5% of all expenditures, is directed to financing the national economy, and 87 billion lei, i.e., 24.8%, is allocated for carrying out socio-cultural measures. At the same time, expenditures on maintaining the state apparatus constitute 11.5% of all expenditures, and on defense—14.9%.

The tax system also underwent radical changes in the European countries of people's democracy.

The great strategists of the proletarian revolution, V. I. Lenin and I. V. Stalin, thoroughly developed the question of the role and significance of taxes under the dictatorship of the proletariat. In their works, Lenin and Stalin repeatedly emphasized that in the hands of the dictatorship of the proletariat, taxes are an important instrument for building socialism, one of the serious instruments of attack on private property, a method of undermining the economic power of the bourgeoisie. Already in the summer of 1917, the Sixth Congress of the Bolshevik Party, which took place under the direct leadership of Comrade Stalin and aimed the party at armed uprising, indicated in the resolution "On the Economic Situation" the necessity of carrying out, with the aim of struggling against financial collapse in Russia, in particular, the following measures: "transformation of the entire tax system by introducing a property tax, a tax on the growth of property, and high indirect taxes on luxury items, reform of the income tax, and placing the assessment of property incomes under actual control both at the center and in the localities"[152]. Based on the instructions of Lenin and Stalin on the tax policy of the dictatorship of the proletariat, the Communist and Workers' Parties and governments of the people's democratic countries created a completely new tax system.

Under the conditions of the bourgeois-landlord system, taxes and all kinds of levies on the population in the countries of Central and Southeastern Europe reached enormous proportions and steadily increased, despite the ever-increasing ruin of the working masses. Indirect taxes were a genuine

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[152] *"CPSU(B) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the CC", Part 1, Gospolitizdat, 1940, p. 257.*

scourge for the working people. At the same time, the tax policy of the governments of these, as well as all other capitalist states, was constructed in such a way that the large bourgeoisie was almost completely exempted from paying taxes. In the total sum of tax revenues into the state budget, taxes from large industrialists and merchants occupied a negligible place: in Bulgaria—6%, in Romania—6–7%, in Czechoslovakia—15–17%, etc.

The people's democratic power built a new tax system proceeding from the principle of significantly increasing taxation on the bourgeoisie and all-around reduction of taxes on working people. One of the first measures of the governments of the people's democratic republics in this field, aimed at undermining the economic power of the large bourgeoisie, was the introduction of extraordinary revolutionary taxes.

An extraordinary tax on war profits was established in Romania. This tax, whose rates ranged from 25 to 90%, provided for taxing profits amassed by industrial capitalists and large merchants during the years of the Second World War. Along with this, the Romanian government also introduced a one-time taxation on the growth of property value.

In Hungary, besides the general income tax, an additional tax on large incomes was introduced, and high progressive rates reaching 75% of income were established. In 1947, a law on taxes on the capital of joint-stock companies and other commercial-industrial corporations was adopted by the government.

In Czechoslovakia, one of the first tax measures of the new government was the establishment of high taxes on the growth of property value during the war years (with rates from 5 to 100%) and on property itself (with rates from 5 to 30%). The introduction of an extraordinary one-time tax on the bourgeoisie made it possible to withdraw a significant part of

monetary incomes and accumulations from the bourgeoisie and direct these funds to the primary needs of the national economy.

The reduction of tax taxation of working people was achieved in the countries of people's democracy through the introduction of a high non-taxable minimum of incomes for such types of taxes as income and agricultural tax, wage tax, and also through the establishment of tax privileges for families with many children and invalids, and the abolition of tax surcharges introduced during the war years. In addition, in order to reduce indirect taxes, from which working people suffer in the first place, differentiation of excise rates was carried out in a number of countries: rates of indirect tax on mass consumer goods were lowered, and rates on goods consumed by well-off strata of the population, in particular on luxury items, were raised.

Taxes in the countries of people's democracy turned into an important revolutionary instrument of the state in executing plans whose main tasks were the restoration and further development of the national economy, and the restriction and ousting of capitalist elements from the economy. Governments sharply increased taxes on the bourgeoisie, establishing high progressive rates on property, income, and certain other taxes. The introduction of high taxes on the incomes and property of the bourgeoisie allowed people's power to increase state budget revenues; besides, this created the opportunity to regulate through the system of direct taxes the processes of accumulation in the private-capitalist mode to a significant extent in the direction of their reduction.

A characteristic feature of tax systems in people's democratic countries until recently was the multiplicity of taxes, caused by the multi-structural economy of these states. The necessity to take into account when establishing taxes not only the sizes of the taxpayer's incomes or profits, but also the sources of these

incomes or profits, created a need in the countries of people's democracy for introducing taxes specially calculated to account for the concrete conditions of activity of individual groups and strata of the population. However, a large number of various tax payments, reaching 50 and even 70 types in a number of these countries, many of which—established back under the old regime—bore completely archaic forms, hindered the state in carrying out its democratic financial policy and hampered the development of the national economy. In connection with this, an urgent necessity arose for unifying taxes, liquidating their multiplicity, and simplifying the payment system.

The first steps in this direction were the liquidation of indirect taxes carried out in all countries of people's democracy and the introduction of turnover tax for industrial enterprises. Besides this, special payments in the form of deductions from profits were established for state enterprises. The new system of extracting incomes from state enterprises created a serious incentive for the development of industrial production and the introduction of economic accounting, and made it possible to establish strict control over the quantity and quality of manufactured products.

Income tax also underwent major changes; being an instrument of financial and overall economic policy of the state, it is the most important element of the tax system in the countries of people's democracy. The newly established income tax system united a number of previously independently existing payments and covered almost all types of population incomes. The principle of progression with a high non-taxable minimum was placed at the basis of income tax. Incomes whose basis is the ownership of property—real estate, monetary capitals, etc.—are taxed with the largest income tax. At the same time, the establishment of an increased non-taxable minimum led to the exemption of small incomes from income tax taxation.

Agricultural tax was also reorganized in the countries of people's democracy. Poor peasant households are currently exempted from its payment. In Czechoslovakia, for example, about 65% of all peasants are not subject to agricultural tax taxation. In Hungary, over 1 million peasants receiving less than 12 thousand forints of income per year are exempted from this tax. In Romania, 35% of peasant households (1,079,900 households out of a total number of 3,092,656 households) were completely exempted from paying agricultural tax in 1949. Substantial privileges regarding agricultural tax were also granted to agricultural production cooperatives, which contributes to accelerating the pace of socialist transformation of the countryside in the countries of people's democracy, the transition from small and backward individual farming to large-scale, collective, socialist land use. The entire burden of agricultural tax is placed entirely upon the most well-off part of the peasantry, primarily the capitalist elements of the countryside. Consequently, this tax plays an important role in reducing the economic power of the kulak and is an instrument for restricting and ousting capitalist elements of the countryside.

As a result of implemented measures for their restructuring, tax systems in the countries of people's democracy simplified by the end of 1949. In Romania, instead of the 35 types of tax that existed previously, only 6 types of tax were established: turnover, income, agricultural, entertainment, service, and stamp duties. In Poland, the following taxes exist: turnover, income, land, wage, on acquired property rights, on urban real estate. In Czechoslovakia, the basis of the tax system is constituted by general, income-property, single agricultural taxes, and the artisan tax.

Thus, in all countries of people's democracy, a completely new tax system has been created, corresponding to the tasks and

requirements of building the foundation of the socialist economy.

The socio-economic nature of the third most important financial category—state credit—has also changed fundamentally and radically in the European countries of people's democracy.

In the past, loans in the countries of Central and Southeastern Europe, just as in other capitalist states, bore an unproductive character. They were expended mainly on covering budget deficits, on maintaining the bloated state apparatus of bourgeois violence—army, gendarmerie, and police, the parasitic army of officialdom—and on preparing and waging imperialist wars. Debt repayment and interest payment on these loans were carried out exclusively at the expense of taxes collected from working people. "Since state debts," Marx emphasized, "rely on state revenues, at the expense of which annual interest and similar payments must be covered, the modern tax system has become a necessary supplement to the national credit system"[153].

In the people's democratic republics, state credit is used for productive purposes. Funds from the realization of loans are directed toward the all-around development of the productive forces of these countries, the deployment of socialist construction in them, and the rise in the material well-being and culture of the working people. State credit, contributing to the process of expanded reproduction, itself creates sources for covering the state debt.

The social composition of holders of state loan bonds has become completely different. Under the bourgeois-landlord system, the creditors of the state were mainly the commercial-industrial bourgeoisie and rentier capitalists, who extracted

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153 *K. Marx and F. Engels, Works, Vol. XVII, pp. 826-827.*

large profits from loan operations. The source of funds placed in loans was non-labor incomes.

In the countries of people's democracy, holders of loans are workers, peasants, and laboring intelligentsia who credit their own, people's state and invest their labor savings in state loan bonds.

Following the example of the Soviet Union, the governments of the countries of people's democracy issue mass loans placed among the broadest strata of the working population.

The Government of the Fatherland Front of Bulgaria issued the internal “Freedom Loan” in the amount of 20 billion leva in February 1945. This loan was issued for a term of 15 years at 5.5% per annum, in bonds with denominations of 50 and 100 leva. The working people of Bulgaria met the issuance of the loan with enormous enthusiasm. In a short period, the subscription amount exceeded the amounts established by the government by more than 6.5 billion leva.

New people's loans enjoy great popularity and love among the broad masses of the population of town and country in all countries of people's democracy. The “First Five-Year Plan Loan” issued in Hungary in September 1949 was realized within several days in the amount of 752,827,600 forints, which exceeds the established loan amount (500 million forints) by 50.5%. More than 2.5 million people acquired loan bonds. In 1949, the Czechoslovak government carried out the conversion of all internal loans issued up to the end of 1945 (for a total sum of about 80 billion crowns) into a single state internal loan, with a redemption period over 40 years starting from 1960. For all loans, the interest rate was reduced to 3%. Budget savings as a result of conversion in Czechoslovakia amounted to several hundred million crowns.

The new financial system being created in the countries of people's democracy on the model of the financial system of the Soviet Union is an important instrument of struggle for the

socialist reorganization of the life of the peoples of these countries.

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M. SAMVELOVA

THE IMPERIALIST STRUGGLE FOR DOMINANCE OVER MARITIME TRADE ROUTES

The merchant marine also possesses very important military-strategic significance. It plays a huge role in the preparation and execution of military aggression by imperialist states. Anglo-American imperialists, preparing a predatory war against the USSR and the People's Democracies and already having transitioned to direct acts of aggression in the East, along with building warships are creating reserves of merchant vessels and constructing merchant ships that can easily and quickly be converted into warships.

The role of the merchant marine in the expansion of capitalist states into foreign markets is determined by its participation both in the foreign trade shipments of a given country and in international shipping as a whole. The degree of participation of the national merchant marine in the foreign trade shipments of capitalist countries depends on the provision of the country with its own fleet and its competitiveness on the world freight market.

Five-sixths of US foreign trade shipments are carried out by sea. The US since 1929 has occupied first place in its share of total exports of capitalist countries and one of the first places in world capitalist imports. However, national maritime transport, as a rule, always took a weak part in the foreign trade expansion of the US. The greater part of exported American goods was carried by foreign fleets, especially the British fleet. Thus, on the eve of the Second World War, the share of the national merchant fleet in US foreign trade shipments equaled 27.9%, whereas in Germany it constituted 64.5%, in Japan 61.3%, in Italy 62.5%, in Britain 57.7%, in Norway 52.9%, in France 30%, etc. Even smaller (5%) was the share of the US merchant fleet in international shipping. The American

maritime transport, although occupying second place by tonnage after Britain in the capitalist world, was significantly inferior in competitiveness to the fleets of other developed capitalist countries. As a result, the overwhelming portion of the US merchant fleet engaged in coastal (cabotage) shipping, while 20–25% of the American fleet lay idle at anchor. However, such a situation is characteristic only for peacetime conditions. During the First and especially the Second World War, the role of US maritime transport increased sharply as a result of the weakening of fleets competing with the US fleet, or their complete elimination from maritime trade routes, as well as due to the fact that US shipping monopolies, taking advantage of favorable market conditions, hugely increased the tonnage of the US maritime fleet. But these 'successes' of war years were fragile and short-lived: after each war there followed again a decline in the share of the US maritime fleet on the world freight market. Thus, the share of the American merchant fleet in US foreign trade shipments, having increased from 9.7% in 1914 to 54% in 1921, fell to 27.9% by 1938, and then, having increased again to 70.9% by 1945, contracted once more to 50% in 1949. The history of the development of the American merchant fleet during the period of imperialism irrefutably testifies to the fact that the US proved incapable of creating a first-class, sufficiently competitive merchant marine able to take an active part in the country's foreign trade and in world trade as a whole. Despite the major role of maritime transport in US foreign trade shipping and the dominance of the US in world capitalist trade, despite exceptionally favorable natural-geographic conditions for the development of US maritime navigation (availability of all types of raw materials for shipbuilding, presence of 60 major harbors, most non-freezing), despite economic and financial power as well as a higher level of shipbuilding technology in the US compared to other capitalist countries, the United States of America was

unable to create a high-quality merchant fleet. This was primarily conditioned by the very development of monopoly capitalism in the US.

The US shipbuilding industry grew exclusively on the base of American metallurgy. Steel monopolies of the US, having subordinated the country's domestic market, from their very origin pursued a policy of inflating prices for steel and other shipbuilding materials. Simultaneously, they blocked access for relatively cheaper steel produced in European countries to the US market. This led to high construction costs in American shipbuilding.

At the same time, shipbuilding monopolies in Britain, Germany, France, and other European countries, benefiting from relative cheapness of steel on their markets—including steel imported at dumping prices from the US—had the opportunity to build cheaper ships and successfully compete with American firms. Thus, during the First World War, the price per deadweight[154] ton of an American cargo steamer was $145, whereas in Britain a deadweight ton of an analogous vessel cost $75. During the Second World War, a deadweight ton of a cargo liner cost £70 in the US and £146 in Britain. If the high cost of ship construction in the US compared to other capitalist countries did not exert a substantial influence on that part of the US merchant marine engaged in coastal shipping (closed to foreign fleets), it made itself felt strongly regarding the competitiveness of the other part of the US merchant fleet operating in foreign waters.

High monopoly prices for the construction of American ships also strongly influenced the operating costs of the US merchant fleet. Depreciation, insurance, capital taxes, and other expenses determined by the initial cost of vessels constituted no less than

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154 *Deadweight — The gross cargo carrying capacity of a vessel, measured in tons.*

half of the total sum of all operating expenses. As a consequence, freight rates of American ships were as a rule higher than freight rates of European and Japanese vessels. High freight costs of American ships pushed US exporters and importers to charter foreign tonnage. At the same time, American shipowners, seeking to secure high monopoly profits for themselves, shifted part of the expenses associated with fleet operation onto those exporters and importers who chartered their ships. Ultimately, all the burdens of high construction and operation costs of the US merchant fleet were dumped onto the shoulders of the working people by monopolies through inflated retail prices for consumer goods.
Ideological henchmen of American capitalist monopolies over decades have tried to 'prove' that high production costs of American vessels and their operation are allegedly the consequence of shipbuilding workers and sailors in the US receiving higher wages compared to other capitalist countries. But this is sheer fiction. Its purpose is to shift onto workers the responsibility for the weakness of the US merchant fleet and the decay of American shipbuilding and navigation, to justify open plundering of public funds by American shipbuilding and shipping concerns, to further intensify the monopoly offensive against the living standards of American shipbuilding workers and merchant sailors, and to increase their exploitation even more.
Irrefutable data on labor productivity of workers in the US shipbuilding industry expose the legend created by American bourgeois propaganda that higher wages of American shipbuilders compared to other capitalist countries make shipbuilding costs higher in the US. In 1939, for example, output per American shipbuilding worker was 6.1 tons of product against 4.3 tons per worker in British shipbuilding, and in 1943 respectively 9.4 and 4.5 tons. Despite labor productivity in US shipbuilding being higher than in other

capitalist countries, the price of vessels in the US is not lower, but higher than in other capitalist countries. The rise in labor productivity in American shipbuilding is accompanied by an enormous increase in labor intensification and worker exhaustion.

Even according to falsified US bourgeois statistics, real wages of American shipbuilding workers fell steadily throughout the entire period between the two world wars. The terrible scourge of unemployment always haunted American shipbuilding workers.

US shipbuilding and shipping between the First and Second World Wars were in a state of stagnation and decay. The US—the main capitalist country possessing 27 of the largest shipyards in the capitalist world in 1937—produced per year even during the industrial boom of the late 1920s only 59 ships with a total tonnage of 100,000 gross registered tons (GRT) per year. Under the impact of the 1929–1933 crisis, US ship production shrank in 1933 to 14 units totaling 11,000 GRT. At the same time, Britain, whose shipbuilding industry was also decaying at progressive rates, produced significantly more vessels: in 1929—489 units totaling 1.5 million GRT, and in 1933—108 units totaling 0.1 million GRT. Under the blows of destructive economic crises, US navigation also withered away.

On the eve of the Second World War, the American merchant fleet was inferior in major indicators not only to the British, but also to the German, Japanese, French, Norwegian, and several other merchant fleets, and was the most obsolete among them. Thus, out of the total world capitalist merchant fleet, 'young' vessels (aged under 10 years) under the American flag accounted for only 4.9%, while under the British flag they accounted for 55%.

The Second World War temporarily pulled the US shipbuilding industry and shipping out of paralysis. During the war years,

the predatory, imperialist aspirations of American shipbuilding and shipping monopolies were expressed in the motto 'to have a merchant marine surpassing all other fleets in the world.' With this slogan was linked the realization of the age-old dream of American monopolists to eliminate competitors and establish their dominant position on world sea routes. If during the First World War American imperialists built a huge merchant fleet of 10.7 million GRT worth $3.6 billion[155], during the Second World War the US government spent $29.1 billion on building new merchant tonnage[156] and, in addition, about $2.5 billion on building and expanding shipyards. American monopolies built during the war years—mainly on funds collected from American taxpayers—a vast merchant marine of 33.9 million GRT, surpassing pre-war American merchant tonnage by more than four times and pre-war British merchant tonnage by two times. According to official American data, out of the total sum of primary contracts concluded by the US government with American industrial monopolies from the start of the war until September 1944 ($175 billion), $26.8 billion was paid for the delivery of merchant vessels[157].

Shipbuilding firms extracted colossal profits during the war. Thus, for example, Bethlehem Shipbuilding Corporation received $53 million in profits from its Atlantic coast shipyards with its own capital of $1 million and increased its production capacity nearly two-fold. Profitable government contracts attracted companies to shipbuilding that had never before

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155 *Handbook of Merchant Marine Development and Regulation in the United States, 1940.*

156 *See J. Blair, H. Houghton, and M. Rose, Economic Concentration and World War II, Gosinoidat, 1948, p. 216.*

157 *See ibid., pp. 36, 218.*

engaged in shipbuilding. Thus, Kaiser Company, which prior to the war did not possess a single shipyard, became the owner of several major shipyards with a total value of $168 million, i.e., exceeding the pre-war cost of all US shipbuilding yards combined.

All measures of ruling circles in the US conducted under the guise of 'sanitizing' national shipping and shipbuilding were directed at further enriching monopolies and strengthening their economic power at the expense of robbing the working masses of America. The US government, increasing taxes that fell with full weight on millions of working taxpayers, invested major sums from the state budget into private capitalist enterprises, provided large monopolies with loans and subsidies, leased state shipyards and vessels to them on favorable terms or sold them for next to nothing, and assumed coverage of shipping company losses and debts.

Post-War Tonnage Distribution & Statistics

The main US government body relied upon by American shipbuilding and shipping companies and which patronizes them is the US Maritime Commission. This commission was created in 1936 to replace the Shipping Board founded in 1916. The entire activity of this body visually demonstrates how American shipbuilding and shipping monopolies used so-called 'state control' to siphon public funds into their own pockets.

In the apparatus of the American bourgeois state, closely merged with capitalist monopolies, henchmen of the largest US shipbuilding and shipping companies occupy responsible posts. This 'personal union' facilitates enrichment of these companies' bosses at the cost of increased exploitation, robbery, and ruin of American working people, and in particular shipyard workers and merchant sailors.

In March 1946, US shipbuilding monopolies pushed through Congress a law transferring to them for virtually next to

nothing the shipyards and merchant vessels built with public funds. Furthermore, they legalized the lease of state fleet vessels to shipping companies, which is one of the vivid manifestations of intensified parasitism of modern capitalism in the US. The essence of leasing state ships, as well as its variation—the 'GORN system' of managing steamship lines belonging to the Maritime Commission—lies in the fact that monopolies extract additional profits without any expenditures or entrepreneurial risk. This legalized system of embezzlement and parasitism permits shipping companies to 'drop' leased state ships whenever market conditions turn against them.
Financial assistance rendered by the US government to shipbuilding and shipping monopolies is continuously rising. While prior to the Second World War these monopolies constantly received state subsidies for construction and operation of ships in the amount of 33.5% of construction cost, currently the US government has submitted a bill to Congress to increase this subsidy to 50–60% of vessel construction cost. Such a policy, entirely dictated by narrow monopolistic interests of American shipbuilding and shipping companies, further increases parasitism and decay of US shipbuilding and navigation and ultimately contributes to weakening the competitiveness of the American merchant fleet on the world arena.
The intensification of uneven development of capitalism as a result of the Second World War led to a sharp change in the alignment of forces among capitalist countries in the domain of the merchant marine, towards a significant increase in the share of US merchant tonnage in total world capitalist merchant tonnage.

Merchant Marine Tonnage of Major Capitalist Countries (1939–1949):

Country / Category	1939 (m GRT)	1939 (%)	1946 (m GRT)	1946 (%)	1949 (m GRT)	1949 (%)
Total Capitalist	68.5	100.	70.0	100.0%	82.6	100.0%

World		0%				
USA	8.9	12.9 %	41.0	58.8%	25.6	30.9%
UK and Ireland	17.9	26.1 %	12.8	18.3%	18.1	21.9%
Norway	4.8	7.1%	2.8	4.0%	4.9	5.9%
France	2.9	4.3%	1.0	1.4%	3.1	3.7%
Netherlands	2.9	4.3%	1.6	2.2%	3.0	3.7%
Italy	3.4	4.9%	0.6	0.8%	2.4	2.9%
Japan	5.6	8.2%	1.0	1.4%	1.5	1.8%
Germany*	4.5	6.5%	0.8	1.1%	0.3	0.3%

Lloyd's Register, V. 1948; Motor Ship, October 1946.
Data for 1949–1950 include West Germany.

Qualitative Weaknesses & Imperialist Expansion

The table shows that immediately after the Second World War the US came to own more than half of the merchant marine tonnage of the capitalist world against 12.9% in 1939. Germany, Japan, and Italy proved practically completely eliminated from international shipping, while Britain, whose positions were heavily undermined, was pushed back. The share in world capitalist tonnage of such competitors of the US as Norway, France, and Holland also noticeably contracted. However, since 1947 the share of the American merchant fleet in the world capitalist merchant fleet began falling rapidly. This was conditioned, firstly, by an absolute reduction of US fleet tonnage due to the American government selling a large quantity of vessels to Marshallized countries, as well as permitting part of the tonnage (mainly tankers) to be placed under registers of other capitalist countries so shipping monopolies could utilize low-paid labor of foreign sailors. Secondly, the drop in the share of the US merchant fleet was caused by gradual, though slow, restoration of merchant fleets of other capitalist countries. This process expresses the sharpening of uneven development and rivalry of imperialist states in shipping, and the intensification of their struggle for

markets, raw material sources, and spheres of capital investment.

The American merchant fleet increased quantitatively during the war years. But qualitatively it continues as before to lag behind European fleets. About half of modern US merchant tonnage consists of ships of simplified construction equipped with steam reciprocating engines, which represent a long-surpassed stage in shipbuilding technique compared to steam turbines, turbo-electric engines, and internal combustion engines. Having built over 50 different vessel types during the war, American imperialists in pursuit of quantitative growth created almost no advanced types of merchant vessels.

During the war years, American shipbuilding companies built 2,483 standard vessels of the 'Liberty' type (more than half of the entire US merchant fleet built during the war). 'Liberty' ships do not meet either modern technical or modern operational requirements. Their tonnage is 10,500 tons deadweight, they are equipped with steam reciprocating engines, have a speed of 11 knots, and consume an enormous quantity of fuel—25 tons of fuel oil per hour. Having serious design defects, 'Liberty' ships are subject to frequent accidents resulting from lost propellers, torn hull seams along weld lines, etc. According to Lloyd's Register report data, out of 164 sea accidents occurring due to lost propellers during 1946–1949, 100 accounted for 'Liberty' ships; one-quarter of the tonnage lost in all sea accidents in 1948 consisted of American vessels[158]. At present, 'Liberty' vessels constitute two-thirds of the total number of laid-up ships in the US.

Besides 'Liberty' ships, which represent the main core of the American merchant marine, there are also other types of ships in its composition: 'Victory', C1, C2, distinguished by higher operational performance and higher speed—14 to 16.5 knots.

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158 *The Shipping World Yearbook for 1949-1950, London, p. 219.*

In American shipbuilding, internal combustion engines, steam turbine, and turbo-electric engines are relatively widely used, accelerating ship speed and increasing payload capacity. Such engines are installed, in particular, on US oil tankers developing speeds up to 18 knots. The US merchant fleet works almost entirely on oil fuel, the advantage of which compared to coal consists in providing the possibility to increase both payload capacity and operating range. Out of 45.8 million tons of total capitalist fleet tonnage operating on oil, the US accounts for 23.9 million tons, whereas Britain accounts for only 7.3 million tons.

Anglo-American Rivalry & Marshall Plan Dictates

After the end of the Second World War, American imperialists proclaimed an openly aggressive course towards unleashing war against the camp of democracy and socialism and establishing world domination of US capitalist monopolies. From preparing aggression, US ruling circles have already passed to direct acts of aggression against the Korean People's Democratic Republic and the People's Republic of China. They organized armed intervention in Korea, invaded Chinese territorial waters in the Taiwan region, support colonial war against the Vietnamese people, and openly interfere in the internal affairs of the Philippines.

A major role in carrying out the aggressive imperialist policy of US ruling circles is played by the US merchant marine. Chairman of the US Maritime Commission Emory Land stated as early as 1944: 'We continue to create a solid base for the American merchant marine calculated to place the US first among maritime nations of the world... We will not permit the mistakes committed by us after the First World War.' According to the plans of American imperialists, the US merchant marine must completely squeeze out its rivals and occupy a dominant position on world maritime trade routes.

The policy of crude dictate by the US towards Western European countries in freight shipping consists in American imperialists imposing on Marshallized countries the transportation of goods predominantly on American ships. The 'Marshall Plan' prescribed transporting from the US to Western Europe by American merchant fleet no less than 50% of all goods under this US credit plan. This policy US ruling circles execute in the most ruthless manner, up to applying coercion, blackmail, extortion, and threats of withholding American credits from countries resisting transportation of 'Marshall Plan' goods on American ships.

Britain for nearly a hundred years dominated the seas and oceans. Comrade Stalin pointed out in 1935 that Britain as a state would be unthinkable without a first-class maritime transport linking into a single whole its numerous territories[159].

Overproduction Crisis in Capitalist Shipping

The policy of unmasked robbery and violence conducted by US bosses leads to sharpening of contradictions corroding and weakening the camp of imperialist reaction. Imperialist contradictions sharpen even more now in the atmosphere of a growing new economic crisis in the capitalist world.

The crisis of overproduction ever more deeply encompasses the shipbuilding industry and shipping of capitalist countries, and first of all the US. The US shipbuilding industry operates at only 5% of its capacity. American imperialists, despite their policy of dictate in maritime merchant fleet affairs, proved powerless to hold positions seized by them during the war and immediately after it in world capitalist shipping. Although the US sold Marshallized countries 1,113 of its obsolete merchant vessels (netting about $800 million), laid-up US fleet tonnage

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159 *Reception of Railway Transport Workers in the Kremlin, Transzheldorizdat, Moscow, 1940, p. 24.*

in January 1950 passed 16 million GRT, constituting nearly two-thirds of the total US merchant marine tonnage.
The onset and continuing development of crisis in shipbuilding and shipping of major capitalist countries inevitably leads to a new sharpening of imperialist struggle for markets and, consequently, to further weakening of the imperialist, anti-democratic camp.

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M. Gutzait

FACTS AND FIGURES ABOUT THE 'AMERICAN WAY OF LIFE'

'Facts on the Condition of Working People in the USA (1947–1948)'. Translated from English. Foreign Literature Publishing House, Moscow 1949, 135 pp.

American imperialists drug the masses by singing praises to the so-called 'American way of life.' Exposing bourgeois falsehoods and contrasting them with real facts about the condition of working people in the USA is an important, urgent task of the progressive forces, one of the means of fighting against the Anglo-American instigators of war and disrupting their criminal plans for mobilizing the forces of reaction around American imperialism.

Great attention is therefore deserved by the book 'Facts on the Condition of Working People in the USA', published by the Foreign Literature Publishing House and prepared by the American Labor Research Association. The book consists of five chapters: the first two gather facts relating to general questions of the economic situation of the USA, the third chapter highlights questions of labor and living conditions of working people in the USA, the fourth chapter presents facts on the offensive of American reaction against democratic gains and civil rights of the American people, and the fifth is devoted to the question of labor relations and strikes.

Despite the fact that the figures and facts cited in the collection are basically grounded on data from falsified bourgeois statistics, they irrefutably expose the lies spread by the reactionary bourgeois press about the 'American way of life'

and show the growing economic and social contradictions of American imperialism.

In modern America, the bosses of capitalist monopolies reign supreme, raking in huge profits. Over just three post-war years (1946–1948), the profits of American monopolies after tax deductions amounted, according to understated data, to $51.7 billion compared to $30.6 billion for the wartime three-year period (1942–1944) and $13.7 billion for the pre-war three-year period (1938–1940). Undistributed profits, i.e., profits after dividend payments, amounted for the 1946–1948 three-year period to $31.6 billion compared to $17.1 billion in 1942–1944 and $2.7 billion in 1938–1940[160]. The own working capital of American monopolies (excluding banking and insurance companies) increased from $24.5 billion in 1939 to $45.6 billion in 1944 and $66.7 billion as of June 30, 1949.

The process of capital centralization in USA intensified significantly. Over 1940–1947, 2,450 'independent' industrial companies with a capital of $5.2 billion were swallowed up or acquired by large monopolies, with almost a third of these companies going to the largest monopolies (each with a capital of over $50 million). Currently, as a result of the process of concentration and centralization of capital in the USA, in many important branches of production three corporations control 60 percent or more of fixed capital. Such industries include: aluminum industry (100%), copper smelting and refining (88.5%), production of tin containers for preserves and other tin products (95.3%), cigarette production (77.3%), manufacture of sanitary-technical equipment and parts thereto (71.3%), production of tires and rubber tubes (70.3%), office and store equipment production (69.5%), automobile industry (68.7%), agricultural machinery (66.6%), meat industry (64%),

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[160] See 'Facts on the Condition of Working People in the USA (1947–1948)', Foreign Literature Publishing House, Moscow 1949, p. 18. Hereinafter, pages of the reviewed book are indicated in the text.

etc. In the US manufacturing industry, which numbered 100 thousand companies in 1947, 113 corporations controlled fixed capital amounting to $16,093 million, or 46% of all fixed capital in this branch[161].

The growth of production monopolization led to an increase in the oppression and arbitrariness of monopolies over the broad masses of the USA; production restriction and the system of monopoly prices are actively used to rob the working class and toiling farmers. The arbitrariness of monopolies took on such broad dimensions that even the Federal Trade Commission in its report to the US Congress in 1949 could not bypass this issue. The reviewed collection quotes the following curious excerpt from the Federal Trade Commission report: 'Only the blind cannot see the so obvious fact that the effectiveness of competition... has been significantly weakened over the past few decades. In one industry after another, prices, production, employment, and ultimately all forms of economic activity have fallen under the control of the "big four", the "big six", or in some cases the single largest company' (pp. 21–22).

Of course, the Federal Trade Commission 'expresses confidence' that the Truman administration will take measures to combat monopoly abuses and restore the 'spirit of free enterprise' in the country. It should be noted that the compilers of the collection quote these demagogic statements aimed at fooling the philistines without appropriate comments, and the Foreign Literature Publishing House does not accompany these quotes with corresponding notes[162].

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[161] Data on undistributed profit do not show the size of real capital accumulation, since a significant part of monopoly profits was used to purchase government loan bonds, stock market speculations, and other parasitic purposes.

[162] See 'Facts on the Condition of Working People in the USA', 1949, pp. 21–22.

The entire history of imperialism and particularly the events of recent years show with utmost clarity that the growth of monopolies is fundamentally caused by spontaneously operating economic laws of capitalism. At the same time, the measures of any imperialist government and above all the Truman government — the henchman of the financial oligarchy — are not only not aimed at limiting the growth of monopolies, but on the contrary stimulate the process of monopolization and concentration of national wealth and national income in the hands of the largest monopolies. The militarization of US economic life, which is being carried out on a giant scale in the post-war years, unbridled inflation and the offensive against the living standard of the US working class, reactionary tax policy and other measures — all this leads to the further robbery of working people by the US financial oligarchy. In recent years, US budgets have invariably been drawn up with a deficit. The US budget deficit in 1949/50 amounted to $5.5 billion. The US national debt and the tax burden on broad strata of the population are systematically increasing. A characteristic feature of the Truman administration's tax policy is the invariable reduction of taxes on monopoly profits and the increase in taxation of the working masses. With the overall huge growth of monopoly profits, taxes on their incomes decreased from $16,399 million in 1945 to $11,709 million in 1949 (p. 35). At the same time, the budget provides for special sums for returning excess profits taxes to monopolies that were allegedly exacted from them during the war years. At the same time, taxes on working people increased several-fold in 1949 compared to 1941. In addition, revenues from excise taxes increased significantly, which in their predominant part are taxes on consumer goods, hence a form of indirect taxation of working people. The share of personal income taxes and excise taxes in total federal budget revenues increased from 57.5% in 1945 to 68% in 1949,

while the share of corporation income taxes correspondingly decreased from 36.6% to 29.6% (p. 35).

An important role in strengthening post-war concentration of wealth in the hands of large monopolies was played by the fire-sale of state enterprises built at taxpayers' expense during the war years. According to Sumner, chairman of the House subcommittee on monopoly investigations, the 250 largest corporations bought up about 70% of the state-sold enterprises and equipment. To imagine how great the scale of monopoly embezzlement was in connection with the fire-sale of state enterprises, it suffices to point out that enterprises and materials with an initial cost of $10.7 billion were sold for $3.8 billion.

Of great importance in ousting and absorbing small enterprises by monopolies are the huge subsidies that the US government provides to monopolies for conducting so-called research work. For these purposes, American monopolies received $425 million from the US state budget in 1947. Essentially, this means that large corporations conducting research work at state expense have the opportunity to control the commercial application of the results of this research. Even these facts show that all measures of the modern American imperialist government are entirely aimed at worsening the situation not only of working people, but also of small entrepreneurs, at ensuring the self-serving interests of monopolies, whose puppets are the leaders of the state apparatus.

For the USA as the main country of monopoly capitalism, sharp contrasts in the situation of individual classes and population groups have always been characteristic. In his letter to American workers, the great Lenin wrote about America as 'one of the first countries regarding the depth of the abyss between a handful of arrogant billionaires wallowing in dirt

and luxury, on the one hand, and millions of working people who always live on the border of poverty, on the other'[163].
This abyss has increased significantly in post-war America, which cannot be hidden even by falsified figures of bourgeois statistics. Thus, the data of the Federal Reserve Board and the Bureau of the Census on the income level of individual families and family groups in the USA cited in the reviewed work, compiled on the basis of a survey of higher-income families (families of the unemployed, pauperized farmers, etc. are usually not included in the survey), show that in 1947, 14% of families had an annual income of up to $1,000, 22% from $1,000 to $2,000, 23% from $2,000 to $3,000, 17% from $3,000 to $4,000, 10% from $4,000 to $5,000, 9% from $5,000 to $7,000, and only 5% of American families had an annual income over $7,500 (p. 52).
If we take into account that even according to calculations of falsified bourgeois statistics, under the prices existing in September 1948, ensuring a minimum living wage for a family of 4 people required $4,111 per year, it is obvious that 76% of US families live in semi-starvation. Meanwhile, the average wage of a fully employed manufacturing worker (the percentage of fully employed, as is known, is becoming smaller and smaller) amounted in 1948 to about $2,500 per year, i.e., was less than the minimally calculated value of his labor power by 40%. And this is at a high level and continuous growth of the labor intensity of American workers!
The huge growth in labor intensity is evidenced, in particular, by the mass spread of accidents at US industrial enterprises. According to the Department of Labor, 2 million workers were injured at US industrial enterprises in 1947, 17 thousand died as a result of accidents, and 91 thousand completely lost their ability to work (p. 70). If we take into account that in 1947

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[163] V. I. Lenin, Works, vol. XXIII, pp. 176–179.

there were about 13 million production workers in US manufacturing according to statistics, it is obvious that almost 15% of workers in the USA are injured annually. The increase in labor intensity under conditions of an extremely aggravated realization problem is a powerful factor in the growth of unemployment, which increases day by day in post-war America. Thus, even according to falsified bourgeois statistics, the number of fully unemployed in the USA increased in October 1949 compared to October 1948 by 2.3 times. According to calculations made by trade unions, with an increase in labor intensity by just 5%, the army of the unemployed increases by 3 million people (p. 63). Condemning a huge army of toilers to unemployment, American imperialism at the same time widely and brutally exploits children. By the end of 1948, there were 2,301 thousand working youths and girls in the United States; of these, 717 thousand were 14 and 15 years old, and 1,584 thousand were 16 and 17 years old. The mass employment of child labor, which is used by capitalists to increase the degree of exploitation of the working class (child labor in the USA is paid at half rate), is further confirmation of the low living standard of US working people, who are unable to feed their families on their meager earnings and are forced to send young children to capitalist hard labor. As can be seen, facts have nothing in common with bourgeois chatter about the 'American way of life.'

Data on the post-war development of the USA fully confirm the conclusion of the Information Bureau of Communist Parties meeting that 'the policy of preparing a new war means for the broad masses of capitalist countries an uninterrupted growth of the unbearable tax burden, the growth of poverty of the

working masses alongside the fabulous growth of super-profits of monopolies profiting from the arms race'[164].

American imperialism, preparing a new war for its world domination, planting reactionary regimes in countries it has enslaved, and now having moved to direct acts of aggression, is fascisizing domestic political life in the USA at an accelerated pace. The reviewed collection cites many facts showing how persistently and systematically the last remnants of bourgeois democracy are being destroyed in the USA and how, through the efforts of reaction, post-war America has been turned into a police state. American reaction intensifies persecution of the Communist Party of the USA, which is the leading force in the unfolding struggle of the American people for a lasting peace, for people's democracy. The stalwarts of imperialism hope that by crushing the Communist Party, they will decapitate American working people and clamp them even tighter in the vise of capitalist slavery.

Infamous not only in the USA, but throughout the world, is the notorious committee on un-American activities. Many progressive figures — trade union leaders, professors, teachers, writers, doctors, artists, radio commentators, screenwriters — have been fired from work and subjected to persecution at the instigation of this committee.

The goals of intimidating and terrorizing the American population are served by the so-called purge and 'loyalty' check of government employees, carried out by the American Gestapo — the Federal Bureau of Investigation — under Truman's special order of March 21, 1947. The threat of reprisal by the American secret police hangs over hundreds of thousands of Americans. Over 117 thousand American government employees are blacklisted by the secret police, and

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[164] 'Meeting of the Information Bureau of Communist Parties in Hungary in the Second Half of November 1949', Gospolitizdat, 1949, p. 7.

122 organizations are prosecuted by the Department of Justice as allegedly 'subversive.'

A very striking indicator of the fascisization of US domestic political life is repressive measures against trade unions and the enactment of various anti-worker laws aimed at crushing the labor movement in the USA. In addition to the fascist Taft-Hartley Act, the content of which is given in the reviewed collection, the ringleaders of individual states adopted even harsher anti-worker laws ('little Taft-Hartley acts'). The collection characterizes these anti-worker laws.

American reaction strives to suppress any manifestation of progressive thought. Not only professors and teachers who sympathize with Marxism are expelled from universities and schools, but all those who are not explicit apologists for American imperialism. Thus, for example, Professor Lyman Bradley was fired from New York University in February 1949 for his activities in favor of Spanish anti-fascist refugees (pp. 102–103), Professor of Chemistry at the University of Oregon Ralph Spitzer — for urging his colleagues to familiarize themselves with Academician T. D. Lysenko's report on the situation in biological science (p. 104), etc.

The fascisization of US domestic political life naturally encounters active resistance from the working masses. A mass movement of progressive, democratic forces against the reactionary domestic and foreign policy of the American government is unfolding in the USA. Unfortunately, the reviewed collection pays little attention to the movement of progressive forces in the USA. But even those fragmentary facts cited on this issue show that the progressive forces of the USA are waging a courageous struggle against the forces of reaction.

Draconian anti-labor legislation and the betrayal of reactionary trade union leaders could not halt the strike movement of American workers. In 1948, 1,960 thousand workers

participated in strikes in the USA, and in the first 9 months of 1949 — about 3 million. In addition to strikes for improving living conditions by workers of individual enterprises, in recent years there have also been strikes in the USA with political demands, such as the strike of 200 thousand miners against the adoption of the anti-labor Taft-Hartley Act, the strike on April 21, 1947 in Iowa state (about 100 thousand workers participated) against local anti-labor laws, etc. (p. 125). Early 1950 was marked by a strike involving 380 thousand miners. Having gathered much interesting material exposing the lies of bourgeois propaganda about the 'American way of life,' the compilers of the collection in a number of cases uncritically cited data from bourgeois statistics, which prettify the situation of American working people in the post-war period. Thus, for example, according to the collection, it appears that the real wage of an individual worker was 26% higher in 1943 than in 1939 (p. 56). This is a clear absurdity; the compilers did not take into account that official cost-of-living indices significantly understate the actual growth of high living costs in the USA during the war years. As is known, during the war years (starting from October 1942), the law on 'freezing' wage rates was in effect in the USA, and the total wage fund for this period mainly increased due to an increase in the number of employed, lengthening of the working day, and increased labor intensity. According to even official data from the War Production Board, which clearly prettified the situation, hourly wage rates increased by 20% during the war years[165], while the cost-of-living index over the same period increased by 43%. Consequently, the real wages of US workers decreased. Defective is the collection's table characterizing the 'relative position' of the manufacturing worker in the USA for 1939–

[165] 'Economic Reconstruction', Edited by S. Harris. New York 1946, p. 61.

1948 (p. 56). This 'relative position of the worker in manufacturing' is calculated by dividing the index of an individual worker's real wage by the index of output produced by one worker. Such a methodology for calculating the share of workers in the product they create is incorrect. The prices at which manufacturing products are sold and which lie at the basis of calculating output per worker do not contain all the surplus value created by manufacturing workers. It is known that part of the surplus value produced by workers in the sphere of material production is redistributed through the price system and serves as a source of unearned income for capitalists in the sphere of circulation, as well as a source for covering so-called net circulation costs. The relative impoverishment of the working class, i.e., the decrease in its share of social income, should be measured either by the ratio of the worker's wage to the entire surplus value created by him or by the share of the working class's wage in the national income created by it. The compilers of the collection uncritically used bourgeois statistical data on national income, and national income itself was defined incorrectly — as the total sum of net income received in industry by individual classes, persons, and companies (p. 41).

Characterizing the dynamics of workers' wages in the post-war period, the compilers of the collection indicate that the real wage of the American worker in December 1948 was only 14% less than in January 1945 (p. 54). These data, based on Department of Labor calculations, are approximately half as low as the actual ones, since they are calculated on the basis of an understated cost-of-living index and without taking into account unemployment, which increased to huge proportions after the war.

Even according to the clearly understated data of the Department of Labor, in October 1948 there were about 12.5 million fully and partially unemployed people in the USA, of

whom 3.6 million were fully unemployed. Currently, as is known, the number of unemployed has increased much more and amounts to about 18 million people, among whom the fully unemployed number about 6 million.

