В. И. ЛЕНИН

О ГОСУДАРСТВЕННОМ КАПИТАЛИЗМЕ
В ПЕРИОД ПЕРЕХОДА К СОЦИАЛИЗМУ

На английском языке

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On State Capitalism During the Transition to Socialism

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CONTENTS

FOREWORD *

Between these covers are V. I. Lenin's articles, speeches and letters (complete or in part), and selected passages from his larger works dealing with the use of state capitalism in building socialist economy. Lenin demonstrates the suitability and objective economic need for using state capitalism in the period of transition from capitalism to socialism, and defines its basic principles and methods.

Lenin referred to state capitalism even before the victory of the socialist revolution in Russia. In September and October 1917, he pointed out that state-monopoly capitalism in the setting of revolution, in the conditions of a revolutionary democratic state, was beyond question a step closer to socialism (see present collection, pp. 24-25, 44-45).

Later, in the new conditions created by the October Revolution, the approach to the question of state capitalism, to its nature and the methods of using it, was modified. Under Soviet power, Lenin said then, state capitalism was a capitalism condoned within certain limits, under strict control of the socialist state, which held the commanding heights in the economy. State capitalism was called upon to help organise a new, socialist economy.

Lenin commended the agreement reached by the Trade Union of Tanners with the All-Russia Society of Leather Industry Factory-Owners (see pp. 27-28). Under this agreement, two-thirds of the seats in the Chief Leather Committee and its local branches, which acted as supervisory bodies at enterprises of the leather industry, went to representatives of the workers, and one-third to employers and members of the bourgeois managerial staff. This enabled the Soviet state to control these administrative bodies. Analogous agreements, giving the workers administrative control over whole industries, were also concluded in the textile, sugar, tobacco, and a few other consumer and food industries. The specific features of this form of state capitalism were that

the enterprises concerned filled orders under the government plan, received requisite subsidies from the state, and that all their output was put at the disposal of the state.

Lenin attached importance to this use of state capitalism, because it enabled the workers to learn from industrialists and bourgeois specialists the science of organising production, of running the country's economy, and because it helped to get production off the ground, and keep precise records of output and consumption. Lenin was gratified to note that the best workers in Russia "in the central leading institutions like Chief Leather Committee and Central Textile Committee take their place by the side of the capitalists, *learn from them,* establish trusts, establish 'state capitalism', which under Soviet power represents the threshold of socialism, the condition of its firm victory" (pp. 52-53).

We find the first and most conclusive exposition of Lenin's ideas on using state capitalism, on its character and features in the economy of the period of transition to socialism, in his report on April 29, 1918 to the All-Russia Central Executive Committee on the immediate tasks of the Soviet government, and in the article " 'Left-Wing' Childishness and Petty-Bourgeois Mentality", which he wrote in May 1918. He pointed out that in the conditions prevailing in Soviet Russia, state capitalism would be a step forward and would ease the transition to socialism, because "state capitalism is something centralised, calculated, controlled and socialised, and that is exactly what we lack; we are threatened by the petty-bourgeois slovenliness, which more than anything else has been developed by the whole history of Russia and her economy, and which prevents us from taking the very step on which the success of socialism depends" (pp. 23-25).

Lenin described the five then existing socio-economic structures (patriarchal peasant farming, small-scale commodity production, private capitalism, state capitalism, and socialism), and convincingly demonstrated the advantages that state capitalism had over the first three structures, those that predominated in the economy of Soviet Russia at that time. He amplified: "It is not state capitalism that is at war with socialism, but the petty bourgeoisie plus private capitalism fighting together against both state capitalism and socialism" (pp. 38-39).

With the petty-bourgeois element dominating the economy, the principal "internal" enemies of the Soviet government's various economic measures were the profiteer, the commercial racketeer, and the disrupter of monopoly. They kept breaking "the shell of our state capitalism (grain monopoly, state-controlled entrepreneurs and traders, bourgeois co-operators)," with "profiteering *instead of state monopoly* forcing its way into every pore of our social and economic organism" (pp. 38, 39). Referring to petty-bourgeois capitalism, Lenin said: "It is *one and the same road* that leads from it to *both* large-scale state capitalism and to socialism, *through one and the same* intermediary station called 'national accounting and control of production and distribution'" (pp. 43-44). He strongly censured the "Left Communists", who were dogmatically opposed to the idea of using state capitalism because in their view it would make for the revival of the capitalist system. For them the main enemy of socialism was state capitalism rather than the petty-bourgeois element. They did not see the distinctiveness and new nature of state capitalism as practised in the Soviet Republic, and were blind to the possibilities of combining Soviet power with state capitalism. Use of state capitalism was, by and large, one of the main questions in the plan of building socialism worked out by Lenin.

Lenin devoted much time to the basics of the policy of concessions and to the question of granting concessions to foreign capitalists, notably German and US. Speaking to Raymond Robins, the chief of the American Red Cross Mission in Russia, he showed the benefits of commercial relations for both Russia and the United States, stressing that a friendly attitude to Soviet Russia was in the interests of the United States. In the spring of 1918, on Lenin's initiative, a plan was worked out for the promotion of trade and economic relations with the USA, in which the Soviet Government expressed readiness to grant concessions to the United States and other countries for the working of coal and other minerals, for using the water resources of Eastern Siberia, for river transport and railway construction, and so on. Lenin forwarded this plan to America through Robins, and it was published in the US press. Lenin also referred to the Soviet Government's readiness to grant concessions in his letter to the

American workers in September 1919 and in interviews given to US newspaper correspondents, notably in the interview to Lincoln Eyre, correspondent of *The World*.