The incorrect methodology for calculating the 'relative position' of the working class was aggravated by the compilers of the collection with errors made in calculations of the dynamics of output per worker and distortion of the dynamics of real wages. According to the reviewed collection, it appears that from 1939 to 1943 output per worker increased by 35%. This is an incorrect calculation. One cannot compare the value of output per worker as a whole across manufacturing during the war years and in pre-war or post-war years. During the war years, the bulk of industrial production consisted of military products, which differ from civilian products in the ratio of newly created value to the value of consumed means of production. Therefore, comparing average worker productivity across all manufacturing during war years with average productivity in non-war years is just as illegitimate as comparing labor productivity levels in various branches of production by calculating the value of gross output per worker. In addition, one should also not forget that market prices for military products purchased by the state, which fused with monopolies, were significantly higher than their prices of production.

The compilers of the collection, artificially inflating worker output during the war years, understated it in the post-war years. According to the collection, output per worker decreased in 1948 compared to 1943 by 14% (p. 56). This contradicts data on the huge growth of labor intensity in the post-war years, which are cited in other places in the collection. Such 'calculations' mask the origin and source of the huge growth of monopoly profits in the post-war years, especially since the number of workers and the number of man-hours worked

decreased in US manufacturing in the post-war years compared to 1943.

The incorrect calculation methodology of the collection's compilers causes their false conclusions. According to the collection, it turns out that over the period 1939–1948 the share of workers in the product created by them almost did not decrease, and in 1948 it increased by 3% compared to 1943 (p. 56). Meanwhile, it is universally known that in the post-war years the profits of American monopolies fabulously increased, while the real wages of workers and employees decreased. According to 'Economic Notes' magazine (May 1949), the ratio of American corporation profits to workers' wages in manufacturing increased in 1948 by 69% compared to 1945. In 1949, the further impoverishment of US working people and the colossal enrichment of monopolies continued.

The indicated shortcomings reduce the value of the collection, which as a whole is a useful book and helps expose the lies of bourgeois propaganda about the 'American way of life.'

Questions of Economics, No.6, 1950.

A USEFUL HANDBOOK ON INTRA-PLANT PLANNING

G. V. TEPLOV, Planning at Machine-Building Plants. Mashgiz, 1949, 443 pp.

The course "Organization and Planning of Industrial Enterprises" is an important educational discipline for the training of engineer-economists. In this course, factory planning issues occupy about 1/3 of the total number of lecture hours and practical classes (120–140 academic hours). Therefore, for successful mastery of the entire course, a good textbook on factory planning is necessary. Until now, there has been no such textbook, which significantly made it difficult for students to master this discipline. The new book by G. V. Teplov to a certain extent fills this gap.

The work under review differs from other previously published books on production planning in that it touches upon a wide range of issues. The author thoroughly covers the issues of factory planning of main production in machine building of various types and scales, in their organic linkage with operational accounting and control of plan fulfillment, as well as in their connection with national economic planning and with the planning of machine building as an industry. This book is the first work on intra-plant planning approved by the Ministry of Higher Education of the USSR as a textbook for engineering and economics institutes and faculties of machine-building higher education institutions.

G. V. Teplov's work opens with a brief exposition of the Lenin-Stalin teaching on socialist planning; further on, the author

shows with concrete examples the application of scientific principles to the planning of machine-building production at its various stages.

The methodological foundations of planning at machine-building plants are devoted to the first chapter, and the main stages of the development of factory planning are considered in the second chapter. The educational material is set out by the author methodologically correctly. He first covers the issues of planning calculations, moving then to the exposition of planning production programs, planning material and technical supply, labor planning, wages, cost, etc. Without studying the essence of planning calculations, a student could not, of course, sufficiently clearly understand the entire subsequent content of the book. Such calculations include: calculations of the production capacity of shops and the plant, production rhythm, duration of the production cycle, and work-in-progress. These calculations are given in close connection with the economics of production.

Comrade Teplov's undeniably useful work is, unfortunately, not devoid of shortcomings, which have already been partly pointed out in the review of his book published in No. 5 of the journal "Soviet Book" for 1950. Among other gaps in the book under review, the following must be noted. The author did not cover a number of topical issues. For example, he dwelt little on the issue of enterprise reserves as possibilities for its further development. In chapter six, giving an essentially correct definition of the production capacity of a machine-building plant, G. V. Teplov writes that the maximum amount of output MUST be determined under "given technical and

organizational conditions"[166]. In reality, however, it is necessary to proceed from the growing possibilities of the socialist economy, continuous technical progress, and the achievements of production innovators. The December (1935) Plenum of the Central Committee of the All-Union Communist Party (Bolsheviks) indicated that the revision of design capacities must be based on "new, elevated technical standards. These technical standards, which determine the capacities of individual units of equipment, are to be drawn up on the basis of the verified experience of the best Stakhanovites"[167]. The decrees of the Council of Ministers of the USSR on national economic plans for 1947 and 1949 give a similar setup. The author should not have oriented future specialists of a socialist enterprise toward "given" conditions, which may reflect various shortcomings, temporary and current difficulties.

The author also insufficiently clearly covered in this chapter the issues of progressive standards of equipment utilization, of the "leading link" of production (leading section, leading shop), according to which production capacity must be established. The formulations on pages 107 and 113 on this fundamental issue can confuse the student and lead to an incorrect assessment of "bottlenecks" in production.

The question of the product batch is unsuccessfully expounded by the author; although he asserts that the concept of a product batch is equivalent to the concept of a product series,

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166 *G. V. Teplov, Planning at Machine-Building Plants. Mashgiz, 1949, p. 97. Hereinafter, the pages of the book under review are indicated in the text.*

167 *"The CPSU(b) in Resolutions and Decisions of Congresses, Conferences, and Plenums of the Central Committee", Part II, Gospolitizdat, 1940, p. 630.*

practically this is not so. In conditions of small-batch multi-item production, machinery series can be subdivided into batches. The very methodology for calculating product batches in the author's presentation does not have sufficiently clear boundaries and allows broad interpretation.

The question of determining the size of the parts batch is unclearly covered. Paragraphs 61–63 speak of three methods for calculating parts batches used at our machine-building plants. However, a critical analysis of these methods is given only in the following paragraph. At the same time, the author is limited to a superficial assessment of the methods for calculating parts batches...

In paragraph 68, "Structure of the Duration of the Production Cycle," the author does not take into account the special part of production time indicated by Marx—the time necessary for natural processes (cooling, drying, aging, etc.).

The methodology for calculating the duration of the production cycle set forth by G. V. Teplov is borrowed from outdated works of Prof. O. I. Neporent and Assoc. Profs. P. V. Krepish and A. P. Krassovsky. The author himself did not take a step forward in these matters and merely repeated what was written by him in the book "Operational and Production Planning at Machine-Building Plants," published by Mashgiz in 1946.

Special chapters of the book are devoted to the compilation of production programs for various planning periods and bringing them to executors. It should be noted that the methodology of compiling factory production programs for the year and quarterly is thoroughly covered here. All these chapters are

written correctly, in accordance with the decisions of the party and government; they generalize the rich experience of our advanced machine-building plants.

A weak point of the work is Chapter XV — "Planning of Production Cost and Its Reduction." Here there are inaccurate formulations, little is said about the procedure for calculating individual indirect expense items, nothing is said about linking the production estimate with the plan of organizational and technical measures, etc.

Chapter XVI — "Accounting and Control of Plan Fulfillment" could be somewhat shortened at the expense of § 169 — "Primary Documents on Production Accounting," since these subjects are studied by students of engineering and economics institutes and faculties in the special course "Industrial Accounting and Calculation."

In Chapter Seventeen, setting forth the main stages of dispatching development, the author failed to indicate that the functions of the dispatch service were known and carried out at our Ural plants as early as the beginning of the 18th century.

The book under review is the result of great work by G. V. Teplov in collecting and studying primary materials of enterprises, reports and resolutions of conferences, specialized literature, etc., as well as the author's own experience as a teacher and practitioner in the field of industrial planning. However, it should be noted that this capital work did not find sufficient reflection for the living creative experience of the practice of the most advanced enterprises...

Overall, G. V. Teplov's book is a useful addition to our literature on production planning. It is useful both for students of higher educational institutions and for workers at machine-building plants... It will also serve as a manual for deepening the economic knowledge of other engineering and technical workers of plants.

One must wish the author to finalize the book taking into account the comments of the public so that it becomes a fully sound manual.

V. Vasin

Questions of Economics, No. 7, 1950.

AGAINST DISTORTIONS IN QUESTIONS OF LABOR ORGANIZATION IN COLLECTIVE FARMS

(Literature Review)

V. I. Lenin pointed out that the creation of a social order higher than capitalism—specifically, the raising of labor productivity and, in connection with this and for this, its higher organization—is one of the fundamental tasks of the socialist revolution.

In the agriculture of the USSR, this most difficult task of the proletarian revolution was successfully solved under the leadership of the party of Lenin-Stalin by transferring small peasant farms onto the rails of large-scale socialist production. On the basis of the collective farm system, a new, higher organization of social labor has been created in the Soviet countryside, resting on the achievements of advanced science and technology.

Relying on the experience of advanced collective farms, the party and the Soviet government in the very first years of the mass collective farm movement recommended to collective farms the permanent production brigade as the main form of labor organization. In the resolution "On urgent measures for the organizational and economic strengthening of collective farms" of February 4, 1932, the Central Committee of the All-Union Communist Party (Bolsheviks) indicated that the main form of labor organization in collective farms is the production brigade with a permanent composition of collective farmers...

The creation of permanent production brigades played a very important role in the organizational and economic strengthening of collective farms. A permanent production brigade, when properly organized, makes it possible to productively apply MTS [Machine and Tractor Station] equipment and the collective farms' own means of production and to most fully utilize the advantages of collective forms of labor in all branches of agricultural production.

In the early years of collective farm construction, links (звенья) were singled out within brigades to perform individual jobs, which were disbanded upon completion of the work. From 1933, permanent links for the care of industrial and row crops began to be singled out within brigades. The creation of such links played a positive role in increasing the yields of industrial and row crops requiring a large amount of manual labor. However, as experience showed, the creation of permanent links on grain crops, where almost all field work is highly mechanized, did not justify itself.

In the postwar period, on the basis of the decisions of the February Plenum of the Central Committee of the CPSU(b) of 1947, the USSR Council of Ministers in a resolution of April 19, 1948, once again pointed out: "To consider the most important task in improving labor organization in collective farms to be the all-out strengthening of permanent production brigades as the main form of artel labor organization."

However, despite the clear line of the party and government on this issue, in the Kursk Region during the postwar period, the link organization of labor began to be intensively planted not

only in labor-intensive industrial and row crops, but also in grain farming. "Pravda" on February 19, 1950, justly condemned such an incorrect practice. In the article "Against Distortions in the Organization of Labor in Collective Farms," "Pravda" pointed out that the line of the Kursk Regional Committee of the CPSU(b), which planted isolated links in grain production, in practice means the liquidation of brigades, is directed against the mechanization of agricultural work, and weakens collective farms.

In the cultivation of all agricultural crops, and above all in grain farming, the permanent production brigade is the main and principal form of labor organization in collective farms. Grain production is the most mechanized; its technical equipment increases every year...

Before the publication of the article "Against Distortions in the Organization of Labor in Collective Farms" in Pravda[168], many authors propagated views on the advantages allegedly possessed by the link organization of labor in all branches of field cultivation of collective farms, including grain farming. Questions of labor organization in collective farms were often considered in isolation from the work of MTS, which indicates a misunderstanding of the leading role of MTS in the development of collective farm production. These flaws suffer, for example, from the book by A. Teryayeva "Labor in Collective Farms During the Great Patriotic War" (1947), the brochure by P. Doronin "Organization of Collective Farm

168 *"Pravda", 19/II 1950 г.*

Masses for the Fulfillment of Economic and Political Tasks" (1948), etc.

Authors of many books, brochures, and articles, propagating the link system in grain farming, dragged practice backward, toward planting unprogressive forms of labor organization directed against the mechanization of agricultural production. Thus, Prof. T. Basyuk in the textbook "Organization of Collective Farm Production," distorting reality, claimed that in a number of regions the experience of assigning all collective farm crops to links fully justified itself[169]. Prof. S. Kolesnev in the book "Organization of Socialist Agricultural Enterprises," approved by the USSR Ministry of Higher Education as a textbook, also considered the link a progressive form of labor organization[170].

Gross distortions of the principles of socialist labor organization in collective farms were allowed in a number of articles published in the newspaper "Socialist Agriculture" and in the local press. For example, the newspaper "Socialist Agriculture" (Jan 9, 1948) propagated as advanced the experience of vegetable growing in the "Trud" collective farm...

Propagandizing the link system in grain farming and individual piece-work, regardless of production conditions, the authors of brochures and articles distracted the attention of collective farms from the fundamental questions of raising agriculture.

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169 *See Prof. T. L. Basyuk, Organization of Collective Farm Production. Selkhozgiz, 1946, pp. 133, 134.*

170 *See Prof. S. G. Kolesnev, Organization of Socialist Agricultural Enterprises. Selkhozgiz, 1947, p. 221.*

Instead of striving for a high yield across the entire sown area, the efforts of collective farms under the link organization of labor in grain production were directed toward obtaining record yields on small plots, which led to a weakening of the struggle for high yields across the entire area and to the lagging of collective farms.

Especially large shortcomings exist in the work of research institutions of the USSR Ministry of Agriculture. At the beginning of 1949, a conference of scientific workers of research institutes on questions of labor organization and remuneration in collective farms was held in this ministry. At the conference, it turned out that most institutes do not use mass statistical materials for studying questions of labor organization...

In the brochure "Experience of Work of Advanced Seed-Growing Links," workers of the Voronezh Scientific Research Institute of Agricultural Economics, Comrades A. Kholostova and M. Shestakov, cite a table on labor productivity in two links of the "Na novyye relsy" collective farm... However, the authors of the brochure distorted the actual situation. Studying questions of labor organization in links detached from the work of MTS, they calculated labor inputs per hectare of sowing and per centner of output taking into account only such work as snow retention, weeding, fertilizing, etc., and excluded all main work on cultivating millet performed by tractor and field brigades[171].

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[171] *A. Kholostova, M. Shestakov, Experience of Work of Advanced Seed-Growing Links. Voronezh Regional Book Publishing House, 1949, p. 41.*

The struggle for correct labor organization in collective farms is the most important economic and political task. Comrade Stalin teaches: "...in order not to make mistakes in politics, one must look forward, not backward[172]."

The duty of economists is to quickly correct the permitted mistakes and distortions in illuminating questions of labor organization in collective farms and, with their research work, to help successfully resolve the tasks of the further upswing of socialist agriculture.

D. Novakov

Questions of Economics, No.7 , 1950.

[172] *I. Stalin, Questions of Leninism, 11th ed., p. 540.*

D. ANDRIANOV

QUESTIONS OF THE METHODOLOGY FOR CALCULATING THE TURNOVER OF FUNDS

The main task of the methodology for calculating enterprise fund turnover is to help enterprises, workshops, and individual production units quickly and simply obtain planned and reporting indicators that most accurately reflect the actual turnover of funds. The methodology recommended by the USSR Ministry of Finance and the USSR TsSU departs from this scientific principle in a number of fundamental provisions. As we will show below, the indicators derived using the recommended methodology do not correspond to actual turnover, and in many cases exaggerate or understate it. Therefore, the examined questions of turnover calculation methodology possess not only theoretical but also state practical significance.

The USSR Ministry of Finance and the Central Statistical Administration under the USSR Council of Ministers in their letter of April 14, 1949, on the procedure for calculating the turnover of funds of industrial enterprises[173] recommended, unlike previous practice, calculating the turnover of working capital on the basis of realized products in operating wholesale prices minus turnover tax. With such a method, turnover turns out to be deliberately exaggerated, since the basis of its calculation relies not only on the turnover of working capital, but also on the turnover of part of the surplus product value—enterprise profits.

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[173] *Hereinafter, this document will be referred to by us in abbreviated form as the "Letter".*

Having in mind the practice of bourgeois calculators, Engels wrote: "In commercial practice, turnover is usually calculated inaccurately. It is assumed that capital has turned over once if the sum of realized commodity prices reaches the sum of the entire advanced capital. But capital can complete a full turnover only when the sum of production costs of realized commodities equals the sum of the entire capital"[174]. Here we have a clear indication that in order to accurately calculate turnover, one must base it not on commodity prices, but on the sum of production costs of realized products minus the value of the surplus product.

The "Letter" does not take into account the fact that the turnover time of funds of a socialist enterprise represents the time cycle of expanded reproduction, during the course of which not only means of production and labor power are expended, but a surplus product is also created, which cannot be included in the turnover of working capital.

At socialist enterprises, the expenditures of working capital for product production constitute its cost of production. In this connection, Soviet industry calculates two types of cost of production: commercial cost and factory-plant cost.

Commercial cost differs from factory-plant cost in that it includes so-called commercial expenses (costs for dispatching sold products), as well as deductions for research work. These expenses are reimbursed at the expense of the enterprise's gross income.

In the practice of our enterprises, certain circulation costs, such as paid interest, expenses of the product sales department, maintenance of finished goods warehouses, etc., are included in general plant expenses and accordingly in factory-plant cost and the cost of work-in-progress, i.e., they are artificially equated to production costs. This leads to the fact that at the

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[174] *K. Marx, Capital, Vol. III. Gospolitizdat, 1949, p. 237.*

expense of circulation costs, the sum of funds circulating in the production process is artificially increased. Yet the number of turnovers of working production capital turns out to be the same as when calculating it solely on actual production costs. The difference between factory-plant and commercial cost of production is insignificant, since commercial expenses are comparatively small. If turnover is calculated on the basis of the commercial cost of realized products, then the obtained results, as a rule, coincide with those calculated on the basis of factory-plant cost. Therefore, in our view, either of these types of cost of production can be placed at the basis of fund turnover calculation.

When calculating the working capital turnover indicator using wholesale prices, even without turnover tax, a substantial inaccuracy is created. Let us show by example what such a calculation method leads to in practice.

Plant A has 11.2 million rubles of working capital. The cost of production of realized products amounted to 11.3 million rubles. This means that working capital turned over roughly once a year. During this time, the plant received 2.2 million rubles in profit. According to the methodology recommended in the "Letter", the fund turnover indicator will be higher: 11.3 million + 2.2 million / 11.2 million = 1.2.

The difference is very substantial—almost 20%! Inaccuracies will be even greater if the enterprise collective has achieved above-plan profit. There are cases when enterprises receive above-plan profit with some slowdown in fund turnover. Thus, the indicators of one enterprise for 1948–1949 were as follows (in comparable prices):

Indicator	1948	1949	1949 in % to 1948
Realized products by cost of production (in million rubles)	86	97	113

Working capital (in million rubles)	18.2	22.8	125
Actual turnover (number of turnovers per year)	4.7	4.2	89

There is an apparent slowdown in fund turnover. A different picture is obtained at this enterprise if the methodology recommended by the "Letter" is applied:

Indicator	1948	1949	1949 in % to 1948
Profit (in million rubles)	13	31	238
Realized products in wholesale prices minus turnover tax (in million rubles)	99	128	129
Turnover calculated by methodology recommended by the "Letter" (number of turnovers per year)	5.4	5.6	104

Under the methodology recommended by the "Letter", the enterprise's receipt of elevated profit masks the slowdown in turnover. Moreover, an impression of illusory well-being regarding fund turnover acceleration is created: where turnover has actually slowed down, its acceleration is shown! This means that the working capital turnover indicator calculated on the basis of wholesale prices minus turnover tax is unsuitable for controlling working capital turnover: it does not reflect real processes, and can only distort them.

Some economists argue that when calculating fund turnover on the basis of actual cost of production, any above-plan reduction in cost of production will inevitably lead to a slowdown in fund turnover. This is untrue. With an above-plan reduction in cost of production, the need for working capital should relatively decrease, because the consumption norms of raw materials, fuel, and materials per unit of output are reduced. With a decrease in cost of production, the value of work-in-progress also decreases accordingly. A decrease in cost of production affects only certain non-normed working assets. Of course, a change in the structure of working capital can always lead to a slowdown in average turnover, even if the turnover of each individual type of working capital has accelerated. In these cases, the slowdown of average turnover is not reprehensible. But if with an above-plan reduction in product cost of production the reserves of all material assets and the value of work-in-progress decrease correspondingly, then the working capital turnover indicator, as a rule, coincides with the indicator calculated on the basis of planned cost of production of realized products.

Let us compare an advanced enterprise that reduced cost of production above plan and simultaneously accelerated fund turnover with an enterprise that reduced cost of production but actually slowed down fund turnover compared to plan:

Indicator	Enterprise I Plan	Enterprise I Fulfillment	Enterprise I in % to Plan	Enterprise II Plan	Enterprise II Fulfillment	Enterprise II in % Plan
Realized products (in wholesale prices minus turnover tax; in million rubles)	296	333	112	260	282	109
Cost of production of all realized products (in million rubles)	241	233	97	208	212	102

Cost of production per unit of output (in % to plan)	100	96.5	96.5	100	104	104
Working capital (in million rubles)	110	100	91	107	118	110
including:	—	—	—	—	—	—
reserves of materials and fuel	58	53	91	55	62	112
work-in-progress	37	33	89	35	38	109
other working capital	15	14	93	17	18	106
Actual turnover (number of turnovers per year)	2.19	2.33	106	1.94	1.79	92
Turnover calculated by methodology recommended by the "Letter" (number of turnovers per year)	2.69	2.81	104	1.53	1.54	101

From the table it is evident that when calculated on the basis of product cost of production, turnover accelerates if, in accordance with the reduction in cost of production, reserves of materials, work-in-progress, and other working capital per unit of output decrease, i.e., grow slower than output. If, however, the reduction in cost of production is not accompanied by a corresponding slowdown in growth or reduction of working capital, it means their turnover is slowing down. As seen from the example, in this case (Enterprise II), turnover calculated by the methodology recommended by the "Letter" is shown as growing (101% of plan), whereas in reality it is 3% below plan.

With the correct methodology, one can conclude that at Enterprise II proper struggle was not waged for reducing excess reserves of materials and fuel and for shortening the production cycle, because with product output 7% above plan and a 3.5% above-plan reduction in cost of production, reserves of materials and fuel were 12% above plan, and work-in-progress 7% above plan. It is obvious that at this enterprise the struggle to accelerate fund turnover must be intensified. Yet the turnover indicator calculated by the methodology recommended in the "Letter" does not provide such orientation, because according to this indicator, turnover at Enterprise II amounted to 101% of plan. Such an indicator, embellishing the true state of affairs, "suits" certain managers who forget state interests and strive to hide behind an inaccurate indicator. Some economists note that the turnover indicator recommended in the "Letter" stimulates the struggle to reduce cost of production. This is correct, because with such a method, a reduction in cost of production can cover up shortcomings in the sphere of turnover. But to stimulate the struggle for reducing cost of production, there exist other, more direct indicators: reduction in cost of production, the amount of above-plan accumulations, deductions into the director's fund. Therefore, neither theoretically nor practically can the distortion of the turnover indicator be justified by the struggle for above-plan cost reduction. On the contrary, correct calculation of fund turnover on the basis of actual cost of production stimulates comprehensive economy of production costs, which simultaneously makes it possible to relatively reduce all types of working capital and thereby fulfill the planned assignment for their turnover. In order to deploy socialist emulation for the mobilization of internal production reserves, it is necessary above all to reflect the true situation in indicators without glossing over deficiencies and gaps with various achievements, even if large ones.

The working capital turnover indicator must activate the struggle of working people for its acceleration. It can be effective only in the event that it reflects the actual turnover of working capital. The indicator calculated on the basis of the cost of production of realized products reflects the unity of the product cost formation process and the working capital formation process. It uncovers reserves for accelerating fund turnover, requiring the alignment of working capital with declining cost of production. When calculating working capital turnover on the basis of wholesale prices minus turnover tax, actual turnover is distorted and hidden reserves for accelerating working capital turnover are glossed over.

The "Letter" recommended including the following fund sums when calculating working capital turnover: a) overpayments to Prombank or glavks on depreciation deduction contributions; b) working capital expenditures for major repairs and capital investments in excess of available legitimate coverage sources; c) the excess of workers' and employees' debt on loans for individual housing construction and other needs over special bank loans for these purposes; d) the excess of settlements with capital construction departments for the construction of individual residential houses over Cekomibank loans for this purpose; e) overexpenditures on articles financed from special funds and other targeted sources; f) off-plan losses (overexpenditure against planned cost of production of realized products and off-plan losses not included in realized product cost, accounted for on profit and loss accounts).

These sums (except for off-plan losses) represent, in essence, accounts receivable not provided for by the plan; they must be restored by the enterprise as working capital and included in their general calculation. Thus, sums of working capital temporarily diverted from circulation and slowing down fund turnover are uncovered, and the enterprise is oriented toward

reducing these sums. However, the inclusion of off-plan losses in working capital is artificial and unjustified.

Off-plan losses do not represent any working capital—they are a direct deduction from accumulations. These losses reduce working capital, and therefore a persistent struggle must be waged against them alongside the struggle to accelerate fund turnover. Off-plan losses directly affect the profitability indicator. There is no need to distort the working capital turnover indicator at the expense of losses.

At the same time, it is incorrect to exclude from the sum of working capital, as recommended in the "Letter", the enterprise's settlement account in Gosbank. The settlement account represents the enterprise's monetary funds; it is a real and completely necessary element of working capital participating in turnover. The reproduction process cannot proceed continuously unless a normal influx of monetary funds, taking the form of script money in cashless settlements, is ensured. Excluding the settlement account from the sum of working capital when calculating turnover means assuming that these funds do not participate in turnover at all, and consequently, making it difficult to understand the reproduction process and the role of money in the socialist economy. With such a method of calculating working capital, their turnover is artificially inflated, since their average sum is minimized in relation to the sum of turnover. The settlement account turns out to be beyond control, whereas its state is of great importance for the financial position and financial discipline of the enterprise. Control over the settlement account is necessary above all to verify and analyze working capital turnover and its utilization.

The state of the settlement account is determined by the state of other working capital elements, therefore a general assessment of their turnover cannot be given solely on the basis of accounting for the actual amount of the enterprise's monetary

funds. Working capital passes from one form into another, and their circular flow represents the unity of the monetary, production, and commodity funds of the enterprise. Excluding the settlement account from the sum of working capital artificially disrupts this unity and connection between the phases of circular flow; it not only leads to confusion in theory, but can bring and does bring substantial harm to enterprise practice.

Many enterprises have an increased reserve of monetary funds on their settlement account due to failure to fulfill the supply plan. This causes a sharp reduction in production reserves, which serves as a threat to the normal supply of production with materials, fuel, tools, etc. In addition, it should be taken into account that individual enterprises may achieve a temporary increase in monetary funds by the end of the month in order to artificially improve the working capital turnover indicator. It should also be taken into account that the presence of free monetary funds at the enterprise can lead to the formation of excessive reserves of normed working capital and debtors at their expense. As a result, the enterprise does not achieve a real release of working capital. Meanwhile, it is necessary to achieve a general acceleration of working capital turnover, including the settlement account, which practically is connected with the release of funds from enterprise turnover. Excessive working capital of the enterprise should not remain indefinitely on the settlement account if the enterprise requires funds in a smaller amount to fulfill planned turnover than was provided by its planned norm.

The "Letter", in essence, orients enterprises toward the temporary, often artificial accumulation of free monetary funds on their settlement accounts so as to also temporarily and artificially improve the working capital turnover indicator at the moment of report compilation. Meanwhile, it is necessary to orient enterprises toward accelerating the turnover of all

working capital. Only under this condition can a real release of funds be achieved. Monetary funds that can be used by the enterprise at any moment to create excessive asset reserves or to cover above-plan losses cannot be considered released. It is necessary to achieve improved enterprise work with smaller resources of normed working capital as well as monetary funds.

Thus, the method for calculating working capital turnover recommended in the "Letter" essentially binds and restricts the initiative of enterprise collectives in their struggle for the real release of funds. This method orients enterprise collectives not toward the genuine acceleration of fund turnover, but toward temporary acceleration through their redistribution among different forms of working capital.

The "Letter" does not meet all requirements of economic management also because it does not provide a methodology for analyzing fund turnover by individual phases of turnover, by its individual types, and, most importantly, for controlling fund turnover within the enterprise—in workshops and sections. The methodology recommended in the "Letter" erects an insurmountable wall between the general turnover indicator for the enterprise and its individual constituent parts.

The full period of working capital turnover represents the sum of the time spent in individual phases of circular flow and their corresponding forms: monetary, production, and commodity. Suppose an enterprise has the following working capital: means of production—50 million rubles, finished goods—1.5 million rubles, and monetary funds and settlements (accounts receivable)—3.5 million rubles. The sum of production costs (cost of production) of realized goods is 82.5 million rubles. In this case, working capital makes 1.5 full turnovers per year (82.5 million : 55 million = 1.5), and the time of one turnover will be 365 : 1.5 = 243.3 days. The number of turnovers and turnover time of individual parts of working capital appear as

follows: a) for means of production — 82.5 million : 50 million = 1.65 turnovers; time of one turnover — 365 : 1.65 = 221.2 days; b) for finished goods and commodities — 82.5 million : 1.5 million = 55 turnovers; time of one turnover — 365 : 55 = 6.6 days; c) for monetary funds and settlements — 82.5 million : 3.5 million = 23.5 turnovers, and turnover time — 365 : 23.5 = 15.5 days. Total full turnover time of working capital is the sum of turnovers of its individual parts, i.e., 221.2 + 6.6 + 15.5 = 243.3 days.

The number of turnovers of each individual part of working capital shows in this calculation its turnover coefficient in relation to working capital turnover as a whole. At the same time, each individual part of working capital completes its turnover in a shorter period than working capital on average. Therefore, the number of turnovers of each individual part of working capital will always be greater than the number of turnovers of working capital as a whole.

Calculating working capital turnover in each specific form (monetary, production, and commodity) shows the structure of reproduction time. However, such a calculation is inexpedient to perform by individual, more fractional subdivisions of working capital (for example, by packaging, auxiliary materials, etc.). With such a calculation, an excessively large number of individual indicators would result as constituent parts of total fund turnover time, complicating their analysis broken down by fund turnover stages according to reproduction phases.

The turnover of working capital in each specific form (monetary, production, and commodity), calculated on the basis of product realization turnover, must be distinguished from the turnover of each individual part of working capital in a specific reproduction phase, called the special turnover of these funds, which must be attributed only to the given phase. Special turnover of funds in the sphere of production is

completed by the output of products rather than their realization, therefore when calculating the turnover of production means in the sphere of production, one must base the calculation on the production costs (cost of production) of manufactured rather than realized products. The time of special turnover of each individual part of working capital in some cases will exceed the time of full turnover of working capital as a whole, for example: the turnover time of some auxiliary materials may constitute 200 days or more, and this is an abnormal phenomenon and a violation of plan. The special turnover of each individual structural subdivision of working capital is calculated by the formula: Oo : Z = K, where Oo is the special (actual) turnover of the given working capital subdivision and Z is the reserve of the given working capital subdivision. The turnover of working capital of each economic subdivision appears as a weighted average value calculated from the special turnovers of individual elements of this working capital subdivision. Let us illustrate this with an example:

Working Capital	Reserve (Balance) in thousand rubles	Turnover in thousand rubles	Number of Turnovers	Turnover Time (in days)
A	50	300	6	61
B	100	1,200	12	30.5
Total	150	1,500	10	36.5

In this example, the turnover time of funds A is 61 days, while the average turnover period of funds A and B is 36.5 days. There is an incorrect opinion that between special turnovers and general working capital turnover calculated on the basis of product realization there is no direct connection and dependence. This leads to the erroneous conclusion that special fund turnovers can be calculated on one basis—cost of production, and general turnover on another—wholesale prices.

However, such a conclusion is incorrect because it creates a rupture of unity between the particular and the general, i.e., in this case—between individual phases and the circular flow of funds as a whole, or between individual stages and the reproduction process as a whole. This judgment, denying the unity of fund circular flow as well as the unity of the reproduction process, is unscientific and anti-Marxist.

In reality, between special turnovers and general turnover there is a direct connection and interdependence, which can be traced if we take the object of research in general form, without taking into account individual deviations observed in practice and complicating the final conclusions of research. One must keep in mind the general theoretical premise that the turnover time of individual subdivisions of working capital is part of the full period of turnover of all working capital. The direct connection and dependence of special and general turnovers is conditioned by their transition from one form into another, which characterizes the unity of fund circular flow and the reproduction process. Thus, for example, the turnover of finished goods will be determined by the volume of production, the turnover of debtors by the product realization turnover, etc. Thus, the interconnection and dependence of special and general turnovers is economically conditioned by the unity of the reproduction process and fund circular flow. At the same time, any deviation in the formation of reserves of individual types of working capital and in their turnover will influence the turnover indicator of these funds without disrupting at the same time the general quantitative connection of special and general turnovers.

However, in practice it is difficult to catch this connection due to the significant number of partial deviations complicating the accounting and analysis of general data.

Let us attempt to show with a concrete example the direct connection between general and special turnovers, taking the

reproduction process as a whole, in the unity of its individual stages:

Working Capital	Balance (in million rubles)	Turnover Time (in days)	Special Turnover (in million rubles)	Number of Turnovers (per year)
Production reserves	2.25	9	9.125	40
Work-in-progress	5.0	40.5	45	9
Finished goods	22.5	91.25	90	4
Debtors	2.25	9.125	90	40
Monetary funds	4.5	18.25	90	20
Total	36.5	168.25	—	1

The sum of production time and circulation time of all working capital transitioning from one form into another constitutes in this example 168.25 days, average turnover — 365 : 168.25 = 2.17 turnovers. But the actual turnover time of all working capital calculated on the basis of product realization will not be 168.25 days, but less. In our example, working capital equals 36.5 million rubles, and product realization turnover is 90 million rubles. Under these conditions, working capital will make 2.47 turnovers during the year (90 million : 36.5 million), and the time of one turnover will be 148 days (365 : 2.47). This discrepancy with the calculation by special turnovers is explained by the fact that the time spent by working capital in the form of production reserves, constituting 40.5 days in our example, applies not to all working capital, but only to a definite part of it.

In relation to all working capital, the time spent by means of production in the form of reserves is less by as many times as working capital advanced in the production process (funds in work-in-progress) exceeds production means expenditures (consumption of materials, etc.). In this case, expenditures of means of production were made in the production process during one production cycle (constituting 91 days) in the

amount of 11.25 million rubles (5 million rubles multiplied by 90 divided by 40). And an equal amount of monetary funds was advanced for wages and other expenses (22.5 million rubles in work-in-progress minus means of production expenditures — 11.25 million rubles). Consequently, working capital advanced in production exceeds means of production expenditures by two times, and accordingly the time spent by all working capital in the form of production reserves (if we conditionally assume that all of them pass this phase) must be established at 20.25 days (40.5 : 2). With this correction, the full turnover time of all working capital calculated on the basis of summing special working capital turnover times will coincide with the full turnover time of all working capital calculated on the basis of product realization turnover (9.125 + 20.25 + 91.25 + 9.125 + 18.25 = 148 days).

The ratio and connection between turnover calculated by summing special working capital turnover times and turnover calculated on the basis of product realization turnover and the working capital balance can be expressed by the formula: B = Boo - (Boonz * y), where B is the average duration of working capital turnover calculated on the basis of product realization turnover and average balance, Boo is the sum of special turnover times of main working capital subdivisions, Boonz is the special turnover time of production reserves, and y is the share of working capital advanced directly in production, bypassing production reserves; in the above example, y amounts to 0.50 (11.25 million : 22.5 million).

Thus, there is a definite connection and dependence between special and general turnovers, which can be theoretically uncovered and measured, possessing definite practical significance. Comparing special and general turnovers is of theoretical interest, since it provides an opportunity to verify the correctness of the method for evaluating working capital turnover when calculating its turnover on the basis of realized

product cost of production. This comparison also makes it possible to better understand the nature, difference, and unity of special and general enterprise turnovers. In addition, as a result of this comparison, verification of the correctness of general and special working capital turnover time calculations is possible.

In the practice of calculating these turnovers, there are cases of misalignment between their indicators, which are explained by the degree of calculation accuracy of fund turnover. If this difference between the sum of special turnover times and general turnover time is relatively small, it is ignored, and calculations as a whole are considered to have acceptable accuracy. In the event that this difference is quite significant, calculations must be redone, clarifying individual balances and special working capital turnovers.

Calculating mutually aligned general and special working capital turnovers is possible only when evaluating both turnovers by actual costs (by actual cost of production). Calculating general turnover on the basis of wholesale prices does not provide the theoretical and practical possibility of establishing a direct dependence between the sum of turnover times for main economic working capital subdivisions and their general turnover. This proves the scientific insolvency of the calculation methodology recommended in the "Letter", insofar as it does not ensure unity of particular and general working capital turnover indicators.

An important question in the struggle to accelerate fund turnover is determining the sum of released funds in connection with achieved results of turnover acceleration.

The method for calculating released working capital recommended by the "Letter" boils down to the following. First of all, the need for working capital for the reporting period is determined based on actual turnover for this time and turnover in days for the period preceding the reporting one. The sum of

required working capital calculated in this way is compared with the actual sum of working capital for the reporting period, and then the sum of released working capital is calculated. The "Letter" cites the following example for calculating the sum of released working capital:

Indicator	I Quarter	II Quarter
Realization turnover (in thousand rubles)	600	900
Average sum of working capital (in thousand rubles)	100	15
Turnover (in days)	12	12

On the basis of the cited data, the following indicators are calculated: a) need for working capital in the II quarter based on I quarter turnover: (900 * 15) : 90 = 150 thousand rubles; b) sum of released funds corresponding to the acceleration of working capital turnover by three days (15 - 12): (150 thousand rubles : 12) * 3 = 37.5 thousand rubles.

In the "Letter", it is recommended in a similar manner to calculate the release of working capital compared to plan. However, it does not indicate whether the sum of released working capital calculated in the manner set forth above can be transferred to the state budget or a higher economic organ. This created unclarity and confusion locally. Enterprises in their socialist obligations frequently earmarked sums of released working capital as a contribution to the state without taking into account planned turnover acceleration, in accordance with which working capital norms and own working capital were established. In this connection, many enterprises experienced

difficulties in fulfilling their obligations regarding contributions of released working capital to the state.

In a letter dated December 28, 1949, the USSR Ministry of Finance clarified that "transfers (of contributions to the state.—D. A.) are made in the amount of the real release of funds achieved as a result of above-plan turnover acceleration and reduction of normed working capital balances compared to the plan as of January 1, 1950." In accordance with this clarification, the calculation is performed as follows.

Suppose an enterprise was established a turnover norm of 13 days instead of 15 days for the previous reporting year. With a turnover of 900 thousand rubles, working capital in the sum of 130 thousand rubles will be allocated to it instead of the 100 thousand rubles it had. In this case, the enterprise will include in its financial plan an additional requirement to cover working capital growth in the sum of 30 thousand rubles (130 thousand rubles - 100 thousand rubles), which will be covered within the limits of general requirements and its financing sources. Thus, the enterprise is established a working capital norm of 130 thousand rubles, and actually, as seen from the example, it has working capital of only 120 thousand rubles. The difference between these sums—10 thousand rubles—will be that real magnitude of funds released by the enterprise which it can pay to the state.

It was pointed out above that the most effective result of the struggle to accelerate working capital turnover is the transfer of released own working capital to the state budget or a higher economic organ. All enterprises that have joined socialist emulation for accelerating working capital turnover must set this task before themselves. Renouncing such a task deprives socialist emulation of proper purposefulness and practically weakens its results.

Along with transferring released funds, of indisputably important significance is such an acceleration of working

capital turnover as is conditioned by above-plan output and realization of products under an established planned working capital norm. In this case, the economic effect consists in the fact that the enterprise limits itself to own funds without resorting to state assistance to increase the working capital norm in accordance with the requirements of above-plan production growth. This means that the enterprise really releases funds from turnover and covers its additional working capital requirements at their expense. Such a release of working capital is equivalent in its significance to the enterprise transferring released own working capital to the state budget or a higher economic organ.

It is necessary to clearly distinguish the results of accelerating the turnover of own and borrowed funds. Accelerating the turnover of borrowed funds must in no way lead to transferring released funds to the state budget or a higher economic organ. The released funds must be directed toward the early repayment of borrowed funds.

This article has touched upon only some basic questions of calculating working capital turnover in connection with a critical review of the methodology recommended in the "Letter".

Measures to accelerate working capital turnover have important national economic significance and yield a great economic effect. Serious attention should be paid to establishing scientifically grounded methods for calculating working capital turnover. Such a methodology for calculating working capital turnover will provide an opportunity to better uncover internal industrial reserves, more correctly evaluate enterprise economic activity; it contributes to intensifying the struggle to mobilize internal resources and release funds for the socialist state.

Questions of Economics, No.7 , 1950.

DISCUSSION ARTICLES

From the Editorial Board.

The broad movement of industry and transport workers for the better utilization of working capital has elevated the importance of the methodology for calculating its turnover. The correct determination of turnover duration, turnover acceleration, and the amounts of released sums contributes to the successful struggle for mobilizing internal production reserves. Such a methodology for calculating the turnover of funds is necessary as ensures proper accounting accuracy, provides realistic indicators, serves as a reliable means of control over the fulfillment of the state plan, and stimulates the better utilization of working capital and the deployment of socialist emulation.

In the first months of the mass movement to accelerate the turnover of working capital, a unified methodology for calculating its turnover did not yet exist; in practice, a wide variety of methods were applied and recommended in literature. The USSR Ministry of Finance and the Central Statistical Administration (TsSU) under the USSR Council of Ministers, having reviewed various methods of calculating turnover and the amounts of released funds, recommended a unified methodology in their letter of April 14, 1949. This played a very positive role.

Over more than a year since the publication of this letter, practice has accumulated significant experience making it possible to introduce improvements into the methodology for calculating the turnover and the results of accelerating the turnover of funds.

The editorial board of the journal "Voprosy Ekonomiki" has received a number of responses to the aforementioned methodological letter criticizing certain provisions of it. Part of

the critical remarks has already been published in "Voprosy Ekonomiki" No. 4 for 1950 (see the review of the discussion of N. Lisitsian's report) and No. 6 for 1950 (see the article by Comrade Shifrin, deputy director of the "Kalibr" plant). In view of the fact that there are major disagreements among economists on this issue, the editorial board considers it advisable to open a discussion in the pages of the journal. Below are published an article by Doctor of Economic Sciences D. Andrianov and a review of responses received by the editorial board regarding the letter of the USSR Ministry of Finance and the Central Statistical Administration under the USSR Council of Ministers dated April 14, 1949.

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PRODUCTION PLANNING IN COLLECTIVE FARMS

(Literature Review)

The entire production activity of a collective farm is directed by its production plan, built on the basis of state national economic plan targets. "A collective farm is a large-scale enterprise. But a large-scale enterprise," teaches comrade Stalin, "cannot be run without a plan. A large-scale enterprise in agriculture, encompassing hundreds and sometimes thousands of households, can be run only on the basis of planned guidance. Without this it must perish and collapse"[175]. Further improvement of collective farm production planning is a vital means for the organizational and economic consolidation of collective farms. The Stalinist Charter of the Agricultural Artel clearly states: "The artel undertakes to conduct its collective economy according to a plan, strictly observing the agricultural production plans established by the organs of the workers' and peasants' government and its obligations to the state."

The production plan has firmly entered the life of collective farms and is a powerful means of raising socialist agriculture. At present, in addition to annual plans, collective farms also draw up long-term plans calculated for many years ahead. The widespread introduction and mastering of grass-arable crop rotations, the development of field grass-seeding, animal husbandry and horticulture, the performance of construction, land management and reclamation work, etc. — all these and many other issues can be correctly solved only if there is a long-term plan for the development of the economy. Therefore, the party and government, Soviet organs, and the collective

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[175] *I. Stalin, Questions of Leninism, 11th ed., p. 403.*

farm public pay enormous attention to the correct formulation of both current and long-term intra-collective-farm planning. Improving production planning work in collective farms and brigades is an urgent task for the organizational and economic consolidation of collective farms. The decisions of the February (1947) Plenum of the Central Committee of the All-Union Communist Party of Bolsheviks (VKP(b)) "On measures to raise agriculture in the post-war period" and the resolution of the USSR Council of Ministers of April 19, 1948 "On measures to improve the organization, raise productivity, and streamline labor remuneration in collective farms", as well as the new model forms of the annual collective farm production plan, annual production assignments for brigades, links, and livestock farms, approved by the USSR Council of Ministers on February 25, 1948, raised collective farm production planning to a new, higher stage. At present, particularly high demands are placed on scientific research and practical manuals on production planning in collective farms. Such manuals, compiled on the basis of party and government decisions and instructions, should show the methodology and technique of planning, and teach collective farmers how to uncover and utilize internal reserves and opportunities for fulfilling and overfulfilling state planned targets. In this regard, highlighting the experience of advanced farms is of great importance.