Even after the Civil War broke out in Russia in the summer of 1918, attempts were made to conclude concession agreements. In 1918 and 1919, for example, negotiations were under way on the construction on concession principles of the Great Northern Railway, which would have afforded access to large areas of timberland and to rich deposits of minerals. The decision Lenin drafted on February 4, 1919, adopted on the same day by the Council of People's Commissars, said that the latter "considers a concession to representatives of foreign capital generally, as a matter of principle, permissible in the interests of developing the country's productive forces," and "considers the present concession to be desirable and its implementation a practical necessity" (p. 55). Before taking a final stand, however, the Council of People's Commissars asked the initiators of the project to furnish proof of "their . . . contacts with solid capitalist firms capable of handling this job and shipping the materials" (ibid.). The project came to nothing precisely because its initiators were found wanting in financial resources.

The Civil War and the foreign armed intervention in the latter half of 1918 and until 1920 precluded the use of concessions and other forms of state capitalism. In the grim environment of war, the Communist Party was compelled to abandon the economic policy worked out by Lenin in the spring of 1918, in which use of various forms of state capitalism figured prominently. A different kind of economic policy was needed in the conditions created by the Civil War, the foreign intervention, the blockade, dislocation, and hunger. Eventually, that policy came to be known as "War Communism".

The country's limited resources were devoted almost entirely to securing victory over the foreign intervention forces and the domestic counter-revolution. The Soviet government had no choice but to nationalise not only large-scale but also medium-scale industry, and to put small-scale industry under control. That was the only way to secure greater military production and to supply industry with requisite raw materials and fuel, and, besides, to ensure rational distribution of manpower.

With industry concentrated chiefly on filling military needs, commodities that could be exchanged for grain grew scarcer and scarcer. In January 1919, the Soviet Government was compelled to introduce the extreme emergency measure of surplus food appropriation. This meant that all surplus grain and other foods would be appropriated from peasants at fixed prices. The measure was justified because the Communist Party and the Soviet government were defending the peasant and his land from foreign invaders and his age-old oppressors: the landowner and the kulak.

The "War Communism" policy helped the Soviet Republic to survive in its clash with the foreign intervention forces and the domestic counter-revolution. It was a temporary policy suited to the concrete conditions of the Civil War period, and, as Lenin wrote, "was not, and could not be a policy that corresponded to the economic tasks of the proletariat" (pp. 102-108).

In late 1920 and early 1921, on emerging victorious over the forces of international imperialism and whiteguard counter-revolution, the Soviet people began building socialism under the leadership of the Leninist party. The conversion from war to peace occurred in an exceedingly complicated situation. Some seats of counter-revolution had yet to be stamped out. The international imperialist forces had not abandoned the hope of destroying the Soviet Republic. The ravages of the imperialist world war and the Civil War had brought the country to the edge of total ruin. A large number of factories and mines, oilfields, and railways were inoperative. Industry suffered acute shortages of fuel and raw material. Agriculture was in a sad state. Food and other consumer commodities were scarce. The peasantry expressed their discontent with the surplus food appropriation system, which went counter to their interests in the new situation, and was undermining peasant farming.

In these conditions, Lenin drew up the principles of a new economic policy (NEP), one of the chief elements of which was to abolish surplus food appropriation and to introduce instead a far less onerous tax in kind. On paying the tax, peasants were free to dispose of their food surpluses in the local market. This was an incentive for them to expand production of food and industrial crops. The economic bonds between town

and countryside and the alliance of the working class and peasants grew stronger.

The New Economic Policy projected the economic principles worked out by Lenin in the spring of 1918 to fit the new conditions. It was designed to promote rapid economic rehabilitation and to pave the way for the socialist reconstruction of the economy. It solidified the worker-peasant alliance on an economic foundation, thereby drawing the peasants into socialist construction, and extended the ties between socialist industry and the peasant producer of cash crops. NEP allowed for a moderate development of capitalist elements, with the Soviet state retaining the commanding heights in the economy. The decision to substitute NEP for the policy of "War Communism" was adopted in March 1921 at the Tenth Congress of the Communist Party.

A key NEP principle was to use state capitalism for building socialism in the conditions of that time. The idea was set forth and argued by Lenin in his report on the tax in kind at a meeting of secretaries and representatives of Party cells of Moscow and Moscow gubernia on April 9, 1921, and in the pamphlet *The Tax in Kind,* written at that time (pp. 133-47). Lenin observed that what he had said about state capitalism in the spring of 1918 was also wholly valid in the spring of 1921 because the basic elements of the country's economy had not changed and the small-proprietor petty-bourgeois element had even grown owing to the rise of a large part of the poor (semi-proletarians and proletarians) to the level of average, medium-scale producers.