Recently, a number of books and brochures have been published describing the production plans of advanced collective farms and setting forth the methodology for their compilation. Thus, in the book by I. Skurikhin and D. Zakoryukin, "The Production Plan of a Collective Farm", the methodology of compiling a collective farm production plan according to the new model form and the experience of intra-collective-farm planning are set forth using the example of the agricultural artel "Third Decisive Year of the Five-Year Plan",

Puchezhsky District, Ivanovo Region. The book shows technical calculation methods and gives methodological guidelines for compiling plans for individual branches of the economy and the collective farm as a whole. In F. Salnikov's book, "Planning on a Collective Farm", the methodology of compiling a collective farm production plan and revenue-expenditure estimate is illustrated with numerous forms and tables, in particular based on the experience of the "Burelom" collective farm (settlement of Talitsy, Pushkinsky District, Moscow Region) and other collective farms. The book features a special section "Checking Plan Fulfillment on a Collective Farm". In the brochure "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm", published by the Leningrad Regional Agricultural Administration, using the example of the Slepnev Artel, the experience of the methodology of compiling a collective farm production plan and revenue-expenditure estimate according to the new model form approved by the USSR Council of Ministers in 1948 is highlighted. A. Kovalenko in his brochure "How to Draw Up a Production Plan for a Collective Farm" sets forth the experience of the "Panfilovsky" collective farm, Kalininsky District, Stalingrad Region. This collective farm already in 1948 implemented many measures of the Stalinist plan for the transformation of nature. In 1949, the collective farm had 17 hectares of shelterbelt forest strips, a mastered grass-arable field crop rotation, and a good fish-pond economy. The collective farm's plan is described by sections established by the model form of the annual collective farm production plan.

In I. Lyashenko's brochure, "The Five-Year Perspective Plan of the 'Novy Put' Collective Farm for 1946–1950"[176], the

[176] *I. V. Lyashenko, The Five-Year Perspective Plan of the 'Novy Put' Collective Farm for 1946–1950. Frunze, 1947.*

experience of the "Novy Put" collective farm is analyzed, which was one of the first in the Kirghiz Republic to draw up its five-year plan. The experience of this collective farm's perspective planning is of great interest to other collective farms. Ya. Zvyagintsev in the brochure "The Five-Year Plan of the May Day Collective Farm" highlights the perspective plan of an advanced collective farm, developed by its board with the assistance of researchers from the Rostov Institute of Agricultural Economics. The May Day Collective Farm is located in the arid Salsk steppes. The basis for developing the measures adopted in the collective farm's perspective plan is the grass-arable system of agriculture, including the creation of shelterbelt forest strips. The author presents plans for transition to field, vegetable, and one of the fodder crop rotations of the May Day Collective Farm, a plan for developing new lands, improving meadows and pastures, irrigation, and tree planting over the years of the five-year plan. The brochure examines the plan for land improvement and electrification of the collective farm.

Familiarization with these brochures on planning will undoubtedly benefit collective farms in their plan-making work. Their publication is a positive phenomenon. However, serious shortcomings present in these books should be noted. The authors devote their main attention to a simple exposition of individual forms and tables of the collective farm production plan and insufficiently highlight materials summarizing advanced experience in collective farm production planning, the struggle for introducing progressive norms and Stakhanovite achievements into the practice of all collective farms.

The production plan, teaches comrade Stalin, does not boil down to a list of figures and assignments: the production plan is the living and practical activity of millions of people creating a new life. The party and government entrusted the compilation

of the collective farm production plan and revenue-expenditure estimate to the board of the collective farm, which must perform this work jointly with agricultural specialists, brigade leaders, link leaders, livestock farm managers, and collective farm leading workers. The board and the chairman of the collective farm bear responsibility before the state and the collective farm for drawing up the production plan and for its fulfillment. Yet in the brochure by the Leningrad Regional Agricultural Administration, "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm", it is recommended to create from three to five planning groups for drawing up the plan[177]. The brochure orients collective farm boards toward withdrawing themselves from this work and attributes such a plan-making method to advanced collective farms.

The collective farm production plan must organize and mobilize collective farmers to fight for overcoming difficulties and ensuring a new upsurge in collective farm production. It is necessary to decisively put an end to the practice of setting understated plans in collective farms. The party and government have repeatedly pointed out that plans must be Bolshevik: they must be calculated not on arithmetic average norms achieved in production, but on medium-progressive norms, i.e., keep pace with the advanced.

Unfortunately, the reviewed brochures do not show the struggle for introducing medium-progressive norms and the achievements of Stakhanovite innovators into the work practice of all collective farms. Moreover: instead of uncovering reserves for the growth of collective farm production, some works orient collective farms toward understated indicators. In

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[177] *See "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm". Leningrad Regional Agricultural Administration. Lenizdat, 1949, pp. 6–8; further page numbers of reviewed brochures are indicated in the text.*

advanced collective farms, a single breeding sow yields two and even three litters a year, whereas A. Kovalenko's brochure "How to Draw Up a Production Plan for a Collective Farm" states: "For pig breeding, it is projected to have 1.5 litters on average per breeding sow, with an output of 8 marketable piglets on average per litter"[178]. In the "Panfilovsky" collective farm in 1944, 1,860 liters were milked per cow, whereas for 1949 the author recommends setting the annual milk yield task per forage cow at only 1,900 liters (p. 20).

According to data cited in Ya. Zvyagintsev's brochure "The Five-Year Plan of the May Day Collective Farm" (Tselinsky District, Rostov Region), in this collective farm the sunflower yield per hectare in 1940 amounted to 19 ts, yet the author recommends projecting 17 ts per hectare for 1950; the yield for succulent crops (fodder beets and melons) in 1940 averaged 266 ts per hectare, and Ya. Zvyagintsev recommends 273 ts per hectare for 1950[179].

Understated indicators are also proposed by the author in animal husbandry. He clearly underestimates horse breeding, allows high barrenness in sheep, and forgets that the central task of agriculture is the development of animal husbandry. In crop farming, the author unreasonably recommends an independent field crop rotation for each brigade (pp. 16–18). Touching upon the issue of distributing collective farm income, Ya. Zvyagintsev proposes allocating products for public catering without taking workdays into account (p. 62). Finally, instead of raising the marketability of the economy in every possible way and increasing monetary income, the brochure recommends issuing the bulk of income distributed by workdays in kind (p. 80).

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[178] *A. A. Kovalenko, How to Draw Up a Production Plan for a Collective Farm. Stalingrad, 1949, pp. 19-20.*

[179] *See Ya. I. Zvyagintsev, The Five-Year Plan of the May Day Collective Farm. Selkhozgiz, 1948, p. 39.*

In elaborating the theory of the collectivization of agriculture, comrade Stalin revealed the significance of Machine and Tractor Stations (MTS) as strongholds of the socialist reorganization of agriculture and the provision of assistance to agriculture and the peasantry, as a form of organizational, political, and technical guidance over collective farms by the Soviet state. Therefore, it is natural that the plan of every collective farm should reflect above all the leading role of MTS, achieve mutual coordination of individual branches of collective farm production, and ensure the rational utilization of both the labor resources of the collective farm and the means of production belonging to collective farms and MTS.

In the reviewed brochures, this issue is not covered fully enough, and in a number of cases incorrectly. I. Skurikhin and D. Zakoryukin in the brochure "The Production Plan of a Collective Farm", in essence, ignore MTS as the leading force in agricultural development and collective farm production planning. The leading role of MTS is also not shown in A. Kovalenko's brochure "How to Draw Up a Production Plan for a Collective Farm". Oddly enough, in I. Lyashenko's brochure "The Five-Year Perspective Plan of the 'Novy Put' Collective Farm for 1946–1950", the reader will not find a single word about MTS, mechanization, the MTS contract with the collective farm, etc. In Ya. Zvyagintsev's brochure, the significance of the MTS contract with the collective farm is not shown. The authors of the reviewed works lose sight of the fact that planning issues requiring special training must be worked out with the participation of MTS specialists and district agricultural departments.

Failure to understand the role of MTS as the leading force of collective farm production led a number of authors to underestimate the significance of the production brigade as the main form of labor organization in collective farms, and to praise the vicious practice of planting links in grain farming,

which was decisively condemned by our party in the editorial article of the newspaper "Pravda" dated February 19, 1950. "Pravda" points out that the link-based organization of labor impedes the full utilization of tractors, combines, complex threshers, and other agricultural machines. The main form of labor organization in a collective farm must be the brigade, which will make it possible to utilize machinery most productively. I. Skurikhin and D. Zakoryukin praise the link labor system in collective farms[180]. Similar errors are contained in F. Salnikov's book "Planning on a Collective Farm" and other reviewed works.

Of paramount importance for the development of socialist agriculture are the rise and correct planning of crop yields for all crops and the creation of conditions for ensuring stable harvests. In elaborating these issues, the authors of the reviewed works commit erroneous provisions. Thus, for example, I. Skurikhin and D. Zakoryukin consider it positive that grain crop yields (except for seed plots) in the Dmitrievsky Collective Farm for 1948 were set uniformly across brigades, without taking into account differences between plots and brigades (availability of labor force, draft power, soil, and other conditions) (p. 34). In reality, this encourages egalitarianism, weakens the struggle for raising yields, and hampers the development of socialist emulation among brigades. In the brochure "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm", the method of planning crop yields by accounting for yield increments from individual agro-technical measures is incorrectly recommended (p. 15). As Academician V. R. Williams showed, only the comprehensive implementation of all measures constituting the main links of the grass-arable system of agriculture creates the

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[180] *See I. P. Skurikhin, D. S. Zakoryukin, The Production Plan of a Collective Farm. Ivanovo Regional State Publishing House, 1949, pp. 27, 28, 29, 30, 42, etc.*

necessary conditions for the steady increase of agricultural crop yields.

I. Skurikhin and D. Zakoryukin (p. 47) and the authors of the brochure "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm" (p. 25) write that each collective farm should have at least three livestock farms. Meanwhile, the "Three-Year Plan for the Development of Public Collective and State Farm Productive Animal Husbandry (1949–1951)" provides for the organization of four farms in each collective farm.

I. Skurikhin and D. Zakoryukin, in essence, "plan" the squandering of livestock through culling, slaughter, and sale (pp. 55, 59, etc.). F. Salnikov[181] and A. Kovalenko also recommend drawing up livestock culling plans in collective farms. A. Kovalenko writes: "The culling rates for the breeding stock of productive livestock are adopted: for cows 10 percent, for ewes and breeding sows 20 percent. The culling of working oxen in 1949 is projected at 15 percent, and in subsequent years upon stabilization of their number it will be increased to 20 percent" (p. 19). Thus, the author clearly encourages the squandering of livestock on collective farms.

F. Salnikov incorrectly asserts that "in connection with the transition plan to the approved crop rotation, in a number of collective farms the size of sown areas fixed for brigades can fluctuate quite strongly" (p. 97). In reality, it is not sown areas that are fixed for brigades, as the author asserts, but land plots for the crop rotation rotation, and no fluctuation in the size of sown areas fixed for brigades takes place.

Unfounded is F. Salnikov's proposal that "in a number of collective farms one can abandon daily work assignments and switch, for example, to five-day work assignments" (p. 162).

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[181] *See F. Salnikov, Planning on a Collective Farm. Gosplanizdat, 1949, p. 43. This book has already been subjected to fair criticism (see the journal "Planovoye Khozyaystvo" No. 5, 1949, p. 89).*

The author incorrectly indicates the timing for raising fallow, autumn plowing, and spring harrowing, introduces confusion into the issue of labor organization in collective farms, distorts the procedure for filling out Form No. 7 of the annual production assignment to a brigade (pp. 95, 97, etc.), incorrectly recommends establishing a daily wage instead of a monthly salary for the collective farm chairman and accountant (p. 66), etc. In the table of crop placement in crop rotation fields and brigade plots, there is no information on crop rotation, the area of fields and brigade plots, or the location of crops on non-rotation plots (p. 19); in the table on perennial plantings, data on planting species and the yield of fruit-bearing plantings are absent (p. 29). The author formulates the issue of state deliveries and income distribution in the collective farm unclearly (pp. 70, 71, 72).

In the brochure "Compilation of the Production Plan and Revenue-Expenditure Estimate of a Collective Farm", it is asserted that "the average workload in brigades, calculated per each member, should be as equal as possible" (p. 43). Meanwhile, the ratio of workday expenditures in field-crop and vegetable-growing brigades cannot be equal.

The authors of the reviewed works do not analyze or evaluate the plans they describe. In essence, the authors do not show what the advanced experience of planning in collective farms consists of.

Serious shortcomings are also contained in works on long-term planning in collective farms.

In I. Lyashenko's brochure, perspective production planning in collective farms is set forth in a simplified, one-sided manner. The author loses sight of the fact that when compiling a five-year plan, the following must be ensured: fulfillment of the collective farm's obligations to the state, comprehensive development of the economy and correct combination of its branches, rational utilization of labor resources and means of

production of the collective farm, and the correct combination of the public interests of the collective farm with the personal interests of collective farmers. The author should have shown how to draw up a labor balance, determine the volume of mechanized work and the need for mechanical draft power, develop a plan for utilizing live draft power, etc. Unfortunately, we do not find this in the brochure.

Books and manuals on intra-collective-farm planning should arm collective farmers and all agricultural workers with a deep knowledge of party and government directives on planning issues, knowledge of the scientific principles of planning, generalize the planning experience of advanced collective farms and MTS, and mobilize agricultural workers to uncover and utilize all internal reserves and capabilities of collective farms, awaken the creative initiative of collective farmers, and mobilize them to fulfill and overfulfill state plans for the development of agriculture. Unfortunately, up to now, such an important issue as intra-collective-farm planning has been given little attention by our research institutions, publishing houses, and faculty members of agricultural and economic institutes. It is necessary to create a serious scientific manual on intra-collective-farm planning based on the experience of advanced collective farms.

Questions of Economy, No.7 , 1950.

ANSWERS TO READERS' QUESTIONS

ON THE OUTCOME OF THE "ELECTIONS" IN TURKEY

Moscow State University student Comrade Alifanova asks in her letter to the editorial office to answer the following questions: why the "People's Republican" party suffered defeat in the elections to the Majlis held in Turkey in May 1950, what the so-called "Democratic" party that has now come to power represents, and what the role of American imperialists is in recent events of Turkey's domestic political life.

We answer Comrade Alifanova's questions.

On May 14, 1950, in marshallized Turkey, amidst an atmosphere of fierce police terror and persecution of progressive, democratic forces, "elections" to the 9th convocation of the Majlis (parliament) took place. Two bourgeois-landlord parties participated in the "elections"—the "People's Republican" and the "Democratic," as well as the "National" party, which differs little from them in class composition and program. The Communist Party and other genuinely democratic parties and organizations of Turkey, being driven underground, could not take part in the elections. Thus, the Turkish people were deprived of the opportunity to express their will.

The "People's Republican" party, which had been in power in Turkey for about 27 years, suffered a crushing defeat in the "elections." Pursuing an anti-popular, reactionary policy, it failed to retain even a shadow of voter trust and found itself forced to cede its place as the ruling party to the so-called "Democratic" party. Out of 487 deputy mandates in the Majlis, the "Democratic" party holds 434, the "People's Republican" 52, and the "National" 1 mandate. On May 22, the leader of the "Democratic" party, Celâl Bayar, was elected President of

Turkey. Adnan Menderes, one of the leading figures of the party that won the “elections,” was appointed Prime Minister of Turkey. Not a single member of the former Turkish cabinet, with the exception of Premier Günaltay, was elected to the new composition of the Majlis. Former Turkish President İsmet İnönü was blackballed in Ankara and entered the Majlis deputies only through the remote vilayet of Malatya.

The “Democratic” Party of Turkey was founded in 1946 by Celâl Bayar and a group of his supporters who left the “People's Republican” party in 1945 and resigned their powers as Majlis deputies from that party. Bayar had previously held a leadership position in the “People's Republican” party and was Prime Minister of Turkey. The ruling circles of the United States, having become convinced that the “People's Republican” party by its openly reactionary policy during and after the Second World War had completely exposed itself in the eyes of the popular masses, began to place their bets on the “Democratic” party. They calculated that Bayar and his adherents, by pursuing a more “flexible” policy as well as through demagogic propaganda, would manage to restrain the masses from open struggle against the bloody police regime reigning in Turkey and preserve the power of the bourgeoisie and landowners in the country.

This, however, did not prevent the US government, through its representatives in Turkey, from rendering direct support to the top crust of the “People's Republican” party in suppressing the working people and persecuting the democratic forces of the country. The ruling circles of the USA began to unceremoniously interfere in Turkey's internal affairs, at their own discretion replacing individual Turkish ministers and entire cabinets, turning them into even more loyal agents of American influence, into their even more faithful satraps.

The “People's Republican” party at its extraordinary congress in mid-1946 adopted a decision on the creation in the country,

alongside the sole legally functioning “People's Republican” party, of other political parties as well. In this way, Turkish bosses and their Anglo-American patrons tried to impart a “democratic” appearance to the fascist-police, terrorist regime created in Turkey on the model of Hitler's Germany.

However, new fierce reprisals against progressive Turkish figures that followed the proclamation of the “democratic” course in Turkey exposed this maneuver. Reaction smashed genuinely democratic parties and trade unions very soon after the resumption of their activity and at the same time began to encourage the new bourgeois-landlord “Democratic” party and the so-called “Social-Democratic” and “Liberal” parties, the “Workers' and Peasants' Party,” the “Party of National Revival,” etc., created for provocative purposes by the authorities themselves with the participation of the secret police. The “Democratic” party took the place of the “legal opposition” in the Majlis, replacing in this role the so-called “independent group,” which, very characteristically for Turkish pseudo-democracy, was previously composed of members of the ruling “People's Republican” party and approved by its leadership.

The current leaders of the “Democratic” party took an active part in smashing Turkish progressive organizations, in reprisals against leading figures of Turkey, in the liquidation of democratic organs of the press—“Tan,” “La Turquie,” etc. The “Democratic” and “People's Republican” parties, representing the interests of the Turkish bourgeoisie and landowners, faithfully serve American monopolies and are hostile to the progressive, democratic forces of Turkey. The “two-party system” created in Turkey on the American model is aimed at deceiving the masses through verbal, purely ostentatious duels of the leaders of the two parties. At the same time, mutual exposures of the chieftains of these parties in their struggle for power, for “warm spots” in the state apparatus, lay

bare all the rot of the modern Turkish political regime, the venality and corruption of Turkey's highest bureaucracy, the anti-popular, reactionary nature of the policy of Turkish ruling circles.

Already the “elections” to the Majlis held on July 21, 1946, showed that the ruling “People's Republican” party, the main organizer of reprisals against the working people, was rapidly losing influence. At the same time, the “Democratic” party began to enjoy growing trust from Turkish capitalists and landowners and American imperialists. Despite all kinds of abuses, forgeries, and falsification of voting results carried out by the ruling party (forgery of ballots, compilation of false acts, theft of ballot boxes, etc.), the “Democratic” party then obtained 64 deputy seats in the Majlis, mainly at the expense of the votes of voters of Istanbul and other large cities, where the “People's Republican” party could not even force voters by force to vote for its candidates. The masses of voters quickly saw through the reactionary essence of various small parties created by police “socialists,” which led to the failure of these parties in the “elections.” The two genuinely democratic parties of Turkey—the Socialist and the Socialist Workers' and Peasants' parties—boycotted these “elections”; shortly after the “elections,” these parties were smashed by the authorities, their active workers arrested, tried by a military tribunal, and sentenced to various terms of imprisonment.

In the 1946 “elections,” the “People's Republican” party secured for itself a majority of deputy seats in the Majlis with the help of widely applied forgeries and falsifications. The new composition of the Majlis then received many tens of thousands of letters from various organizations and individuals in which they expressed protest against the anti-democratic methods of conducting the “elections.” In many letters it was noted that this Majlis cannot be recognized as legal. The “Democratic” party, which speculated during the election

campaign on demagogic slogans, having secured broad representation in the Majlis, quickly forgot its pre-election promises. The leadership of this party by its practical activity showed that it is just as far from the interests of the people as the leadership of the “People's Republican” party.

Under the influence of American imperialists, a rapprochement of both political parties of Turkey took place. In this way, the ruling circles of the USA intended to create the appearance of “national unity” in the country so that inter-party disagreements would not prevent the “approval” in Turkey of American “aid” under the “Truman Doctrine” and the “Marshall Plan.” The leaders of the “People's Republican” party established close contact with the leaders of the “Democratic” party and resorted to repressions against members of their own party dissatisfied with such a rapprochement. At the same time, the leadership of the “Democratic” party subjected to a so-called “court of honor” 6 members of the central committee of this party who left its membership in protest against the expulsion of a number of prominent figures disagreeing with Bayar's line.

At a meeting of members of the “Democratic” party in Afyonkarahisar, speakers stated that the “Democratic” party had sold out to the “People's Republican” party and retreated from the principles proclaimed by it, that Menderes and Köprülü had established a dictatorship in the party, and Celâl Bayar was under their influence. The meeting by a majority vote adopted a resolution condemning the actions of the central committee of the “Democratic” party and demanding the immediate convocation of a party congress. Similar resolutions were also adopted by the vilayet organizations of Maraş and Samsun. In July 1948, members of the “Democratic” party who left the party due to disagreements with Bayar organized the “National” party. Its leader is Hikmet Bayur.

The political situation in Turkey grew increasingly tense. An economic crisis loomed over the country, bringing intolerable suffering and disaster to the working masses. The living standard of workers and peasants is continuously declining, the offensive of the bourgeoisie and landowners against the remnants of democratic rights is intensifying. Having fallen into economic, political, and military bondage to American imperialism, squeezed in the vice of the “Truman Doctrine” and the “Marshall Plan,” Turkey has now been turned into a military-strategic bridgehead of American warmongers, into an agrarian-raw material appendage to the US economy. Dissatisfaction with the domestic and foreign policy of Turkish ruling circles and American dominance encompasses ever wider strata of the Turkish population; workers, employees, artisans, intelligentsia, as well as the peasantry, languishing under the yoke of semi-feudal exploitation, deprived of land and means of production, are beginning to actively oppose the reactionary, thoroughly rotten regime. To suppress the democratic movement growing in the country, the authorities resort to fierce police terror, throwing the best representatives of Turkey's progressive forces into prisons. The Turkish people are deprived of the most elementary democratic freedoms. This puts Turkey on a par with such fascist states as Spain, Portugal, Greece, and Yugoslavia.

In the atmosphere of unbridled fascist terror in Turkey in May 1950, “elections” to the Majlis took place. Long before voting day, the Turkish government brought military units to combat readiness and sent special punitive detachments to all regions of the country to maintain “order” during the “elections.” But even this did not help the “People's Republican” party. Turkish voters resolutely refused to vote for it. The general discontent with the ruling party was taken advantage of by the “opposition” “Democratic” party. Having resorted to demagogic maneuvers and exposing its rivals from the

“People's Republican” party, it received more votes than the “People's Republican” party.

The Turkish newspaper “Geveze” wrote even before the Majlis “elections” that Bayar, while previously serving as premier, pursued anti-democratic laws, and now he “defends the multi-party parliamentary system and opposes the very laws introduced by him... Menderes, Köprülü, and others are the same... It is necessary to deal with these personalities, compare their past with the present, and explain to the popular masses that these people cannot be champions of freedom and democracy.” In Turkey, progressive public, political, and trade union figures, writers and poets, professors and teachers of educational institutions, many workers and peasants—all those whom the ruling circles consider “dangerous” for their bloody fascist dictatorship—still languish behind prison bars.

The program of the new Turkish government, presented to the Majlis on May 29, 1950, provides for even greater subordination of Turkey to the aggressive goals of American imperialism, the inclusion of Turkey in the “Mediterranean Pact” knocked together by the ruling circles of the USA—a branch of the aggressive North Atlantic bloc, the intensification of the offensive of capitalists and landowners against the living standard, and the liquidation of the remnants of the political rights of working people.

American imperialists calculate that with the arrival of the “Democratic” party to power in Turkey they will be able to anchor themselves even more firmly in the country, intensifying their economic and military expansion in the Near and Middle East. To this end, they are increasing aid to Turkish reaction, provided for the oppression and subjugation of the working masses, accelerating the militarization and fascization of Turkey's entire economic and socio-political life.

The economic policy of the “Democratic” party essentially does not differ from the economic policy of the “People's

Republican" party. It is also aimed at the ever-increasing subordination of Turkey's economy to American monopolies. At present, the decline of the Turkish economy under the impact of the "Marshall Plan" is intensifying. Turkey is flooded with American stagnant goods, which undermines the country's domestic and foreign trade, leads to the curtailment of industry in it, the degradation of agriculture, and the further growth of unemployment, hunger, and poverty of the masses. The collection of agricultural products in 1949 was 20% less than the average annual collection in 1929–1933. The high cost of living is growing. Prices for mass consumer goods in the first half of 1950 increased by no less than 15% compared to the same period of the previous year.

Turkey, whose economy previously already bore an ugly, colonial character, has now turned into an agrarian-raw material appendage to US industry. Only certain branches of the extractive industry develop in the country, the products of which are exported to the USA. American imperialists, creating reserves of military-strategic materials for their aggressive goals, pump out chrome and other most important materials and raw materials from Turkey. They are following in the footsteps of fascist Germany, which at the expense of Turkish chrome ore supplies satisfied half of its military industry's need for chrome during the years of the Second World War. The lion's share of chrome ore extracted in Turkey in 1949 (300 thousand tons) was exported to the USA.

Turkey's foreign trade balance is summed up with a deficit. In 1949, Turkey's foreign trade deficit reached 118.7 million liras; of this, 65 million liras fell to the share of the USA. The country's gold reserve is shrinking. Turkey's state budget deficit will amount in 1950 to at least 175 million liras against 121 million liras in 1949.

American imperialists are expanding the network of their naval, air, and land bases in Turkey. In the Istanbul area, at

Yeşilköy, under the leadership of American militarists, the largest airport in the Middle East is being built. Strategic roads are being built on a wide scale, including the Alexandretta–Erzurum highway. Reconstruction and militarization of Turkish ports on the Black and Mediterranean seas are also being carried out. Turkey is flooded with all sorts of American missions, “experts,” “instructors,” “tourists.” They engage in espionage in all regions of the country. At the demand of American warmongers, after the Majlis “elections” in Turkey, the chief of the general staff, his assistant, the commanders of the naval and air forces, 20 other generals, 200 colonels and lieutenant colonels were removed from their posts. Even more aggressively minded representatives of the Turkish military clique were placed at the leadership of the army, who, as the American general staff believes, are in a position to better execute its orders. Under pressure from American imperialists, the Turkish government decided not to confine itself to symbolic assistance to US intervention in Korea, but to send Turkish troops to participate in the American war against the Korean people.

The militarization of Turkey is carried out at the expense of the ruthless exploitation of the broad popular masses of the country, at the expense of an unheard-of increase in the tax burden, the ever wider spread of forced labor in mines and pits where strategic raw materials for American aggressors are extracted, on the construction of military installations, etc. Military expenditures absorb significantly more than half of all expenditures of Turkey's state budget. A corrupting American pseudo-culture is intensively implanted in Turkey. US rulers strive to instill in Turks the notorious “American way” of life and thought. American ideological commodity monopolists flood marshallized Turkey with thousands of books and brochures of fiercely reactionary content; Hollywood pornographic, gangster films are demonstrated on the screens

of Turkish cinemas. Numerous American "information" agencies, whose staffs are continuously expanding, supply local newspapers with falsified information.

The ruling classes of Turkey—the bourgeoisie and landowners and their political stooges—are intensifying the marshallization of their country, turning it into a bridgehead for anti-Soviet imperialist adventures.

A. Valuysky

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ON THE METHODOLOGY FOR CALCULATING THE TURNOVER OF WORKING ASSETS OF INDUSTRIAL ENTERPRISES

(Review of materials sent to the editorial office of the journal "Voprosy Ekonomiki")

The letter of the USSR Ministry of Finance and the USSR Central Statistical Administration of April 14, 1949, recommends calculating the total turnover of funds by the sum of realization. This method does not cause objections from the authors of responses, with the exception of Comrade N. P. Shiyanovsky (Tbilisi), who asserts that "the full cycle of turnover is completed for an industrial enterprise immediately after shipment, since the cost of the shipped goods is reimbursed at the expense of State Bank loans under settlement documents in transit." N. Shiyanovsky did not take into account accounts receivable for shipped goods, which is one of the elements in the final stage of the circulation of funds T – M.

Comrades D. I. Bukshtein and M. K. Yatsunsky (Moscow) consider it incorrect to limit turnover only to the realization of goods and propose including in it the so-called "other realization," which includes the sale of materials, containers, etc. They write: "The exclusion of "other realization" from turnover is theoretically permissible, but under the indispensable condition that those working assets that create this "other realization" will also be excluded when calculating the amount of working assets." However, in the "Letter," it is recommended to exclude material assets from working assets

that may be sold in the future, and this sale is recorded in the report as "other realization." As a result, indicate Comrades Bukshtein and Yatsunsky, the turnover indicator of working assets is calculated from incomparable magnitudes (realization turnover and working assets).

Comrades Bukshtein and Yatsunsky further assert that "it is necessary to refute the assessment of 'other realization' as abnormal. In reality, in the overwhelming majority of cases, useful activity is carried out through 'other realization,' for which both own funds (for subsidiary agriculture, for certain types of supply of workers) and borrowed funds are given." Under these conditions, it is obviously incorrect not to include "other realization" in the realization turnover, on the basis of which the turnover of working assets is calculated.

But if "other realization" is unplanned and working assets were not allocated for it, then, according to Comrades Bukshtein and Yatsunsky, in this case it cannot be included in the total realization turnover. They point out that the methodology for calculating the turnover of working assets recommended by the "Letter" makes it possible to obtain an answer to such a question: "How much planned realization does the enterprise give for the working assets provided at its disposal?" Agreeing in essence with this method, Comrades Bukshtein and Yatsunsky nevertheless consider that in this case it is necessary to establish "how much funds have been diverted to 'illegal' activity," i.e., "other realization," and to derive turnover results based on comparable magnitudes of turnover and working asset reserves. They recommend that when calculating the turnover of working assets, funds that are realized and whose turnover is recorded as "other realization" be excluded from their sum.

Comrade L. Landa (Moscow) proposes expanding the concept of "product realization," equating to it also the cost of shipped products for which payments were not received due to the insolvency of customers and whose invoices have been

accepted. On the basis of such an "adjusted" realization turnover, indicates Comrade Landa, "a subjective turnover indicator" is obtained, calculated taking into account the elimination of the influence on asset turnover of so-called "external" causes not depending on the enterprise.

The "Letter" of the Ministry of Finance and the Central Statistical Administration indicates that when calculating the turnover of working assets, goods realization is taken into account at enterprise wholesale prices without turnover tax. Comrades A. M. Chugai and M. N. Zusman (Alma-Ata) consider such a method of turnover valuation "quite accurate." Comrade R. Urvanov (Sverdlovsk) writes that this method "is not a sufficiently reliable calculation base. Moreover, the application of this calculation method inevitably leads to an artificial increase in turnover speed for enterprises with high profitability." Comrade Urvanov shows by example that for three enterprises having identical commercial cost of realized production and approximately equal reserves of working assets, sharply differing asset turnover is calculated; this is caused by the unequal profitability level of these enterprises. Thus, in one of them the working asset turnover period is calculated as 60 days, in another as 43 days, and in the third as 32 days. Comrade Urvanov notes that "sharply differing results of turnover calculations are a consequence of the deviation of the sum of commodity prices from the sum of their commercial cost." He further indicates that "by excluding the amount of turnover tax from the wholesale price, the identical profitability of the work of various branches of industry is far from achieved. Profitability even after excluding turnover tax remains sharply differentiated" (especially in branches of heavy industry exempted from turnover tax). This is explained by the price policy pursued by the Soviet State and the results of enterprise work, rather than by asset turnover.

Comrade Urvanov considers that “when calculating asset turnover, the commercial cost of realized production should be taken as the calculation base.” In the author's opinion, the indicator of the commercial cost of realized production “reflects actual investments of working assets, is formed under the specific conditions of each enterprise, depends on the qualitative indicators of the given economy, and is not subjected to the influence of the level of wholesale prices.”
Comrades Bukshtein and Yatsunsky also find the method of valuing turnover at wholesale prices without turnover tax incorrect. They put forward the proposition that “the turnover of working assets has two sides, as a rule not equal in their monetary expression: 1) the investment of funds into turnover, measured by the cost of realized production, and 2) the restoration of funds, measured by the realization value of the same production.” In accordance with this, the authors propose separately calculating the speed of turnover by asset investment and the speed of turnover by asset restoration. The first of these indicators is revealed by dividing the cost of realized goods by the sum of advanced (invested) funds, and the second—by dividing the value of realized goods at delivery prices by the same sum of working assets.
Comrades Bukshtein and Yatsunsky criticize the justification of the method of valuing turnover at wholesale prices without turnover tax given by Comrade Belenky in No. 5 of the journal “Buhgaltersky Uchet” for 1949. They consider incorrect Comrade Belenky's assertion that the method of valuing turnover based on the cost of realized production does not ensure accuracy of calculations under conditions of cost changes. “No matter what causes the rise or fall in production cost,” they write, “in itself it is reflected to an equal degree both in the magnitude of turnover calculated at cost and in the sum of funds participating in turnover (by items of incomplete production, finished goods, and other elements of working

assets that, having entered into production costs, caused a change in product cost)."

Comrades Chugai and Zusman consider that in the "Letter" "the very composition of working assets is successfully defined, and such elements as accounts receivable, unplanned losses, overpayments, and over-expenditures on targeted contributions and special funds are correctly included in it." Comrades Urvanov, Bukshtein, Yatsunsky, and others find that it is impossible to classify sums that are not such assets as working assets, since this leads to a distortion of working asset turnover indicators. "What grounds do we have for classifying unplanned losses as working asset balances?" asks Comrade Urvanov. He indicates that "an unplanned loss is an irretrievable loss of working assets, not a temporary investment of them into useful turnover. The sums of unplanned losses reduce the working assets of an enterprise. This is taken into account when calculating the availability of own and equated funds in turnover. Consequently, there are no grounds whatsoever to classify unplanned losses as rationed working assets of an enterprise."

In the opinion of Comrades Bukshtein, Yatsunsky, and Urvanov, immobilized working assets should also not be classified as working assets—for example, expenditures of working assets on major repairs and capital investments, the excess of an enterprise's settlements with the capital construction department for building individual residential houses for sale over Tsekombank loans for this purpose, etc., if it is known that these funds cannot be turned into working assets. Comrade Urvanov notes that immobilized assets can be classified as working assets "only in those cases when their recovery, realization, or reimbursement at the expense of gradually accumulating sources within the enterprise is possible within periods not going beyond the limits of the current year." Otherwise, Comrade Urvanov recommends

classifying these assets as diverted (immobilized) assets of the enterprise, “since they will not participate in the useful turnover of the given year.”

Comrades Bukshtein and Yatsunsky consider Comrade Belenky's consultation in No. 5 of the journal “Buhgaltersky Uchet” for 1949 to be incorrect. Comrade Belenky justifies the inclusion of losses and immobilized working assets in the composition of unrationed working assets, asserting that such a calculation when evaluating the turnover indicator makes it possible to take into account the practice of enterprises in using working assets. Comrades Bukshtein and Yatsunsky write that it is impossible to artificially lower the working asset turnover indicator, guided in evaluating enterprise work by departmental interests. At the same time, they note that the working asset turnover speed indicator “should neither be exaggerated for rewarding good enterprises, nor understated for punishing bad enterprises.”

The “Letter” recommends excluding the settlement account from the composition and calculation of working assets when calculating working asset turnover. Comrade Urvanov indicates that “the correctness of this provision is doubtful for two reasons: firstly, in some branches of industry (timber-harvesting enterprises of the Ministry of the Timber and Paper Industry and the Ministry of Metallurgical Industry), monetary asset balances within the limits of 7-day wage indebtedness are rationed; secondly, when analyzing the asset turnover of a specific enterprise, the balance of monetary assets in the settlement account at the State Bank undoubtedly represents a variety of working assets, and there are no grounds to ignore it when calculating average working asset balances.”

Comrades Bukshtein and Yatsunsky also consider it incorrect to exclude the settlement account from working assets when calculating their turnover. They write that this incorrect method is applied with the purpose of “improving” the working asset

turnover speed indicator “as a reward” for accumulating money in the settlement account. In the opinion of the indicated authors, it is inexpedient to encourage “the accumulation of idle monetary assets” in such a way.

An essential shortcoming of the “Letter,” as Comrades Chugai and Zusman believe, is its underestimation of such an important instrument of our socialist system as the plan. In the “Letter,” indicate Comrades Chugai and Zusman, “the calculation of planned turnover indicators for unrationed working assets is not provided for.” Comrades Bukshtein and Yatsunsky also consider an essential shortcoming of the “Letter” the fact that it contains no instructions on planning unrationed working assets. Such an underestimation of the possibilities of planning working assets, in the opinion of Comrades Bukshtein and Yatsunsky, “was a consequence of a misunderstanding of the nature of working asset turnover, a misunderstanding of the fact that in this turnover working assets pass through three main phases, that not a single one of these phases can be thrown out, and that as a consequence it is impossible to seriously plan the turnover speed of working assets other than across all three main phases of turnover, other than with the coverage of all working assets.”

Comrades Chugai and Zusman write: “A survey conducted at a number of enterprises in the city of Alma-Ata showed that at these enterprises from 25 to 60% of all working assets are invested in unrationed working assets. At the same time, it also turned out that at some of these enterprises the turnover of unrationed working assets was proceeding particularly unsatisfactorily. This did not trouble enterprise managers very much, since it turned out that compared to last year, accounts receivable, unplanned losses, etc., had decreased somewhat at the enterprises. Meanwhile, the plan could have provided for a more significant acceleration of the turnover of the indicated working assets than actually took place compared to last year.”

Comrades Chugai and Zusman note that a scornful attitude toward the issue of accelerating the turnover of unrationed working assets has become quite firmly rooted not only in enterprise practice, but also in the apparatus of the Ministry of Finance of the Kazakh SSR. Thus, the department for financing commodity turnover and industry of this ministry does not keep records of the movement of unrationed working assets.
Comrades Bukshtein and Yatsunsky, proposing measures to improve the planning of working asset turnover, at the same time indicate that "the duration of the stay of working assets both in the full turnover cycle and in its individual phases cannot be derived from different valuations of turnover and working assets."
They note that since working assets "cannot be accounted for otherwise than at cost, turnover for this purpose must also be accounted for at cost." Comparing rationed working assets only with turnover calculated at cost—otherwise an inflated asset turnover indicator will be calculated; this is not control, but "the most genuine 'game of pins'."
Some comrades object to the procedure established in the "Letter" for determining rationed working assets taking into account the accumulation of seasonal reserves. Comrades Chugai and Zusman indicate that under such a procedure, planned indicators of rationed working asset turnover depend to a greater extent on what amounts of credit for seasonal needs the enterprise manages to obtain at the State Bank than on the enterprise's accounting and mobilization of its actual possibilities for accelerating working asset turnover. They note that frequently individual enterprises receive credits according to seasonal limits for acquiring unnecessary and surplus commodity-material assets. Thus, at the Alma-Ata Meat Processing Plant, when calculating the planned turnover of rationed working assets, credits for seasonal needs and debt to suppliers credited at the same time for a total sum of 3.3

million rubles were taken into calculation, whereas this plant actually had no seasonal reserves whatsoever. In reality, the objects of crediting were tinplate reserves to the sum of 1.5 million rubles formed due to the stoppage of the cannery for repairs, fuel balances to the sum of 0.3 million rubles exceeding the established standard by two times, containers unused at the plant for 0.1 million rubles, etc.

Comrades Chugai and Zusman write that the predominant part of commodity-material assets at enterprises of the Kazakh SSR is constantly credited by the State Bank in the procedure of issuing loans for seasonal needs, whereas only a certain part of these assets bears the character of seasonal accumulations. The authors conclude that under such conditions, credits essentially turn into constant working assets of enterprises. Practically, this leads to enterprises calculating significantly inflated planned turnover indicators. Thus, for example, as Comrades Chugai and Zusman write, for these reasons the planned turnover of rationed working assets at the indicated meat processing plant in the second quarter of 1949 was determined at 82.3 days instead of 41 days calculated on the basis of actual seasonal requirements according to plan.

The calculation of the planned turnover of rationed working assets according to the methodology proposed by the “Letter” is complicated by the fact that enterprises frequently do not have exhaustive data on offsets of debt to suppliers made by the bank when issuing credits for seasonal needs; only State Bank branches possess such data. It is even more complicated to resolve this issue for head offices and Ministries, which for this purpose must collect information from banks on credits for seasonal needs and debts to suppliers offset at the same time.

Comrade Urvanov also considers the planned working asset turnover indicators calculated according to the “Letter” to be unreliable, since State Bank credits for the seasonal accumulation of commodity-material assets do not reflect

actual balances of these reserves. Discrepancies between credits and reserves arise, for example, when an enterprise is not provided with credit limits, as a result of removing an enterprise from crediting in the procedure of applying financial sanctions, untimely execution of credit, refusal of credits when the enterprise has a surplus of working assets, etc.

Comrades Chugai and Zusman call the planned turnover indicator determined by the method recommended by the "Letter" a "planning surrogate." At the same time, they write, the "Letter" "does not even take into consideration the circumstance that for calculating even surrogate indicators at the enterprise, as established above, all necessary data are lacking," as a consequence of which it is practically impossible to calculate these indicators. Comrades Chugai and Zusman consider it a shortcoming of the "Letter" that it does not recommend "calculating even the surrogate of the planned turnover indicator of rationed working assets in the first two months of the quarter." This does not give enterprises a correct orientation in their daily struggle to accelerate working asset turnover.

In all articles sent to the editorial office, it is indicated that a single general turnover indicator for all working assets is insufficient, and careful, disaggregated control of working asset turnover by stages of reproduction is necessary. In accordance with the essence of the enterprise fund circulation process, the authors of the articles propose controlling asset turnover by stages: a) M – C, b) C... P... C', c) C' – M'. Without such detailed control of working asset turnover by stages of reproduction, in the opinion of Comrades Chugai and Zusman, the calculation of working asset turnover bears a purely accounting-bookkeeping character, which reduces its practical significance in enterprise work.

Comrades Chugai and Zusman formulate the following main requirements regarding the methodology for calculating

working asset turnover by stages of their circulation:
"1) It must be built on the solely correct, Marxist-Leninist methodology, fully cover the entire process of enterprise fund circulation, and correctly and accurately measure the magnitude of indicators laid at the basis of calculating the turnover speed of working assets.
2) It must determine the turnover of working assets not only as a whole for the enterprise, but necessarily also by individual stages of their circulation and main links of the enterprise, striving to reflect to the maximum possible extent the role and place of individual groups of workers, participants in the struggle for accelerating the turnover of working assets.
3) It must ensure constant and systematic observations and control over the turnover speed of working assets, help uncover the actual causes of asset turnover slowdown at individual stages of their circulation with the aim of immediately taking operational measures for their elimination.
4) It must be set forth in a harmonious, simple, intelligible, and popular form and not allow contradictory interpretations of its application in practice; at the same time, even the technique of calculations of economic indicators itself must be uncomplicated and accessible to the understanding of the broad masses of workers participating in the struggle to accelerate working asset turnover.
5) It must be a unified basis for calculating working asset turnover at enterprises, in trusts, head offices, and Ministries."
The authors consider a shortcoming of the "Letter" to be the absence in it of instructions on the procedure for calculating asset turnover by individual stages of their circulation. Meanwhile, for a successful struggle to accelerate working asset turnover, the participation of the entire collective of workers of the given enterprise in carrying out measures at each production sector, in each shop, at each warehouse, etc., is necessary. This requires the development of a methodology for

calculating asset turnover by stages of their circulation. Practice has already put forward simplest effective forms and methods of controlling the results of the struggle for accelerating working asset turnover at each sector of enterprise activity. The task consists in thoroughly studying this experience, generalizing it, and practicing a wide exchange of experience between enterprises.

Comrade Shiyanovsky recommends calculating the turnover of production reserves by the sum of their expenditure in production, the turnover of assets in production (incomplete production) by the output of commodity production, and the turnover of finished goods by their shipment.