In the circumstances, Lenin held, the Soviet state would do well to direct private capitalism into the channel of state capitalism, which was a step forward as compared with the small-proprietor element. For Lenin, state capitalism was not merely a structure of the period of transition to socialism, but an economic device for using capitalism controlled by the proletarian state to further the building of socialism. He saw the most important task of all Party and government functionaries in applying the principles of the policy of state capitalism "to the other forms of capitalism—unrestricted trade, local exchange, etc."

The works in this collection offer an exhaustive description of the types and forms of state capitalism used in Soviet Russia. The most distinct and clear-cut form of state capitalism, Lenin held, was that of concessions, that is, of agreements between the Soviet Government and foreign industrialists who undertook to organise or improve some industry (felling and floating of timber, ore and coal mining, oil extraction, and the like), relinquishing a fixed share of the product to the state and taking a share as profit for themselves. In the context of the then obtaining social-economic structures and their correlation, such concessions were in substance an alliance of the Soviet state with "state capitalism against the small-proprietor (patriarchal and petty-bourgeois) element".

Lenin stressed that the policy of concessions, if carried out cautiously and within limits, would despite some sacrifices, specifically that of giving up some valuable resources to capitalists, speed up the growth of the productive forces and help attract foreign technical facilities for the rehabilitation and development of industry, raising output of food and manufactured goods, and improving the material condition of the working people. Soviet workers employed at concession enterprises would learn from the capitalists' scientific-technical and managerial experience. Besides, concessions would promote business relations with the capitalist countries. Furthering the concessions policy was, indeed, an important aspect of the Soviet Government's activity in the field of foreign relations.

Lenin devoted most of his attention precisely to concessions. On October 26, 1920, the Council of People's Commissars discussed Lenin's report on the question of concessions in Siberia. On November 23, 1920, the CPC adopted a pertinent decree, "The General Economic and Legal Terms of Concessions". "The Basic Principles of Concession Agreements" drafted by Lenin and adopted on March 29, 1921, contributed importantly to the theoretical elaboration of the concessions policy and furthered its concrete implementation.

Lenin attached importance to negotiations on concessions, and called for "the most relentless struggle" against those who opposed them (pp. 190-91). He corresponded with foreign fims interested in receiving concessions or in investing in joint-stock com-

panies, and with private entrepreneurs in Russia concerning lease of enterprises to them. In particular, Lenin devoted much energy to negotiations with US businessman Washington Vanderlip concerning a fishery concession and concessions for oil and coal prospecting and extraction in Kamchatka and the Maritime Territory, with Armand Hammer and B. Mishell of the American Allied Drug and Chemical Corporation concerning the asbestos mines in Alapayevsk district in the Urals, and concerning a concession agreement with SKF, the Swedish ballbearings concern.

Lenin was involved in negotiating concessions for part of the oil-fields, the iron-ore deposits in the Kursk magnetic anomaly area, and some of the coal mines in the Donets basin. He also followed the negotiations on timbering concessions in the north of European Russia and in Siberia which the Soviet state was as yet unable to develop on its own, on development of idle land, on concessions for river shipping and airlines, postal and telegraphic concessions, and so on.

In the negotiations, Lenin combined fidelity to principle with diplomatic flexibility, making the most of the economic interest shown by the entrepreneurs and safeguarding the economic and political interests of the Soviet state. All pros and cons were carefully weighed before any agreements were concluded. On no account did the Soviet Government concede any ground where political principles or the commanding heights in the country's economy were at stake.

Lenin stressed that concessions were important not only for raising production, but also in view of their political effect. Concession agreements with people from the capitalist world benefited the policy of the peaceful coexistence of states with different social systems. As Lenin stressed, "those who want to go to war will not agree to take concessions. The existence of concessions is an economic and political argument against war. States that might go to war with us will not be able to do so if they take concessions" (p. 64).

By and large, however, concessions did not become widespread. In all those years, their share in the country's total industrial output never exceeded 0.6 per cent. Contracts of lease, which, in effect, were a variety of concession agreements (see pp. 153-54) were far more widespread. The state concluded such contracts with entrepreneurs with production experience, with provisions governing the organisation and volume of production and the assortment of items to be produced, maintenance and renovation of leased premises and equipment, and so on. Essentially, the contract defined the activity of the leased enterprise, thus putting the capitalist lessee within the sphere of state regulation since he was committed to executing state assignments and orders.

In the first few years of NEP, leasing was fairly extensively practised in the coal, chemical, metal-working, timber-processing, cotton, leather, food, and some other industries. In early 1923, the number of leased industrial enterprises nearly matched that of state enterprises, the ratio being 9.6:10. But the work force employed in leased industry was only about 9 per cent of the total industrial work force, because the leased enterprises, rented for terms of two to five years, were mostly small and partly medium-sized enterprises making consumer goods (nearly 6,500 such enterprises had been leased as on March 1, 1924). In 1924 and 1925, the share of leased industry in value of total output was a mere 3 per cent.

The most widespread form of state capitalism was the institution of private middlemen and agents working on a commission basis. Middlemen (supply agents, contractors, travelling salesmen, commission merchants, and so on) handled nearly all the supplying and marketing for state enterprises. Firms and entrepreneurs often acted as contractors, performing various jobs for building, timbering, transport, and other state enterprises. The number of such middlemen ran into several tens of thousands.