Comrades Bukshtein and Yatsunsky indicate that the "Letter" incorrectly recommends rounding all months to 30 days, all quarters to 90 days, and the year to 360 days when calculating the turnover period in days. They write that with such rounding "for months with 31 days the error will exceed 3%, for some quarters—2%, for February of a non-leap year about 7%. When comparing February with January, the error will reach 10%." Comrades Bukshtein and Yatsunsky propose taking the calendar number of days in each month when calculating working asset turnover.

The same authors note that the method of calculating average annual working asset balances recommended in the "Letter" is complex and needs to be simplified. According to this method, calculation is recommended to be performed in such a way: "Actual average monthly working asset balances are calculated by the sum of balances at the beginning and end of the month divided by two; average balances for a quarter are calculated by the sum of three average monthly balances divided by three; the average balance for a year is determined by the sum of four average quarterly balances, calculated by the method indicated above, divided by four."

Comrades Bukshtein and Yatsunsky propose for calculating average annual working asset balances according to 13 reporting balances to “add up balance sums, taking sums at the beginning and end of the year in half-size, and on intermediate dates in full size, and what is obtained from addition, divide by 12.” The average monthly balance is calculated by the same method; this gives the same results as when calculating by the method recommended by the “Letter,” but requires less computational work.

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E. PIGULEVSKAYA

THE KOREAN PEOPLE IN THE STRUGGLE FOR FREEDOM, INDEPENDENCE, AND A UNIFIED DEMOCRATIC STATE

The Korean people are waging a just, liberation war against the American aggressors and their Rhee agent clique. The armed intervention of American imperialism in Korea, as stated in the declaration by USSR Deputy Minister of Foreign Affairs A. A. Gromyko, pursues the goal "of depriving Korea of national independence, preventing the creation of a unified democratic Korean state, and forcibly establishing in Korea an anti-popular regime that would allow the ruling circles of the United States to turn it into their colony and use Korean territory as a military-strategic springboard in the Far East"[182].

Five years ago, the Armed Forces of the Soviet Union, having crushed the Japanese army and forced imperialist Japan to capitulate, smashed the chains of the Japanese colonial yoke that had shackled the Korean people for nearly half a century. The Soviet Union, the great liberator of the Korean people, opened up to them the path to a new, happy life, to the construction of an independent, genuinely democratic state. However, the hopes of the Korean people for the creation of a unified, independent democratic state could not be realized. A month after Soviet troops defeated the Japanese army, American troops landed in South Korea. This marked the beginning of the enslavement of the southern part of the country by American imperialists. All the policies of the US ruling circles regarding Korea were directed at disrupting the decisions adopted at the insistence of the Soviet Union in

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December 1945 by the Moscow Conference of Foreign Ministers of the USSR, the USA, and Great Britain concerning the creation of a unified democratic government of Korea and the withdrawal of occupation troops from there. American imperialists sought to prolong the military occupation of South Korea for as long as possible and to consolidate its transformation into a US colony and military springboard in the Far East.

The Soviet Government, true to its undertaken obligations, helped the Korean people in creating a unified independent democratic state and through its representatives in the United Nations and in the Joint Soviet-American Commission on Korea insisted on the steadfast implementation of the Moscow Agreement.

The policy of the American imperialists in Korea led to the country being artificially divided into two parts for a prolonged period. The political and economic development of North and South Korea proceeded in two opposite directions.

In North Korea, the Korean people for the first time in their history took state power into their own hands and received the full opportunity to build life on democratic principles, to engage in free creative labor. With the help of the Soviet Army, the Japanese colonial regime was liquidated in North Korea; the old apparatus of people's oppression was broken. The Soviet Command rendered all-around support to the new, genuinely popular organs of power—the people's committees—which were created by the Korean people throughout the country in the very first days after its liberation from the Japanese colonizers. Under the leadership of these committees, created from representatives of various strata of the population—workers, peasants, cultural figures, as well as small traders and entrepreneurs—the Korean people began democratic construction.

The inspirer and organizer of the construction of the Korean people's democratic state, the leader of all progressive forces of the Korean people, was the working class and its vanguard—the Communist Party of Korea. The Communist Party, which had won authority among the Korean people as the organizer and leader of the armed partisan struggle against the Japanese enslavers, further strengthened its ties with the masses. By August 1946, it numbered about 160,000 members. The unification of the Communist Party with the New People's Party into a single mass Workers' Party, which took place in August 1946, contributed to the further strengthening of the leading role of the working class in the country. The Workers' Party enjoys the confidence of the broadest popular masses. In a short period, it turned into the strongest party in North Korea, numbering about 1 million members, and became the leading force in the struggle of the Korean people for a new, democratic state.

On the basis of the militant cooperation of the working class, peasantry, and laboring intelligentsia—which had formed back during the period of the liberation struggle against the Japanese imperialists—under the leadership of the working class in the middle of 1946, the United Democratic National Front was organized in North Korea. Its composition included the Workers' Party, whose core consists of workers; the Democratic Party of North Korea, whose social base is the petty bourgeoisie; the Chondoist Party, which has some influence among the peasantry; as well as mass democratic organizations, primarily the United Trade Unions, numbering 500,000 workers; the Peasants' Union, uniting over 2 million peasants; the Democratic Youth Union; the Women's Democratic Union; the Association of Literature and Arts Workers; and other organizations. Thus, the United Democratic National Front united more than 5 million people—all the forces of the Korean people fighting for national independence

and the democratic reorganization of the country. The requirement for the urgent implementation of the decisions of the Three-Power Moscow Conference was placed at the basis of its program.

From November 1946 to February 1947, elections of provincial, city, and county, and then rural and volost people's committees took place in North Korea; soon the central organ of power—the People's Committee of North Korea—was elected. These were the first genuinely democratic elections in the history of Korea. They were conducted on the basis of universal, direct, and equal suffrage with secret ballot. 99.6% of voters participated in the elections. The voting results testified to the ever-growing strength of the democratic camp of North Korea: 95–97% of the total number of voters who took part in the elections voted for the candidates of the United Democratic National Front. The basis of the people's committees, elected from representatives of various strata of the population, is a firm alliance of workers and peasants under the leadership of the working class; the people's committees enjoy the support of the broad popular masses.

The progressive forces of not only the North, but also the South of Korea strove for the resolute democratization of Korea and the unification of the country on a democratic basis. At the initiative of the Workers' Party, in April 1948, a conference of representatives of 56 political parties and public organizations of South and North Korea, numbering over 10 million people in their ranks, was convened in Pyongyang. This conference appealed to the Korean people with a call to unite efforts in the struggle for the unity, freedom, and independence of the country. The conference adopted a decision to boycott the separate elections conducted by the American imperialists in South Korea and to create a single Korean government from representatives of both parts of the country on the basis of the free expression of the people's will.

In August 1948, elections to the all-Korean supreme legislative organ of power—the Supreme People's Assembly—were held throughout Korea. The elections demonstrated the will of the entire Korean people to fight for the unity and independence of their country. In North Korea, where political freedoms are ensured for the people, 99.98% of voters participated in the elections. In South Korea, elections were conducted under illegal conditions, but despite the terror of reaction, 77.52% of voters participated in them. The Supreme People's Assembly, elected by the overwhelming majority of the Korean people and representing the interests of the people, at its first session held in September 1948, proclaimed Korea the Korean People's Democratic Republic, adopted the Constitution of the Republic, and created the government of the Republic from representatives of the main parties and public organizations of both parts of the country, headed by the leader of the Korean people, the leader of the Workers' Party, Kim Il Sung. The new Constitution legislatively consolidated the victory of the people's democratic system and the democratic transformations carried out in North Korea; it granted working people broad democratic rights. The creation of the government of the Korean People's Democratic Republic was a major milestone in the struggle of the people of Korea for the unity and independence of their country. In the declaration published by the government on September 10, 1948, a broad program for the construction of a unified, democratic, independent Korean state and concrete measures for the implementation of democratic transformations on a nationwide scale were outlined.

In October 1948, in a greeting on the occasion of the formation of the Korean People's Democratic Republic, Comrade Stalin wrote: “The Soviet Government, which invariably defends the right of the Korean people to create their own unified independent state, welcomes the formation of the Korean

Government and wishes it success in its activity for the benefit of the national revival and democratic development of Korea"[183]. The Government of the USSR, satisfying the request of the Supreme People's Assembly of Korea, adopted a decision on the withdrawal of Soviet troops from the territory of Korea. Having fulfilled its liberation mission and rendered assistance to the Korean people in carrying out democratic transformations, the Soviet Army left the territory of Korea in 1948. This served as a vivid testimony to the Soviet Union's trust in the young Korean People's Democratic Republic, a new manifestation of the Leninist-Stalinist foreign policy—a policy of equality and friendship of peoples, respect for their independence and sovereignty. This act of the Soviet Government was met by the Korean people with a feeling of warm gratitude to their liberator and great friend—the USSR. The trip of the head of the Korean people's democratic government, Kim Il Sung, to Moscow in March 1949 and the signing of the agreement between the Soviet Union and the Korean People's Democratic Republic on economic and cultural cooperation contributed to the even greater strengthening of the ties of friendship between the Soviet and Korean peoples.

The Korean People's Democratic Republic received wide international recognition. The Soviet Union in October 1948 was the first to officially recognize the Korean People's Democratic Republic and established diplomatic relations with it. Its example was followed by the countries of people's democracy in Europe, the Chinese People's Republic, and the Democratic Republic of Vietnam. Thus, people's democratic Korea firmly took its place among peace-loving, democratic countries.

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183 *"Pravda", October 13, 1948.*

The people's democratic authorities carried out the most important revolutionary-democratic measures in North Korea that radically changed its economy. These socio-economic transformations destroyed the remnants of feudalism, laid the beginning for the gradual laying of the foundation of an independent national economy, liquidated the consequences of the prolonged хозяйничанья [domination] of Japanese imperialism, and led to the uprise of the national economy and the growth of the material and cultural living standard of the working people of North Korea.

The first of these democratic transformations in North Korea was land reform. According to the land reform law published by the People's Committee of North Korea in March 1946, 1 million hectares of land belonging to Japanese colonizers, landlords, and national traitors were confiscated. This land was gratuitously transferred to 725,000 landless and land-poor peasants. The destruction of landlord land ownership and the allotment of land to the peasant masses contributed to the even closer rallying of the peasantry around the proletariat and its vanguard—the Workers' Party, and the strengthening of the worker-peasant alliance. The land reform forever freed the working peasantry from feudal-landlord exploitation, increased their political activity and labor enthusiasm, and created conditions for supplying the population with food and industry with raw materials. It served as a powerful factor contributing to the development of the productive forces of the North Korean countryside.

In North Korea, by the law of August 10, 1946, the nationalization of industry, banks, transport, and means of communication belonging to Japanese imperialists and their Korean henchmen—traitors to the motherland—was carried out. The transition of the main means of production into all-people ownership marked the beginning of the formation of the state, socialized sector, which took dominant positions in the

national economy and deprived the reactionary pro-Japanese elements in North Korea of their economic base. The transition of commanding economic positions into the hands of the people's democratic state made it possible to introduce national economic planning in North Korea.

During the implementation of the first national economic plans for 1947 and 1948, the working people of North Korea, under the leadership of the Workers' Party and the people's democratic government, performed enormous work on restoring factories and plants, railways, mines, and pits destroyed by the Japanese occupiers, and on the further development of their country's economy. As a result of the successful implementation of these plans, a solid base was created for the drafting and introduction of the two-year plan for the restoration and development of the national economy of North Korea for 1949–1950. This plan provides for the final liquidation of the colonial character of Korean industry, which was in the past an appendage of Japanese economy, the laying of the foundation of an independent national economy, a significant increase in the rates of production growth, the creation of an abundance of basic consumer goods, a sharp rise in the material and cultural living standard of the people, and the preparation of necessary conditions in order to restore the economy of South Korea, destroyed by the American imperialists and their puppets from the traitorous clique of Syngman Rhee, in the shortest possible time after the unification of the country on a democratic basis.

The working class of North Korea achieved brilliant victories in the struggle for the early fulfillment of the two-year plan. The socialist emulation unfolded at industrial enterprises and new construction sites embraced over 250,000 workers and engineering-technical personnel; it served as a vivid testimony to the patriotic labor enthusiasm of the working people of the Korean People's Democratic Republic. State industry

overfulfilled the 1949 plan by 3.1%, and overall the plan for the first year of the two-year period was fulfilled by 102.8%. Gross industrial output of North Korea amounted to 189.3% in 1947, 263.3% in 1948, and 371.1% in 1949 compared to the 1946 level. The most rapid rates were achieved by key branches of Korean industry: engineering (whose output increased 6.6 times over 1946–1948), the steel industry (15.7 times over the same years), and building materials production (4.6 times). The engineering industry of North Korea in 1949 not only surpassed the pre-war level, but exceeded the maximum production volume achieved in 1944 by 2.5 times. Light industry output in 1949 was 1.5 times greater than in 1944.

In North Korea in recent years, many new industrial enterprises, mines, and pits equipped with advanced technology have been built. Metallurgical and engineering plants, powerful hydroelectric power stations, and textile factories are being constructed. By the end of 1950, the Gangseon Electrical Equipment Plant will be put into operation; the construction of the Munpyeong Zinc Plant—one of the largest enterprises of Korean non-ferrous metallurgy—is proceeding successfully. In 1950, the Pyongyang Textile Combine will enter service. It will produce 4 times more output than the entire North Korean textile industry during the period of domination of Japanese colonizers. The accumulations of state industry are also increasing.

The working class of the Korean People's Democratic Republic is free from the yoke of colonial exploitation. Along with other working people, it is the owner of the main means of production. The working class plays a leading role in state administration, in the consistently implemented democratization of the economic and socio-political life of the country. By the Labor Law adopted by the People's Committee of North Korea together with the Law on the Nationalization of

Industry, the penal labor regime established by the Japanese imperialists was liquidated, the material and legal position of workers and employees was improved, labor protection was introduced, and an 8-hour working day (and 7 hours for workers engaged in harmful production) was established. This law abolished the discrimination of women's and children's labor; adolescent workers aged 14 to 16 now work 5–6 hours a day; labor of children under 14 is prohibited. At the few remaining private enterprises, collective agreements are concluded between entrepreneurs and trade union organizations, which limit the exploitation of workers.

The working people of the Korean People's Democratic Republic work not for exploiters, not for capitalists and landlords, but for themselves, for their state. This has generated a new attitude toward labor. Throughout the country at enterprises, labor emulation of the masses is unfolding, production discipline is strengthening. The movement for the early fulfillment of the two-year national economic plan and for overfulfilling output norms is acquiring a mass character and is a powerful moving force of people's democratic construction. All-people emulation in honor of the 5th anniversary of the liberation of Korea by the valiant Soviet Army has acquired enormous scope. The rationalization movement is widening, in which the production initiative of workers, employees, and engineering-technical personnel also finds its expression. Labor productivity at state enterprises of North Korea increased by 135.8% in 1948 and by 193% in 1949 compared to 1946.

Workers actively participate in production management. Factory committees have been created at all enterprises. Trade unions embrace over 90% of all workers of industrial enterprises; they are a school of production and political education of Korean working people, take an active part in the

public and political life of the country, and fight to overfulfill production plans.

The working people of North Korea have achieved enormous successes also in the field of upraising agriculture, which had degraded for decades as a result of the predatory domination of Japanese imperialists. Thanks to the policy of the Workers' Party and the people's democratic government, and the selfless labor of the peasant masses in North Korea—which in the past depended on the southern part of the country for food[184]—the problem of supplying the population with food has been basically solved.

The people's democratic government of Korea is carrying out measures to expand sown areas, raise crop yields, and develop animal husbandry. Over 1946–1949, the sown area in North Korea increased by 23%, gross agricultural output over 1946–1948 by 40.6%, and livestock headcount 3 times. The two-year national economic plan for 1949–1950 outlined a 24% growth in sown areas and a 58% increase in the harvest of main grain crops compared to 1946. In 1949, the plan for expanding sown areas was fulfilled by 101.5%. In 1949, despite a severe drought, the gross grain harvest also exceeded the planned target and was 29.8% higher than the 1944 level, significantly surpassing the maximum harvest in Korea in 1939. Gross cotton harvest increased by 107.5% in 1948 and by 236.5% in 1949 compared to 1944. Irrigation work is being carried out on a broad scale in North Korea. This will additionally provide tens of thousands of hectares of arable land. In 1950, it is planned to complete the construction of the Daenam Irrigation Canal in North Hamgyong Province, being built by high-speed methods, mainly by the forces of peasants. The construction of

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[184] *In the southern part of Korea (south of the 38th parallel), agriculture is of primary importance, while industry is weakly developed. The most important agricultural crop is rice. In the northern part of the country, the greater part of Korean industry is concentrated.*

irrigation facilities is one of the links in the struggle of the Korean peasantry for high, stable yields.

The growth in agricultural machinery production contributes to raising the technical equipment level of Korean agriculture. In 1950, the first 10 machine-rental stations were organized. They help improve land cultivation, introduce advanced agricultural technology, and show peasants the advantages of mechanized farming. “The introduction of the latest agricultural technology,” Kim Il Sung said at a meeting of leading workers of the Korean People's Democratic Republic in January 1950, “the gradual transition from backward methods of land cultivation to new, perfect methods, utilizing the agrotechnical experience of the Soviet Union, are of enormous significance for the further development of agriculture of the Korean People's Democratic Republic.” In 1950, machine-rental stations overfulfilled the spring plowing plan by 20.3%.

State farms are beginning to play an important role in the development of agriculture in Korea. In the northern part of the republic, the first 12 state farms and 9 experimental seed stations have been created, rendering versatile assistance to the working peasants. They help peasants master new, advanced agricultural and zootechnical methods, supply them with varietal seeds, breeding young stock, and demonstrate through their own experience the advantages of collective labor and large-scale mechanized farming over small and fragmented farming. The people's democratic state renders all-around support and assistance to working peasants, especially those who received land plots under the reform.

The growth of industrial and agricultural production created conditions for raising the living standard of the working people of North Korea, lowering production costs, expanding trade turnover, and strengthening finances and monetary circulation. Systematic price reductions for mass consumer goods lead to the steady growth of the real wages of workers and employees,

the growth of peasant incomes, and the improvement of supplies for urban and rural working people. In April 1949 alone, prices for wide-consumption goods were reduced by 20–60%. Nominal wages of workers in 1949 increased by more than 1.5 times compared to 1947, and real wages increased even more.

Famine, poverty, and the harshest exploitation of working peasants have forever receded into the past in North Korea. Thanks to the care of the Workers' Party and the people's democratic government, the well-being of working peasants is continuously rising. Over 1946–1948, 100,000 peasants moved from hovels into new houses. Over the same time, peasants acquired 120,000 heads of working cattle. Hundreds of thousands of households acquired their own agricultural implements. Data from a survey of 42 villages (2,466 peasant households) conducted in 1949 by the Ministry of Land and Forests of the Korean People's Democratic Republic show that whereas in 1944 the peasants of these villages, after paying for land rent, were forced to borrow 0.4 thousand tons of rice from landlords on enslaving terms, in 1949 they delivered 1.85 thousand tons of rice to the state as payment of the tax in kind, left 4.05 thousand tons for their own needs, and sold 1.1 thousand tons on the market, having still more than 0.5 thousand tons of rice left before the new harvest.

The Korean People's Democratic Republic also achieved major achievements in the field of cultural construction. People's power did great work on liquidating the illiteracy of the population—the heavy heritage of Japanese domination. In 1950, the law on universal compulsory primary education for school-age children entered into force in North Korea. In 1949/50, over 2 million children studied in primary, incomplete secondary, and secondary schools. In 1949, the number of primary schools in the northern part of the republic was 1.8 times greater, and the number of students in them 1.7 times

greater than in 1944. Over the same time, the number of incomplete secondary and secondary schools increased 20 times, and the number of students in them 23 times; the number of technical schools increased 12 times, and the number of technical school students 10 times.

In the Korean People's Democratic Republic, a new, people's intelligentsia is being created. Over 10,000 students study in 15 institutes, whereas during the period of domination of Japanese imperialists there was not a single institute in North Korea. In 1949 alone, more than 4,000 people graduated from technical schools; over 1,400 specialists were graduated by institutes. In Pyongyang—the temporary capital of the republic—a university with 10 faculties has been opened, in which over 4,000 students study. Postgraduate studies have been organized at the university.

In the newly created Academy of Political and Economic Sciences, leading cadres are being prepared. Serious assistance to the working people of North Korea in training national cadres of the people's intelligentsia was rendered by scientists of the Soviet Union.

Millions of people have been taught to read and write in North Korea. Primary and secondary schools for adults have been organized in more than 3,700 locations, in which over 140,000 people study. The work on liquidating illiteracy among the broad masses of the population of North Korea has been basically completed. 13 factory apprenticeship schools training skilled worker cadres have been opened in the country, along with a large number of evening schools, courses, and evening institutes where workers receive general and special education without leaving production.

Great successes have also been achieved in North Korea in the field of public healthcare. A wide network of medical institutions, rest homes, and sanatoriums has been created throughout the country. Epidemics that were previously a

scourge of the working population have been liquidated in the country.

As a result of revolutionary-democratic transformations, the socio-economic system of North Korea has radically changed. The state sector is dominant in industry—its specific weight exceeds 80%; it occupies monopoly positions in the fields of transport, foreign trade, wholesale domestic trade, the banking and credit system; the greater part of retail domestic trade is also in the hands of the state. The rapid growth rates of the state sector ensure it not only a dominant, but also a preeminent position in all branches of the national economy in the near future. Cooperation plays a significant role in the economy of North Korea. Supply and marketing cooperatives have firm positions in trade, especially in the countryside. The state encourages the development of these cooperatives, provides them with various privileges and advantages, and prepares conditions for creating a higher form of cooperation—production cooperation.

The private-capitalist mode retains certain positions only in industry (small and medium enterprises) and retail trade. For the swiftest restoration and development of the national economy, increase of accumulations, and expansion of trade turnover, the People's Assembly of North Korea adopted laws providing for the protection of private property and some encouragement of private initiative in industry and retail trade. The state regulates the private-capitalist mode with the help of price policy, credit and tax policy, etc.

The small-commodity mode still plays a major role in industry (handicraft production) and especially in agriculture. The development of cooperation, connecting small producers with large state industry, will create prerequisites in the future for transferring them onto the rails of large socialized production.

Enormous achievements in all areas of economic, political, and cultural life of the Korean People's Democratic Republic

became possible thanks to the selfless assistance of the Soviet Union—the great friend of the Korean people—and thanks to the fact that the people's democratic power in North Korea in its creative work relies on the richest experience of socialist construction in the USSR. The Soviet Command, on the instructions of the USSR Government, gratuitously transferred to the Korean people all enterprises, railways, banks, transport and communication facilities, etc., belonging to Japanese imperialists. The Soviet Union has rendered and renders all-around material and technical assistance to the Korean People's Democratic Republic, as a result of which its national economy can be restored and developed at rapid rates. The Soviet-Korean agreement of March 17, 1949, on economic and cultural cooperation concluded for a term of ten years, as well as agreements on the provision of credit by the Soviet Union to Korea and on rendering technical assistance to it, on mutual trade turnover and payments, extremely facilitate the implementation of national economic plans by the Korean Republic.

The working people of North Korea in the struggle to create a people's democratic state, for the restoration and further development of the national economy, had to overcome fierce resistance from hostile, counterrevolutionary elements. Agents of American imperialism (Cho Man-sik and others) who attempted to wage a struggle against people's power were exposed and rendered harmless. Organs of people's power liquidated diversionary and terrorist bands transferred to North Korea by American imperialists and their Rhee agent clique from the southern part of the country. The machinations of internal and international reaction suffered complete failure in North Korea.

The division of the country into two zones, the transformation of South Korea into a colony occupied by American imperialism, retarded the rates of economic and socio-political

development of the entire country, delaying the transition to preparing democratic reorganization on a nationwide scale. The transformation of South Korea into a US military springboard, intended primarily for aggression against the Korean People's Democratic Republic, put the economic and political conquests of the people in North Korea under threat.

The successes of peaceful state and economic construction in North Korea inspired the entire Korean people to struggle for the democratic development and unity of the entire country, against the colonialist policy of American imperialism. These successes contributed to the even closer rallying of the working people of North Korea around their people's government and the Workers' Party—the most powerful party in Korea—and showed the working people of South Korea the path to deliverance from American bondage, the path to creating a free, independent, happy life. They served as a vivid demonstration of the advantages of the people's democratic system.

In South Korea, from the very first days of its military occupation by American imperialists, a bloody, police-terrorist regime was established. The American military administration smashed the people's committees, restored the Japanese colonial administrative system, kept the Japanese colonial apparatus intact, and used former Japanese laws and police regulations for its purposes. Traitors to the Korean people who served Japanese imperialists during the period of Japanese colonization of Korea migrated into the service of American imperialists.

The American occupiers and Korean reactionaries deprived the population of South Korea of elementary civil rights. In mid-1947, the Workers' Party of South Korea, the Federation of Trade Unions of South Korea uniting over 250,000 workers, and mass public democratic organizations were effectively banned and driven underground. More than 150,000 patriots

were tortured to death in the police dungeons of South Korea, and over half a million languished in prisons.

The ruling circles of the USA illegally brought the “Korean question” up for discussion by the General Assembly of the United Nations and, using the voting machine obedient to them, sent the proverbial “UN Commission,” which included open servants of American imperialism, to Korea. With the assistance of this “commission,” created contrary to the will and without the participation of representatives of the Korean people, the American occupiers conducted falsified separate “elections” in May 1948, in an atmosphere of violence and terror, to the so-called “National Assembly” of South Korea. The population of South Korea responded to the appeal of the Pyongyang conference of representatives of parties and organizations of North and South Korea and boycotted the American “elections”: less than 30% of the total number of eligible voters participated in them. Not a single worker or peasant turned out to be in the “National Assembly.” Thus, while the Supreme People's Assembly, elected by the overwhelming majority of the Korean people, truly represents the people of Korea and expresses its interests, the “National Assembly” of South Korea represented no one except the American invaders.

At the head of the anti-popular, reactionary “government” of South Korea, American imperialists placed their puppet—the sworn enemy of the Korean people, Syngman Rhee. This “government” of traitors to the motherland and American stooges from the very beginning of its existence concluded a number of enslaving treaties and agreements with the USA, transforming South Korea into an American colony. These agreements secured all former Japanese property for the US military authorities and also transferred rights to develop the subsoil of South Korea to them. American monopolies, operating under the signboard of Korean companies, seized key

positions in the economy of South Korea. Like their predecessors, the Japanese imperialists, they laid their hands on the riches of South Korea, predatorily plundered them, and strangled the national economy and culture. The manufacturing, mining, and electric power industries of South Korea, and resources of non-ferrous and rare metals were seized by American capital. Graphite, tungsten, and other minerals were exported from South Korea to the USA for creating reserves of military-strategic raw materials for aggressive purposes. American imperialists also subordinated the foreign trade and shipping of South Korea to themselves. At the same time, the Korean bourgeoisie, which had cooperated with the Japanese occupiers and profited from the exploitation of the people, preserved its positions in the industry of South Korea with the help of the US ruling circles. As a result of the predatory domination of American monopolies, the economy of South Korea fell into a state of deep decline and ruin. The American occupation authorities dismantled a number of South Korean factories and plants. South Korea was flooded with American goods, which led to the closure of many enterprises in it and the liquidation of entire branches of industry. In 1946, the number of enterprises in South Korea decreased to 52% compared to 1943, in 1947—to 45%, and in the first half of 1949—to 36%. Moreover, the majority of remaining enterprises worked with a small load. Gross industrial output of South Korea in 1949 amounted to only 18.6% of the 1940 level. In 1949, textile industry output constituted only 13%, and engineering—5% compared to the end of 1945. By 1950, there were 4 million unemployed in South Korea.

Landlord land ownership was fully preserved in South Korea. The American occupation authorities took lands belonging to Japanese under their control. 80% of South Korean peasants who had no land were forced to rent it on enslaving terms from

Korean landlords and American authorities. High payment in kind for rent, exorbitant taxes and levies, and compulsory delivery of agricultural products at extremely low prices absorbed the entire harvest from working peasants, dooming them to starvation and extinction. The situation of the peasantry in South Korea under the American occupiers became even more unbearable than even under the Japanese. The American colonizers ruthlessly plundered agricultural production in South Korea. They exported enormous quantities of rice—the main product of Korean agriculture—to Japan, while working people of South Korea starved. The reduction of cotton sowings made the textile industry of South Korea dependent on the import of American cotton. US monopolies used the food shortage they artificially created in South Korea to import their stale, "surplus" goods into the country on a large scale. Agriculture in South Korea degraded: by 1950, arable land area had decreased by 45% compared to 1940–1944.

Crushed by need, deprived of land, suffering from landlord yoke, the peasantry of South Korea demanded the implementation of a democratic land reform. But under the guise of "land reform," the occupation authorities sold off part of the confiscated land previously belonging to Japanese invaders, which led to the concentration of land in the hands of landlords, speculators, and kulaks.

Finances and trade of South Korea also fell into decay. The foreign trade balance was invariably reduced with a deficit. US imports into South Korea significantly exceeded its exports to the USA.

Enslaving South Korea and turning it into a colonial, agrarian-raw material appendage to the US economy, American imperialists simultaneously turned it into their military-strategic springboard. Relying on this springboard, they calculated in the future to seize North Korea and use Korean

territory for their aggressive purposes to attack the USSR and the Chinese People's Republic, and to suppress the national-liberation movement of the peoples of Asia.

The US Government ignored the proposal of the Supreme People's Assembly of Korea on the withdrawal of American occupation troops from the country. After the departure of Soviet military units from North Korea, the American army continued to remain in South Korea for a long time. However, the formal withdrawal of American troops, carried out by the US ruling circles under pressure from demands of the entire Korean people and world democratic public, changed the situation little. American militarists left their military mission in South Korea consisting of more than 500 people headed by Brigadier General Roberts. Roberts's mission trained Rhee troops, exercised leadership and control over them. In all formations and units of the Rhee army there were American officers. The US Government concluded a military agreement with the puppet "government" of Syngman Rhee. This formalized the full control of the American command over the armed forces, coast guard, and even the police of the Rhee regime, which had existed in fact previously as well.

At the prompting of the US General Staff and with its help, the Rhee clique created large armed forces in South Korea equipped with American weapons and military technology and trained by American officers. In July 1949 alone, the US Government provided the Rhee "government" with $110 million worth of weapons: a large number of 37-mm and 57-mm anti-tank guns, 105-mm howitzers, over 4,900 trucks and other vehicles, more than 100,000 rifles and other small arms, more than 2,000 "Bazooka" anti-tank guns and 40,000 cartridges for them, 40,000 Japanese rifles, etc. In addition, US rulers transferred 79 vessels to the Rheeites, including minesweepers, landing craft, and guard ships. While the people of South Korea starved, the puppet "government" of Syngman

Rhee spent the greater part of its budget funds, squeezed out of the population through unbearable taxes, on armaments and the preparation of internecine war.

On the territory of South Korea, new airfields, military bases, and various military structures were built at feverish rates, and existing ones were expanded. For the reconstruction of the airfield in Gimpo (15 km from Seoul) alone, the US Government spent $630,000. A powerful aviation base for long-range bombers was created here. The Americans also built aviation bases in Suwon, Goeandju [Kwi-ju], Daegu, and on Jeju Island.

The policy of enslaving South Korea by American imperialism and turning it into a colony and US military-strategic springboard, the artificial partitioning of Korea, and the aggressive plans of American warmongers encountered the resolute resistance of the entire Korean people—in both the northern and southern parts of the country. The population of South Korea rose to struggle against their enslavers—the American imperialists and their stooges from the Rhee clique. The strike of 40,000 South Korean workers that broke out in October 1946 laid the beginning for the mass organized struggle of the working people of South Korea under the leadership of the working class against the American imperialists and their henchmen. The strike escalated into an armed uprising in which over 2 million workers, peasants, and studying youth participated. American imperialists brutally dealt with the risen Korean patriots: over 300 people were killed, 2,600 wounded, 3,600 people went missing (the majority of them were killed), more than 25,000 people were arrested. In March 1947, a general strike broke out in South Korea, and in February 1948 a new mass action occurred. Throughout South Korea, an armed partisan struggle unfolded against the American imperialists, for the overthrow of the reactionary Rhee regime. The armed struggle of working

people on Jeju and Kaishiu islands ended in victory: people's committees were restored here. The heroic population of Jeju Island in May 1948 prevented the holding of separate "elections" to the South Korean "National Assembly" on its territory. In October 1948, the popular uprising spread to North and South Jeolla provinces.

In the districts liberated by partisans, the flags of the Korean People's Democratic Republic were raised, and land reform was carried out. In many villages of South Korea, organizations were created to render military assistance to partisans.

In December 1949, in North Gyeongsang Province, powerful peasant protest demonstrations against the activity of the "UN Korean Commission" took place, which escalated into uprisings against landlords and reactionary officials. Worker-peasant youth, forcibly mobilized into the South Korean so-called "national" army and police, also joined the armed struggle on the side of the partisans.

Numerous punitive expeditions of the Rhee police and American troops invariably ended in complete failure. Punitive troops, police detachments, and terrorist bands armed with American weapons and possessing aviation suffered colossal losses and crushing defeats in battles with people's avengers. The number of many partisan detachments operating in the mountainous regions of South Korea increased to 500 and more people in each. In January 1950 alone, over 2,000 combat operations were conducted in South Korea, in which 55,500 partisans participated.

The results of the "elections" to the "National Assembly" conducted in May 1950 by Syngman Rhee at the prompting of his American masters testify to how hateful the terrorist regime of the Rhee clique had become to the popular masses of South Korea. Despite the rampage of police terror and the falsification of "elections," opponents of the Rhee clique

turned out to be elected in the majority to the “National Assembly” of South Korea. The bankruptcy of the South Korean puppet regime became so obvious that even many of its former adherents went over to the opposition against the Rhee regime. Shortly after the holding of the “elections,” Rhee's “government” arrested many deputies of the “National Assembly”.

The successes of people's democratic construction in North Korea, the aspiration of the Korean people for the peaceful democratic unification of the country, the rapid growth of the partisan movement in the south, the bankruptcy of the puppet South Korean “government,” the departure of a significant part of the bourgeoisie from the Rhee clique—all this created prerequisites for the formation of a broad front of struggle of all patriotic, democratic forces of the country for the unity, independence, and democratization of Korea.

The United Democratic Fatherland Front (UDFF), created at the initiative of the Workers' Party in June 1949, united 71 parties and public organizations of various political orientations. At the constituent congress of the UDFF, the program of the further struggle of the Korean people for the unity and independence of Korea was adopted, and measures were outlined for implementing the peaceful unification of the country, liberating the Korean people from the terrorist regime of the Rhee clique, and preventing the fratricidal civil war prepared by it.

On June 7, 1950, the UDFF appealed to all political parties (except parties that cooperated with Japanese occupiers), as well as to public organizations and the entire people of North and South Korea, with a call to accelerate the peaceful unification of the country through holding general elections. To this appeal, the traitorous Rhee clique responded by intensifying terror. By order of the Rhee authorities, on June 11 peaceful envoys of the UDFF were fired upon by troops of the

so-called “National Defense Army” and then arrested, thrown into prison, and subjected to brutal torture. The traitorous Rhee clique, acting in the interests of American imperialism and at its prompting, openly took the course of kindling internecine war; thereby it once again proved its hostility to the Korean people.

At the request of the CC of the UDFF, the Presidium of the Supreme People's Assembly of Korea examined the question of measures for implementing the peaceful unification of the country. On June 19, it proposed to implement this unification through the merger of the Supreme People's Assembly of the Korean People's Democratic Republic and the “National Assembly” of South Korea into a single legislative organ, which would assume the drafting of the Constitution and the formation of the government. Hereby it was intended, after the adoption and approval of the Constitution, to hold general elections to the all-Korean parliament. The Presidium of the Supreme People's Assembly demanded the immediate removal of the “UN Korean Commission” from Korea so that the Korean people could themselves, without the interference of foreign powers, decide the question of the peaceful unification of the country. As a most important condition for the peaceful unification of Korea, the Presidium demanded the arrest of Syngman Rhee and other leaders of his traitorous clique. The Korean people warmly supported this decision of the Supreme People's Assembly.

In 1949, American imperialism suffered a brutal defeat in the Far East. The struggle of the Chinese people against the forces of reaction and imperialism was crowned with complete victory. The Chinese People's Republic was created, which established close friendly relations with the USSR and the countries of people's democracy. The dreams of American imperialists about using China as a springboard, and the Chinese people as cannon fodder in the aggressive war they

were preparing against the USSR and the entire camp of peace, democracy, and socialism, vanished into dust. The positions of the USA in the Pacific basin turned out to be seriously undermined. Inspired by the great victory of the Chinese people, the peoples of Vietnam, Malaya, Burma, and the Philippines intensified their liberation struggle against their enslavers. Striving to strengthen their positions in the Pacific region, American imperialists transitioned to direct preparations for aggression against the Korean People's Democratic Republic.

Organizing a brigand attack on North Korea at the prompting of American imperialists, the traitor to the Korean people Syngman Rhee entered into a conspiracy with the sworn enemies of the Korean people—Japanese militarists. During a trip to Japan in March 1950, Syngman Rhee concluded a secret agreement with Japanese Premier Yoshida, which provided for the bombardment of cities in North Korea and Manchuria by aircraft piloted by Japanese pilots and based on South Korean airfields. The agreement also provided for the military cooperation of South Korean and Japanese militarists with the bankrupt Chiang Kai-shek clique under the aegis of American aggressors.

General Roberts in his public speeches repeatedly boastfully stated the readiness of the South Korean army to invade North Korea. On May 19, 1950, the head of the American so-called "Korean Aid Administration," Johnson, openly stated in the Appropriations Committee of the US House of Representatives that "100,000 soldiers and officers of the South Korean army, equipped with American gear and trained by the American military mission, have completed their preparations and can start war at any moment."

US Secretary of Defense Johnson, Chief of the US Joint Chiefs of Staff General Bradley, American gauleiter in Japan MacArthur, and the notorious warmonger, US State

Department adviser John Foster Dulles, at a meeting in Tokyo in June 1950, discussed plans for armed intervention against the Chinese People's Republic and the Korean People's Democratic Republic. They agreed on using Japan as a base for conducting military operations against North Korea. Dulles arrived in South Korea a week before the criminal attack of Rhee troops on the Korean People's Democratic Republic. Speaking on June 19 in the "National Assembly" of South Korea, he stated the "readiness of the USA to render necessary moral and material support to South Korea" and directly called for armed intervention against the Korean people. The "UN Korean Commission" took direct part in preparing this criminal adventure; its members conferred with Dulles and together with him inspected Rhee troops located in the 38th parallel region.

On June 25, 1950, troops of the puppet "government" of South Korea invaded the territory of North Korea and advanced in a number of places to a depth of 1 to 2 km. The Government of the Korean People's Democratic Republic gave the People's Army an order to transition to a resolute counteroffensive and rout the enemy. The heroic People's Army, successfully fulfilling this order, within a few days in fierce battles utterly routed Rhee troops and liberated the capital of the republic, Seoul, and the majority of other cities in South Korea.

Seeing the collapse of Syngman Rhee's puppet regime and the rout of his troops, US President Truman announced on June 27 that American air and naval forces had been given an order to render armed support to the troops of the South Korean "government." Following this, it was officially announced that US ground troops were also being dispatched to Korea.

The American invaders, with the assistance of the majority obedient to them in the Security Council, attempted to cover their brigand invasion of Korea with the signboard of the United Nations. On June 27, i.e., already after the USA

transitioned to open intervention in Korea, at a meeting of a group of Security Council members an illegal decision was adopted approving American intervention in Korea. This decision, which American imperialists pass off as a Security Council resolution, was adopted with the crudest violations of the Charter of the United Nations. At the meeting on June 27, 2 of the 5 permanent members of the Security Council—the USSR and China—were absent. At the same time, a representative of the Kuomintang clique, which does not represent the Chinese people, illegally participated in it. The decision was adopted by a mere six votes, including only three votes of permanent members of the Council, whereas according to the Charter of the United Nations, only those Security Council decisions that are adopted by no less than seven votes, including the votes of all five permanent members of the Council, have legal force. As USSR Deputy Minister of Foreign Affairs A. A. Gromyko pointed out in his statement, this illegal decision represents an act of violation of peace and "became possible only because the crude pressure of the US Government on Security Council members turned the United Nations into a sort of branch of the US Department of State, into an obedient tool of the policy of American ruling circles, who acted as violators of peace"[185].

As the scale of the intervention of American imperialists in Korea expanded, the unseemly role of servants of American aggressors performed by the majority of Security Council members and UN Secretary-General Trygve Lie becomes ever clearer. At a meeting of a group of Security Council members on July 7, 1950, at the prompting of American imperialists, a decision was adopted to rename the American troops that invaded Korea into the "UN armed forces," and the American command—into the "unified command." The American

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185 *"Pravda", July 4, 1950.*

command in Korea was permitted to use the flag of the United Nations, and all UN members were called upon to render military assistance to the American interveners. This decision was also adopted with gross violations of the UN Charter and is therefore illegal. The main task of this decision is to cover American aggression in Korea with the UN flag and provide American imperialists with the opportunity to wage war in Korea with foreign hands, i.e., to use troops of other capitalist states.

The Soviet Union, Poland, and Czechoslovakia in their statements condemned this decision as illegal and aimed at the further intensification of American intervention against the Korean people. The governments of capitalist states, including those that approved American intervention in Korea and whose representatives in the Security Council voted for this decision, under various pretexts evaded dispatching their troops to help the beaten American soldiers. The all-people protest movement against the actions of American invaders that unfolded in all countries of the world, as well as the exacerbation of imperialist contradictions to no small degree, contributed to this failure of the plans of American imperialists.

The armed aggression of American imperialists in Korea evoked the anger and indignation of the Korean people. In an appeal to the people, Supreme Commander of the People's Army Kim Il Sung, expressing the feelings of the army and people, said: “The entire Korean people, having risen to a all-people war for the honor, freedom, and independence of their motherland, will fight to the death against the aggression of American imperialism and will achieve victory.”

Driven by a feeling of noble hatred for the invaders, the People's Army of Korea is waging intense battles with stubbornly resisting American troops and remnants of Rhee troops. The activity of partisans relying on the active assistance of the population has intensified. Operating in the rear of

American and South Korean puppet troops, partisans render support to units of the advancing People's Army. Partisans carry out attacks on retreating enemy units and military echelons, attack the puppet police, and disrupt communications and means of communication.

Suffering defeat on the battlefield, American invaders in impotent fury bomb Korean cities and villages, killing peaceful residents— стариков [old men], women, and children. Following in the footsteps of the Hitlerites, they drop bombs on hospitals, schools, and other non-military objects. These barbarous actions of American invaders further intensify the anger of the Korean people, their hatred for the aggressors. As stated in the Appeal of the Government of the Korean People's Democratic Republic to the Security Council of August 8, 1950, “American interveners, having met a resolute rebuff from the People's Army and the entire Korean people, resort to inhuman, barbarous methods of waging war in Korea, calculating by brutality to break our people's will to resist foreign invaders. In their aspiration to enslave the Korean people, they unblushingly violate the norms of international law and the norms of human morality.”

The entire Korean people have risen to a sacred liberation struggle against American imperialists. The working people of the Korean People's Democratic Republic work selflessly to fully ensure the needs of the front. At plants, factories, mines, and railway depots, emulation for doubled and tripled output has unfolded, and front-line brigades have been organized. Working people of cities and villages actively participate in collecting funds for tanks, airplanes, and warships, and organize the dispatch of gifts to the front for soldiers and officers of the active army. Korean youth voluntarily join the ranks of the People's Army. Almost 800,000 young patriots expressed a desire to go to the front. The “Statement of the Korean People,” demanding that the UN take measures for the

immediate cessation of American armed intervention in Korea and the withdrawal of troops of foreign interveners from Korea, and insisting on putting Syngman Rhee, Yi Bum-seok, and other traitors to the Korean people from the Rhee clique on trial, was signed in liberated districts of South Korea by 7.9 million people and in North Korea by 5.4 million people, i.e., 98% of the entire adult population of Korea.

The population of liberated districts jubilantly greets their liberators—soldiers and officers of the People's Army. In these districts, people's committees are restored, the Constitution of the Korean People's Democratic Republic is implemented. Peasants of liberated districts joyfully welcomed the Decree of the Presidium of the Supreme People's Assembly on carrying out agrarian reform in the southern part of the country. In accordance with this Decree, lands belonging to American imperialists, the Rhee "government" and its organs, firms, and companies, as well as lands of Korean landlords and land plots permanently rented out, are confiscated in liberated districts. These lands are gratuitously distributed among landless and land-poor peasants and farm laborers. Renting out land is prohibited, and all debts for land are annulled. The Decree abolished all taxes that existed under the puppet regime, and established a single tax, the same as in the northern part of the republic. To raise the living standard of peasants in liberated districts, a significant reduction in the size of the tax in kind for 1950 is provided.