Fairly widespread at the time, too, were mixed enterprises jointly operated by the state (represented by the Supreme Economic Council, the People's Commissariat for Foreign Trade, and others) and foreign or Russian entrepreneurs. Referring to these mixed enterprises, Lenin noted in the Central Committee report to the Eleventh Congress of the Communist Party that "we Communists are resorting to commercial, capitalist methods" as a form that helps "to establish a link with the peasant economy, that we can meet its requirements, that we can help the peas-

ant make progress even at his present level, in spite of his backwardness, for it is impossible to change him in a brief span of time" (pp. 194, 196-97). In these mixed enterprises, the state made sure that it had at least 51 per cent of the shares and took part in production, marketing, procurement, and management. Through these joint-stock societies, the activity of capitalists was concentrated more effectively on fulfilment of state assignments, and was more effectively aligned with the planning principle. The Soviet state, as a rule, had predominant influence because the mixed societies operated on the basis of the state plan and were governed by the interests of the country's economy.

Producer co-operatives proliferated during the NEP period. Co-operative capitalism, as Lenin said, facilitated accounting, control, and supervision, and made for contractual relations between the state and the capitalist elements. Through co-operatives, private capital was drawn into economic collaboration with the Soviet state and was, in effect, made to fulfil state assignments. But only co-operatives of small commodity producers (associations of artisans, crediting and material supply associations, marketing groups, consumer and other types of co-operatives) came under the head of state capitalism. Workers' consumer co-operatives, for example, and various types of rural producer co-operatives (communes, agricultural artels, and so on) were essentially socialist enterprises. It should be remembered, however, that in Russia, which was a country of mostly small peasants, there predominated co-operatives of small commodity producers, especially in the early years of Soviet power. For the working class, co-operatives were a means of influencing the peasantry, securing victory of socialist principles over the petty-bourgeois element, consolidating the Soviet system, and involving the mass of the working people in the building of socialism. Lenin held that co-operatives or, more precisely, some types of co-operatives, were much more than just a form of state capitalism. He predicted that in due course they would turn from bourgeois co-operatives into socialist.

Lenin's ideas of what co-operatives meant in the general plan of socialist construction were presented in final form in an article, "On Co-operation", published in early 1923. Here Lenin set forth a programme for using producer co-operatives to convert

individual small-scale peasant cash cropping into large-scale socialist farming.

Alongside the listed forms of state capitalism, there were also the following: employment of bourgeois specialists in the managerial mechanism and at state-controlled industrial and commercial enterprises and trusts, use of private tradesmen as middlemen or commission agents in procurement and marketing, use of foreign capital for technical assistance and aid in designing and building large new enterprises, and for technical consultation in organising large-scale production, and so on.

Lenin vigorously promoted the idea of using state capitalism in building socialism. He did all he could to bring home the need for this to all members of the Party and to the mass of the working people. And he censured those who identified state capitalism in the setting of a proletarian state with state capitalism in a bourgeois society. Criticising them for following the interpretation of state capitalism as given in "old books", Lenin pointed out in the political report of the Central Committee to the Eleventh Congress of the Party in March 1922 that "they deal with the state capitalism that exists under capitalism. Not a single book has been written about state capitalism under communism. It did not occur even to Marx to write a word on this subject; and he died without leaving a single precise statement or definite instruction on it. That is why we must overcome the difficulties entirely by ourselves" (pp. 199-200).

The measure of state capitalism and the terms on which it would not endanger and would benefit the proletarian state depended on the relation of strength, since the policy of state capitalism was, in effect, a projection of the class struggle in a new form, a war in the economic field with, however, the difference that it did not destroy but rather helped to build up the country's productive forces. The policy of state capitalism amounted, indeed, to a competition between two economic systems, the socialist and the capitalist.

Use of state capitalism during the transition from capitalism to socialism, necessitated by the prevailing situation and the concrete conditions of building socialism, was a new question that the founders of scientific communism had never raised nor could have raised. Lenin was the first to consider it, and his studies of

the subject have enriched Marxist theory, contributing conspicuously to the science of building socialist society.

The policy of using state capitalism was also instrumental in overcoming the economic and political isolation of the Soviet Republic and in creating conditions for peaceful socialist construction despite the country's encirclement by capitalist states.

The experience of using state capitalism in the USSR, the first in history, is of great international relevance. It blazed the trail, as it were, for the use of state capitalism as one of the forms of transition from capitalist to socialist economy at various stages of revolutionary reconstruction in other countries of the socialist camp. Though in some of them there had been no need, in view of the emergence of the world socialist system, to use state capitalism in the form of concessions, contracts of lease, and other forms applied in the Soviet state, it did occur in all socialist countries without exception as an element of the transitional policy.

In contrast to the use of state capitalism in the USSR in the form of agreements between capitalists and the working-class state limited in time and based on means of production expropriated from capitalists, the state-capitalist forms used in some of the other socialist countries allowed the non-monopoly bourgeoisie to retain their title of ownership to the means of production. In these countries, state capitalism was practised in the simple form of state control and participation in economic transactions, and did not rise above the level of mixed state-capitalist enterprises. The latter were changed into state-operated socialist enterprises through redemption and the development in them of a socialist type organisation of production. Historical experience thereby corroborated the previously never used forms of socialising production which had, however, been theoretically acknowledged by Marxists.