Working people of cities liberated by the People's Army with enthusiasm restore factories, plants, power stations, transport, and communication facilities destroyed by the occupiers. In Seoul, the textile combine has been restored, classes in schools have resumed, and the tram has been put into operation. The population of cities of the north and south of Korea who suffered from barbarous American bombings actively participates in restoration work.

In all countries of the world, the broadest, truly all-people scope has been acquired by the protest movement against the new villainy of American imperialism—the intervention in Korea. At thousands of rallies and meetings held in cities and villages of the Soviet Union, working people stigmatized American warmongers and their accomplices and demanded the cessation of intervention in Korea. Working people of China, Poland, Czechoslovakia, Bulgaria, Hungary, Romania, Albania, and the German Democratic Republic spoke with the same demands. The Secretariat of the Permanent Committee of the World Congress of Defenders of Peace published a response to the appeal of the Korean Peace Defense Committee. In its response, the Secretariat demands the cessation of US military intervention in Korea and calls on defenders of peace in all countries to intensify the collection of signatures under the Stockholm Appeal. The World Federation of Trade Unions held a week of solidarity with the Korean people from July 10 to 17. This further rallied all defenders of peace, showing the strength of international solidarity of all working people in the struggle for peace.

Millions of working people in capitalist states also demanded the cessation of American intervention in Korea. In France, brief strikes were held at many enterprises as a sign of solidarity with the Korean people. In Japan, workers of the shipbuilding plant in Nagasaki refused to tow foreign ships that arrived from South Korea into docks. Their example was followed by workers of the Kawaminami Shipbuilding Company and the shipyard in Shimonoseki. The crew of the steamship “Akima-Maru” refused to carry coal to South Korea. The peoples of the world demand: “Hands off Korea!”, “The Korean people must decide their own destiny!”

The response of Comrade Stalin published on July 18, 1950, to the appeal of Indian Prime Minister Mr. Nehru contributed to the even greater rallying of the forces of peace defenders in the

struggle against warmongers, for the cessation of American intervention in Korea. In his response, Comrade Stalin pointed out the only correct path for solving the Korean question—the path of "peaceful settlement of the Korean question through the Security Council with the obligatory participation of representatives of the five great powers, including the People's Government of China." Comrade Stalin emphasized that "for the prompt settlement of the Korean question, it would be expedient to hear representatives of the Korean people in the Security Council"[186]. Comrade Stalin's response is a new vivid manifestation of the wise Stalinist foreign policy—a policy of peace and defense of the rights of all peoples.

The US Government, rejecting Nehru's peaceful initiative, thereby once again exposed before the peoples of the entire world the aggressive essence of its foreign policy. The refusal of the US Government to support Nehru's proposal testified not only to the aspiration of US ruling circles to continue the aggressive war against the Korean people, but also to their unwillingness to allow the Security Council to restore its activity on the basis of the United Nations Charter.

Simultaneously with Acheson's statement on rejecting Nehru's proposal, Truman's message to Congress was published, in which he demanded new appropriations for military purposes in the sum of over $10 billion and a further increase in the strength of American armed forces. Truman's message testifies not only to the intention of the US Government to continue the aggressive war in Korea, but also to the intensification of American aggression against the Chinese People's Republic, the Democratic Republic of Vietnam, and the people of the Philippines. Indeed, US imperialists introduced their armed forces onto a Chinese island, and on August 27 and 29 American aircraft crossed the border of the Chinese People's

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186 *"Pravda", July 18, 1950.*

Republic and conducted reconnaissance and shelling of Chinese territory, killing and wounding peaceful residents. As Minister of Foreign Affairs of the Central People's Government of the Chinese People's Republic Zhou Enlai emphasized, "these continuing provocative villainous acts on the part of American aggressive forces in Korea have clearly exposed and confirmed the intention of the United States Government to expand the war and violate universal peace."

The Soviet Union, true to its peace-loving policy, strives for a peaceful settlement of the Korean question. The representative of the USSR, Comrade Ya. A. Malik, in his speech at the Security Council meeting on August 3, subjected the actions of the US Government in Korea to a detailed examination in the light of the declaration on defining aggression approved back in May 1933 by the Security Committee at the League of Nations upon the proposal of the Soviet Union. Proceeding from the provisions of this declaration, Comrade Malik convincingly proved that the US Government intervened in the internal conflict in Korea—in the internal civil war—and thereby undertook armed aggression against the Korean people. The proposal of the Soviet Union on the cessation of military operations in Korea and the withdrawal of foreign troops from there was rejected by the Anglo-American bloc in the Security Council, which substituted its own proposal with references to aggression allegedly from North Korea. Hereby the participants of the Anglo-American bloc resorted to direct falsification and distortion of generally accepted principles of international law, which views as aggression only an attack of one state on another state, and not civil war. With the help of such falsification of the norms of international law, the organizers of the American intervention in Korea attempt to cover their attack on the Korean people. These attempts were exposed by the representative of the USSR in the Security Council.

The Soviet Union once again called upon the Security Council, as the main international organ for ensuring peace, to abandon the encouragement and cover of US aggression in Korea, to which US ruling circles are intensively pushing it, and to stand firmly on the path of peaceful settlement of the Korean question, on the path of restoring and maintaining peace. Resorting to obstructionist tactics, rejecting all Soviet proposals for a peaceful resolution of the conflict, refusing to hear representatives of the Korean people in the Security Council, American imperialists once again exposed themselves before the peoples of the entire world as invaders and aggressors.

The adventure of American imperialists in Korea will suffer failure.

The heroic struggle of the Korean people for freedom, independence, and a unified democratic state will be crowned with victory. By the end of August 1950, 90% of the territory of South Korea and 92% of the entire population of the southern part of the country have been liberated from American interveners and Rhee bandits. The peoples of the world are rallying even closer in the struggle against American aggression in the East, against the criminal plans of imperialist warmongers.

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Yu. Klemanov

AUSTRIA UNDER THE YOKE OF AMERICAN MONOPOLIES

Austria is one of the objects of military, political, and economic expansion of American imperialism.

The interest of the American aggressors in Austria is determined primarily by its territorial proximity to the USSR and the European countries of people's democracy.

The Anglo-American instigators of a new war, viewing Austria as a convenient bridgehead for the implementation of their predatory designs, are trying to turn the western part of the country into one of their outposts in Europe, a center of espionage and a stronghold for sabotage and terrorist activities against the countries of the democratic camp.

The governments of the USA, England, and France, acting in collusion with Austrian reaction, are disrupting the conclusion of a treaty with Austria, intend to drag out its occupation, and draw Austria into the aggressive Atlantic Pact.

The experience of the post-war years irrefutably testifies to the unwillingness of the Anglo-American imperialist bloc to withdraw its troops from the countries it occupies. The example of Trieste, turned into an illegal Anglo-American naval base, vividly shows the actual aspirations and plans of the governments of the USA and England regarding the Austrian treaty.

In the note of the Soviet Government to the governments of the USA, Great Britain, and France on the question of the Free Territory of Trieste, it is pointed out that 'The Governments of the USA and England, with the assistance of the Government of France, have created such a situation in Trieste as gives them the opportunity to maintain their occupation forces in the Territory of Trieste for an indefinite period and to rule the

Territory of Trieste uncontrollably in accordance with their expansionist plans'[187].

The illegal actions of the governments of the USA, England, and France in Trieste, their gross violation of the peace treaty with Italy regarding Trieste, as well as the agreed four-party decisions on the demilitarization and denazification of Austria, indicate that these governments do not intend to fulfill the treaty with Austria either, the conclusion of which they are delaying, and that they intend to turn this country too into their military base in Europe.

To this day, former active fascists continue to hold responsible posts in the Austrian state apparatus; the activities of various pro-fascist organizations and groups, such as the 'Union of Independents,' enjoying the support of the Austrian authorities, are intensifying.

By direct assignment of the American imperialists, the reactionary Austrian government secretly proceeded to create an army in the western zones of the country. In the American zone of Austria, former servicemen of Hitler's army and SS troops undergo military training under American command. In western Austria, airfields, ammunition depots, and shooting ranges are being restored, and the number of the Austrian police and gendarmerie is sharply increasing. In the western zones of Austria, a mechanized regiment has been formed, staffed almost exclusively by former Hitlerites and equipped with American weapons and armored vehicles.

While the Soviet military command carried out complete demilitarization of Eastern Austria, destroyed all military enterprises, underground and other military facilities, and eliminated military airfields, the western powers preserve the military-industrial potential in their zones of Austria. They not only did not destroy military enterprises, but, on the contrary,

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187 'Pravda', April 21, 1950.

contribute to the establishment of their production of military products. Using credits under the 'Marshall Plan,' the ruling circles of Austria, at the bidding of the American government, spend huge funds on the expansion and re-equipment of large military plants built in the country by the German fascists. Thus, the complex of the former Hermann Göring concern in Linz and the aluminum plant in Braunau have been completely restored and modernized. The underground plant in Ebensee (American zone) is equipped with the latest American machine tools. In a statement on the demilitarization of Austria made at a meeting of the Allied Council for Austria back in 1948, the High Commissioner from the USSR emphasized that 34 military enterprises located in the western zones of Austria have retained their production capacity and equipment. Military products are produced by the former aviation plant in Lambach (Upper Austria), the Steyr-Daimler-Puch plants in Graz, Henkel in Embach (Tyrol), Messerschmitt in Kempten, etc.

The Austrian government, encouraged by the Anglo-American imperialists, is disrupting the implementation of the Allied Council's resolution of December 10, 1945, 'On the Prohibition of All Military Activity in Austria.' This is a serious threat to the restoration of Austria as a free, independent, democratic state and causes alarm among the Austrian public. The Communist Party and all democratic forces of the country expose the criminal policy of the Austrian rulers and Anglo-American aggressors, who are turning Austria into their military-strategic base.

American monopolies strive to subordinate the entire Austrian economy to their control, seize the Austrian market, and turn Austria into a colonial raw-material appendage of the US economy. The colonization of Austria's economy by the American financial oligarchy is expressed in the one-sided orientation of the development of Austrian industry toward the

expansion of the production of raw materials and semi-finished products at the expense of curtailing civil manufacturing industry. The imperialist expansion of the USA leads to an ever-increasing intensification of the collapse of the Austrian economy.

According to official data of Austrian bourgeois statistics, Austrian industry in 1949 allegedly exceeded the pre-war level of production. However, the official index of industrial production in Austria overstates the actual volume of production achieved in the country. Despite some war destruction caused by the German fascist invaders mainly in Eastern Austria, the production capacities of Austrian industry are currently much larger than before the war[188].

However, these capacities are used to a lesser extent than in the pre-war period. The chronic underload of the fixed capital of Austrian industry has increased greatly. The relatively small growth in Austria's output volume in 1949 was the result of an increase in military production, as well as the boosting of the extraction of military-strategic raw materials (manganese and iron ore, magnesite, zinc, copper, etc.) supplied to the USA in order to prepare a new imperialist war.

American imperialists seek to develop military industry in Austria and increase the extraction and export of raw materials to the USA primarily through the appropriate distribution of credits among industrial enterprises. In the organ of the ruling 'People's Party,' 'Die Wirtschaft,' it was directly admitted that the lion's share of credits granted by the Creditanstalt-

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[188] Over the years of the Anschluss, Hitlerite Germany turned Austria into its auxiliary military arsenal. Aviation, tank, and weapon factories were built in Austria; raw materials and equipment for industries of military significance arrived in the country from Germany in a wide stream. All this led to the fact that Austria's military-industrial potential grew significantly. The production capacities of the engineering, metallurgical, aluminum, and a number of other branches of Austrian industry increased manifold.

Bankverein bank is allocated to the expansion of raw material extraction.

While encouraging in every possible way the growth of production in Austrian industries of military significance and boosting the extraction of strategic raw materials, American and English monopolies are doing everything in their power to inhibit the development of peaceful industry in Austria. In the leather, footwear, textile, paper, and a number of other industries, production has far from reached the pre-war level. Thus, for example, in 1949, 3.8 million pairs of footwear were produced against 5.5 million pairs in 1938, or 30% less, and production in the paper industry amounted to only 86% of the pre-war level.

American capitalist monopolies flood the domestic market of Austria with their low-quality consumer goods. This inevitably leads to the gradual curtailment of entire branches of industry, the closure of many plants and factories, a reduction in production, and an increase in unemployment in the country. Back in 1948, many large textile factories, all enterprises manufacturing razors and razor blades, three large match factories, etc., closed down in Austria. In 1949 and 1950, due to American competition, the tractor, electrical engineering, rubber, fat industries, agricultural engineering, and other sectors are experiencing increasing marketing difficulties. In turn, the decrease in the purchasing power of the working masses as a result of rising prices, falling wages and other incomes, and an increase in the tax burden leads to the curtailment of production and a reduction in capital investments, to the ripening of an economic crisis in Austria.

Using the sums in local currency transferred by the Austrian government to a special account in the National Bank for goods deliveries under the 'Marshall Plan,' American monopolists have gained the opportunity not only to control the Austrian economy, but also to buy up industrial enterprises in Austria

dirt-cheap. The main branches of Austrian industry — metallurgical, machine-building, coal, chemical — have almost completely come under the power of American monopolies. The Austrian weekly 'Oesterreichische Wirtschaftszeitung' (December 16, 1949) reported that in early December in Linz (American zone of occupation of Austria), a secret conference took place, attended by representatives of transport authorities of the western occupation powers, authorized representatives and experts of West German railway departments, and leading officials of the Austrian Ministry of Transport. In an atmosphere of deepest secrecy, this conference discussed a plan to merge the Austrian and West German railway networks. In the joint-stock company of West German and Austrian railways scheduled to be created, 50% of the shares are to belong to American capital, and the remaining 50% to the financial magnates of West Germany and Austria. Rockefeller recently stated his intention to buy or lease Austrian railways.

In accordance with the terms of the 'Marshall Plan,' Austria is being switched to servicing the military industry of West Germany, to which the American imperialists assign a central place in the plans for the colonization of Western Europe and the unleashing of armed aggression. The metallurgy of Western Austria is being adapted to the role of a supplier of industrial raw materials for the West German military economy. The American mission in Austria for the implementation of the 'Marshall Plan' demands that the Austrian energy industry supply electricity predominantly to the military enterprises of the Ruhr.

The Austrian government, at the bidding from Washington, is implementing a policy aimed at shifting the center of gravity of Austrian energy toward the Austrian-German border. From the report of the Minister of Energy Economy of Austria at a meeting of the Financial and Budget Commission of

parliament, it is clear that the Austrian ruling circles intend to invest significant funds for the expansion and construction of a number of power plants in Western Austria (in the cities of Kaprun, Enns, etc.). At the same time, the construction of the Danube power plant is being mothballed, and the Arlberg electric main is being liquidated. Along with this, the eastern part of the country receives a very small, completely insufficient amount of electricity for its economy, although electricity production in Austria increased significantly in 1949.

Such a policy of the Austrian government in the field of energy is caused by its general aspirations to relocate the country's industry to the west and continue the discrimination against the economy of Eastern Austria. The discriminatory policy of the Austrian authorities regarding the eastern part of the state is clearly manifested in the distribution of raw materials, building materials, food, fuel, crediting, etc. Thus, the General Directorate of Austrian Railways illegally tried to liquidate the construction service in the eastern zone of Austria and preserve it in all three western zones. Since this project, supported by the Austrian government in its letter to the Allied Council for Austria, contradicted the decision of the Allied Council of January 7, 1947, the Soviet occupation authorities did not allow its implementation.

Agriculture in Austria is experiencing a decline. This is also one of the inevitable consequences of the marshalling of the country. The import of American food into Austria under the 'Marshall Plan' causes a further increase in its dollar debt, the gradual degradation of its agriculture, and the mass ruin of working peasants. American monopolies do not stop at the vilest means to ruin the agriculture of Austria, as well as many other European countries, and create favorable conditions for the sale of their agricultural produce. As Telepress agency reported, the Colorado potato beetle was discovered in many

areas of Upper Austria, and in some of them the infection of crops assumed threatening proportions. Linking this with the dropping of the Colorado potato beetle from American planes onto the territory of the German Democratic Republic, the Austrian newspaper 'Salzburger Tagblatt' wrote: 'In connection with the unexpected appearance of the Colorado potato beetle in Salzburg, it should be noted that America has a large surplus of potatoes. Due to a lack of sales in the USA, a significant part of last year's harvest was destroyed. There can be no doubt that American exporters are interested in damaging the potato harvest in Europe in order to create a new market for their potatoes. The fact that the Colorado potato beetle was dropped onto the territory of Eastern Germany shows that the Americans are capable of anything.'

The import of agricultural produce from the USA, in particular the obligation to import 600 thousand tons of American wheat undertaken by the Austrian government, leads to a reduction in sown areas in the country and ever-increasing difficulties in selling its own food. Despite favorable climatic conditions, major agricultural crops were harvested in Austria in 1949 in significantly smaller quantities than before the war.

The livestock population of cattle and pigs in Austria has also decreased sharply compared to pre-war levels.

The refusal of the Austrian government to carry out a democratic land reform and the policy of marshalling the country lead to the ruin of the toiling peasantry, an increase in unemployment among agricultural and forest workers, and their mass flight to the city. Many peasant households are unprofitable and cannot make ends meet because of huge taxes, high prices for fertilizers, agricultural machines, and essential industrial goods.

Austria's foreign trade in 1949 lagged sharply behind pre-war volumes. The physical volume of exports amounted to 67%, and imports to 77% of the 1937 level. The one-sided

development of the country's economy caused sharp changes in the structure and geographical direction of Austrian foreign trade. In the post-war years, the export of raw materials and semi-finished products from Austria increased significantly, while the export of finished products decreased.

While back in 1947 the share of raw materials and semi-finished products in the total export of Austrian industry was 24.1%, in 1948, with the beginning of the implementation of the 'Marshall Plan,' it rose to 32.1%, and in 1949 raw material exports amounted to 39.5% of total exports. As the newspaper 'Oesterreichische Volksstimme' reported in late June 1950, 'exports to Marshall Plan countries today consist on average of more than half of raw materials and semi-finished products, which Austria could easily process at home.' Thus, in March 1950, Austrian exports to Holland, for example, consisted of 55.5% raw materials, and to Italy of 76.4%. For the American monopolies, to whose dictates such changes in the structure of Austrian exports occurred, this is doubly advantageous: by seeking to curtail the output and export of Austrian finished goods, they clear sales markets for their own goods; at the same time, they promote the growth of exports of Austrian raw materials to West Germany, which, as mentioned above, entirely corresponds to their aggressive aspirations. The main items of Austria's export are timber, pig iron, metal products, paper, cellulose, and its import consists predominantly of machinery and electrical equipment, automobiles, metal products, coal, and food. Thus, in March 1950, about 30% of Austrian imports from Italy, 76% of imports from West Germany (excluding coal), and 41% of imports from Holland consisted of finished goods, most of which can be produced in Austria itself.

The passive trade balance of Austria is growing from year to year, which, even according to official data, exceeded 2.2 billion schillings over the past three years (1947 — 350 million

schillings, 1948 — 618 million schillings, 1949 — 1,248 million schillings). Austria's foreign trade deficit amounted to 27 million schillings in January 1949, 44 million schillings in February of the same year, and 207 million schillings in January 1950. 38% of Austria's trade balance deficit is accounted for by West Germany. Despite the fact that trade with West Germany is extremely unprofitable for Austria, it occupies first place in Austrian imports and second place in exports. The deficit of Austrian trade with the USA, England, and France is also growing rapidly. The huge growth in Austria's foreign trade deficit is a direct consequence of its marshalling.

Fulfilling the will of their American masters, the ruling circles of Austria sabotage trade with the Soviet Union and the countries of people's democracy. The share of the USSR, Czechoslovakia, Poland, Romania, and Hungary in Austria's imports decreased from 32% in 1937 to 20% in 1949, and in exports from 27.7 to 18.3%. Austria is increasingly losing its historically established trade ties with Central, Eastern, and Southeastern Europe.

Meanwhile, even the Austrian bourgeois press recognizes that establishing normal trade relations with eastern neighbors is vital for Austria. The magazine 'Das Echo' wrote: 'For centuries Austria has been a supplier of industrial goods to Eastern Europe, and its natural sources of food were also located there.' The newspaper 'Wiener Börsenkurier,' in turn, emphasized that the economy of the states of Eastern Europe 'very successfully complements the Austrian economy. A reasonable regulation of commodity exchange with these countries would bring great benefits to both sides.'

The Anglo-American imperialists, Austrian big capital, and the reactionary government of Austria in their service are jointly waging a fierce offensive against the living standards and remnants of democratic rights of the working class and all

working people, intensifying their exploitation. The marshalling of Austria and the anti-popular course of the Austrian ruling circles result, on the one hand, in a decline in the real wages of workers and low-paid employees, the real incomes of toiling peasants, and a rise in unemployment, and, on the other hand, in an increase in the profits of capitalist monopolies. This inevitably leads to an intensification of the class struggle and an exacerbation of social contradictions in the country.

Concerns and syndicates are once again acquiring decisive importance in the Austrian economy, the leaders of which, as a rule, actively supported the fascist dictatorship in Germany in their time and are now closely linked with American monopolies. According to some estimates, there are approximately 300 syndicates and other capitalist monopoly unions in Austria controlling about 80% of the country's entire industrial production.

In Austria's metallurgical industry, the Metallurgical Plant Association — the so-called 'Waltz Steel Bureau' — dominates, prescribing production quotas, market quotas, and prices to individual enterprises. All production of the magnesite industry is concentrated in the hands of two concerns, one of which is owned mainly by French and Swiss shareholders, and the other is subordinate to American capital. In the chemical sector, a major role is played by the Austro-American joint-stock company Semperit, which completely controls Austria's rubber industry. In the textile industry, the leading place belongs to the Creditanstalt bank, acting jointly with the Schöller and Mayer-Guthof firms. Thus, the entire Austrian industry is in the hands of two or three dozen capitalist families.

Austrian capitalists, robbing and exploiting workers, are raking in colossal profits. Thus, the firm Styrian Magnesite, headed by the chairman of the Austrian Association of Industrialists,

received 3.5 million schillings of net profit in 1949, the owners of the sugar plant in Enns — 14.6 million schillings, the paper mill in Neusiedler — 14 million schillings, the cement plant in Perlgut — 16 million schillings, etc.

The growth of wealth of the capitalist class is opposed at the other pole by the ever-intensifying relative and absolute impoverishment of the working people. The share of the working class and the toiling peasantry in Austria's national income is systematically falling.

The leaders of the Austrian right-wing socialists, fulfilling the task of their masters — the Wall Street monopolists — openly entered into a coalition with the party of Austrian big capital — the so-called 'People's Party' — and together with it form the government of Austria. In the summer of 1947, the leaders of the 'socialist' and 'People's' parties agreed to freeze monetary wages despite the ongoing rise in prices for food and consumer goods sanctioned by them themselves. This was followed by a series of new similar agreements, the implementation of which led to a further decline in the real wages of workers and low-paid employees.

Prices in Austria in 1949 were several times higher than before the war. In November–December 1949 alone, as a result of the devaluation of the Austrian schilling carried out under US pressure, prices for food and industrial goods increased on average by 21%, and for individual goods by almost double. In the first months of 1950, prices rose again: for textile goods by 30%, leather goods by 30–50%, household goods by 20–30%, untanned leather by more than 100%, iron products by 60%, etc. The real wages of workers currently do not amount to even half of the extremely low pre-war wages and cannot cover the most necessary expenses of a worker's family.

Over the past two years, the number of fully unemployed in Austria has increased 4 times and in early 1950 amounted to 200 thousand people. In addition, there are many semi-

unemployed in industry and unemployed in agriculture in Austria, which bourgeois statistics completely ignore. The benefits paid to an insignificant portion of the unemployed are so negligible that they do not allow satisfying even the most minimal needs. The majority of the unemployed do not receive benefits at all.

While the tax burden on big capitalists in Austria has been reduced, taxes levied on working people continue to grow. The wage tax has increased 11-fold compared to 1933. A worker's family of 4 people is forced to pay 2,000–2,200 schillings of direct and indirect taxes per year; meanwhile, the average monthly earnings of a worker and employee amount to only 600–700 schillings.

In 1949, the Austrian government introduced a new so-called occupation tax, which also weighs heavily on the working people of Austria. Receipts into the treasury from this tax amounted to about 650 million schillings in 1949, and in 1950 they are to reach almost 750 million schillings, which is twice the actual occupation expenses[189]. During the discussion in the Allied Council for Austria of the legislative act submitted by the Austrian government on extending the validity of the law 'On Covering Occupation Expenses,' the Soviet representative emphasized that the Austrian government has the opportunity to cover occupation expenses from the normal budget without resorting to imposing an additional material burden on the Austrian population, and objected to the approval of this bill. However, the representatives of the USA, England, and France in the Allied Council showed a special interest in extending the 'occupation tax.' This is due to the fact that this tax actually serves as a means of pumping money out of the Austrian population to cover expenses for the covert remilitarization of

[189] 'Oesterreichische Volksstimme', March 8, 1950.

the western zones of Austria and preparing the creation of an Austrian army.

The working class and all working people of Austria are fighting against the offensive of capital on their living standards and the remnants of political rights. Ever broader strata of the Austrian people are beginning to understand that the intensification of their poverty is a consequence of the reactionary policy of the Austrian ruling circles, the 'People's Party,' and right-socialist traitors, the enslavement of Austria by American capital and the colonization of its economy. The struggle of the democratic forces of Austria, headed by the Communist Party, for freedom and independence, for liberation from American bondage, for the conclusion of a treaty and the end of the country's occupation is growing and broadening. The aspiration of the Soviet Government for the speedy conclusion of a treaty with Austria and the termination of its occupation is perceived by the Austrian people with a feeling of enormous gratitude. Recently, a number of strikes and other actions of the working class against the American policy of marshalling the country have been carried out in Austria.

The Austrian ruling circles, who have turned into faithful servants of the American imperialists, are trying to halt the mighty movement for peace that has widely unfolded in Austria. Seeking to curry favor with the American instigators of a new world war, the Austrian government stated on May 23, 1950, that it is an opponent of congresses in defense of peace, an opponent of collecting signatures under the Stockholm Appeal of the Permanent Committee of the World Congress of Partisans of Peace. The Austrian government thereby announced that it is a supporter of imperialist instigators of war, and showed that it goes not with the Austrian people, striving for peace and security, but against them. Opposing the movement for peace, the Austrian government at the same time encourages the malicious

propaganda of aggressive war conducted by the reactionary Austrian press and radio, which are under the control of the Anglo-American imperialists. The leaders of the 'socialist' and 'People's' parties, together with the leadership of the Catholic Church, organize rabid persecutions of democrats — partisans of peace. Austrian Chancellor Figgl impudently declared signing the Appeal in defense of peace and banning atomic weapons to be 'treason.' Vice-Mayor of Vienna Weinberger and State Secretary Graf threaten reprisals against everyone who signs the Stockholm Appeal.

However, no threats, terror, and persecutions can stop the movement for peace, which in Austria, as in other countries, is taking on a mass character. The collective of machine-building plants in Steyr, workers of Brown-Boveri, Leinweber, Bleymšen, and other enterprises unanimously resolved to join the struggle against militarist propaganda and attach themselves to the movement of partisans of peace. Across the country, hundreds of local committees of partisans of peace have been created, carrying out great work on collecting signatures under the Stockholm Appeal. By the end of August, over 700 thousand Austrians had signed the appeal. A vivid demonstration of the activation of the struggle for peace was the All-Austria Congress of Partisans of Peace held on June 10 –11, 1950, attended by 2 thousand delegates and numerous guests. As the struggle for peace unfolds, the forces of the democratic, anti-imperialist camp in Austria grow and strengthen.

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ON THE METHODOLOGY OF CALCULATING THE TURNOVER OF WORKING CAPITAL OF INDUSTRIAL ENTERPRISES

(Overview of materials received by the editorial board of the journal "Voprosy Ekonomiki")

A letter from the Ministry of Finance of the USSR and the Central Statistical Administration (CSU) of the USSR dated April 14, 1949, recommends calculating the total turnover of funds based on the realization amount. This method raises no objections among the authors of responses, with the exception of Comrade N. P. Shiyanovsky (Tbilisi), who asserts that "the full cycle of turnover is completed for an industrial enterprise immediately after shipment, as the cost of shipped goods is reimbursed through Gosbank loans against settlement documents in transit." N. Shiyanovsky failed to take into account accounts receivable for shipped goods, which is one of the elements in the final stage of the circulation of funds T – D.

Comrades D. I. Bukshtein and M. K. Yatsunsky (Moscow) consider it incorrect to restrict turnover solely to the realization of products and propose including so-called "other realization", which covers the sale of materials, packaging, etc. They write: "Excluding 'other realization' from turnover is theoretically permissible, but only under the indispensable condition that those working assets that create this 'other realization' are also excluded when calculating the total

working capital." However, the "Letter" recommends excluding from working capital those material assets that may subsequently be sold, where such sales are recorded in the report as "other realization." As a result, Comrades Bukshtein and Yatsunsky point out, the working capital turnover indicator is calculated from incomparable values (realization turnover vs. working capital).

Comrades Bukshtein and Yatsunsky further assert that "one must refute the characterization of 'other realization' as abnormal. In reality, in the overwhelming majority of cases, useful activity is carried out through 'other realization', for which both own funds (for auxiliary farming, for certain types of worker supplies) and borrowed funds are allocated." Under these conditions, it would obviously be incorrect not to include "other realization" in the realization turnover on the basis of which working capital turnover is calculated.

However, if "other realization" is un-planned and no working capital was allocated to it, then, in the opinion of Comrades Bukshtein and Yatsunsky, in that case it cannot be included in total realization turnover. They point out that the methodology for calculating working capital turnover recommended by the "Letter" allows an answer to the following question: "How much planned realization does an enterprise produce per unit of working capital placed at its disposal?" Agreeing in principle with this method, Comrades Bukshtein and Yatsunsky nevertheless consider that in this case it is necessary to establish "how much capital is diverted to 'unlawful' activity," i.e., "other realization," and derive turnover results based on comparable magnitudes of turnover and

working capital reserves. They recommend, when calculating working capital turnover, excluding from their total those funds that are realized and whose turnover is recorded as "other realization."

Comrade L. Landa (Moscow) proposes expanding the concept of "product realization" by equating to it the cost of shipped items for which payments have not been received due to customer insolvency and invoices for which have been accepted. On the basis of such "corrected" realization turnover, Comrade Landa points out, one obtains a "subjective turnover indicator," calculated taking into account the elimination of so-called "external" causes beyond the enterprise's control on the turnover of funds.

The "Letter" of the Ministry of Finance and the Central Statistical Administration indicates that when calculating working capital turnover, product realization is taken into account at enterprise wholesale prices excluding turnover tax. Comrades A. M. Chugai and M. N. Zusman (Alma-Ata) consider such a method of turnover valuation to be "fairly accurate." Comrade R. Urvanov (Sverdlovsk) writes that this method "is not a sufficiently reliable calculation base. Furthermore, the application of this calculation method inevitably leads to an artificial inflation of the rate of turnover at highly profitable enterprises." Comrade Urvanov shows by example that across three enterprises having identical commercial production costs of realized products and approximately equal reserves of working capital, a sharply different rate of turnover is calculated; this is caused by the unequal level of profitability among these enterprises. Thus, at

one of them, the turnover period of working capital is calculated at 60 days, at another at 43 days, and at the third at 32 days. Comrade Urvanov notes that "the sharply differing results of turnover calculations are a consequence of the deviation of the sum of product prices from the sum of their commercial cost." He further points out that "excluding the amount of turnover tax from the wholesale price by no means achieves equal profitability across various branches of industry. Profitability—even after excluding turnover tax—remains sharply differentiated" (especially in heavy industry branches exempt from turnover tax). This is explained by the price policy conducted by the Soviet state and the performance results of enterprises, rather than by the turnover of funds.

Comrade Urvanov believes that "when calculating the turnover of funds, the commercial cost of realized products should be taken as the calculation base." In the author's opinion, the indicator of the commercial cost of realized products "reflects actual investments of working capital; it is formed under the specific conditions of each enterprise, depends on the qualitative performance indicators of that economy, and is not subject to the influence of wholesale price levels."

Comrades Bukshtein and Yatsunsky also find the method of evaluating turnover at wholesale prices without turnover tax to be incorrect. They advance the position that "the turnover of working capital has two sides, which as a rule are not equal in monetary terms: 1) investment of funds into turnover, measured by the cost of realized products, and 2) recovery of funds, measured by the realization value of the same products."

Accordingly, the authors propose separately calculating the rate of turnover by investment of funds and the rate of turnover by recovery of funds. The first of these indicators is revealed by dividing the cost of realized goods by the amount of advanced (invested) funds, and the second—by dividing the value of realized goods at sales prices by the same amount of working capital.

Comrades Bukshtein and Yatsunsky criticize the justification for the method of turnover valuation at wholesale prices excluding turnover tax provided by Comrade Belenky in No. 5 of the journal Bukhgaltersky Uchet [Accounting] for 1949. They consider incorrect Comrade Belenky's assertion that the method of turnover evaluation based on the cost of realized products does not ensure accuracy of calculation under conditions of changing costs. "Whatever causes an increase or decrease in production cost," they write, "in itself it equally impacts both the volume of turnover calculated by cost and the sum of funds participating in turnover (under items of work in progress, finished goods, and other elements of working capital that, having entered into production costs, caused the change in product cost)."

Comrades Chugai and Zusman consider that the "Letter" "successfully defines the very composition of working capital, correctly including such elements as accounts receivable, unplanned losses, overpayments, and overruns on targeted contributions and special funds." Comrades Urvanov, Bukshtein, Yatsunsky, and others find that sums that are not working capital cannot be classified under working capital, as this leads to distortion of working capital turnover indicators.

"What ground do we have for classifying unplanned losses under remaining working capital?" asks Comrade Urvanov. He points out that "an unplanned loss is an unrecoverable loss of working capital, not a temporary investment of them into useful turnover. Amounts of unplanned losses decrease the enterprise's working capital. This is taken into account when calculating available internal and equivalent funds in turnover. Consequently, there is no ground whatsoever for assigning unplanned losses to normed working capital of an enterprise."

In the opinion of Comrades Bukshtein, Yatsunsky, and Urvanov, immobilized working capital should also not be included in working capital—for instance, expenditures of working capital on capital repairs and capital investments, the excess of an enterprise's settlements with the capital construction department for individual residential housing construction for sale over Tsekombank loans for this purpose, etc., if it is known that these funds cannot be converted into working assets. Comrade Urvanov notes that immobilized funds can be classified as working capital "only in cases where their collection, realization, or reimbursement at the expense of gradually accumulating internal sources within the enterprise is possible within timeframes not exceeding the current year." Otherwise, Comrade Urvanov recommends classifying these funds as diverted (immobilized) funds of the enterprise, "since they will not participate in useful turnover in the given year."

Comrades Bukshtein and Yatsunsky consider incorrect the guidance given by Comrade Belenky in No. 5 of the journal Bukhgaltersky Uchet for 1949. Comrade Belenky justifies the inclusion of losses and immobilized working capital in non-

normed working capital, asserting that such a calculation when evaluating the turnover indicator makes it possible to take into account the enterprise's practice in using working capital. Comrades Bukshtein and Yatsunsky write that one must not artificially lower the working capital turnover indicator while being guided by departmental interests when evaluating enterprise performance. In doing so, they note that the working capital turnover rate indicator "must neither be exaggerated to reward good enterprises nor understated to punish poor enterprises."

The "Letter" recommends excluding the settlement account from working capital composition and calculation when calculating working capital turnover. Comrade Urvanov points out that "the correctness of this proposition is doubtful for two reasons: first, in certain branches of industry (timber harvesting enterprises of the Ministry of Forestry and Paper Industry and the Ministry of Metallurgical Industry), cash balances within the limits of 7-day payroll obligations are normed; second, when analyzing the turnover of funds of a specific enterprise, the cash balance in the settlement account at Gosbank undeniably represents a form of working capital, and there is no justification for ignoring it when computing average working capital balances."

Comrades Bukshtein and Yatsunsky also consider it incorrect to exclude the settlement account from working capital when calculating turnover. They write that this incorrect method is used to "improve" the working capital turnover rate indicator as a "reward" for accumulating money in the settlement account. In the opinion of these authors, it is

impractical to encourage the "accumulation of idle monetary assets" in this manner.

A significant shortcoming of the "Letter," as Comrades Chugai and Zusman believe, is its underestimation of such an important tool of our socialist system as the plan. In the "Letter," point out Comrades Chugai and Zusman, "provision is not made for calculating planned turnover indicators for non-normed working capital." Comrades Bukshtein and Yatsunsky also consider a significant flaw of the "Letter" to be the absence of instructions on planning non-normed working capital. Such an underestimation of working capital planning capabilities, in the opinion of Comrades Bukshtein and Yatsunsky, "resulted from a lack of understanding of the nature of working capital turnover—a failure to understand that in this turnover, working capital passes through three main phases, that none of these phases can be discarded, and that consequently one cannot seriously plan the rate of working capital turnover other than across all three main phases of turnover, encompassing all working capital."

Comrades Chugai and Zusman write: "A survey conducted across a number of enterprises in Alma-Ata showed that at these enterprises, 25 to 60% of all working capital was invested in non-normed working assets. It was also revealed that at several of these enterprises, the situation with non-normed working capital turnover was particularly unsatisfactory. This did not particularly alarm enterprise managers, as it turned out that at the enterprises, accounts receivable, unplanned losses, etc., had decreased slightly compared to the previous year. Meanwhile, the plan could have

provided for a significantly greater acceleration of turnover for these working capital assets than actually occurred compared to last year."

Comrades Chugai and Zusman note that a dismissive attitude toward accelerating the turnover of non-normed working capital has taken firm root not only in enterprise practice, but also within the apparatus of the Ministry of Finance of the Kazakh SSR. Thus, the Department of Financing Trade and Industry of this ministry keeps no record of the movement of non-normed working capital.

Comrades Bukshtein and Yatsunsky, while proposing measures to improve the planning of working capital turnover, at the same time point out that "the duration of working capital stay both in the complete turnover cycle and in its individual phases cannot be derived from differing valuations of turnover and working capital cannot be accounted for otherwise than at cost, turnover for this purpose must also be accounted for at cost." Comparing normed working capital only with turnover calculated at cost is essential; otherwise, an inflated indicator of funds turnover will be calculated, which represents not control, but "a genuine 'game of figures'."

Some comrades object to the procedure established in the "Letter" for determining normed working capital while accounting for the accumulation of seasonal reserves. Comrades Chugai and Zusman point out that under such procedure, planned turnover indicators of normed working capital depend to a greater extent on what loan amounts for seasonal needs an enterprise manages to obtain from Gosbank

than on the enterprise's accounting and mobilization of its actual capacities to accelerate working capital turnover. They note that frequently individual enterprises receive seasonal limit credits for purchasing unnecessary and redundant inventory. For instance, at the Alma-Ata Meat Processing Plant, when calculating planned turnover of normed working capital, seasonal loans and offsetting supplier payables totaling 3.3 million rubles were taken into calculation, whereas this plant actually held no seasonal reserves. In reality, the objects of credit were tinplate reserves amounting to 1.5 million rubles (accumulated due to the shutdown of the canning shop for repairs), fuel balances amounting to 0.3 million rubles (exceeding twice the established norm), unused packaging at the plant amounting to 0.1 million rubles, etc.

Comrades Chugai and Zusman write that the predominant part of material inventory at enterprises of the Kazakh SSR is constantly credited by Gosbank by issuing loans for seasonal needs, whereas only a minor portion of these funds has the character of seasonal accumulation. The authors conclude that under such conditions, credits essentially turn into permanent working capital of enterprises. In practice, this leads to enterprises calculating significantly inflated planned turnover indicators. Thus, for example, as Comrades Chugai and Zusman write, for these reasons the planned turnover of normed working capital at the aforementioned meat processing plant in Q2 1949 was set at 82.3 days instead of 41 days based on actual planned need for seasonal reserves.

Calculating planned turnover of normed working capital using the methodology proposed by the "Letter" is complicated

because enterprises often lack comprehensive data on supplier payable write-offs made by the bank when granting seasonal credits; only branches of Gosbank possess such data. It is even more complex to resolve this issue for main administrations and ministries, which must gather information from banks on seasonal loans and supplier credit offsets.

Comrade Urvanov also considers unreliable the planned working capital turnover indicators calculated according to the "Letter," as Gosbank credits for seasonal accumulation of material inventory do not reflect actual balances of these reserves. Discrepancies between credits and reserves arise, for example, when an enterprise lacks credit limits, as a result of credit withholding applied as financial sanctions, late credit documentation, refusal of credits when an enterprise holds surplus working capital, etc.

Comrades Chugai and Zusman call the planned turnover indicator determined by the method recommended in the "Letter" a "planning surrogate." Furthermore, they write, the "Letter" "does not even take into account that to compute even surrogate indicators at an enterprise, as established above, all necessary data are lacking," as a result of which these indicators are practically impossible to compute. Comrades Chugai and Zusman also consider it a defect of the "Letter" that it does not recommend "calculating even a surrogate planned turnover indicator of normed working capital in the first two months of a quarter." This fails to give enterprises correct orientation in their daily struggle for accelerating working capital turnover.

In all articles sent to the editorial office, it is pointed out that a single general indicator of total working capital turnover is insufficient and that careful, disaggregated control of working capital turnover across stages of reproduction is required. In accordance with the essence of the process of circulation of enterprise funds, the authors of the articles propose controlling fund turnover by

stages: a) D – T, b) T ... P, c) P ... T', and d) T' – D'.

Without such expanded control of working capital turnover by reproduction stages, in the opinion of Comrades Chugai and Zusman, calculating working capital turnover carries a purely bookkeeping-accounting character, which reduces its practical significance in enterprise operations.

Comrades Chugai and Zusman formulate the following main requirements regarding the methodology of calculating working capital turnover across the stages of their circulation:

1) It must be built on the only true, Marxist-Leninist methodology, fully encompass the entire process of enterprise fund circulation, and accurately and precisely measure the magnitudes of indicators forming the basis for calculating working capital turnover speed.
2) It must determine working capital turnover not only for the enterprise as a whole, but obligatorily across individual stages of their circulation and main divisions of the enterprise, striving to maximum possible extent to reflect the role and place of individual groups of workers participating in the struggle to accelerate working capital turnover.
3) It must ensure constant and systematic observation and

control over the speed of working capital turnover, helping reveal actual causes of turnover slowdown at individual stages of circulation for the purpose of taking immediate operational measures to eliminate them.
4) It must be presented in a coherent, simple, accessible, and popular form without permitting contradictory interpretations of its application in practice; even the technique of calculating economic indicators must be uncomplicated and accessible to the understanding of broad working masses participating in the struggle for accelerating working capital turnover.
5) It must serve as a unified basis for calculating working capital turnover at enterprises, trusts, main administrations, and ministries.

The authors consider a flaw of the "Letter" to be the lack of instructions on calculating turnover across individual stages of circulation. Meanwhile, for a successful struggle to accelerate working capital turnover, participation of the entire working collective of a given enterprise in carrying out measures at every production sector, shop, warehouse, etc., is necessary. This requires developing a methodology for calculating fund turnover across stages of their circulation. Practice has already brought forward simple, effective forms and methods for controlling results in the struggle for accelerating working capital turnover at each sector of enterprise activity. The task consists in thoroughly studying this experience, summarizing it, and practicing broad exchange of experience among enterprises.

Comrade Shiyanovsky recommends calculating the turnover of production reserves by the amount of their

consumption in production, fund turnover in production (work in progress) by commercial output, and finished product turnover by shipment.

Comrades Bukshtein and Yatsunsky point out that the "Letter" incorrectly recommends rounding all months to 30 days, all quarters to 90 days, and a year to 360 days when calculating the turnover period in days. They write that with such rounding, "for months with 31 days the error will exceed 3%, for certain quarters—2%, for February of a non-leap year —about 7%. When comparing February with January, the error reaches 10%." Comrades Bukshtein and Yatsunsky propose taking the calendar number of days in each month when calculating working capital turnover.