Lenin's theory of state capitalism is especially relevant for the current era of the break-up of imperialism when, inevitably, more countries are dropping out of the capitalist system. Some forms of state capitalism are also being used by developing countries both as specific economic structures (concessions to foreign capital, lease, mixed societies and enterprises, various types of co-operation, and so on) and as a system of means and methods

of state control and regulation of private national and foreign capital. Indeed, in many ways the state-capitalist type of economic relations is determinative for the specific economic structures of developing states.

Countries that have flung off the colonial yoke are devoid of a ramified large-scale industry in the early period of independence. So, state capitalism begins to develop there as a means of building large-scale production, as a basis for independent economic development and for stimulating the productive forces. Though anti-imperialist and anti-colonialist by nature, its social and economic character depends on the class character of the state and the social-economic policy of the forces that hold power. That is why the essence of state capitalism in the socialist- and capitalist-oriented developing countries is not the same.

In the socialist-oriented countries, state capitalism is called upon to combat neocolonialism, to enhance the rate of growth of the productive forces, and, indeed, to serve through a series of mediate links as a form and method of preparing the way for socialist reconstruction. There, state capitalism gradually acquires some of the features seen in the setting of socialist construction. State capitalism's role in the capitalist-oriented developing countries is also by and large progressive, for it is aimed at eliminating the aftermaths of colonial rule, as well as archaic economic patterns (patriarchal, feudal, and so on). The order and scope of such changes, however, depend on the nature of the prevailing political system and the basic social class forces whose interests that system represents. The purpose of state capitalism in these countries is to secure the development of national capital. If power in the country falls into the hands of reactionaries, state capitalism is used for the enrichment and personal gain of the ruling elite, and serves as a tool of strengthening its economic and political hold on government, and intensifying the exploitation of the labouring masses, with the inevitable effect of subordinating the country to foreign monopoly capital.

The economic base for the development of state capitalism in the developing countries is the state sector. In the socialist-oriented countries this sector encompasses a wide spectrum of relationships ranging from state capitalism to various transitional forms that may safely be described as socialist-oriented or

proto-socialist. Leaning on the state sector, the new authorities enlist the co-operation of capitalists on terms suiting the over-all needs of the country's economic policy, and employ the legislative system to direct private capital along the channel of state capitalism in order to lay the ground for a socialist economy and to organise the economic base of socialism.

Mixed companies, enterprises and firms operated jointly by the state and foreign or national capital are becoming an increasingly typical occurrence in all developing countries. Their aims are in a way analogous to those that had been pursued in the USSR through contracts of lease and mixed companies: more rapid development of natural resources, extension of export opportunities, assimilation of the scientific and technical experience of economically more advanced countries, and the like.

Co-operatives of a state-capitalist type are also important. In a socialist-oriented developing country co-operatives guided and supervised by the state enable the latter to control rural capitalist elements, and to regulate their growth in its own interests and with an eye to the interests of small producers. It encourages anti-capitalist tendencies in the co-operatives and stimulates growth of prerequisites for their subsequent conversion into co-operatives of a socialist type.

In the present international situation, with the forces of peace and socialism exercising an increasing influence on the course of world events, the countries of Asia and Africa, which are opting for the socialist orientation in increasing numbers, can travel the chosen road in ever more peaceful and favourable surroundings. Given a progressive political system that carries out radical economic changes, with state capitalism playing a considerable and growing role, the socialist orientation can lead to the construction of the foundations of socialism, and then to socialism.

The countries of the socialist community, and notably the Soviet Union, are natural allies of the socialist-oriented countries and render them all-round support and aid. For countries that have opted for the socialist road, Lenin's theory of state capitalism thoroughly tested in the USSR and the other socialist states, retains all its relevance in the present conditions.

From REPORT ON THE IMMEDIATE TASKS OF THE SOVIET GOVERNMENT TO THE SESSION OF THE ALL-RUSSIA C.E.C.[1] APRIL 29, 1918

...I have dwelt on the question of foreign policy more than I intended, but it seems to me that we see here very clearly that in this question we are, strictly speaking, faced with two main lines—the proletarian line, which says that the socialist revolution is what is dearest and highest for us, and that we must take account of whether it will soon break out in the West, and the other line—the bourgeois line—which says that for it the character of the state as a Great Power and national independence are dearer and higher than anything else.

In regard to domestic issues, we see the same thing on the part of the group of Left Communists,[2] who repeat the main arguments levelled against us from the bourgeois camp. For example, the main argument of the group of Left Communists against us is that there can be observed a Right-Bolshevik deviation, which threatens the revolution by directing it along the path of state capitalism.

Evolution in the direction of state capitalism, there you have the evil, the enemy, which we are invited to combat.