The same authors note that the method recommended in the "Letter" for calculating average annual working capital balances is complex and needs simplification. According to this method, calculation is recommended as follows: "Actual average monthly balances of working capital are calculated by taking the sum of balances at the beginning and end of the month divided by two; average balances for a quarter are calculated by taking the sum of three average monthly balances divided by three; average balance for the year is determined by taking the sum of four average quarterly balances, calculated by the method above, divided by four."

Comrades Bukshtein and Yatsunsky propose, for calculating average annual working capital balances across 13 reporting balance sheets, to "add up balance sheet amounts, taking amounts at the beginning and end of the year at half

value, and intermediate dates at full value, and dividing the resulting sum by 12." The average monthly balance is computed by the same method; this gives the same results as calculation by the method recommended in the "Letter", but requires less computational work.

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G. Etchin

THEORY DIVORCED FROM PRACTICE

The main task of the methodology for calculating the velocity of circulation of funds is to help enterprises, workshops, and individual production sectors accelerate the turnover of funds. If the turnover indicator signals a slowdown in the velocity of circulation, when in fact the turnover has accelerated, or, conversely, if during an actual slowdown in the turnover of funds the indicator testifies to an acceleration of turnover, then such an indicator, such a turnover "counter" is unfit: it does not help, but hinders the struggle of working people for accelerating the turnover of working capital.

In the very concepts of "acceleration" and "slowdown" of turnover of funds, there is an inherent principle of comparison, of matching with some other velocity, either achieved previously or established by the plan. Moreover, if the indicators of actual and planned turnover of funds are calculated using one and the same method, and if the balances and turnovers for the past period, for the given period, and under the plan are evaluated in comparable prices, then the comparison of these indicators must always yield a correct result.

Comrade Andrianov ignores these elementary principles. He either compares his calculation method (realization of products at cost) with the method recommended by the Letter of the Ministry of Finance and the Central Statistical Administration (CSU) of the USSR (realization of products at wholesale prices without turnover tax), or compares the operating results of different enterprises that have nothing in common with each other. The essence of the matter is not in the absolute number of turnovers, but in the suitability of the indicator for assessing

the work of enterprises in accelerating the turnover of funds in comparison with the past period or, what is even more important, with the planned assignment.

Comparing the turnover of funds of one enterprise for 1948 and 1949 calculated by the method he proposes and by the method recommended by the "Letter", Comrade Andrianov attempts to prove that in the first case a real slowdown in turnover of funds by 11% is obtained, while the application of the second method gives an apparent acceleration of 3%. At the same time, Comrade Andrianov asserts that the inaccuracies in the turnover indicator "will be even greater if the enterprise collective achieves above-plan profit." It is common knowledge that all profit of industrial enterprises, including above-plan profit, represents the difference between the wholesale price without turnover tax and the actual cost of realized products. But according to Comrade Andrianov, it turns out that above-plan profit somehow increases the volume of realization at wholesale prices, i.e., raises the turnover amount.

It is characteristic that in his example Comrade Andrianov did not find it necessary to compare the reporting data for 1949 with the planned data (in both variants). Obviously, the apparent advantages of the method recommended by Comrade Andrianov over the method set forth in the "Letter" do not withstand such a test.

Criticizing the method of calculating working capital turnover recommended by the "Letter", Comrade Andrianov considers that this method, firstly, is recommended by the Ministry of Finance and the CSU of the USSR as distinct from some other previously existing practice of calculating turnover of funds; secondly, that it departs from the scientific principle based on mathematical precision and purity of calculating turnover of funds ("exact reflection of real turnover"); thirdly, that this method embellishes the true state of affairs, covers up

shortcomings and gaps, and is therefore advantageous to managers who forget about state interests.

Comrade Andrianov supports his serious accusations merely with a quote from Engels, three numerical examples, and his own reasoning. Let us examine these accusations.

In the editorial introduction to Comrade Andrianov's article, it is indicated that prior to the publication of the "Letter" there was no unified methodology for calculating working capital turnover: a wide variety of methods were applied in practice and recommended in literature, including the one set forth in the "Letter". The "Dynamo" Plant named after Kirov as early as 1948 calculated the turnover of its normalized assets on the basis of product realization at wholesale prices and determined its socialist obligations set forth in the letter of one hundred and three Moscow enterprises to Comrade Stalin precisely by this method. The same methodology was applied by certain other enterprises as well. But not all enterprises used this method. The unified methodology for calculating turnover of funds recommended by the "Letter" in April 1949 liquidated harmful disunity and received the approval of the vast majority of enterprises and organizations in our country. In this respect, the positive role of the "Letter" can hardly be overestimated.

The sole criterion in determining the suitability of one or another economic method for a socialist economy should be its practical utility for strengthening and expanding the power of socialist society, rather than abstract mathematical precision. There are no proofs of this kind in Comrade Andrianov's article. He believes it is sufficient to evaluate product realization at actual cost rather than at wholesale prices in order to obtain "exact and real" indicators of the number of turnovers when dividing it by the average balances of working assets at book value.

The main error of Comrade Andrianov lies precisely in the fact that he attempts to find a certain ideal standard that accurately

determines the velocity of turnover of funds, and recommends comparing actual turnover indicators with this standard. However, the turnover indicator calculated by any method will always be conditional. A mathematically exact indicator of turnover of funds does not exist in practice.

Firstly, far from all working assets are accounted for in the balance sheet at their actual cost. For example, tools in operation are conventionally valued at 50% of the purchase price, while the remaining 50% are written off to production costs at the moment the tools are issued to shop tool-dispensing storerooms. At many enterprises, balances of work in progress are accounted for at normative or planned prices, and deviations from these prices are reflected monthly in the cost of finished output. Accounts receivable on claims, disputed debts, and certain other settlements are accounted for at wholesale prices; furthermore, these assets complete their circuit not by product realization, but by the receipt of funds into the settlement account. Balances of funds in the settlement account include profit, director's fund, accounts payable, etc. Consequently, complete identity between the cost of realized products and the balance sheet valuation of working assets does not and cannot exist.

Secondly, not all working assets "turn over" in the sense usually understood. A significant portion of tools, low-value inventory and special clothing, containers, spare parts, and other assets transfer their value to the product not all at once and not in full, but as they wear out, as occurs with fixed assets. Therefore, product realization is not a turnover for such conditionally-working assets.

Thirdly, at many enterprises, inventories, work in progress balances, and finished goods include unliquidated items, scrap, and hidden losses amounting to large sums, which in fact do not turn over at all, although they are accounted for over long

periods in balance sheets until written off as a loss or sold externally at reduced prices.

The method recommended by Comrade Andrianov yields in many cases a smaller number of turnovers than the method recommended by the "Letter". But this does not mean that Comrade Andrianov's "standard" is perfect. If the question of one calculation method or another for turnover of funds came down only to the absolute quantity of turnovers, it would make no practical sense to argue over whose method is more correct. The point is that the method of calculating the velocity of turnover of funds recommended by Comrade Andrianov is practically unfit, since in most cases it yields a distorted indicator, incorrectly evaluating the work of enterprises in accelerating the turnover of working capital.

It is common knowledge that the struggle of socialist enterprise collectives to lower the cost of manufactured and realized products is most closely linked with the struggle to accelerate working capital turnover. The turnover indicator of funds is a comprehensive, synthetic reflection of the entire production, economic, and financial activity of an enterprise. If this indicator yields a positive result (acceleration against the plan or past period), there should be no doubt that the enterprise worked well. Conversely, if the turnover indicator yields a negative result (slowdown of turnover against the plan or past period), whereas the enterprise worked well, then such an indicator is worth nothing despite all the theoretical purity and precision of its calculation methodology. Our enterprises must have a comprehensive indicator of their work in accelerating the turnover of funds that immediately gives a correct answer without any corrections, comments, or reservations.

What the method recommended by Comrade Andrianov leads to can be shown by the example of the operation of two machine-building plants:

Line Item	Enterprise No. 1 Plan	Enterprise No. 1 Actual	Enterprise No. 2 Plan	Enterprise No. 2 Actual
1. Realization of products at cost	250	237	300	309
2. Average working capital balances	100	96.5	120	122.6
3. Number of turnovers (1 ÷ 2)	2.50	2.46	2.50	2.52
4. Realization at wholesale prices without turnover tax	275	275	330	330
5. Number of turnovers (4 ÷ 2)	2.75	2.85	2.75	2.69

Structure of Working Capital of Enterprise No. 1

Name of Working Capital Assets	Plan	Actual	Difference in Percent
Production inventories	30	29.4	-2.0
Low-value items	5	5	—
Work in progress	40	37.9	-5.25
Finished items	15	14.2	-5.33
Other assets	10	10	—
Total	100	96.5	-3.5

Specific weight of cost elements in the cost of realized products (according to plan in %):

Cost Elements	Percentage (%)
Materials	60
Wages with accruals	30
Other costs	10
Total	100

Cost of realized products by cost elements:

Cost Elements	Plan	Actual	Absolute Savings	Percentage Savings (%)
Materials	150	147	3	2.0
Wages with accruals	75	67.5	7.5	10.0
Other costs	25	22.5	2.5	10.0
Total	250	237	13.0	5.2

From the presented tables and calculations for them, it can be seen that Enterprise No. 1 fulfilled the product realization plan at wholesale prices without turnover tax by 100% and reduced the cost of realized products by 5%. Simultaneously, this enterprise reduced the balances of its working assets by 3.5%, which exactly corresponds to the structure of its working capital and the specific weight of the savings obtained across cost elements. Consequently, the enterprise not only achieved a reduction in the cost of realized products, but also reduced its working assets in the same proportion. The difference of 1.5% (5% - 3.5%) is completely natural, since cost reduction was achieved not only through savings in material expenditure, but also through an increase in labor productivity, which caused savings in wages and other non-material elements of the cost of realized products. Thus, Enterprise No. 1 worked well and has the right to expect a positive turnover indicator of funds compared to the plan. According to the method recommended by the "Letter", this indicator gives an acceleration of turnover by 3.6% (2.85 against 2.75 under the plan). But according to the method recommended by Comrade Andrianov, this indicator will falsely testify to a slowdown in the enterprise's turnover of funds by 1.6% (2.46 against 2.50 under the plan). It should be noted that in this example we adopted the standpoint of Comrade Andrianov, according to which, with any reduction in the cost of realized products, enterprises are obligated to immediately reduce accordingly not only carry-over stocks of finished goods, but also balances of materials and work in progress. This standpoint is highly debatable. In

reality, savings in material consumption for production lead to a growth of material balances in the warehouse in the current period, while over-expenditure of materials for production causes a decrease in material balances in the warehouse. The allocations granted to the enterprise and the contracts concluded by it for purchasing materials are calculated for 100% of production volume and for the planned level of production costs. Allocation requests and previously concluded contracts can be adjusted (and even then with great difficulty) only after analyzing reporting data on the actual cost of output, and not in advance based on guesswork. Balances of work in progress should decrease in accordance with the percentage of cost reduction only when these balances are evaluated in the balance sheet at actual cost. If work in progress is evaluated at normative or planned cost (as is the case at the "Dynamo" plant and at many other enterprises), such correspondence does not arise. In our example, we set aside these factors in order to demonstrate more clearly the defectiveness of the method recommended by Comrade Andrianov.

Enterprise No. 2 in our example also fulfilled the product realization plan at wholesale prices without turnover tax by 100%. But at the same time the enterprise "overfulfilled" the realization plan at cost by 3% due to an increase in the planned cost of output and realized products. By Comrade Andrianov's logic, in this case the working assets of the enterprise should accordingly increase, although under practical conditions such correspondence may not exist. With the same working capital structure and with cost increases due to the same elements as were taken as the basis for Enterprise No. 1, the growth of working assets of Enterprise No. 2 constitutes 2.25%, or 75% of the cost increase of realized products.

What do the turnover indicators of Enterprise No. 2 tell us? Despite the cost increase of products, despite the presence of above-plan working capital balances, the indicator calculated

by Comrade Andrianov's method artificially yields a positive result, namely — an acceleration of turnover by 0.8%. The indicator recommended by the "Letter", on the other hand, correctly testifies to a slowdown in the turnover of funds of this enterprise by 2.2%. The higher the actual cost of realized products against the plan, the better the turnover indicator calculated by Comrade Andrianov's method; the lower the actual cost of realized products, the worse the indicator.

Let us assume that all enterprises will reduce their working capital balances as Comrade Andrianov considers necessary, i.e., by the same percentage as the entire cost of realized products is reduced, covering with the reduction of inventory balances the savings in the wage fund and other (non-material) elements of product cost. In this case, the actual turnover of funds calculated by Comrade Andrianov's method will equal the planned turnover. In other words, product cost is reduced, working assets are also reduced against the plan, and the planned turnover is fulfilled only by 100%! It turns out that enterprises whose product cost proved higher than planned and whose working assets exceeded the plan by the same percentage also fulfill the turnover plan of funds by 100%! If, on the other hand, actual product cost is higher than planned by 10%, and working assets exceed the plan by only 5%, then in this case Comrade Andrianov's indicator, contrary to logic and common sense, will give a significant acceleration of turnover of funds. Who needs such an indicator, what is the use of it?

Comrade Andrianov fears that the above-plan profit of an enterprise will serve as a cover for negligent managers whose turnover of working capital is essentially slowed down. But after all, above-plan profit of socialist enterprises is by no means a random factor. Above-plan realization of products at wholesale prices without turnover tax can occur only when overfulfilling the planned volume of product realization as a result of overfulfilling the production plan or above-plan

reduction of opening (incoming) balances of finished goods in the warehouse, goods shipped, and goods not paid for on time by buyers; above-plan realization of products can also occur owing to assortment shifts in the composition of realized products yielding an increase in realization volume in value terms.

Above-plan accumulations by themselves do not increase the sum of realized products at wholesale prices. Of course, when overfulfilling the planned volume of product realization, the sum of accumulations increases accordingly. The main factor determining the size of above-plan accumulations of an enterprise is the reduction of the cost of realized products against the plan, which does not increase the sum of realized products at wholesale prices, but merely reduces the sum of realization at actual cost.

Consequently, by fighting for the overfulfillment of the production and realization plan in terms of volume, i.e., at wholesale prices, and fighting for above-plan accumulations formed upon overfulfilling the realization plan in volume and above-plan reduction of the cost of realized products, the collective of any socialist enterprise solves a task very necessary for the national economy. How does this affect the turnover indicator of working capital recommended in the "Letter"? On the one hand, real turnover in fixed state-established prices increases, i.e., the numerator (dividend) in the fraction representing the indicator of the number of turnovers increases. On the other hand, cost reduction causes an automatic decrease in the book value of finished items, goods shipped, goods not paid for on time by buyers, and certain other working assets, which decreases the denominator (divisor) in the same fraction. As a result, an increase in the number of turnovers, an acceleration of turnover of funds compared to the plan and past period is obtained.

Does Comrade Andrianov really suppose that assortment shifts capable of sometimes causing artificial turnover growth at wholesale prices compared to the plan are so substantial a factor in forming above-plan accumulations that for the sake of this alone one should keep account of product realization at actual cost, putting up with the distortions that such an indicator presents? After all, assortment shifts can cause artificial well-being also when evaluating product realization at actual cost! Furthermore, at present the work of every enterprise in output of products in the assortment specified by the plan is very strictly controlled, and violations in fulfilling the production program by nomenclature are verified not by working capital turnover, but by direct comparison of the product nomenclature provided for in the plan and actually output.

Contrary to Comrade Andrianov's assertions, the only correct method of calculating the turnover indicator of working capital for an enterprise as a whole is the method recommended by the "Letter" and universally applied at present.

Wholesale prices of realized products serve as the only correct basis for calculating working capital turnover. Firstly, wholesale prices now, after the liquidation of so-called unchanged prices, represent the only fixed and direct measure of the volume of output and realized products, whereas actual cost reflects merely the level of enterprise expenditure on that same volume of output and realized products: the lower this level, the better the enterprise works, although the turnover sum thereby decreases; the higher the expenditure level, the worse the enterprise works, even though the turnover sum thereby increases. Regardless of what happens to the enterprise's working asset balances — whether they decrease or increase compared to the plan — one cannot take product realization at actual cost as "turnover", which always yields inversely proportional results; one should proceed from

realization at wholesale prices, which always yields directly proportional results.

Secondly, since planned and actual turnover indicators of funds are determined by the same method (calculated on realization at wholesale prices), the charge of deceiving the state, masking the indicator, etc., falls away. One cannot seriously speak of "veiling" the turnover indicator merely on the grounds that for profitable enterprises the absolute number of turnovers under the method indicated in the "Letter" turns out somewhat larger than under Comrade Andrianov's method!

Thirdly, actual turnovers of inventory valuables are conducted in our country only at wholesale prices, and not at actual cost. In particular, all production inventories on the balance sheets of our enterprises are valued at purchase (wholesale) prices, including suppliers' accumulations. Funds arriving in suppliers' settlement accounts to pay bills for finished goods correspond to wholesale prices of realized products. The question arises: in what way is the method recommended by Comrade Andrianov linked with determining the turnover of funds in all socialist industry as a whole? To what extent does this method correspond to real turnovers in the national economy? We assert that artificially severing socialist accumulations from the sum of realized products distorts the real turnovers of the socialist economy. Furthermore, excluding socialist accumulations from the turnover calculation of funds undoubtedly impoverishes and distorts the turnover indicator, diminishing the importance of the struggle for fulfilling and overfulfilling accumulation plans.

Comrade Andrianov states that "the indicator calculated on the basis of the cost of realized products reflects the unity of the product cost formation process and the working capital formation process." But who discovered the law of unity of these processes, and when? Why should the turnover indicator of funds reflect and confirm this "law", rather than illuminate

the results of concrete enterprise work in increasing production volume, lowering product cost, and reducing carry-over balances of working assets in comparison with the plan?
Cost reduction most frequently occurs as a result of overfulfilling the production program in terms of volume through raising labor productivity. Along with some savings in direct costs (workers' wages, consumption of raw and other materials), significant savings in overhead expenses per product unit arise, i.e., a relative decrease in shop and general plant expenses, as well as depreciation and certain other costs. The main part of enterprise overhead expenses consists of wages with accruals and so-called "other monetary expenses", while materials, fuel, and other elements constitute a significantly smaller share. Naturally, in the struggle to reduce product cost, enterprise collectives strive for savings in materials, fuel, tools, and other material elements of product cost. But in so doing a direct correspondence between reducing product cost and decreasing the level of all working assets does not arise.
All other things being equal, only the value of balances of finished goods, goods shipped, and goods not paid for on time by buyers decreases accordingly in value terms; sometimes the value of work in progress balance decreases. As for other elements of working capital: materials, low-value items, fuel, containers, spare parts, all unnormalized assets — in value terms they do not decrease at all when the cost of realized products is reduced. Possible or proper reduction of these assets in volume is the result of completely different factors not directly linked with product cost reduction. In what, then, consists the unity of the processes of cost formation and working capital formation of an enterprise? Despite a certain dependence and mutual connection of cost with individual elements of working capital, there is no ground for calling this connection an "unbreakable unity".

Comrade Andrianov correctly points out that unplanned losses of enterprises should not be included in the average balances of working assets when calculating the velocity of turnover of these funds. Here a mistake was indeed made in the "Letter", which should be corrected. But one cannot at all agree with Comrade Andrianov that cash balances in the enterprise's settlement account should be added to balances of other working capital to calculate their velocity of turnover. The arguments presented by Comrade Andrianov are erroneous and confuse a very simple and clear question.

First of all, it is necessary to agree on what should be considered "turnover" when calculating the turnover of each individual element of working capital, all normalized working capital, and all working capital of the enterprise in general. It seems indisputable to us that in all cases "turnover" should be considered the expenditure of funds or their transition into the next circuit phase. Thus, for material balances in the warehouse, turnover is expenditure (issue) for production; for work in progress balances in the shop — finished output of the given shop; for finished product balances in the warehouse — shipment of products to consumers; for balances of goods shipped, both timely and overdue — product realization. For all normalized working capital, as well as for all working capital of the enterprise as a whole, turnover is also product realization, i.e., payment of invoices by buyers, occurring mainly in the form of receipt of funds into the supplier's settlement account. This concludes each complete circuit of funds and begins the next circuit, namely: payment of invoices for materials occurs, wages are paid, profits are transferred to the budget, depreciation is transferred, and other expenses for expanded socialist reproduction of the given enterprise and the entire national economy as a whole are carried out.

What, then, is "turnover" for cash balances in the settlement account? Naturally, expenditure of funds from the settlement

account, and not product realization, not income, not receipt of funds into the settlement account. If the need arises to calculate separately the velocity of turnover of funds in the settlement account, one should divide the expenditure of funds from the settlement account for a given period by the average balances of funds in the enterprise's settlement account. In certain cases and for certain purposes, such calculations can be practically useful. But it is completely incorrect to add balances of funds in the settlement account, for which turnover is expenditure of funds, to those funds for which turnover is product realization, i.e., receipt of funds into the settlement account.

Comrade Andrianov sees no difference between receipts turnover and expenditure turnover. We consider it theoretically and practically erroneous and harmful to calculate turnover on the basis of receipts turnover. One cannot correctly calculate the velocity of turnover of materials starting from the receipt of materials into the warehouse, as this would mean stimulating maximum purchases. One cannot determine the velocity of turnover of funds in work in progress starting from gross output: with such a method, work in progress balances are counted twice in turnover; furthermore, shop collectives should strive primarily to increase the output of finished products, rather than building up work in progress balances. It is incorrect to consider the velocity of turnover of finished goods in the warehouse based on output of finished items from production, for the turnover of finished items in the warehouse will be favorable only when sales and warehouse workers increase expenditure, i.e., shipment of finished items.

When calculating norms in days of stock and in rubles for work in progress and finished items, up to now, unfortunately, receipts rather than expenditure of funds are taken as turnover, namely gross output — for work in progress, and finished output — for finished items. But the practice of leading enterprises fighting for acceleration of turnover of funds has

long shown that such a method of calculating norms is fundamentally erroneous and completely unfit for calculating planned assignments for turnover of funds in individual sectors and for concrete executors. The turnover indicator of funds should in all cases stimulate the speediest movement of funds to the next stage of the circuit, closer and closer to output and realization of products, rather than orienting toward increasing the receipt of funds in a given sector, at a given stage of the circuit. This indicator should stimulate reduction of the production cycle, reduction of carry-over stocks and balances, and speediest transfer of output items to consumers.

Comrade Andrianov is wrong in asserting that excluding cash balances in the settlement account from working assets when calculating turnover allegedly artificially overstates the turnover of remaining working capital. On the contrary, including cash balances in the settlement account in average working capital balances artificially understates the turnover of funds in each individual completed circuit.

Incomprehensible is Comrade Andrianov's assertion that "control over the settlement account is necessary primarily to verify and analyze working capital turnover." In our opinion, one should control primarily not balances of funds in the settlement account, but the expediency of expending cash funds from the settlement account. A high level of average balance of free funds in an enterprise's settlement account almost in all cases testifies to good enterprise performance, stability of its financial position, and absolute release of working capital. It is immeasurably easier to spend money from a settlement account or artificially reduce balances of these funds on reporting dates than to achieve a deliberate increase in balances of these funds. Only people completely divorced from practical enterprise work can assert, as Comrade Andrianov does, that "many enterprises have an increased stock of cash funds in the settlement account due to non-

fulfillment of the supply plan." Where are they, these enterprises whose managers sit on a bag of money instead of acquiring materials, fuel, tools, etc.? Who would dare create a threat to the normal course of production merely to show artificial acceleration of turnover of funds on balance sheet dates?

Money in the settlement account in the State Bank is the best, most liquid, and most expedient form of preserving temporarily free working capital of an enterprise fulfilling its production and realization plan. It is necessary in every way to encourage such enterprises as store their free funds in the settlement account. These funds are liabilities of the Gosbank of the USSR and are used by the latter as a source of short-term crediting for the entire national economy. Yet Comrade Andrianov recommends including settlement account balances in the turnover indicator in order to stimulate reduction of these liabilities, to encourage an anti-state tendency consisting in "hiding" extra money, not showing it on reporting dates out of fear that these funds will be withdrawn into the budget, in favor of higher economic bodies, etc.

Neither theoretically nor practically is there any sense in declaring a struggle for the lowest level of cash balances in settlement accounts of enterprises, as proposed by Comrade Andrianov. As it is, settlement accounts of many enterprises are burdened with overdue debts on bank loans and suppliers' invoices as a result of slowed turnover of funds in normalized stocks and in settlements with buyers.

Quite justly noting the absence in the "Letter" of proper directives regarding methods for determining the velocity of turnover of funds in individual sectors, shops, storerooms, warehouses, departments, etc., Comrade Andrianov in the relevant section of his article provides a number of numerical examples and abstract formulas leading away from practical

methods of calculating turnover of funds in individual sectors and for concrete executors.

Comrade Andrianov shows the turnover of highly aggregated elements of working capital (means of production, finished goods, and cash funds) as the ratio of balances of these elements to product realization at cost. Such a method is doubly incorrect: firstly, because it does not allow controlling work in individual sectors having no relation to product realization, and, secondly, because neither for individual elements nor for the total of working capital can product realization at cost be considered turnover, as discussed in detail above.

Turning then to the turnover of each individual element of working capital, which he unsuccessfully calls "special" turnover of funds and which would be more correctly called "particular" turnover, Comrade Andrianov provides a universal formula: $(O \cdot D) \div B = K$. From this formula it is not visible at all what should be considered turnover for each type of working capital, in what prices turnover, balances, etc., should be determined. In the numerical example, balances and turnovers are also shown without deciphering what exactly lies behind these numbers. Much space is devoted to proving the connection and dependence between particular turnovers and general turnover of funds, although we are unaware of the existence in economic literature of any opinion rejecting such dependence. Comrade Andrianov's assertion that when calculating particular turnovers at cost, calculating general turnovers at wholesale prices "creates a rupture of unity between the particular and the general" is founded on nothing.

Furthermore, in this part of his article Comrade Andrianov committed a number of inaccuracies and errors. Thus, turnover of finished items should be determined not by production volume, but by shipment of items to consumers; for cash funds, turnover is not product realization, but expenditure of cash

funds; far from all working capital passes through the phase of production inventories.

The complex formula of linking particular turnovers with general turnover recommended by Comrade Andrianov is unfit for practical enterprise work and merely obscures the essence of the matter. In any case, such linking can be done only by highly qualified economists, of whom there are not so many at enterprises. To evaluate work in accelerating turnover of funds in each concrete sector, such linking is not needed at all; to evaluate the work of an enterprise as a whole, there is no need to link several hundred particular turnovers, to sum up particular turnovers arithmetically, when a simple method of calculating turnover exists by dividing realization by average balances of all working capital of the enterprise.

Calculation of turnover of individual types and groups of working capital must be conducted on the basis of expenditure of corresponding funds evaluated at cost of each type or group of these funds. Calculation of turnover of normalized and all working capital as a whole for an enterprise should be made on the basis of product realization at wholesale prices without turnover tax, rather than at cost. The different evaluation of particular and general turnovers is completely natural, since it correctly orients enterprises toward such acceleration of turnover of funds as arises from overfulfilling production and realization plans, reducing product cost, decreasing carry-over balances of working assets, and effectively and rationally utilizing working capital. One cannot sever the turnover indicator of an enterprise's funds as a whole from the factory collective's struggle for above-plan accumulations, for raising working capital efficiency, for successful fulfillment of all quantitative and qualitative plan indicators.

Methods for calculating relative and absolute release of working capital achieved as a result of turnover acceleration set forth in Comrade Andrianov's article are far from complete and

accurate. It is incorrect that the most effective result of the struggle to accelerate turnover of funds is transferring released working capital to the state budget or to a higher economic body. Any release of working capital, both relative and absolute, both owned and attracted or borrowed funds, is equally useful to the national economy. Transferring released owned working capital to the budget or higher economic body is by no means obligatory.

In all cases, the amount of working capital released as a result of accelerating its turnover should be calculated not by the sum of cash funds transferred by the enterprise, but by a definite calculation. For normalized funds (compared to the plan), the amount of released funds is determined by the following method: the planned norm for a given period is recalculated based on the actual volume of product realization at wholesale prices without turnover tax, by dividing the realization sum of products by the planned number of turnovers of normalized funds; from this recalculated norm, the actual average balance of normalized funds in turnover is subtracted, and the difference constitutes the sum of funds released from turnover. To determine the quantity of funds released from turnover compared to the past period (for example, for all working capital, both normalized and unnormalized), the following method is applied: actual realization of products at wholesale prices without turnover tax for a given period is divided by the actual number of turnovers in the past period; from the obtained sum, the average balance of working assets for the given period is subtracted, and the difference yields the sum of released working capital compared to the past period.

Absolute release of an enterprise's owned working capital can occur only if: 1) on a given reporting date (and not on average across a number of dates), actual balances of normalized assets in total are lower than the planned norm on the same date; 2) the difference between the norm and actual balances is not

immobilized in unnormalized assets, but stored in cash in the enterprise's settlement account; 3) release of funds determined by the method indicated above yields a sum equal to or exceeding the aforementioned sum. If calculation by formula yields release of funds in a smaller sum, it is precisely the latter that corresponds to the release of working capital achieved as a result of turnover acceleration. In all other cases, one can talk only of relative release of working capital or release of attracted or borrowed funds rather than owned funds.

One can transfer to the budget or higher economic bodies only absolutely released owned working capital, and even then only when the enterprise is confident that in the future it can normally fulfill the production program with reduced norms of owned working capital.

The main task of enterprises is to liquidate above-plan balances of normalized funds and mutual non-payments of economic bodies, ensuring that the growth rate of production and product realization significantly outpaces the growth of working capital. Successful fulfillment of this task will allow releasing from turnover huge state funds, both owned and borrowed. In this lies the goal of the struggle to accelerate the turnover of funds.

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P. VASILYEV

SOME ISSUES CONCERNING THE EFFECTIVENESS OF SHELTERBELT AFFORESTATION

Shelterbelt afforestation in the form and on the scale that it is being implemented in the USSR according to the great Stalinist plan for the transformation of nature has no precedent in history; it is possible only under the conditions of the socialist system. Even setting such a grandiose task is beyond the reach of capitalism.

As K. Marx pointed out long ago, the development of culture and industry under pre-socialist conditions 'manifested itself so energetically for a long time in the destruction of forests that, compared with this, everything done by it for the maintenance and planting of forests is a completely negligible quantity'[190]. Bourgeois science long ago elevated forest destruction to an immutable, eternal 'law of nature'. Thus, A. Humboldt openly proclaimed: 'Forests precede man, deserts accompany him.'

The predatory destruction of forests is especially characteristic of the USA, where 44% of timber forest has been destroyed over the past 36 years[191]. As a result of deforestation and predatory attitudes toward cultivated lands in the USA, soils are increasingly eroding, the yield of agricultural crops is

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[190] K. Marx, Capital, vol. II, 1949, p. 241.

[191] Unasylva magazine No. 1, 1947, p. 38. It can be assumed that by 1950 these 44% turned into 50%, since the forest area in the USA is decreasing annually by 2-2.5%.

dropping, and once-most-fertile prairies are turning into wasteland. Attempts to halt this destruction of natural productive forces have not yielded and cannot yield positive results under capitalism. A striking proof of this is, in particular, the failure of the land afforestation project adopted 20 years ago in the USA in the Great Plains region, which provided for the creation of 500 thousand hectares of plantations over 10 years. As is well known, this project was associated with the presence in the USA of a multi-million army of the unemployed, and appropriations for afforestation were allocated from the presidential 'unemployment relief fund'. The majority of farmers reacted with hostility to the government's measures: farmers were against forest plantations on their lands, since these plantations did not bring capitalist income. The afforestation program in the USA was fulfilled by only 14%.

Marxist economic theory has long established not only the very fact of the inevitable, regular destruction of forests under capitalism, but also its causes. Marx wrote: 'The long production time (which includes only a relatively insignificant working time) and the associated duration of turnover periods make afforestation unprofitable for private, and consequently for capitalist enterprises...'[192].

The creation of any significant shelterbelt forest plantations under capitalism is also impossible because the land is in the hands of private owners, who prevent the use of land plots for planting forests.

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192 K. Marx, Capital, vol. II, p. 241.

As is well known, the forestry of our country under tsarism was also extremely backward and neglected. Deforestation in Russia, as F. Engels noted, was 'to no lesser degree than the ruin of the peasantry, one of the vital conditions of bourgeois society'[193]. In tsarist Russia, only a few hundred thousand hectares of forest were planted in total[194].

Despite individual successes (for example, the Veliko-Anadol steppe afforestation, shelterbelts in Kamennaya Steppe, etc.), attempts at afforestation on such negligible scales could not have substantial significance in combating those natural disasters that befell the agriculture of the steppe regions of Russia in the form of increasingly frequent droughts and crop failures.

Advanced Russian scientists, primarily V. V. Dokuchaev, engaged in the scientific development of problems of raising Russian agriculture. Dokuchaev not only deeply understood and showed in what 'torn, broken, abnormal state our southern steppe agriculture is located', but also outlined means of struggle to raise agriculture[195]. Among the methods he

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193 K. Marx, F. Engels, Selected Letters, 1947, p. 449.

194 According to data from the yearbook of the People's Commissariat of Agriculture of the USSR and the People's Commissariat of State Farms 'Agriculture of the USSR' (1935), from 1898 to 1917 the volume of work on fixing and afforesting sands amounted to 192 thousand ha and on fixing and afforesting ravines 10 thousand ha. The volume of afforestation work in forestry for the period from 1865 to 1913 amounted to about 900 thousand ha. However, all these data reflect only the areas of planting and sowing, and not the area of actually grown forest. Considering that a significant part (up to 30-40%) of all plantings and sowings of forest subsequently perished, the actual area of forests created in capitalist Russia can be estimated at no more than 500 thousand ha, including less than 100 thousand ha of protective plantations of various kinds.

195 V. V. Dokuchaev, Our Steppes Before and Now, Selkhozgiz, 1936, p. 103.

proposed, shelterbelt afforestation occupied a prominent place. However, under the conditions of tsarist Russia, where private land ownership existed, where landowners were unwilling to incur expenses for the development of crop farming, and the ruined peasantry had no opportunities for this, the struggle against drought through steppe afforestation could not receive practical implementation.

Shelterbelt afforestation as an all-state measure became possible only as a result of the Great October Socialist Revolution.

As early as the decree of May 27, 1918, signed by Lenin and known as the 'Basic Law on Forests', the Soviet government set before the country's forestry, along with the main task of meeting the needs of the national economy for timber, the task of broadly utilizing the protective role of the forest in relation to soils and populated areas, the water regime of rivers, their anti-erosion significance, etc. But foreign intervention and the civil war did not allow embarking on the implementation of these measures at that time. Only in the years of peaceful construction did the possibility arise of carrying out such measures on a wide scale.

In 1924, Comrade Stalin wrote: 'We have decided to utilize the heightened readiness of the peasantry to do everything possible to insure themselves in the future against the hazards of drought, and we shall try to utilize this readiness in every possible way for the purpose of carrying out (jointly with the

peasantry) decisive measures for land improvement, improvement of farming culture, etc.'[196].

At the 17th Congress of the All-Union Communist Party (Bolsheviks), Comrade Stalin particularly emphasized that 'the planting of forests and forest shelterbelts in the eastern regions of the Trans-Volga has colossal significance'[197].

The grandiose Stalinist plan for the transformation of nature, successfully being put into practice in the USSR, is a vivid expression of the power and majestic successes of the development of the socialist society, which on the basis of science systematically, ever more successfully and comprehensively subjugates the forces of nature to the interests of socialism. This plan ensures a new powerful upsurge of socialist agriculture and the obtaining of high stable yields regardless of the caprices of nature.

Its immediate task is the introduction into agriculture of the steppe and forest-steppe regions of the European part of the USSR over the coming years of the travopolny (grass-arable) system of agriculture on the basis of the Dokuchaev-Kostychev-Williams complex. This complex includes: planting forest shelterbelts, introducing grass-arable field and fodder crop rotations, a correct soil tillage system, applying organic and mineral fertilizers, sowing with selected seeds, and developing irrigation on the basis of utilizing local runoff waters and through the construction of ponds and reservoirs.

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196 I. V. Stalin, Works, vol. 6, p. 275.

197 I. Stalin, Problems of Leninism, 11th ed., p. 456.

'The indicated system of measures,' states the resolution of the Council of Ministers of the USSR and the Central Committee of the All-Union Communist Party (Bolsheviks), 'is a reliable weapon in the fight against drought, contributes to increasing soil fertility, obtaining high and stable yields, stopping soil washing and blowing, fixing sands, and the most correct use of lands. At the same time, this system makes it possible to develop a versatile economy with the correct ratio of crop farming, animal husbandry, and other branches, and ensures a significant growth in the marketability of the economy.'

In the plan of great works, top priority is given to the task of shelterbelt afforestation—the creation of a grandiose, unified, constantly functioning state and collective-farm-state system of shelterbelt forest plantations on a vast part of the country's territory. This system, in a unified complex with other elements of the grass-arable system of agriculture, will radically improve the conditions of agricultural production in this territory.

The Soviet people enthusiastically set about implementing the Stalinist plan for the transformation of nature. The patriotic upsurge and enormous assistance rendered by the Soviet government to socialist agriculture are a guarantee that the afforestation plan will be fulfilled not in 15 years, as provided by the resolution, but in a shorter period. As is known, 6,150 thousand hectares of forest are to be sown and planted. Over 1948 and 1949, 590 thousand hectares were planted and sown. The plan established for 1950 is 700 thousand hectares with some overfulfillment, and this year's work was carried out in a shorter time frame and at a high agrotechnical level. The plan for creating state shelterbelts, which provided for 1950 the

afforestation (taking into account 1949 plantings) of 23 thousand hectares, is being fulfilled much faster.

In the spring of 1950 as a whole, taking into account afforestation in the forest zone, over 1 million hectares of new forest plantations were established, i.e., twice as much as in the entire history of tsarist Russia; in this same year, autumn sowings and plantings of forest are yet to be carried out. By the end of the year, the general plan for shelterbelt afforestation, calculated for 15 years, will already be fulfilled by 22%. In individual oblasts, krais, and republics, the fulfillment of the general plan for forest sowing and planting will be even more significant. Thus, in the Ukrainian SSR, plan fulfillment is expected at 34-36%, in Ulyanovsk, Tambov, and Astrakhan oblasts at 30-33%, in the Mordovian ASSR, Penza, Grodno, and Crimean oblasts at 23-25%.

As a result of the implementation of the Stalinist plan for the transformation of nature, in a number of regions the forest cover of the country, which systematically decreased for hundreds of years, will be restored. Here, for example, are the data for Voronezh, Tambov, Oryol, Kursk, Tula, Kuybyshev, and Saratov oblasts combined:

Period	**Forest cover percentage (% of forest-covered area to total territory)**
End of 17th c. and beginning of 18th c.	16.0
In the 1880s	11.7
By the beginning of the organization of Soviet	6.6

forestry	
By 1948	8.2
After the implementation of the Stalinist plan for the transformation of nature	14.4

According to the Stalinist plan, shelterbelt plantations will be placed systematically, with a view to the full utilization of their protective role for agricultural crops and in combination with a number of other measures of the grass-arable system of agriculture. New forests will yield an enhanced effect compared to naturally grown forests; consequently, they will not simply restore disturbed natural conditions, but will radically renew and improve them.

The Stalinist plan sharply changed the national economic role of shelterbelt afforestation and its entire organization. The specific weight of shelterbelts (excluding state shelterbelts and industrial forest sowings) in the total forest fund of the forest-steppe and steppe regions of the European part of the USSR increases sharply.

Specific weight of shelterbelt forests (Group I and Group II regions 9):

Republic, oblast, or krai	**As of Jan 1, 1949**	**After plan fulfillment**	**Republic or oblast**	**As of Jan 1, 1949**	**After plan fulfillment**
Group I (Forest-steppe)			Group II (Steppe)		
Ulyanovsk	0.1	4.2	Chkalov	2.9	10.9

Oblast					
Mordovian ASSR	0.1	10.8	Stavropol Krai	1.0	40.7
Sarator Oblast	0.1	16.3	Stalingrad Oblast	43.6	6.2
Penza Oblast	0.4	14.0	Rostov Oblast	3.6	47.4
Ryazan Oblast	0.3	25.4	Astrakhan Oblast	71.9	17.6
Tatar ASSR	0.9	23.7	Kuybyshev Oblast	4.2	41.3
Tula Oblast	2.1	25.5	Bashkir ASSR	0.2	3.0
Voronezh Oblast	2.3	36.5	Krasnodar Krai	10.4	28.8
Kursk Oblast	0.9	39.7	Grozny Oblast	6.2	98.6
Oryol Oblast	1.3	51.8	Crimean Oblast	1.8	22.8
Ukrainian SSR	0.5	18.8	Average for Group II	19.6	—
Average for Group I	1.1	18.3	Average for all regions	—	—

In the table, the first group includes oblasts, krais, and republics located predominantly in forest-steppe regions, and the second group those located in steppe and semi-desert regions, with both cases in the sequence of decreasing forest cover.

Thus, in the steppe zone of the European part of the USSR (second group of oblasts), shelterbelt forests will constitute almost half of the entire forest area, and in the forest-steppe zone slightly less than 20%. In individual oblasts, the share of shelterbelt forests will exceed 50%. For a number of oblasts, the total area of forest plantations will increase tens of times. Thus, for example, these plantations will amount to: in Rostov Oblast 376 thousand ha against 20 thousand ha in 1948, in Stalingrad 397.6 thousand ha against 12.4 thousand ha, in Stavropol Krai 239 thousand ha against 12.0 thousand ha, etc.

Taking into account the overfulfillment of the plan already outlined for a number of oblasts, the growth of shelterbelt forest areas and their absolute sizes will be even higher. Along with this, according to the decisions of the party and government, in the southeast of our country, on the right bank of the Volga, over 400 thousand hectares of industrial oak groves are to be created in the coming years, which at the same time will have major protective significance.

On large areas, forests will be planted in the areas of construction of the Kuybyshev and especially Stalingrad hydroelectric power stations, in the deserts of Central Asia on the basis of the Main Turkmen Canal being built there with its powerful irrigation and water-supply systems, in the southern steppe regions of Ukraine, in the zones of the South Ukrainian and North Crimean canals, etc. Only in the service area of the Main Turkmen Canal should about 500 thousand hectares of new forest plantations be created.

The Stalinist plan for the transformation of nature radically changes agro-forest-reclamation practices, methods of management, and the organization of steppe forestry. A new special variety of forestry production is being formed in our country—special reclamation or agricultural forestry.

Shelterbelt afforestation, along with other long-term and permanently operating measures of highly developed agricultural production (irrigation systems, ponds, reservoirs, etc.), requires large one-time capital investments, after which only small expenditures will be needed for its maintenance. As for its beneficial action, it not only does not weaken over time, but increases more and more. Using Marx's definition, shelterbelt forest plantations can be called permanent sources of land fertility.

In its economic nature, the effectiveness of shelterbelt afforestation is expressed in differential land rent transformed on the basis of the socialist mode of production, obtained from additional investments in agricultural production. This rent is fundamentally different from capitalist differential rent, which enriches landowners and capitalist tenants.

At the basis of the rent formed in the agriculture of the USSR lies the unassailably dominant socialist mode of production: socialist ownership of land and means of production, the socialist character of labor and its social organization. All investments in protective plantations and land reclamation of fields are made in the USSR by the state and collective farms, and the additional incomes obtained from this, like the entire aggregate social product, are distributed and used also in the

interests of developing the socialist national economy and raising the material well-being of the people.

Differential rent formed thanks to forest plantations consists primarily in obtaining an additional stable yield of agricultural products. Forest belts, which are peculiar 'stores of moisture', protecting fields from droughts, dry winds, etc., contribute to a significant increase in the yield of all agricultural crops and ensuring stable yields. They facilitate the broad development of territories of steps and especially deserts and semi-deserts previously unused in agriculture. With the help of anti-erosion, sand-fixing, salt-resistant (in mountainous places) and other plantations, new losses of agricultural areas are prevented. On the basis of combining forest plantations with grass-arable crop rotation, a significant expansion of the local fodder base for the development of animal husbandry is ensured, and grazing conditions in pasture livestock areas are decisively improved. Shelterbelt afforestation to a certain extent also means the creation of local sources of timber in areas where it experiences the greatest deficit. Finally, on the basis of protective afforestation, the possibility is created for the broad development of local fruit and berry farming, beekeeping, etc.