When I read these references to such enemies in the newspaper of the Left Communists, I ask: what has happened to these people that fragments of book-learning can make them forget reality? Reality tells us that state capitalism would be a step forward. If in a small space of time we could achieve state capitalism in Russia, that would be a victory. How is it that they cannot see that it is the petty proprietor, small capital, that is our enemy? How can they regard state capitalism as the chief enemy? They ought not to forget that in the transition

from capitalism to socialism our chief enemy is the petty bourgeoisie, its habits and customs, its economic position. The petty proprietor fears state capitalism above all, because he has only one desire—to grab, to get as much as possible for himself, to ruin and smash the big landowners, the big exploiters. In this the petty proprietor eagerly supports us.

Here he is more revolutionary than the workers, because he is more embittered and more indignant, and therefore he readily marches forward to smash the bourgeoisie—but not as a socialist does in order, after breaking the resistance of the bourgeoisie, to begin building a socialist economy based on the principles of firm labour discipline, within the framework of a strict organisation, and observing correct methods of control and accounting—but in order, by grabbing as much as possible for himself, to exploit the fruits of victory for himself and for his own ends, without the least concern for general state interests and the interests of the class of working people as a whole.

What is state capitalism under Soviet power? To achieve state capitalism at the present time means putting into effect the accounting and control that the capitalist classes carried out. We see a sample of state capitalism in Germany. We know that Germany has proved superior to us. But if you reflect even slightly on what it would mean if the foundations of such state capitalism were established in Russia, Soviet Russia, everyone who is not out of his senses and has not stuffed his head with fragments of book-learning, would have to say that state capitalism would be our salvation.

I said that state capitalism would be our salvation; if we had it in Russia, the transition to full socialism would be easy, would be within our grasp, because state capitalism is something centralised, calculated, controlled and socialised, and that is exactly what we lack; we are threatened by the element of petty-bourgeois slovenliness, which more than anything else has been developed by the whole history of Russia and her economy, and which prevents us from taking the very step on which the success of socialism depends. Allow me to remind you that I had occasion to write my statement about state capitalism some time before the revolution and it is a howling absurdity to try to frighten us with state capitalism. I remind you that in my pamphlet *The Impending Catastrophe* I then wrote... (*He reads the passage.*)[3]

I wrote this about the revolutionary-democratic state, the state of Kerensky, Chernov, Tsereteli, Kishkin and their confreres, about a state which had a bourgeois basis and which did not and could not depart from it. I wrote at that time that state capitalism is a step towards socialism; I wrote that in September 1917, and now, in April 1918, after the proletariat's taking power in October, when it has proved its capacity: many factories have been confiscated, enterprises and banks nationalised, the armed resistance of the bourgeoisie and saboteurs smashed—now, when they try to frighten us with capitalism, it is so ludicrous, such a sheer absurdity and fabrication, that it becomes surprising and one asks oneself: how could people have this idea? They have forgotten the mere trifle that in Russia we have a petty-bourgeois mass which sympathises with the abolition of the big bourgeoisie in all countries, but does not sympathise with accounting, socialisation and control—herein lies the danger for the revolution, here you have the unity of social forces which ruined the great French revolution and could not fail to do so, and which, if the Russian proletariat proves weak, can alone ruin the Russian revolution. The petty bourgeoisie, as we see, steeps the whole social atmosphere with petty-proprietor tendencies, with aspirations which are bluntly expressed in the statement: I took from the rich, what others do is not my affair.

Here is our main danger. If the petty bourgeois were subordinated to other class elements, subordinated to state capitalism, the class-conscious worker would be bound to greet that with open arms, for state capitalism under Kerensky's democracy would have been a step towards socialism, and under the Soviet government it would be three-quarters of socialism, because anyone who is the organiser of state-capitalist enterprises can be made one's helper. The Left Communists, however, adopt a different attitude, one of disdain, and when we had our first meeting with the Left Communists on April 4,[4] which incidentally proved that this question from remote history, which had been long discussed, was already a thing of the past, I said that it was necessary, if we properly understood our tasks, to learn socialism from the organisers of the trusts.

These words made the Left Communists horribly indignant, and one of them—Comrade Osinsky—devoted his whole article to inveighing against them. That is substantially what his arguments amounted to.—The fact is, we do not want to teach them, but to learn from them.—We, "Right-wing" Bolsheviks,[5] we want to learn from the organisers of the trusts, but these "Left Communists" want to teach them. But what do you want to teach them? Socialism, perhaps? Teach socialism to merchants, to businessmen? (*Applause.*) No, take on the job yourselves, if you like. We are not going to help you, it is labour in vain. It is no use our teaching these engineers, businessmen and merchants. It is no use teaching them socialism. If we had a bourgeois revolution, then there would be nothing to learn from them—except perhaps that you should grab what you can and have done with it, there is nothing more to learn. But that is not a socialist revolution—that is something that happened in France in 1793, that occurs where there is no socialism but only an approach to socialism.

The landowners have to be overthrown, the bourgeoisie has to be overthrown, and all the actions of the Bolsheviks, all their struggle, their violence against the landowners and capitalists, expropriation and forcible suppression of the resistance of the landowners and capitalists, will be justified and proved a million times correct by history. Taken as a whole, this was a very great historical task, but it was only the first step. What matters now is the purpose for which we crushed them. Was it in order to say that now, having finally crushed them, we shall bow down before their capitalism? No, we shall now learn from them because we lack knowledge, because we do not have this knowledge. We know about socialism, but knowledge of organisation on a scale of millions, knowledge of the organisation and distribution of goods, etc.—this we do not have. The old Bolshevik leaders did not teach us this. The Bolshevik Party cannot boast of this in its history. We have not done a course on this yet. And we say, let him be a thorough-paced rascal even, but if he has organised a trust, if he is a merchant who has dealt with the organisation of production and distribution for millions and tens of millions, if he has acquired experience—we must learn from him. If we do not learn this from them, we shall not get

socialism, the revolution will remain at the stage it has now reached. Only the development of state capitalism, only the painstaking establishment of accounting and control, only the strictest organisation and labour discipline, will lead us to socialism. Without this there is no socialism. (*Applause.*)

It is no use our undertaking the ridiculous task of teaching the organisers of trusts—there is nothing to teach them. We have to expropriate them. That is not where the hitch lies. There is no difficulty whatsoever in that. (*Applause.*) That we have sufficiently demonstrated and proved.

I told every workers' delegation with which I had to deal when they came to me and complained that their factory was at a standstill: you would like your factory to be confiscated. Very well, we have blank forms for a decree ready, they can be signed in a minute. (*Applause.*) But tell us: have you learnt how to take over production and have you calculated what you will produce?—Do you know the connection between what you are producing and the Russian and international market? Whereupon it turns out that they have not learnt this yet; there has not been anything about it yet in Bolshevik pamphlets, and nothing is said about it in Menshevik pamphlets either.

The situation is best among those workers who are carrying out this state capitalism: among the tanners and in the textile and sugar industries, because they have a sober, proletarian knowledge of their industry and they want to preserve it and make it more powerful—because in that lies the greatest socialism.[6] They say: I can't cope with this task just yet; I shall put in capitalists, giving them one-third of the posts, and I shall learn from them. And when I read the ironical statement of the Left Communists: it is yet to be seen who is taking advantage of whom, I find their short-sightedness strange. Of course, if, after taking power in October and after a victorious campaign against the whole bourgeoisie from October to April, we could still be doubtful as to who is taking advantage of whom—whether the workers of the trust organisers, or the businessmen and rascals of the workers—if that were the case, we should have to pack up our belongings and go home, leaving the field to the Milyukovs and Martovs. But that is not the case. The class-conscious worker will not believe it, and the fright of the petty bourgeoi-

sie is laughable; they know that socialism begins where larger-scale industry begins, that the merchants and businessmen have learnt this by their own experience.

We have said: only these material conditions, the material conditions of large-scale machine industry serving tens of millions of people, only these are the basis of socialism, and to learn to deal with this in a petty-bourgeois, peasant country is difficult, but possible. Revolution comes at the price of civil war, but that is something that is the more serious the more the country is civilised and developed. In Germany, state capitalism prevails, and therefore the revolution in Germany will be a hundred times more devastating and ruinous than in a petty-bourgeois country—there, too, there will be gigantic difficulties and tremendous chaos and imbalance. Therefore I do not see the slightest shadow of a reason for despair or despondency in the fact that the Russian revolution accomplished the easier task to start with—that of overthrowing the landowners and bourgeoisie—and is faced now by the more difficult socialist task of organising nation-wide accounting and control. It is facing the task with which real socialism begins, a task which has the backing of the majority of the workers and class-conscious working people. Yes, the majority of the workers, who are better organised and have gone through the school of the trade unions, are wholeheartedly with us.

This majority raised the questions of piece-work and Taylorism—questions which the gentlemen from *Vperyod*[7] are scoffingly trying to reject—in the trade union councils before we did, even before the coming of Soviet power with its Soviets; they got busy and set about working out standards of labour discipline. These people showed that for all their proletarian modesty they were well acquainted with the conditions of factory labour, they grasped the essence of socialism better than those who spouted revolutionary phrases but in reality consciously or unconsciously descended to the level of the petty bourgeoisie, whose standpoint was: throw out the rich but it's not worth while putting oneself under the accounting and control of an organisation; that's not needed for small proprietors, they don't want that—but in that alone lies the guarantee of the stability and triumph of our revolution.

Comrades, I shall not touch on further details and quotations from the newspaper *Levi Kommunist*,[8] but I shall say briefly: it is time to cry out when people have gone so far as to say that the introduction of labour discipline will be a step back. And I must say that I regard this as such an unheard-of reactionary thing, such a threat to the revolution, that if I did not know that it was said by a group without any influence, and that it would be refuted at any class-conscious meeting of workers, I would say: the Russian revolution is lost.