The positive influence of forests on the yield of agricultural crops can be judged by long-term average data on yields and their dynamics in regions and oblasts with various forest cover. But most indicative and convincing in this regard are the results of the experience of cultivating shelterbelts. The resolution of the Council of Ministers of the USSR and the Central Committee of the All-Union Communist Party (Bolsheviks) of October 20, 1948, points to the experience of

the V. V. Dokuchaev Research Institute of Agriculture of the Central Chernozem Region, the 'Gigant' state farm in Rostov Oblast, the collective farms of Salsk District, Rostov Oblast, and others, which achieved high and stable yields even in the exceptionally dry year of 1946 thanks to forest belts and the development of grass-arable crop rotations.

Recently, massive material has been collected in various regions of the country comprehensively revealing the enormous significance of these measures to transform nature:

Table of Crop Yields under Protection vs Open Steppe (Summary data for Winter Wheat, Winter Rye, Spring Wheat, Oats).

These data basically confirm the indicators of yield growth of major agricultural crops grown under the protection of forest belts, calculated approximately back in 1935[198]. A significant amendment to the 1935 data is that in favorable years, shelterbelts make it possible to increase the yield of all major crops not by 10-30%, as was believed at the time, but by 25-60%, and in some cases, for example, for winter wheat by 85-100% and for winter rye by 75-125%.

Another significant clarification of previous concepts is that the absolute difference in the level of yield under the protection of belts and in the open steppe, although it varies greatly, is in almost all considered cases in direct dependence on the overall level of yield — the higher the yield, the greater this difference:

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198 See 'Agriculture of the USSR' (1935), Moscow, Selkhozgiz, 1936, p. 177.

Crop name	In years of low yields	In years of medium yields	In years of high yields	Average
Winter Rye	4.0	6.6	7.3	7.1
Winter Wheat	6.7	5.9	8.0	6.8
Spring Wheat	3.6	2.8	3.8	3.4
Oats	3.5	7.1	7.7	6.1

A large absolute increase in yield in years of high yield is a very important phenomenon, since shelterbelt afforestation serves not only as a means of combating the harmful effects of droughts, but also as a primary measure for the general increase of yields in all years.

The cited material confirms that shelterbelts in steppe regions produce a more tangible effect than in forest-steppe regions. This difference for major grain crops under other equal conditions amounts to up to 40-60%.

The creation of shelterbelts is a guarantee of guaranteed, stably high yields, a guarantee of the continuous growth of field productivity in collective and state farms. In this respect, the data on the yield in the Stalin Collective Farm compared to the yields of the neighboring 'Volna Revolyutsii' Collective Farm are highly indicative.

High yields are grown in the fields of the V. V. Dokuchaev Institute of Kamennaya Steppe. Here, on average for all grain crops, per hectare was obtained: in 1934–1936 — 11.1 ts, in 1937–1939 — 14.4 ts, in 1940–1942 — 15.9 ts, in 1943–1945 — 20.3 ts. In 1949, in individual fields of the institute under

the protection of belts with more complete development of the grass-arable system as a whole, there were harvested per hectare: winter rye 37 ts, winter wheat 38 ts, spring wheat 25 ts, oats 32.5 ts.

Shelterbelts have an especially large influence on the yield of sown grasses. This is confirmed by long-term observations of the Dokuchaev Institute in Kamennaya Steppe, the Timashevsk Experimental Station of the All-Union Research Institute of Agroforestry Reclamation (VNIALMI), and a number of state and collective farms. In Kamennaya Steppe, the yields of perennial grass hay of the first year of use, coming out from under the cover of winter wheat, average 40-70 ts under the protection of forest belts and 20-45 ts in the open steppe. At the same time, in individual years under the protection of belts, even up to 100 ts of hay per hectare was harvested. Thus, forest belts ensured an increase in the yield of sown grasses compared to the yield of the same grasses in the open steppe by 2-5 times. Compared to the productivity obtained from meadow-steppe forbs, 10-15 times more hay is collected under the protection of belts. A yield of 50-60 ts of hay per hectare is usual for many of our collective farms that have created shelterbelts and apply grass-arable crop rotation.

The fodder productivity of grazing lands increases very strongly under the protection of belts. On 10 hectares of artificial pastures sown with a complex grass-legume mixture among forest belts, 15-20 head of cattle can be grazed during the summer, while 10 hectares of ordinary steppe pasture provide grazing for no more than 3-5 head of cattle.

The cited indicators of the effectiveness of shelterbelt plantations, of course, cannot be extended to the entire vast territory where shelterbelt plantations are currently being created. Firstly, they do not take into account all the diversity of natural and economic conditions. Secondly, it must be borne in mind that most of the old belts were used without proper organic linkage with all other elements of the grass-arable system of agriculture. They were created not as a unified system of plantations, but sporadically. A significant part of the old plantations was of an experimental nature. By virtue of all this, the old plantations could not radically change the conditions of agricultural production in those regions where they were created. Hence their limited significance in raising yields.

The effectiveness of the currently created system of shelterbelts and, in particular, its influence on the yield of agricultural crops will undoubtedly be significantly higher than the indicators we cited.

Mass afforestation carried out in accordance with the Stalinist plan for the transformation of nature requires large capital expenditures. In accordance with the principles of socialist economics, these expenditures must be made so that they are most effective for the Soviet country.

Expenditures on creating shelterbelts consist of: 1) expenditures associated with soil preparation, 2) expenses for harvesting or acquiring tree seed and planting material, as well as perennial grass seeds, 3) expenditures on acquiring and applying fertilizers (superphosphate, gypsum, mycorrhizal soil,

etc.), 4) expenditures on sowing and planting the forest and caring for it, 5) expenses for moistening measures (winter snow retention, etc.), 6) transport expenses, and 7) organizational and managerial expenses. These expenditures are made throughout the entire process of creating plantations until the tree crowns close (5-7 years), but mainly in the first years.

The main elements of expenditure are expenses for soil preparation, sowing and planting, and seeds, as can be seen from the following design data for the Chapaevsk-Vladimirovka state shelterbelt (% of total estimated cost):

Types of expenditures	**By Kuybyshev Oblast**	**By Saratov Oblast**
Soil preparation	37.8	36.4
Sowing and planting	13.4	18.6
Maintenance	10.4	11.8
Payroll taxes	6.3	7.5
Seeds of tree species, perennial grasses, etc.	24.5	18.5
Moistening measures	5.0	2.9
Transport expenses	1.5	3.3
Design and survey work	1.1	1.0
Total	100.0	100.0

The total amount of expenditures per 1 hectare of shelterbelt plantations up to 5-6 years of age, according to initial calculations, was supposed to be, when carrying out all work at

the expense of the state depending on afforestation conditions, from 700 to several thousand rubles (on average about 1500 rubles). This calculation proceeded from the level of mechanization of afforestation work that had been achieved by the time the plan was adopted. Under conditions of manual labor, the average amount of expenditure per hectare of shelterbelts would be more than 2-3 thousand rubles, not to mention the fact that on the basis of manual labor it would generally be impossible to accomplish such a grandiose task.

Advanced experience and research work of scientists already in the second year of implementing the great plan made it possible to introduce very significant amendments to the design calculations. Firstly, the possibilities of mechanization expanded significantly. Secondly, Academician T. D. Lysenko developed and proposed for mass application the method of cluster sowing of forest, which even when planted manually increases labor productivity in sowing several times. Laying out a hectare of forest belt by the cluster method requires only 4-5 man-days[199]. When manual acorn sowing is replaced by machine sowing, labor costs are reduced even more.

In the spring of 1950, on the section of the route of the state shelterbelt served by the Yekaterinovka Forest Protection Station, the following data on comparative labor productivity in sowing and planting forest (excluding soil preparation, marking, and subsequent soil care) were obtained 13:

Method of sowing and	**Applied mechanis**	**Compositi on of**	**Output (in ha) per man-**

[199] See Agrobiology magazine No. 5, 1949, pp. 12-13.

planting	ms	work crew	day
Machine sowing by cluster method of Acad. T. D. Lysenko	Tractor STZ-NATI - 1 pc. Seeders - 4 pcs.	Tractor driver - 1, Seeders - 4, Acorn bearers - 4. Total: 9	6.6
Machine planting by ordinary row method	Tractor - 1 pc. Chashkin system tree-planting machines - 5 pcs.	Tractor driver - 1, Planters on machines - 10, Seedling bearers - 7, Markers - 2. Total: 20	0.8
Manual sowing by cluster method of Acad. T. D. Lysenko	—	Seeders - 6, Acorn bearers - 7. Total: 13	0.5
Manual planting by ordinary row method	—	Planters - 8, Seedling bearers - 1. Total: 9	0.1

In the practice of the station's work, the number of seeders and tree-planting machines, and accordingly the number of workers, changed. The table gives data obtained with the most rational organization of labor.

As for the amount of expenditure, according to available calculations, a hectare of shelterbelt plantations according to the method of T. D. Lysenko should cost, with mechanized sowing on chernozem soils in fields clean of weeds, 400-450 rubles, and in weed-infested fields 500-600 rubles.

For the successful implementation of the great Stalinist program for the transformation of nature, the amalgamation of small collective farms is of enormous importance. In small collective farms, funds and forces were dispersed when creating shelterbelts. The belts were small, and neither the placement nor the time of creation of part of these belts between collective farms was mutually coordinated more often than not. The protective effect of these plantations turned out to be reduced.

It is a different matter in large collective farms. A large collective farm has the opportunity to better plan the creation of shelterbelts. It can use the most rational methods of creating belts, for example, the parallel-sequential method, in which a more or less complete system of belts is created in a certain territory each year. Each such system will begin to perform protective service in 6-8 years, whereas when work is dispersed, plantations begin to play a protective role only after the expiration of 6-8 years following the completion of the entire work plan for the collective farm or group of collective farms. Along with this, in large collective farms, immeasurably better conditions are created for allocating funds and forces to carry out afforestation work. A large collective farm has the opportunity to keep agro-forest-reclamation specialists,

organize people's labor and the use of mechanisms significantly better.

Many large and complex tasks face the team of scientific workers of the country who are participating in the fulfillment of the Stalinist plan for the transformation of nature. Especially important is the development of issues of farm organization in the system of protective forest belts. To solve these tasks, intensive creative work of economists, foresters, agronomists, and biologists is necessary—in cooperation with production workers.

P. VASILYEV

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F. MIKHALEVSKY, T. KOLOSOVA

THE US CURRENCY DICTAT AND THE PROJECT OF THE WEST EUROPEAN PAYMENTS UNION

The ruling circles of the USA never cease to publicize their "paternal concern" for the "currency well-being" of the capitalist world. All the financial measures of the American monopolies aimed at robbing and enslaving the working people of other bourgeois countries—Bretton Woods, the Anglo-American financial agreement, the "Marshall Plan," the blitz-devaluation of capitalist currencies in September–October 1949—were invariably accompanied by references to the "need to establish currency order." In reality, however, all these measures merely deepen the disruption of the monetary circulation sphere in capitalist countries caused by the aggravation of the general crisis of capitalism.

The striving of the American financial oligarchy to emerge from the economic crisis at the expense of the working masses not only of the USA but also of other countries has sharply intensified the aggressive character of the policy pursued by Washington's chieftains. Terrified by the growing successes of the international front of the struggle for peace, democracy, and socialism, the American imperialists transitioned from preparing aggression to direct acts of aggression against the Korean Democratic People's Republic and the People's Republic of China, vainly attempting to implement their delusional plan of seizing world domination.

According to the designs of the American invaders, the Atlantic Bloc is called upon to obliterate the state borders of the Marshallized and other capitalist countries and place their state institutions and armies under the direct command of the USA. In turn, the trade and currency measures of the US government pursue the goal of turning the Marshallized and other countries of the capitalist world into a "single market" in which American monopolies will dictate terms without appeal.

Currency convertibility—that is the bulldozer meant to destroy currency barriers within the capitalist world. But in order to put it into operation, the road had to be cleared for it beforehand. Such was the objective of the mass devaluation of capitalist currencies carried out in the autumn of 1949 at the dictation of the USA.

The primary significance of currency devaluation lies in eliminating, to one degree or another, the gap between the official monetary parity and its purchasing power arising as a result of inflation. Devaluations are of various kinds: either the nominal value of currency notes circulating in the country can be officially reduced, or the official parity of the given country's currency expressed in gold or in the currency of another country. In the first case, the currency notes circulating in the country whose nominal value has been reduced are typically withdrawn from circulation and replaced in accordance with a specified calculation by new currency notes. Currency parity remains unchanged in the process. Such was, for example, the devaluation of the assignat ruble carried out in Russia in 1839–1843. In the second case, the official currency

parity is reduced. Such, for example, was the devaluation of the dollar in 1934.

Devaluations of the first kind lay claim to the role of monetary reforms, to eliminating the consequences of inflation and returning prices to their previous level. Devaluations of the second kind are more characteristic of the period of the general crisis of capitalism. Returning prices to the old level is disadvantageous for monopolies; it signifies a certain reduction in the gap both between the nominal and real wages of workers and employees and between the nominal and real prices of agricultural products bought up by monopolies from small producers. Devaluations of this kind not only fail to lower the price level, but, on the contrary, invariably result in a further rise in prices and thereby signify an intensification of the monopolies' offensive against the living standards of working people.

In order that a high price level does not interfere with the competitiveness of the given country's goods on foreign markets, devaluation compensates for the inflationary price rise by cheapening the currency.

Let us illustrate this mechanism—which is, incidentally, quite simple—with a simple example. Imagine an American capitalist who wants to order a shipment of wine from France. To know how many dollars each case will cost him, he must take into account not only the price of wine in France, but also the ratio between the franc and the cent. No matter how much the price of wine rises in France as a result of inflation, it will cost the American capitalist cheap if the franc is depreciated.

Currency depreciation facilitates exports but makes imports more expensive. It leads to a further rise in prices for all goods imported from abroad, including raw materials and machinery, and consequently to an increase in prices for goods produced domestically. Working people have to pay for this price rise. Thus, currency competition, which raises the profits of capitalist monopolies, intensifies the impoverishment of the working class and all working people.

Devaluation must compensate for the rising cost of goods on the domestic market by cheapening the currency and thereby facilitate the imperialist struggle for the capture of foreign markets. If, as a result of devaluation, the external depreciation of the currency significantly exceeds the drop in the purchasing power of money inside the country, such devaluation imparts a dumping character to all exports of the country, the costs of which fall heavily on working people. Let us examine what the result of the devaluation carried out in the autumn of 1949 was from this perspective for England and several other capitalist countries.

Ratio of internal and external currency depreciation before the devaluation of September 1949[200]

Countries	Gold parity in 1934 cents	Percentage of exchange rate retained in 1934 cents	Percentage of exchange rate retained taking into account dollar	Index of wholesale prices (1937 = 100)	Percentage of purchasing power retained (100 /	Ratio of external to internal depreciati on

[200] Compiled from the Directory of Foreign Currencies. M. 1948; "Federal Reserve Bulletin," March 1950; "Monthly Bulletin of Statistics," June 1950.

		(a)	depreciation (a x 56.5)		index)	
USA	56.5	100	56.5	177	56.5	100
England	40.3	71.3	40.3	211	47.4	85
France	4.6	8.1	4.6	2 155	4.6	100
Canada	54.3	96.1	54.3	184	54.3	100
Holland	37.0	65.5	37.0	270	37.0	100
Sweden	53.2	94.2	53.2	188	53.2	100
Switzerland	50.5	89.4	50.5	198	50.5	100

Ratio of internal and external currency depreciation after the devaluation of September 1949[201]

Countries	Gold parity in 1934 cents	Percentage of exchange rate retained in 1934 cents	Percentage of exchange rate retained taking into account dollar depreciation	Index of wholesale prices (1937 = 100)	Percentage of purchasing power retained	Ratio
USA	57.1	100	57.1	175	57.1	100
England	28.0	49.0	28.0	280	35.7	78
France	2.3	4.0	2.3	2 249	4.4	52
Canada	54.0	95.5	54.0	185	54.0	100
Holland	35.5	62.8	35.5	283	35.3	100
Sweden	52.1	92.2	52.1	192	52.1	100
Switzerland	52.1	92.2	52.1	192	52.1	100

From the data in the tables it is evident that the pound sterling, whose purchasing power had dropped significantly compared to the pre-war period, was in need of devaluation. However, the dollar was completely unsuited as a measure of the pound's depreciation, since the dollar itself was depreciated not much

[201] Compiled from the Directory of Foreign Currencies. M. 1948; "Federal Reserve Bulletin," March 1950; "Monthly Bulletin of Statistics," June 1950.

less than the pound sterling. The present dollar exchange rate of the pound is 56.7% of the 1937 rate, but since only 57.1% of the purchasing power of the 1937 dollar remained in September 1949, the devaluation left only 32.4% of the purchasing power of the 1937 pound in American goods. If we base our calculations not on 1937, but on 1938, when prices fell under the influence of the economic crisis, this percentage will be even smaller. The same thing, as the tables show, can be said regarding the devalued currencies of a number of other capitalist countries.

The result of such depreciation of the pound (we are speaking of official depreciation; actually, the exchange rate of the pound fell significantly more) was a large gap between import and export prices in England. In April 1950, import prices were 19% higher than 1947 prices, while export prices were only 4% higher 6.

It should be borne in mind that the export pressure of the Marshallized countries is increasing without a corresponding growth in their productive forces, the development of which is being hampered by the ruling circles of the USA and which are increasingly diverted to the production of armaments. This is manifested in a sharp drop in the production of consumer goods and a huge decline in the living standards of working people in capitalist countries.

Thus, the increase in the competitiveness of English goods on foreign markets, resulting from the devaluation of the pound, is fraught with grave consequences for the working people of England, because devaluation lowered the external purchasing

power of the pound to such an extent that it threatens England with dumping exhaustion. The increase in the competitiveness of goods on foreign markets was the bait that facilitated the entrapment not only of England but also of other capitalist countries in the currency mousetrap set for them by the American imperialists. This mousetrap threatened, moreover, with the loss of the pound's authority over other currencies of the sterling block. However, English currency was let into the mousetrap at the head of the currencies of the entire sterling zone. American imperialists permitted the countries of this zone to lower the exchange rate of their currencies to the same extent that the exchange rate of the pound sterling was reduced, and thereby to maintain allegiance to the pound for the time being.

The rulers of the USA easily reconciled themselves to a certain increase in the competitiveness of goods from England and a number of other capitalist countries for the following reasons: firstly, devaluation cheapened strategic and other raw materials that the American imperialists pump out of their satellites. US monopolies, taking advantage of the cheapness of other capitalist currencies relative to the dollar, intensified their direct penetration into the economy of capitalist countries and are snapping up one branch of industry after another for a pittance. In France, for example, American monopolies are seizing not only oil refineries and automobile plants, electrical engineering industries, etc.—even the supply of milk to Paris is in the hands of an American-Swiss company.

Secondly, American monopolies expect to overcome the competition of other capitalist countries on foreign markets not

only with the help of their extra-economic dictat, but also with the policy of artificially retarding the development of mechanical engineering and agricultural mechanization in those countries. Meanwhile, the borders of the USA itself are protected by a high tariff barrier. Preaching free trade for other countries, the American imperialists themselves have no intention of lowering tariffs on goods imported into the USA. Such unilateral free trade is especially advantageous for American monopolies at present, since it gives them the opportunity to dump their stale goods in other countries.

Thirdly, American monopolies cannot continuously expand exports while permanently reducing imports. When, during the passage of the "Marshall Plan" through the US Congress, certain monopolistic circles raised the question of how the Marshallized countries could compensate for American exports, the US government could no longer officially dismiss the matter solely with references to tourism as a means of balancing the balance of payments, nor with the claim that for meager dollar handouts other capitalist countries surrender their sovereignty; nor could it point to the systematic expropriation of other capitalist countries carried out by American monopolies as an exhaustive form of "metabolism" between the USA and their colonies and semi-colonies in Europe and other parts of the world.

The American imperialists, in carrying out the devaluation of capitalist currencies, were prepared to reconcile themselves to some temporary improvement in the export positions of their competitors, provided it paved the way for measures which, according to their calculations, should first and foremost

subordinate the entire foreign trade of the capitalist world to American dictat and expand the sale of American goods in Western European and other capitalist countries.

As already noted above, the mass devaluation of capitalist currencies was needed by the American monopolies as a preparatory measure to destroy—under the slogan of currency "unification"—the currency, tariff, and treaty barriers that hinder the complete subordination of the economy of all capitalist countries to aggressive American imperialism. The economic crisis that began in the USA forced the rulers of the USA to hasten the next successive measure on the path toward currency "unification."

The so-called "National Advisory Council on International Monetary and Financial Problems of the USA," in a report submitted to the US Congress in June 1950, insistently urged putting an end to bilateral trade and currency agreements of the Marshallized countries.

The practice of the type of bilateral trade and currency agreements now concluded between various capitalist countries without the participation of the USA represents one of the methods of protecting their goods from American competition —a method necessitated by the aggravation of the uneven development of capitalism in the present period of the general crisis of capitalism, as well as by the policy of the Anglo-American imperialist bloc consisting in preparing an aggressive war against the USSR and the countries of people's democracy in Europe and Asia and in the trade discrimination of states belonging to the democratic, anti-imperialist camp.

Bilateral agreements afford country A, which has purchased goods from country B, a certain market in country B for its goods.

The West European Payments Union is aimed first and foremost at putting an end to this practice. If country A, participating in the Union, sold its goods to country B, likewise a member of the Union, this by no means signifies that it must, in turn, purchase the goods it needs in country B and in Western Europe generally. Country A, according to the Payments Union project, may refrain from purchasing goods in country B and thus obtain a credit balance in its favor in new settlement units, which can be converted into dollars at the expense of those countries whose balance proves to be debit. Money earned by country A from the sale of goods in Western Europe can henceforth be spent in the USA. Taking advantage of this, the American capitalist monopolies intend to finally establish their dominance on West European markets. The Payments Union will in reality be a "trade disunion" of the capitalist countries of Europe.

There can be no doubt that when the Payments Union begins functioning, the American monopolies, which are increasingly taking over the economy of the Marshallized countries, will seek ways through the Payments Union to convert their profits received in Marshallized currencies into dollars on an even larger scale, especially in those countries that become creditors of the Union and to which payments in gold are due from the latter.

It should be emphasized that the dependence of the Union's credits on US subsidies will facilitate the further intervention of American monopolists not only in trade operations, but in any other operations of the Union's members as well. Under the pretext of verifying the solvency of a given West European country and the expediency of any credit transaction it concludes, American economic emissaries will be able to further intensify the "accountability" of Marshallized countries to the United States.

As the English newspaper "Daily Worker" wrote on July 8, 1950, "the purpose of the payments agreement is to widely open the markets of Western Europe to American trade expansion and to strengthen Wall Street's sway over them."

Finally, the American imperialists count on the fact that if the devaluation of Marshallized currencies prepared the possibility of creating a "European Payments Union," the Union, on the other hand, will prevent Marshallized countries from breaking new parities and thus pursuing an independent policy regarding currency competition, which threatens the necessity of lowering the artificially inflated exchange rate of the dollar.

The implementation of the Payments Union project is encountering considerable friction. The Payments Union project in its initial form was opposed primarily by the British government. For English monopolies, the Union will signify the loss of those advantages they derive from the ties of a number of West European countries with the sterling block and from the numerous bilateral agreements concluded by England with other countries. The implementation of the project

threatens the rapid depletion of England's gold and dollar reserves and, as the "Daily Worker" noted on March 21, 1950, the reduction of the pound sterling in international trade to the position of the Italian lira.

The Labour government in principle raised no objection to the Union, but, fulfilling the demand of English monopolies, it insisted that England be admitted to this Union while preserving the entire system of its bilateral agreements, which the Labour leaders intended to supplement with a special agreement with the puppet Bonn "state." The British government demanded, furthermore, a significant expansion of the size of the credit not subject to gold repayment; otherwise, as the English bourgeois press argued, joining the Payments Union would be tantamount to restoring the gold standard.

In response to this opposition by the ruling circles of England, the American imperialists spoke the language of threats. Hoffman threatened to deprive England of its next handout under the "Marshall Plan," and the "New York Times" warned that if the project for creating a "West European Clearing Union" with England's participation collapsed, a West European "continental clearing system" would be created without England's participation. As for the Labour leadership's encroachments on concluding a separate trade agreement with West Germany, the American imperialists without ceremony vetoed this policy.

The struggle between the USA and England over the West European Payments Union is one of the striking testimonies to

how deep and acute Anglo-American imperialistic contradictions are.

An "opposition on bended knees" regarding the Payments Union project was also portrayed by Robert Schuman, former officer of the Kaiser's army during the First World War and now France's Minister of Foreign Affairs. He, of course, has nothing to fear that the franc will lose international prestige. The prestige of the franc has long since been lost. However, even the capitalist circles of France cannot fail to take into account that the inevitable result of the Union's activity will be a further rapid depletion of French gold reserves.

On the other hand, the government of Belgium, counting on being a creditor of the Union and receiving gold or dollars through it, supported the US project[202]. Such was also the position of the Swedish government.

The fuss surrounding the organization of the Payments Union has been going on since December 1949. In the spring of 1950, significant changes occurred in the character of the pressure exerted by American authorities on England in this matter. Open threats and crude shouting by the American imperialists temporarily ceased. This is explained by the fact that preparations for armed intervention in Korea and the desire to draw England into it, as well as the struggle surrounding the "Schuman Plan," compelled the American rulers to take

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[202] In the course of negotiations, the representatives of Belgium changed their position. They realized that Belgium, which even without that broadly extends credit to its West European buyers, might find itself in the Union in the role of a "professional creditor" whom buyers, having utilized him to the utmost, would subsequently boycott. But Belgian representatives were quickly quieted by a handout of 80 million dollars from sums intended to subsidize the Union.

somewhat more account of their overseas "junior partner." Nor could a certain improvement in the gold-dollar positions of the sterling block fail to have an effect in this regard; this improvement occurred, contrary to the intentions of the US ruling circles, mainly both at the expense of regular American handouts and through some growth in exports by sterling zone countries other than England.

However, the Labour chieftains failed to achieve any substantial concessions from the American imperialists. In June 1950, the economic press of England reported that creditor-members of the Union, i.e., those of its members who do not utilize credit but, on the contrary, extend credit to the Union, will retain the right, "if they so desire," to retain the pounds sterling due to them and not convert them into "epunits."

This meant, as even the English press admits, that in West European payment circulation the pound will to a certain degree be merely a "junior partner" of the dollar dressed in European garb, and that London thus retains only certain remnants of its former role as the payment center of Western Europe. This meant, furthermore, that for England there remains some possibility of preserving bilateral agreements with other capitalist countries of Europe; but this is only a pale shadow of its former agreements.

Previously, any European capitalist country had the right to extend credit to England regardless of its obligations to other West European countries. Now the Union, or more precisely the US government, will not permit this. The US financial oligarchy did not grant any advantages to the pound sterling

here either. As it turned out, creditor-members of the Union are granted the right to hold, instead of "epunits," not only pounds but any other currency and to enter into bilateral agreements on these matters with any member of the Union.

At first glance it might seem that on the basis of such bilateral agreements, members of the Union can establish direct credit relations among themselves bypassing the Union. But this is not so. Firstly, only a small group of states that remain free of debt to the Union for a prolonged period will be able to extend credit to other countries directly, apart from the Union. The bulk of the Union's members will either have a chronic debt to the Union or will rapidly change their status between creditors and debtors of the Union. Under such conditions, these countries will not only be unable to act as direct creditors, but will themselves be completely insolvent, since their proceeds must first and foremost cover their debt to the Union. Secondly, what is even more important, credit directly received by one member of the Union from another will be counted against its quota anyway.

The United States government somewhat raised the credit quotas of future members of the Union compared to initial drafts (15% against the anticipated 10% of the given Union member's payment turnover with other members in 1949). The quota signifies the limit of debit or credit of each member of the Payments Union, the boundary above which debtor-members have no right to demand credit from the Union, and the Union has no right to demand credit from creditor-members. But this is essentially an "internal affair" of the Union. However, the fundamental objective of the US

imperialists—to impose upon its participants a convertibility of their currencies into dollars that is utterly unbearable for them, and thereby clamp a stranglehold on the markets of capitalist Europe—this objective has not undergone changes, because debtors will have to repay in gold, after a certain delay, not only debt exceeding the quota, but also 40% of the quota itself.

Below is a list of the projected quotas (in millions of "epunits")[203]:

Country	Quota	Country	Quota
Sterling zone	1060	Norway	200
France	520	Denmark	195
Belgium - Luxembourg	360	Austria	70
Holland	330	Portugal	70
West Germany	320	Turkey	50
Sweden	260	Greece	45
Switzerland	250	Iceland	15

At the same time, the 40% gold payments are by no means postponed until the debtor utilizes credit to the amount of 60% of its quota. The Union will not demand gold payments from the debtor only as long as its debt to the Union does not exceed 20% of the quota. If Italy's quota is equal to 205 million "epunits" (simply dollars), the Union will not demand gold from Italy until its debt exceeds 41 million "epunits." If regular settlement alignment reveals a debt of the given Union member in excess of 20% of the quota, it must pay part of the debt in gold according to the following scale:

Percentage Gold Credit

203 "Economist," June 15, 1950.

of quota		
20–40	0	20
40–60	10	10
60–80	20	0
80–100	40	-20
Above 100	50	-30

Thus, a member of the Union must repay in gold not only its entire debt above the credit norm, but also 40% of the credit norm itself. This creates such a high percentage of convertibility of Marshallized currencies which, if actually achieved, would even more widely open the markets of Western European countries to American goods and to the same extent close them to West European goods.

As for the old debts of Marshallized countries to one another, they must be liquidated gradually, on the basis of mutual agreement. This is fraught with serious consequences for the balance of payments of England, whose government managed to owe large sums to various countries (Italy alone holds 65 million in sterling). This was one of the reasons why the British government resisted the adoption of the Union project for a long time.

The foreign press reports that the Marshall Plan administration promised to reimburse the gold and currency that the British government will lose in connection with the liquidation of old debts. Based on this promise, the Labour government announced its readiness to begin repaying its old debt without delay. This same calculation is designed to prop up the falling authority of the pound and at least partially preserve some

significance of London as the payment center of the capitalist world. It is clear that the American promise to reimburse England's losses significantly increases its dependence on the USA.

American imperialists argue the "utility" of the Union for the countries of Western Europe by claiming that the credit provided by the Union to its members and vice versa, as well as the replacement of bilateral trade by "multilateral" trade, will facilitate the problem of marketing for Union members. This is a bluff. The so-called debtor countries, i.e., countries for which the trade balance with other West European countries is deficient, will of course be able at first to somewhat expand their purchases on the markets of capitalist Europe through increased credit opportunities. But when credit privileges are utilized and it comes down to payments, it will turn out that, firstly, by no means every country that bought more also sold more; for a number of countries, the foreign trade deficit will increase while credits are exhausted. Secondly, a significant portion of those payments which, according to the Union's charter, must be made in dollars or gold will be lost to West European markets altogether.

It was difficult for the American initiators of the Payments Union to conceal such prospects from those countries destined to play the role of permanent debtors of the Union. In this connection, a project surfaced for establishing special trade discriminations within the Union, directed not against insolvent debtors, but conversely against creditors to whom the Union will owe too much. This means that if any country has sold too much on credit, in the future the Union administration will

force potential buyers of this country to buy not from it, but from those countries that have heavily indebted themselves to the Union.

It is easy to imagine how such discriminations will complicate the already extremely complex procedure of trading through the Union, how much arbitrariness and selfishness American emissaries in the Union will display in distributing buyers, what deadlocks will be created when the shops of countries whose goods are especially needed by other countries are closed as a result of discriminations, and how sharply unemployment will rise in discriminated countries. Such is the "freedom of multilateral trade" which the American imperialists demagogically promise to the capitalist countries of Europe.

It is not surprising that the question of discriminations was among those "details" because of which the formalization of the Union could not be completed for a long time, despite the fact that the American organizers of the Union skillfully exploit contradictions between individual West European countries and resort to bribing the most stubborn opponents of the Union by allocating separate parts of that subsidy which was previously intended for the Union as a whole.

It is perfectly obvious that replacing one general subsidy with fragmented handouts will further increase the dependence of Union members on the direct dictat of the American imperialists.

In essence, the formalization of the "European Payments Union" is not complete. Initially, the deadline for drafting the

Union's charter was set for June 30, 1950. American representatives repeatedly emphasized that this was the final deadline. The charter was not drafted immediately, as officially reported, because certain "details" remained to be clarified. That the matter was in reality not about "details" and that major disagreements remained unresolved among members of the Union, as well as between them and the USA, is evident from a report in the "Economist" (July 1, 1950), which states that the organization of the Union will be completed no earlier than September 1950. Then reports appeared in the bourgeois press that the agreement was signed on July 7 and that the Union would be considered functioning from July 1, 1950. This version was also confirmed by the "Economist." But this time the incompleteness of the agreement was attested to by the "Statist" (July 15, 1950), with September again named as the probable date for actual completion of the Union.

The main obstacle to achieving even partial convertibility of Marshallized currencies into dollars through the Payments Union is neither England's open resistance nor the delay in organizing the Union by other countries. The main obstacle lies in the internal contradiction of the principle of this Union itself. In order for the convertibility of Marshallized currencies into dollars to have an economic basis beneath it, a radical improvement in the trade balances of Marshallized countries is necessary. Meanwhile, the Payments Union, which in reality is a "trade disunion" as we saw above, can only hamper the marketing of goods by Marshallized countries on foreign markets and thereby further worsen their trade balances.

The USA allocated, or more precisely reallocated, several hundred million dollars for the Union at the expense of sums allocated to the "Marshall Plan." However, if in 1947 it proved impossible to achieve the convertibility of the English pound alone at the cost of American and Canadian loans of 5 billion dollars, all the less will the American imperialists be able to achieve the convertibility of all Marshallized currencies through a small handout extracted from the total sum of Marshallized "aid."

The rulers of the United States will not succeed in eliminating either unspoken separate agreements or illegal currency transactions between Union members. Nor will the calculations of American monopolies be justified that the Payments Union will strengthen the new dollar parities of the currencies of Europe's capitalist countries and thereby put an end to the growth of currency competition, in which the monopolies of Marshallized countries enjoy major advantages over American monopolies with their colossally overvalued and as yet undevalued currency.

The further aggravation of the imperialist struggle for markets will sweep away the intricate designs of the Payments Union, and currency competition will inevitably resume with renewed force. Nevertheless, the organization of the Payments Union signifies not only a further step in the enslavement of Marshallized countries by American imperialism, but also the intensification of the dollar famine artificially maintained within them by US monopolies, the depletion of the remnants of their gold reserves, a new worsening of possibilities for marketing goods, and thereby the intensification of the ripening

economic crisis, the further growth of unemployment, and the impoverishment of the working masses.

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A. Shapiro

"MARSHALL PLAN", RAMPANT MILITARISM AND THE ECONOMIC CRISIS IN THE USA

"Economic Crisis and the 'Cold War'". Collection of materials edited by J. Allen and D. Wilkerson. Translated from English. Publishing House of Foreign Literature, 1950, 172 pp.
HENRI CLAUDE, The Marshall Plan. Translated from French. Publishing House of Foreign Literature, 1950, 216 pp.
THOMAS BURK, American Imperialism and the "Marshall Plan". Translated from Czech. Publishing House of Foreign Literature, 1949, 112 pp.

The reviewed books are dedicated to the postwar economy of the USA and the modern politics of American monopolies. They serve as vivid illustrations of the Leninist-Stalinist proposition on the active role of the superstructure in relation to the economic basis of society under any mode of production. In his classical work "Marxism and Problems of Linguistics," Comrade Stalin once again pointed out that the superstructure generated by the basis is not passive, not neutral, and not indifferent to the fate of its basis, to the fate of classes, to the character of the system. On the contrary, the service role of the superstructure consists in its actively defending its basis. At the same time, the capitalist superstructure in the era of imperialism and especially in the period of the general crisis of capitalism bears a reactionary character. All its actions are directed toward defending the old, obsolete, thoroughly rotten capitalist basis, preserving the reactionary production relations of bourgeois society, and saving the exploitative classes doomed to destruction. The capitalist superstructure has long

since turned into the greatest brake on the path of the progressive development of humanity.

During periods of economic crises, as well as during periods of imperialist wars, the superstructure over the capitalist basis becomes active, its role increases, and the intervention of the bourgeois state in the capitalist economy in the interests of monopolies and their expansionist policy, in the interests of preserving and growing monopoly profits, intensifies. American imperialists, the most predatory and aggressive imperialists among all the imperialists of the world, make the widest use of the state power apparatus at their disposal. Relying on it, they attempt to weaken the exacerbated contradictions of the capitalist system in the USA, crawl out of the destructive economic crisis, and establish their world domination by violent means. The strengthening of military-state monopolistic tendencies in modern American capitalism is vividly evidenced by such brigand military-political and economic measures of the US ringleaders as the “Truman Doctrine,” the “Marshall Plan,” the North Atlantic Pact, the “cold war” against the USSR and other countries of the democratic, socialist camp, armed intervention against the Korean people, acts of aggression against the peoples of the Chinese People's Republic, the Democratic Republic of Vietnam, and the Philippines, the fascism of the socio-political system of the USA, the hitherto unseen rampant militarism, and anti-working-class legislation.

However, the capitalist superstructure is in no state to change the fate of bourgeois society, doomed by history to inevitable destruction. The transition to the establishment of a fascist dictatorship, which is a sign of the bourgeoisie's weakness, cannot break the struggle of working people against capital. Similarly, state-monopoly measures, due to the preservation of private capitalist ownership of the means of production, are powerless to overcome or mitigate the anarchy of the capitalist

economy, or to deliver bourgeois countries from crises of general overproduction. This conclusion is fully confirmed by the analysis of the postwar American economy contained in the reviewed works. Their authors—progressive economists—demonstrate the insolvency of the "Marshall Plan," the "cold war" policy, and similar attempts to "overcome" the economic crisis in the USA. The state-monopoly measures of the American aggressors ultimately exacerbate the antagonistic contradictions tearing monopoly capitalism in the USA apart, intensify its decay, and lead to new, even stronger economic upheavals, whatever the fluctuations of the economic conjuncture may be in this or that period of crisis development. In the collection "Economic Crisis and the 'Cold War'", compiled on the basis of reports read at the Jefferson School of Social Science in the USA—whose students study the foundations of Marxism-Leninism—it is emphasized that "the uneven development of the crisis will continue during its subsequent, more serious phase due to the deforming influence exerted by expenditures associated with the 'cold war'"[204]. But "the program of the 'cold war' will only exacerbate the contradictions of American capitalism, deepen the cyclical crisis, and protract it" (I, 87). The same is stated in their works by H. Claude and T. Burk.[205]

A merit of the reviewed books is that the processes taking place in the economy of the United States after the Second World War are examined in close connection with preceding

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[204] *"Economic Crisis and the 'Cold War'". Collection of materials edited by J. Allen and D. Wilkerson. Translated from English. Publishing House of Foreign Literature, 1950, p. 85. Hereafter, pages of this book are indicated in the text and the book is designated by the numeral I.*

[205] *The authors of the collection cite clearly exaggerated data on the wartime and postwar expansion of the American productive apparatus, borrowed from official US statistics.*

periods in the development of American capitalism. The authors analyze the influence of the Second World War on the postwar course of US economic development. And quite rightly so, for it was precisely within the womb of the wartime economy in the USA that the prerequisites for the postwar crisis of overproduction ripened. The sharpening of the contradictions of the American capitalist economy during the war years is investigated in greatest detail in the collection "Economic Crisis and the 'Cold War'", which differs from the other reviewed works by the depth of its scientific analysis. "Only armaments and war proved to be sufficiently powerful stimuli for achieving a new high level of production and employment in the American economy. This was the extreme manifestation of the decay of capitalism..." (I, 54). However, despite the growth in the volume of military production and the bloating of American industrial capacities 2, the productive apparatus of the USA was not fully utilized even during the period of maximum deployment of military production. Even during the period of greatest upswing of military production in the USA, according to understated official data, there were about 1 million unemployed (I, 54). The sharp drop in production that followed, which began while the war was still at its height, testified to the fact that the prerequisites of the crisis were laid in the American economy of the war years. The authors of the collection note this quite justly, but make a mistake by treating a certain "transition to peaceful production" in the USA, which in their opinion began in 1944 (I, 56). In reality, however, as is well known, American industry never made a genuine transition to a peaceful economy after the Second World War; the postwar US economy continued to retain many features of a wartime economy.

The maintenance of military orders at a high level, the military-inflationary conjuncture, the renewal and expansion of fixed capital, and the speculative and export fever resulted in a

certain revival of US industrial production from 1946 to the autumn of 1948. But even during this period, the American economy never came anywhere close to the wartime peak. The collection shows that the rise in economic activity in the USA during this period was uneven, fragile, and rotten, and that it only temporarily masked “the sharpening of the contradictions of American capitalism and the ripening of a deformed postwar cyclical crisis” (I, 71). The authors of the collection emphasize that after the war in the USA “the main factor of the crisis—the excess of productive capacity compared to the capacity of markets—grew immeasurably beyond the already colossal excess of productive capacity formed during the war” (I, 57). Simultaneously, a process of contraction of the domestic market's capacity and an intensification of the relative and absolute impoverishment of millions of masses of workers and working farmers was taking place in the USA. While US corporate profits after tax payments increased by more than 130% from 1945 to 1948 (the corporate profit rate over this period increased by approximately 50% and was 350% greater in 1948 than in 1939), real workers' wages decreased by at least 15% (I, 81 and 80). A certain industrial revival in the USA was accompanied by huge mass unemployment in explicit and implicit forms. The share of the working class in the US national income dropped sharply once again. It should be noted that the collection uncritically reproduces falsified data of American bourgeois statistics, which greatly overstate the specific weight of wages and understate the share of capitalist profits in the US national income (I, 80).

By early 1948, those factors in the USA began to “weaken which, along with corresponding government measures, temporarily contributed to the upward trend of economic development after the war” (I, 76). The reviewed books show well that it was precisely during this period, when the contours of the coming crisis began to really take shape on the US

economic horizon and the curve of American exports began to plunge downward for the first time in these years, that the proverbial "Marshall Plan" appeared in the quarters of Wall Street. American imperialism, as the biggest usurer, began "to impose upon all other countries such economic and political requirements that were to ensure the unlimited expansion of American trade and export of capital and thereby turn these countries into its vassals"[206].

The immediate tasks of the "Marshall Plan," as Henri Claude shows, were: "...to avoid an economic crisis by enabling European countries to continue purchasing American goods, to 'support' the imperialist system in Europe by halting the growth of the democratic movement" (II, 54). At the heart of the "Marshall Plan" lies the preparation by the Anglo-American imperialist bloc of an aggressive war against the USSR and the countries of people's democracy. The "Marshall Plan" is a plan for a new world slaughter; it "is one of the main stages in waging the 'cold war' against democratic forces throughout the world..."[207]. It is no coincidence, therefore, that Marshall credits —which are absolutely insufficient for the economic recovery of Western European countries—are entirely absorbed; moreover, they are even more than covered by the expenditures of the anti-people governments of these countries on the arms race. Nor is it a coincidence that Western Germany has been the central link in the "Marshall Plan" from the very beginning. It should be noted that in the preface to the book "The Marshall Plan," D. Melnikov groundlessly reproaches its author, H. Claude, for not having sufficiently shown the role of Western

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206 *Henri Claude, The Marshall Plan. Translated from French. Publishing House of Foreign Literature, 1950, p. 32.*

207 *Thomas Burk, American Imperialism and the "Marshall Plan". Translated from Czech. Publishing House of Foreign Literature, 1949, p. 35. Hereafter, pages of this book are indicated in the text and the book is designated by the numeral III.*

Germany in Anglo-American plans for unleashing a new war. H. Claude did not limit himself to stating the economic significance of Western Germany; he does not forget that Western Germany is becoming the main military springboard for American monopolies in Europe. H. Claude emphasizes that American monopolists are switching West German industry to the output of military products, and that "the Ruhr has become in the hands of American monopolists nothing less than a new military arsenal" (II, 146).

A special section of the book (II, 110–119) is devoted to exposing the American policy of partitioning and dismembering Germany, and plans for using Western Germany to colonize Western Europe.

What H. Claude really should be reproached for is his unjustified and artificial segmentation of the "Marshall Plan" into purely "economic" and military stages (II, 141–156). One cannot agree with the author's assertion that in February 1948 the "economic stage" of the "Marshall Plan" was passed (let us note that the implementation of the "Marshall Plan" began not in February 1948, but later) and its military stage began (II, 141). The "Marshall Plan," contrary to the fabrications of American imperialists and their right-socialist agency in Europe, bore a military character from its very birth. As correctly noted in the collection "Economic Crisis and the 'Cold War'", "Wall Street's expansionist aspirations assumed a basically military character. The economic goals of financial capital are inextricably intertwined with the military-strategic goals of world domination" (I, 89). Unfortunately, neither the editor of the Russian edition of the book nor the author of the preface to it paid attention to this mistake by H. Claude.

Nor can one agree with H. Claude's assertion that the "Marshall Plan," insofar as it appeared "in a period characterized by the concentration of financial power in the USA, represents not only a 'historical stage in the development of American foreign

policy'... but also a stage in the development of the imperialist system itself" (II, 80). The "Marshall Plan" is in reality not some "new stage" in the development of the imperialist system. V. I. Lenin and J. V. Stalin proved that imperialism is the highest and final stage in the development of the capitalist system. The "Marshall Plan," however, merely reflects the exacerbation of the general crisis of capitalism as a result of the Second World War; it represents a desperate effort of capitalism doomed to destruction in its struggle against the world forces of democracy and socialism.

Correctly noting this mistake of H. Claude and emphasizing that "american imperialists are deploying preparations for a new war in all directions—economic, military-strategic, ideological," Comrade Melnikov in the preface himself falls into another mistake. He writes that the "Marshall Plan" characterizes the preparation of war in only one of the enumerated directions—in the economic direction" (II, 20). Meanwhile, it is enough to recall at least that Marshall appropriations go toward the arms race in Western European countries, handouts to right-wing socialists, and the mass propagation of a corrupted American "culture" in Western Europe for not only the economic, but also the military-strategic, political, and ideological character of this American plan to subjugate Western European countries to become absolutely clear.

In this connection, it must be pointed out that T. Burk, characterizing the imperialist policy of the ruling circles of the USA after the Second World War, erroneously speaks of some "new imperialism." "New imperialism" is what he named one of the sections of his booklet (III, 40–43); moreover, his entire work in the English original and in the Czech translation from it is entitled "The New Imperialism and the Marshall Plan." It is clear that no "new imperialism" exists in nature and that it is a question of a new, openly predatory course of American

imperialism aimed at conquering world domination. The United States, which for over half a century has been an aggressive imperialist power, is now turning into a military-police state—it has become the stronghold of world reaction, the gendarme and strangler of peoples.

The "Marshall Plan," like the entire policy of the "cold war," failed ingloriously; it did not justify the calculations of American imperialists. The reviewed works show on vast factual material the bankruptcy of the "Marshall Plan." American imperialists proved powerless to prevent the growth of democratic forces in Western Europe and to stabilize capitalism there. The marshallization of Western Europe did not provide an opportunity to revive on a large scale the export of private capital from the USA, which American monopolies had counted on. Exports of goods from the USA to all regions of the world, including marshallized countries, decreased sharply. US foreign markets began to catastrophically contract as a result of the policy of marshallizing capitalist countries. Exposing the swindling methods of American imperialists and their ideological standard-bearers, H. Claude and T. Burk state that the "Marshall Plan" did not pursue the goal of economic recovery of Western European countries either; that US monopolies sell on Western European markets not the means of production necessary for marshallized countries to restore their economy, but their stale consumer goods; "that the 'Marshall Plan' is a means of militarizing Western Europe. Marshallization sharply worsened the economic situation of Western European countries, accelerated the ripening of a crisis in them, and caused a decline in the living standard of working people and the growth of unemployment.

"The foreign economic policy of the USA did not prevent the maturation of the economic crisis, and nowadays, on the contrary, accelerates its development" (I, 89). "The 'Marshall Plan,' government subsidies, and the 'cold war' policy as a

whole could 'only briefly postpone the economic crisis, but by no means are in a state to prevent it'" (I, 37). These measures made it possible to temporarily employ certain military and export branches of American industry, but at the same time they exacerbated and deepened "the fundamental contradictions of the capitalist system, leading to a direct collision between the gigantically grown productive capacity of American industry and the narrowed world capitalist market..." (I, 37). They undermined US foreign markets because they caused a drop in solvent demand in non-European countries; they also undermined the US domestic market because they are financed through increased taxation, exploitation, and plunder of American working people.

The authors of the collection "Economic Crisis and the 'Cold War'" note that the crisis of overproduction began in the USA in the fourth quarter of 1948. The volume of US industrial production from October 1948 to October 1949 decreased by 22%. The army of fully and partially unemployed in the USA rose to 18 million people. The collection provides an analysis of the character and main features of the crisis of overproduction in the USA: "The cyclical crisis develops in conditions of the general crisis of capitalism, which has exacerbated and must therefore have major political consequences" (I, 53).

In a review of this collection published in the journal "Soviet Book," Ya. A. Kronrod criticizes its authors for the fact that it "contains no complete definition of the general crisis of capitalism, although the main, decisive sign thereof—the partition of the world into two systems—is indicated"[208]. Ya. A. Kronrod reproaches the authors of the collection for the fact that, examining the process of reproduction from various angles, they "explain mainly the exacerbation of external

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208 *"Soviet Book" No. 7, 1950, p. 87.*

contradictions of American capitalism by the intensification of the general crisis of capitalism" and do not analyze "manifestations of the process of deepening the general crisis of capitalism in the internal state of the American economy, in the exacerbation of its basic contradictions." This reproach cannot be recognized as fair and well-founded.

The authors of the collection acted quite correctly by highlighting its main, decisive content in the general crisis of capitalism. They show that the superiority of the world forces of socialism over the forces of capitalism is growing; that in the general crisis of capitalism "after the Second World War a new phase has arrived when the construction of socialism is carried out simultaneously in a number of countries with the assistance and support of the Soviet Union, where the transition to communism is already taking place" (I, 46); that "the successes of the revolution in China support and inspire the uprisings that take place after the war in the colonial countries of Southeast Asia, and inspire the entire camp of fighters for the independence of colonies and nations and for universal peace" (I, 45). But the authors of the collection do not limit themselves to this either. They note that thanks to these qualitative changes, new qualitative changes arise, "the internal contradictions of imperialism grow and deepen" (I, 45), there occurs an exacerbation of "social contradictions and internal antagonisms inherent in capitalism that has entered the monopolistic or imperialist stage," an acceleration of "the ripening of the basic contradictions of the capitalist system" (I, 43), a deepening of imperialist "internal contradictions and an intensification of rivalry between monopolies" (I, 44).

It was precisely the scientific investigation of the question of the impact of the general crisis of capitalism on the economic crisis in the USA that enabled the authors of the collection to uncover the characteristic features of the postwar economic crisis. "A number of features of the current crisis, even at its

early stage, directly reflect the general crisis of capitalism" (I, 58). The character of the crisis of overproduction could not be understood without taking into account "the deformation of the economic cycle caused by the general crisis of capitalism" (I, 56). Therefore, the collection examines the influence of the wartime economy on the ripening and development of the crisis: the crisis unfolded "within the framework of the general decline in economic activity that began in 1943" (I, 57). The character of the crisis of overproduction cannot be understood while ignoring such features of the general crisis of capitalism as the underloading of productive capacities—"a chronic disease of the American economy after the boom of the 1920s" (I, 60), chronic mass unemployment, and the contraction of the world capitalist market (I, 58). Therefore, the collection shows that even during the period of a certain revival of US industry in 1946–1948, the country had an unusually large number of unemployed, and at the beginning of the crisis "with a reduction in production of only 6% over six months, unemployment more than doubled" (I, 58).

A characteristic feature of economic crises in the period of the general crisis of capitalism is the intertwining of the industrial crisis with the agricultural one, which, as Comrade Stalin pointed out in his brilliant analysis of the world economic crisis that began in 1929, inevitably intensifies the agricultural crisis, protracts the industrial crisis, and leads to the deepening of the economic crisis as a whole. The authors show the intertwining of the industrial crisis in the USA with the agricultural one, which began even before the drop in industrial production. A separate chapter of the book is devoted to the development of the crisis in US agriculture.

J. V. Stalin teaches that capitalist associations fight for "the preservation of high, monopoly prices for goods, despite overproduction. It is clear that this circumstance, while making the crisis particularly agonizing and ruinous for the popular

masses who are the main consumers of goods, cannot but lead to the prolongation of the crisis, cannot but hinder its dissolution"[209]. Relying on this instruction of Comrade Stalin, the authors of the collection show that the monopolization of American industry has intensified extraordinarily in recent years and that, despite the crisis that has begun, US monopolies continue to "maintain a high level of prices, especially for prime necessities, and resort to curtailing production in order to preserve monopoly prices, thereby increasing unemployment" (I, 77).

Thus, in the collection "Economic Crisis and the 'Cold War'" the question of the impact of the general crisis of capitalism on the crisis of overproduction in the USA is investigated in a detailed and comprehensive manner, and this must undoubtedly be counted among the positive aspects of the work. The authors of the collection in their analysis base themselves on the brilliant definition of the general crisis of capitalism given by Comrade Stalin in his report at the 16th Congress of the CPSU(b) and on the profound Stalinist generalization of the impact of the general crisis of capitalism on the world economic crisis of 1929–1933.

Finally, another conclusion follows from the materials of the collection, characterizing an important feature of the postwar economic crisis in the USA: the ruling American circles did everything in their power to shift the reckoning for this crisis onto the shoulders of marshallized countries. One of the features of the economic crisis in the USA is that it unfolded in a situation where American monopolies had placed almost the entire economy of the capitalist world at their service. The hardships of the economic crisis and the "cold war" policy are shifted by the financial plutocracy of the USA onto the shoulders not only of the working people of marshallized

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209 *J. V. Stalin, Works, vol. 12, p. 246.*

countries—which is thoroughly shown in the books of H. Claude and T. Burk—but first of all onto American workers and small farmers. Despite the incompleteness of the materials cited in the special chapter of the collection on the living conditions of American working people, they paint a devastating picture of the impoverishment and political disenfranchisement of the broad popular masses of the USA, and the bestial exploitation of the American working class.
The economic crisis sharply intensified the parasitic features of American capitalism: the number of workers engaged in productive labor dropped from 44% of all non-agricultural workers and employees in 1944 (the same as in 1929) to 41% in 1948 (I, 79). In the USA today, not only elderly workers are losing their jobs, but relatively young ones as well. Full and partial unemployment has affected the situation of Negro workers with particular severity. One of the reasons for the huge growth of unemployment in the USA is the monstrous intensification of workers' labor, the proverbial “sweatshop system”.
The authors of the collection expose the fabrication of American bourgeois economists that the working population of the USA had the opportunity to make savings during the war years. On the basis of irrefutable data, the collection shows that as a result of inflation and price growth in 1947, approximately 13.5 million American families (28% of all families) had expenditures exceeding their incomes, and they spent about $11 billion in excess of their incomes (I, 117). While in 1947 the standard of living of at least 68% of American families was significantly below the meager, semi-destitute subsistence minimum calculated by the Heller Committee for Research in Social Economics, in 1948, as a result of price growth, it dropped even further. The housing conditions of American working people are immeasurably difficult. 15 million people, or about 10% of the entire US population, live in wretched

slums (I, 124). Working people are not provided with medical care.

The heavy burden of the “cold war” falls on the shoulders of the working masses of the USA. From 1939 to 1948, taxes for the low-income group of persons increased by 400%, while for the high-income group tax payments decreased by 44% (I, 127). In the summer of 1950, US President Truman once again proposed raising taxes by $5 billion. According to the Truman project, the tax on persons with an income of $800–$2,000 per year—i.e., the overwhelming majority of the American people—was to increase by 20–21%, while tax rates on persons having an annual income of $500,000 and above remained practically unchanged. The authors of the collection calculated that the “cold war”—taking into account various direct and indirect taxes and other costs caused by the inflationary growth of prices—costs a working family of four at least $1,000 per year on average (I, 128).

The Chairman of the National Committee of the Communist Party of the USA, William Z. Foster, in the introductory article to the collection notes that American monopoly capital experiences mortal fear of a crisis that may have revolutionary consequences ruinous for the entire world capitalist system. He writes that Wall Street strives to prevent or at least mitigate the blows of the crisis as much as possible. It is toward this that the so-called policy of “regulated economy” pursued by the Truman government is directed, which W. Foster aptly characterizes as a policy of militarism, imperialism, and war.

In his substantive article, W. Foster emphasizes that American capitalism “cannot have planned production and distribution... Varga was wrong in asserting that bourgeois governments could plan and did plan the economy during the war. The goal of Truman and his so-called 'regulated economy'—whose initiators never lose sight of their main task of preserving profits for capitalists at the expense of the people—is merely to

attempt, through manipulating economic factors leading to inflation or deflation, to prevent or at least minimize the cyclical economic crisis" (I, 33–34).

A shortcoming of the books by H. Claude and T. Burk is that they do not emphasize the impossibility of planning under the capitalist mode of production; moreover, these books speak a lot about "production plans" and "planning" in marshallized countries (II, 71, 81, 90–92, 149; III, 34, etc.). Unfortunately, the editor of the Russian edition of H. Claude's book and the author of the preface to it, instead of pointing out this mistake, themselves implant "planned" terminology. For example, D. Melnikov writes that England has planned its exports for the next three years (II, 10), and in editor O. Solovyov's note it is stated that the proverbial "Monnet Plan" is "a plan for the restoration of the French economy" (II, 94). Ya. A. Kronrod in the review mentioned above takes seriously the "calculations" of one of Truman's economic advisers, Keyserling, on the project to increase US exports over the coming decade. Ya. A. Kronrod cites all sorts of proofs of this project's unfeasibility, but "forgets" the main thing—that the realization of such projects is generally unthinkable under capitalism.

The basis of Truman's "regulated economy," as W. Foster shows, is the military-inflationary conjuncture, the arms race, military production. "The federal budgets of the USA," write the authors of the collection, "now essentially represent military budgets" (I, 153). US military expenditures actually constitute about 80% of the entire state budget of the country for the 1950/51 financial year, while meager funds are appropriated for social needs (healthcare, education, etc.). Over 5 million people, or 8% of the entire active population of the USA, are in the ranks of the regular army, employed in military plants, or working on supplies under the "Marshall Plan" (I, 156). When armed intervention by American aggressors began in Korea, Truman demanded that the already bloated US

military budget be increased by another $15.6 billion. On August 3, 1950, the US Senate decided to slash budget appropriations for non-military purposes by 10%, and then Congress approved additional military appropriations amounting to $17 billion. The strength of the US armed forces is also increasing. Huge military expenditures “have become a permanent element of the American economy, a necessary pillar of decaying capitalism. This is why the government top crust attacks the peace movement as a 'subversive movement' (I, 154). This is why every speech by the USSR and other democratic forces aimed at strengthening peace evokes animal fear among monopolists” (I, 36).

The militarization of the American economy is accompanied by an intensification of the concentration and centralization of capital, and the growth of state-monopoly tendencies in the USA. The reviewed works thoroughly show the coalescence of capitalist monopolies with the bourgeois state. In February 1948, 50 bankers, financiers, and industrialists and about 30 generals, admirals, and other high-ranking military officials were appointed to leading posts in the American government (III, 41). Monopolists and militarists run all US government bodies. A comprehensive demonstration of how in America “the contours of a militarized monopoly state are taking shape, with the reaction of a fascist type and the threat of war inherent in such a state” (I, 62), should be counted to the credit of the reviewed books. The books paint a vivid picture of the unbridled rampage of American reaction along all lines of both internal and foreign policy.

The authors of the collection “Economic Crisis and the 'Cold War'” emphasize that progressive forces will be able to curb reaction and achieve significant successes. This prospect stems from the fact that “given the present correlation of world forces, war can be prevented” (I, 64). Each chapter of the reviewed collection ends with conclusions that the US working

class must draw for itself in the struggle against monopoly exploiters and aggressors, for peace and the friendship of peoples. As for the works of H. Claude and T. Burk, in them the struggle of the progressive, democratic forces of Western Europe and America against American imperialists and their aggressive policy is quite insufficiently covered. It is precisely this that can explain why H. Claude, along with a correct and militant formulation of the question on the necessity of intensifying the struggle of working people in Western Europe against reactionary rulers and American imperialists, on some pages of his book takes up incorrect positions asserting the fatal inevitability of a new war (II, 158, 159, etc.), writing that a new war will "destroy European peoples" (II, 161, etc.). The camp of peace, democracy, and socialism, the working people of the entire world have the power to disrupt the military conspiracy of the aggressors. But if the imperialists nevertheless succeed in kindling the fire of a new world war, it will bring not the destruction of Europe and European peoples, as H. Claude asserts, but the destruction of the world system of capitalism.

Truman's "regulated economy," as W. Foster notes, is based on Keynesianism. Keynes himself once stated that his "theory" is most applicable in a totalitarian, i.e., fascist, state. Therefore, it is no coincidence that the glorification of war and the wartime economy as a "healing medicine" for the capitalist economy, the preaching of state stimulation of capital investments and other state-monopoly measures currently finds the greatest dissemination in the USA. This is why W. Foster specially emphasizes the necessity of exposing Keynesianism as the basis of the modern ideology of state-monopoly capitalism. Ya. A. Kronrod in his review of the collection "Economic Crisis and the 'Cold War'" criticizes its authors for a "certain overestimation of the significance of Keynes's figure and the proverbial Keynesian doctrine" 7. This "overestimation" was

invented by Comrade Kronrod; on the contrary, Comrade Foster's criticism of reactionary Keynesian ideology should be welcomed in every possible way.

Neither Keynesian recipes, nor the state intervention in the capitalist economy of the USA that intensified during the crisis, nor the "cold war" and its enslaving "Marshall Plan" and enslaving Truman program of "assistance to backward regions" are in a state to save the USA from crisis. True, the war against the Korean people unleashed by American aggressors, like the entire complex of their expansionist foreign policy measures, artificially inflated the American economy on the basis of a military-inflationary conjuncture, increasing corporate profits even more, but they also intensified the rampage of inflation in the USA, led to a new growth of prices, and to a further decline in the living standard of American working people. This means that the contradictions leading to crisis in the US economy are in no way overcome; on the contrary, prerequisites are created for their new exacerbation, for their sharp explosion.

Therefore, the scientific prognosis of the collection's authors that an deepening of the crisis of overproduction is foreseen in the future (I, 87) remains in force even now.

In conclusion, it must be said that T. Burk's book, aside from the shortcomings noted above, also contains a number of other erroneous provisions. Thus, its author clearly exaggerates the role of state intervention in the private capitalist economy of the USA, painting the "beneficial influence" of the growth of public debt (III, 29). In addition, T. Burk distorts the traitorous policy of CIO leaders—ardent preachers of the "Marshall Plan." He portrays matters as if CIO officials are not the watchdogs of American monopolies, but care about the interests of the US working class, looking after the reduction of unemployment and the increase of American workers' wages (III, 36). Needless to say, such an assessment of the vile

activity of Murrays, Cares, and their likes has nothing in common with reality.

The Soviet reader will acquaint himself with the reviewed books with interest and benefit for himself. He will critically treat the mistakes contained in them and will glean much new material characterizing the aggressive policy of American imperialism, the traitorous role of right-wing socialists in Europe and yellow AFL and CIO leaders in the USA as agents of American monopolies, and the decay of the US capitalist economy. Unfortunately, one has to state that the Publishing House of Foreign Literature listens poorly to criticism: books are still published by it at a turtle's pace. Thus, H. Claude's work, published in Paris in 1948, was published in Russian translation only in 1950. Therefore, H. Claude's book, like T. Burk's book, recalling the causes of the emergence of the "Marshall Plan" and showing the struggle of democratic forces headed by the Soviet Union against its adoption and implementation, bears a largely historical character.

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A. Runov

AGAINST DISTORTIONS OF MARXIST-LENINIST THEORY AND HISTORY OF ECONOMIC CRISES

(On L. Mendelsohn's book "Economic Crises and Cycles of the 19th Century")

** From the Editorial Board. The editorial board of the journal considers correct the criticism of the works of L. Mendelsohn and P. Figurnov given in the article of "Pravda" on September 29, 1950, "On Serious Errors in Books on the Theory and History of Economic Crises." In the coming issues of our journal, the results of the discussion of the works of L. Mendelsohn and P. Figurnov at the Institute of Economics in connection with the publication of the specified article in "Pravda" will be highlighted.*

The Marxist-Leninist theory and history of periodic crises of overproduction, which are organically inherent in the capitalist system, exposes the fundamental sores of capitalism, most vividly showing the deep contradictions that determine its inevitable doom, the necessity of replacing capitalism with a new, socialist society. In economic crises, generated by the fundamental contradiction of capitalism — between the social character of production and the private form of appropriation of the results of production — the incompatibility of modern productive forces with the outdated capitalist shell manifests itself. "Modern industrial crises, which sing the funeral dirge of capitalist property and decisively pose the question: either capitalism or socialism, make this conclusion completely obvious, vividly expose the parasitism of capitalists and the inevitability of the victory of socialism"[210], Comrade Stalin points out. It is no accident that bourgeois economists and

[210] I. V. Stalin, Works, vol. 1, p. 341.

"socialist" lackeys of capital wage a fierce struggle against the Marxist-Leninist theory of crises, invent a multitude of apologetic "theories" of crises that whitewash capitalism, and concoct all sorts of recipes for "curing" capitalism of grave ailments, for ridding it of the anarchy of production and crises. Marx and Engels subjected the fabrications of bourgeois economists to crushing criticism, exposing their lackey-apologetic essence. Marx and Engels created a scientific theory of economic crises, showed their inevitability under capitalism, and the impossibility of destroying crises without the overthrow of capitalism. Investigating extensive material, they also provided a scientific history of crises in their works. The Marxist theory and history of crises received further development, deep and comprehensive elaboration in the works of Lenin and Stalin. Taking into account the conditions of the highest and last stage of capitalism — imperialism, Lenin showed that under the dominance of monopolies, "the forms, sequence, and pattern of individual crises have changed, but crises have remained an inevitable component of the capitalist system. Cartels and trusts, while combining production, at the same time increased before everyone's eyes the anarchy of production, the insecurity of the proletariat, and the yoke of capital, thus sharpening class contradictions to an extent never seen before"[211]. Analyzing economic crises, I. V. Stalin emphasized in his Report to the 16th Party Congress that "the basis of economic crises of overproduction, their cause lies in the very system of capitalist economy," specifically "in the contradiction between the social character of production and the capitalist form of appropriation of the results of production. The expression of this fundamental contradiction of capitalism is the contradiction between the colossal growth of the production possibilities of capitalism, calculated to obtain the

[211] V. I. Lenin, Works, vol. 15, p. 21.

maximum capitalist profit, and the relative contraction of the solvent demand on the part of millions of masses of working people, whose living standard the capitalists constantly try to keep within the limits of an extreme minimum"[212].

In the works of the classics of Marxism-Leninism, the theory and history of economic crises are elaborated. Only on the basis of these works is a scientific analysis of modern economic crises in capitalist countries possible.

In modern conditions of the aggravation of the general crisis of capitalism and the growth of a new economic crisis, questions of the theory and history of economic crises acquire exceptional urgency. The works of Soviet economists devoted to these questions must give a scientific characteristic of the capitalist economy, expose bourgeois apologists, and help the struggle of progressive forces for the cause of democracy and socialism.

Unfortunately, L. Mendelsohn's book "Economic Crises and Cycles of the 19th Century", published in 1949[213], does not meet these requirements.

The book under review is mainly devoted to the crises of the 19th century, the study of which not only is of historical interest, but is also of vital importance for characterizing the economic crises of modern capitalism. The book begins with an extensive introduction "The Nature of Economic Crises and Forms of Their Movement," which reproduces the main provisions of the Marxist-Leninist theory of crises.

The first chapter of the book is devoted to the prehistory of cyclical crises, which dates from the end of the 18th to the beginning of the 19th century.

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[212] I. V. Stalin, Works, vol. 12, pp. 243-244.

[213] L. Mendelsohn, Economic Crises and Cycles of the 19th Century. Editor P. K. Figurnov. Gospolitizdat, 1949. Pages of the book under review are indicated in the text.

In the subsequent chapters (from the second to the tenth), the crises of 1825, 1837, 1847, 1857, 1866, 1873, 1882, 1890, and 1900 are characterized. These chapters occupy a central place in the entire book. The voluminous monograph by L. Mendelsohn covers a vast period in the history of capitalism — the entire 19th century — and sheds light on a number of stages in the economic development of England, the USA, Germany, France, and Russia.

The book under review presents a large amount of statistical and factual material on the economic development of the main capitalist countries, collected by the team of the conjuncture sector of the Institute of Economics of the Academy of Sciences of the USSR. In covering the history of crises, extensive data on the export of capital, colonial expansion, protectionism, monopolies, and the militarization of the economy of capitalist countries are presented. However, this material did not receive a proper assessment and correct illumination due to the fact that the author of the book holds an erroneous position on fundamental issues of the theory and history of economic crises, and treats bourgeois sources uncritically.

The material cited by L. Mendelsohn is, as a rule, borrowed from sources that reflected events through the prism of political concepts and class interests of the bourgeoisie. Basically, the monograph is built on a dozen statistical collections and a hundred books by bourgeois authors, i.e., on tendentiously processed documentary material. This circumstance requires a critical attitude towards the material collected in the book under review, because L. Mendelsohn himself did not sort out the chaos of monographs of bourgeois origin well enough. Frequently and abundantly quoting bourgeois literature, the author does not give a critical analysis of it, limiting himself to general phrases about the fact that bourgeois literature is characterized by the falsification of economic history (pp. 271,

725, 773). L. Mendelsohn keeps silent about the vicious trends of dozens of bourgeois historians of 19th-century capitalism whose works he uses. For a Marxist, a critical evaluation of bourgeois sources is obligatory. The book under review lacks a historiographical chapter and contains no criticism of the literature used by the author.

Creating a monograph on the history of crises, the author should have found more reliable sources and reliable documentary material. L. Mendelsohn often shows carelessness in this regard. Matters go so far that even the economic disasters of workers caused by crises are "illuminated" by the author predominantly with the help of editorials from "The Times" or other equally dubious sources that distorted the real picture of the working class's sufferings (pp. 235, 480, 513, 581, 817). To determine the scale of unemployment in the USA during one of the crises, L. Mendelsohn considers it possible to refer to the ambiguous statements of the notorious traitor Gompers. As if in the 19th century there did not exist a radical press that gave an incomparably more accurate reflection of the economic hardships of workers and economic development of major countries in general.

A major methodological error of the book under review is that the author ignores the Lenin-Stalin teaching on imperialism and on crises in the era of imperialism and the general crisis of capitalism. "Crises of the era of imperialism are not considered in this book, therefore there is no opportunity here to dwell on their Lenin-Stalin analysis," the author declares (p. 11). L. Mendelsohn loses sight of the fact that it is impossible to give a deep illumination of economic crises of pre-monopoly capitalism without being guided by the works of Lenin and Stalin, in which the Marxist theory and history of crises received further development.

The main vice of L. Mendelsohn's book is the non-Marxist approach to elucidating the root problems of crises, which was

expressed most convexly in ignoring the fundamental contradiction of capitalism, the sharpening of the class struggle between labor and capital, the progressive impoverishment of the working people of capitalist countries, and the imperialist plunder of colonial peoples. The author substitutes a technical-economic description for a class, political approach to the analysis of the capitalist economy. Instead of showing how, with the development of capitalism, the contradiction between the social character of production and the private capitalist form of appropriation becomes increasingly aggravated, the antagonism between the bourgeoisie and the proletariat intensifies, and the prerequisites for the destruction of capitalism grow, L. Mendelsohn made the center of his book the dynamics of capitalist production and the history of the industrial successes of the main capitalist countries. Marxism-Leninism teaches that the cause of periodic crises of overproduction is the antagonistic contradiction between the social character of production and the private form of appropriation, which is expressed in the contradiction between the colossal growth of capital's production possibilities and the contraction ofкті the solvent demand of the working people. Contrary to this, L. Mendelsohn placed the problem of the reproduction of fixed capital at the center of his book, rather than the development of the contradiction between the social character of production and the private form of appropriation. When covering the history of crises, the author actually reduces the cause of crises to the reproduction of fixed capital. "The reproduction of fixed capital," the author asserts, "turns into the material basis of periodic crises." Proceeding from this attitude, he substitutes the problem and declares the subject of the history of crises to be "the process of turning the reproduction of fixed capital into the material basis of periodic crises," and reduces his task to describing "the result of this process" and

the role of fixed capital "in conditions of a fully formed cyclicity of social reproduction" (p. 59).

Unlike the Marxist-Leninist attitude, which considers the renewal of fixed capital to be the material basis of the cyclicity of capitalist reproduction and the periodicity of crises of overproduction, L. Mendelsohn declares the reproduction of fixed capital to be the "material basis" and the cause of economic crises themselves. Instead of analyzing the ripening and unfolding of crises and the forms of their manifestation in individual countries at a certain time, instead of showing their destructive consequences, the growth of the impoverishment of working people and the sharpening of class struggle, the author is engaged in describing the movement of fixed capital.

In this regard, it should be noted that the author also makes a mistake in characterizing the role of crisis as a phase of the cycle. From the fact that a crisis gives an impetus to the renewal of fixed capital, it by no means follows that the revival and upswing of production realize only those dynamic opportunities that the crisis gives. According to Mendelsohn, it turns out that crises are the main engine of the development of capitalism; they supposedly cause a progressive growth of production. The author forgets that the role of crisis consists only in an "initial impetus," and the subsequent development of the cycle is determined by the dynamics of the internal contradictions of capitalist production, the insatiable aspiration of capital for surplus value, and the conditions for its realization.

Being unable to make ends meet and feeling the shakiness of his positions, L. Mendelsohn engages in searches for external factors of the cycle (in the phase of revival and upswing) and sees them in the "positive tasks" of the bourgeoisie in the field of industry, uncritically perceiving the phraseology of bourgeois historiography. Again and again he appeals to railway construction in explaining cycles, extremely

exaggerating the role of railway investments in the history of crises, and forgets that railway construction itself needs explanation from the point of view of the cycle (pp. 264, 319, 475, 571, 655, 696, etc.). Here the author repeats the false fabrications of American historians that in the history of the USA there is so much culturtraegerism that it supposedly coincides altogether with the history of railways.

The history of crises as covered by L. Mendelsohn is in contradiction with the foundations of Marxist-Leninist theory and history of crises. The author has completely erroneous ideas about what elements make up the history of crises. Therefore, he gave it a theoretically untenable, historically one-sided, and politically vicious illumination. L. Mendelsohn arbitrarily limits the history of crises to an objectivist description of the renewal and expansion of fixed capital, and throughout the book covers only the material base of the cycle, ignoring everything else and, in essence, abstracting himself from the problem of the causes of economic crises.

L. Mendelsohn's book is filled mainly with materials from bourgeois sources on the industrial successes of capitalism in the 19th century. The author again and again describes the growth of capitalist industry of that period, enthusiastically narrating that England in the 1930s achieved such an expansion of fixed capital as "history had never known" (p. 207), that the USA in the mid-19th century made a leap in this area, but their "achievements pale before the progress in the cycle that began after the crisis of 1866" (p. 429), when railway construction acted there as a "mighty accelerator of economic progress" (p. 431).

The emergence of crises of overproduction is unilaterally explained by the author as the immoderate growth of industry. His usual explanation of crises boils down to indicating that "a large expansion of industry inevitably led to the collapse of the industrial upswing" (p. 212), that the root of the matter must be

sought "in the excessive expansion of production and trade of England itself" (p. 214), that capital investments were invariably "the most important factor in the rapid ripening of the prerequisites of the crisis" (p. 253) and the scale of the latter was determined by how high "the wave of industrial construction rose" (p. 325), that everywhere "the prerequisites of the crisis were created first of all by the growth of productive forces, the mass expansion of fixed capital" (p. 459) and therefore the crisis struck with greatest force the industries "that experienced the greatest increase in output" (p. 475). This thesis is reproduced in many other places in the book (pp. 518, 547, 724).

On hundreds of pages, the author describes the "gigantic growth" of capitalist industry in the 19th century, seeing this as the central task of his work. However, it is quite obvious that the industrial successes of capitalism are portrayed in abundance in the writings of bourgeois historians and economists. All facts relating hereto can be found in abundance: for the USA — in Faulkner, for England — in Brentano, for Germany — in Sombart, etc.

The classics of Marxism-Leninism comprehensively substantiated the thesis that crises of overproduction are a periodically repeating explosion of the contradictions of the capitalist mode of production and that their cause is the antagonism between the social character of production and private capitalist appropriation. Consequently, the task of the historian of crises cannot be reduced to describing the growth of production. In particular, a thorough analysis of the dynamics of the internal market is required, but the author completely ignores the latter or only vaguely mentions it (pp. 231, 245, 441, 557, 614, etc.), often identifying its scale with population dynamics (pp. 259, 615). There are no concrete materials on the history of the market, let alone their detailed analysis, in the book. To write the history of crises without the

history of the internal market and a comprehensive analysis of the contradictions of capitalism means to follow in the footsteps of Tugan-Baranovsky and the like, to ignore the socio-political side of the issue, and to gloss over the contradictions of capitalism.

L. Mendelsohn, while talking at length about the history of capitalist cycles of the 19th century (in 826 pages), bypassed the history of the impoverishment of the working class and non-proletarian working masses. The author speaks about the position of working people only episodically when characterizing the social consequences of individual crises (pp. 272, 288, 360, 415), completely unrelated to the problem of the genesis of crises. The author refers to Kuczynski's works several times, but even then predominantly to note the growth of wages (pp. 340, 511, 721), and not its decrease. The author returns to the problem of wages only when this question is forced upon him by bourgeois authors "in the course of exposition" (pp. 463, 822), in the order of "discussion" with them on particular issues.

In the book, the problem of class antagonisms in the history of the genesis of crises is effectively removed, the economic process is depersonalized, and the solution to the question is reduced to an uncritical review of statistical material on the growth of capitalist industry in the 19th century. The author bypasses the continuous decline in the living standard of working people, the fall in personal consumption, the narrowness of the market characteristic of capitalism, the pauperism of workers and peasants, the ruin of the petty bourgeoisie and the colonial population. Without an analysis of these bleeding sores of capitalism, all the processes of capitalist cycles can be presented only in a distorted form. This is what happened with L. Mendelsohn's monograph. Every book by a Soviet economist on issues of the capitalist economy should be a vivid indicting document against this anti-popular system. In

the history of 19th-century crises, it was necessary to show comprehensively that "capital is dripping with blood and dirt from every pore, from head to toe"[214]. L. Mendelsohn's book does not meet these pressing requirements of our time.
The work contains a significant number of erroneous provisions and inaccuracies on specific issues of the economic history of capitalist countries and the history of crises. Thus, the author asserts that in the 1920s of the 19th century, the factory system was only a superstructure over the manufacture industry of England (pp. 116, 128), referring the end of the industrial revolution in England to subsequent decades. He clearly confuses the industrial revolution with the establishment of England's industrial monopoly on the world market and confuses the Marxist periodization of the history of the industrial revolution. Similarly, the author refers the industrial revolution in Russia to the very end of the 19th century (p. 678), which does not fit at all with the basic facts of the economic history of Russia at that time and Lenin's conclusion from these facts. The author confuses the genesis of the capitalist factory with its extensive development. He ignores the socio-economic content of the industrial revolution, replacing the characterization of the latter with bare statistical calculations. In reality, the industrial revolution in Russia unfolded much earlier, and the capitalist factory became a mass phenomenon even before the reform of 1861.
L. Mendelsohn does not reveal the originality of the economic development of individual countries, without which it is impossible to identify the features of a number of crises in each of them. Repeating the fabrications of Anglo-American bourgeois economists and historians, the author looks for the genesis of crises in England alone, assigning to other countries (and especially Russia) only a passive role. Whole chapters of

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[214] K. Marx, Capital, vol. 1, 1949, p. 764.

his book are filled by L. Mendelsohn with descriptions of how English crises were reflected in Russia, Germany, and the USA. The author reduces everything to violations of English trade, clearly exaggerating the role of the latter in the economic life of other countries (pp. 235, 240, 281, 300). At the same time, it often remains unclear how such "reflections" are possible, because the author, on the one hand, narrates about the fall in exports of English goods on the European continent and simultaneously about the undermining of local trade by this export. Moreover, can it be argued, as Mendelsohn does, that in Russia, for example, right up to 1873, English crises were merely reflected (and only that)? Obviously, crises were also ripening in Russia, and the author should have shown their genesis. The problem of the genesis of crises cannot be solved solely from the notorious point of view of the "impulse of the British Isles." The author repeatedly depersonalizes the originality of France's economic history (pp. 435, 452). Often expounding on France's lag behind England, he either does not explain this fact at all or gets off with general phrases.
Crises in Russia, their extraordinary sharpness at the end of the 19th century, L. Mendelsohn stereotypically links only with the growth of industry, although many other features of Russia's economic development played a huge role here. At the same time, the successes of Russian industry in the 1890s are given a one-sided explanation, which boils down to the author pointing to the "tax press and import of capital" as the most important sources of financing industry in Russia (p. 695). The book does not show that the internal reserves of Russian industry accumulated in the post-reform period played a decisive role. These reserves were represented by a strengthened technical base, the emergence of an inexhaustible labor market (including skilled labor), the expansion of the raw material base (along with the development of commercial agriculture), and the deepening of the internal market. Ignoring all this

inevitably leads to a distortion of the real history of capitalist reproduction and economic crises in Russia.

L. Mendelsohn talks at length about the accelerators of "economic progress" in the USA (p. 431, etc.), admires American paces of development (p. 529, etc.) and describes American inventions in detail (p. 330). Each time he uncritically refers to individual facts usually featured in the compilations of bourgeois historians. Thus, narrating that in the USA there allegedly took place "huge successes of agriculture achieved thanks to the Homestead Act" (p. 430), the author "forgets" to mention that in fact it was a matter of distributing the lands of plundered Indians, that American "democracy" was going to be generous at the expense of Indians driven into "reservations" or simply exterminated. Enumerating American inventions, the author also "forgets" to mention that it was American capitalism that brought the exploitation of workers to maximum norms unseen in other countries. In L. Mendelsohn's book there is not even a mention that American capitalism with its notorious "democracy" grew on the basis of plantation slavery and absorbed the blood of millions of brutally tortured Negroes.

Contenting himself with the criticism of Tugan-Baranovsky's book of half a century ago, L. Mendelsohn shied away from criticizing the apologists of American capitalism, whereas the main task now is to criticize the demagogy of American imperialism and the ideologists of its labor dominion, England. How L. Mendelsohn "fights" against bourgeois apologists can be seen from the following striking and typical example for the book. Instead of exposing Sombart, the author criticizes him formally, portraying this militant fascist as an innocent ostrich who supposedly comforts himself with illusions. Moreover, L. Mendelsohn teaches this bison that "the policy of an ostrich hiding its head in the sand at a moment of mortal danger has never brought salvation to anyone" (p. 108).

The exposition of the economic history of England is also presented by the author objectivistically, sometimes simply repeating the writings of anglophiles. L. Mendelsohn narrates, for example, about the positive impact of English competition on the economy of 19th-century France (p. 184), without accompanying this with an exposure of the economic policy of the English bourgeoisie, its pirate methods of enrichment and attempts to turn Europe into its colonial periphery. Here and there the author indicates that European industry suffered from English competition. However, remarks of this kind, which seemed radical at the time of Napoleon's "Continental Blockade," are completely insufficient in the years of the "Marshall Plan" and are not suitable at all for a Marxist work. The criticism of the free-trade demagogy of the English bourgeoisie of the 19th century also does not go beyond empty phraseology. In some places in the book, it is noted that free trade was not dangerous for the strengthened English industry. It turns out that it was some kind of sacrifice by England to please the "liberal" views of the 19th century. Meanwhile, free trade was aggressive in nature, which is not exposed by the author. Even about the third quarter of the 19th century, L. Mendelsohn writes that at that time the economic power of England was growing rapidly, that "more than ever its gospel was unlimited free trade" (p. 539), and puts a period there. The author passes by the demagogy of American and English imperialism regarding "open doors" and the principle of "equal opportunities" in the plunder of colonies and Europe itself. But the book has a lot of high-flown phraseology addressed to English capitalism (pp. 394, 438, 539, 804). L. Mendelsohn's culturtraegerist interpretation of the historical role of England in the 19th century has nothing to do with reality. It is well known that the English bourgeoisie in the 18th-20th centuries everywhere acted as the fiercest enemy of any liberation movements and was everywhere in the vanguard of the

blackest reaction. As for English capitals and engineers, they were sent to other countries in the interests of profit, for the plunder and enslavement of these countries. Uncritically reproducing the traditional phraseology of bourgeois historiography, the author again "forgets" the urgent tasks of the modernity. The cosmopolitan demagogy of English laborism must be contrasted with a picture of the enrichment of English imperialists at the expense of other peoples, rather than the imaginary "exploits" and "merits" of English capitals and engineers.

Formally reproducing the assessments of the 19th century conditioned by the concrete situation of that time, the author pays tribute to that dogmatism whose insolvency and harm were so brilliantly shown by Comrade Stalin in his remarkable works on linguistics. It is quite obvious that in economic science dogmatism turns out to be even more dangerous, since economists have to analyze the most topical issues of modernity.

The author presents the influence of the export of capital in a false light, believing that the latter everywhere causes an industrial upswing. Thus, in his opinion, in the 1860s in the USA and Germany "the scale of the cyclical upswing was increased by the influx of capital from outside," while in England, on the contrary, "it was reinforced by huge capital exports" (p. 433). According to Mendelsohn, it turns out as if the export of capital possessed the miraculous property of turning deserts into blooming regions. The author loses sight of the fact that the bourgeoisie of capitalistically developed countries used and uses the export of capital to enslave other countries. Exported capital only partially found industrial application. On the other other hand, the outflow of capital from England and France hindered the development of their industry and explains much of the industrial lag of these countries in the era of imperialism. V. I. Lenin brilliantly

showed that the transformation of the English and French bourgeoisie into rentiers expresses the decay of capitalism.
L. Mendelsohn's attempt to introduce an "innovation" in analyzing the factual material characterizing the unevenness of the development of productive forces of capitalist countries in the 19th century deserves serious criticism. In the book, the absolute growth of production is contrasted with the rates of its development (p. 395), and it turns out that an economically mature country allegedly grows industrially more intensively than others even when it lags behind in the rates of expansion of its production.
Expounding on hundreds of pages the history of capitalist industry at the end of the 19th century, the author had a wonderful opportunity to expose the economic policy of monopolies, the latter's marauding. But he shied away from this. Moreover, in the lengthy formulation of the causes of the industrial upswing of the 1890s, there is even a place for recognizing the "progressive role" of monopolies, which supposedly could "expand the production apparatus, develop new industries, carry out accumulation at a pace and on a scale inaccessible to capitalists of the old formation" (p. 715). L. Mendelsohn asserts that monopolies possess "potential opportunities for accelerating the progress of productive forces" (p. 717), that the dominance of monopolies is always characterized by a "tendency to accelerate the development of productive forces" (p. 718). It turns out that it was monopolies that ensured the growth of productive forces at the end of the 19th century. The decay of capitalism is spoken of only declaratively, in one or two phrases.
The book lacks a Marxist illumination of the origin of monopolies and their influence on the economy of the pre-imperialist stage of capitalism. The author loses sight of the fact that monopolies helped capitalists use the economic advantages of large-scale production more fully and at the

same time more predatorily and parasitically. Here lies the secret of the industrial expansion of monopolies. All the industrial successes of monopoly capitalism inevitably turn out to be simultaneously its decay, the deepening of the latter. The decay of capitalism is rooted in the very nature of monopolies. The book under review testifies to the fact that the author has not overcome the technical-economic approach cultivated in the former Institute of World Economy and World Politics. Its editor P. K. Figurnov is also to blame for the shortcomings and errors of the book.

One cannot pass by the fundamentally erroneous review by F. I. Mikhalevsky published in the journal "Soviet Book." The reviewer completely groundlessly asserts that L. Mendelsohn's work has only "shortcomings" and they are "of course (!) of a private nature," that the author "coped on the whole" with the task of creating a Marxist history of crises, and his work represents a "valuable contribution" to the economic literature of Marxism (see "Soviet Book" No. 7, 1950, pp. 77-83). Such an evaluation of L. Mendelsohn's clearly erroneous book shows the weakness of criticism and self-criticism among economists. Soviet economists must put an end to the remnants and any manifestations of objectivism and the technical-economic approach to the study of modern capitalism. Soviet economists must produce militant works on the capitalist economy that help the struggle for the cause of socialism and democracy.

F. Polyansky

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