The Left Communists write: "The introduction of labour discipline, coupled with restoring the leadership of capitalists in industry, cannot substantially raise labour productivity but it will lower the class initiative, activity and organised character of the proletariat. It threatens serfdom for the working class...". This is untrue; if it were the case, our Russian revolution as regards its socialist tasks and its socialist essence would be on the point of collapse. But this is not true. The declassed petty-bourgeois intelligentsia does not understand that the chief difficulty for socialism lies in ensuring labour discipline. Socialists wrote about this long ago, they thought most of all about this in the distant past, they devoted the greatest concern to it and its analysis, they understood that the real difficulties for the socialist revolution begin here. More than once up to now there have been revolutions which ruthlessly overthrew the bourgeoisie, no less vigorously than we did, but when we went so far as to establish Soviet power we thereby showed that we were making the practical transition from the abolition of economic serfdom to the self-discipline of labour, that our rule is one which must really be the rule of labour. When people say to us that the dictatorship of the proletariat is recognised in words but that in reality it is mere phrases that are written, this actually shows that they have no notion of the dictatorship of the proletariat, for it by no means merely consists in overthrowing the bourgeoisie or the landowners—that happened in all revolutions—our dictatorship of the proletariat is the establishment of order, discipline, labour productivity, accounting and control by the proletarian Soviet power, which is more stable and firmly based than the previous one. That is what you won't solve, that is what we have not yet taught, that is what is needed by the

workers, that is why it is good to show them a mirror in which all these shortcomings are plainly visible. I consider that this is a useful task for it will cause all thinking, class-conscious workers and peasants to devote their main efforts to it. Yes, by overthrowing the landowners and bourgeoisie we cleared the way but we did not build the edifice of socialism. On the ground cleared of one bourgeois generation, new generations continually appear in history, as long as the ground gives rise to them, and it does give rise to any number of bourgeois. As for those who look at the victory over the capitalists in the way that the petty proprietors look at it—"they grabbed, let me have a go too"—indeed, everyone of them is the source of a new generation of bourgeois. When they tell us that the introduction of labour discipline coupled with restoring capitalists as leaders is a threat to the revolution, I say: it is just the socialist character of our revolution that these people have failed to understand, they repeat the very thing that easily unites them with the petty bourgeois, who fear discipline, organisation, accounting and control as the devil fears holy water.

They may say: you are actually proposing here to give us capitalists as leaders among the working-class leaders. Yes, they are being brought in because in the matter of practical organisation they have knowledge that we do not possess. The class-conscious worker will never be afraid of such a leader, because he knows that Soviet power is his power, that it will stand firm in his defence, because he knows that he wants to learn the practice of organisation.

We organised thousands under the tsar and hundreds of thousands under Kerensky. That is nothing, it does not count in politics. It was preparatory work, it was a preparatory course. Until the leading workers have learnt to organise tens of millions, they will not be socialists or creators of a socialist society, they will not acquire the necessary knowledge of organisation. The road of organisation is a long road and the tasks of socialist construction demand stubborn, long-continued work and appropriate knowledge, of which we do not have enough. Even the more developed generation of the immediate future will hardly achieve the complete transition to socialism.

Recall what former socialists wrote about the future socialist

revolution; it is doubtful whether it would be possible to pass to socialism without learning from the organisers of trusts, for they have been concerned with this type of production on a large scale. We do not need to teach them socialism, we need to expropriate them and to break their sabotage. These two tasks we have carried out. We have to make them submit to workers' control. And if our critics among the Left Communists have levelled against us the reproach that we are not leading to communism by our tactics but are going back, their reproaches are ridiculous: they forget that we have lagged behind with accounting and control because it has been very difficult to smash this resistance and bring the bourgeoisie and its technicians and bourgeois specialists into our service. But we need their knowledge, their experience and labour, without which it is impossible, in fact, to gain possession of the culture that was created by the old social relations and has remained as the material basis of socialism. If the Left Communists have not noticed this, it is because they do not see life as it really is but concoct their slogans by counterposing state capitalism to ideal socialism. We, however, must tell the workers: yes, it is a step back, but we have to help ourselves to find a remedy. There is only one remedy: organise to the last man, organise accounting over production, organise accounting and control over consumption and act so that we do not have to turn out hundreds of millions in currency from the printing press,[9] and so that a single hundred-ruble note is lost to the state treasury by falling into the wrong hands. This cannot be done by any outburst of revolutionary fervour, by any knock-out blow to the bourgeoisie. It can be done only by self-discipline, only by organising the labour of the workers and peasants, only by accounting and control. This we do not have yet and for it we have paid tribute by paying the capitalist organisers a higher remuneration than they paid you. This we have not learnt, but must learn, it is the road to socialism, the sole road—that of teaching the workers the practical business of managing gigantic enterprises, of organising big industry and large-scale distribution.

Comrades, I am very well aware how easy it is to talk of accounting, control, discipline and self-discipline when the speaker is someone occupying a definite social position. What a lot of

material for witticisms this provides, and for saying: when your Party was not in power it promised the workers rivers flowing with milk and honey, mountains of sugar candy, but when these people are in power there is the usual transformation, they begin to talk of accounting, discipline, self-discipline, control, etc. I am very well aware what promising material this is for publicists of the type of Milyukov and Martov.

I am very well aware what rich material this is for persons whose concern is hack writing or showmanship, and who are inclined to use the flimsiest arguments, which receive scant sympathy from class-conscious workers.

In the newspaper *Levi Kommunist* I came across a review of my book[10] by such an eminent publicist as Bukharin; it was moreover a sympathetic review, but anything of value in it lost all its value for me when I had read through this review to the end. I perceived that Bukharin had not seen what should have been seen, and this happened because he wrote his review in April but quoted what had already become out of date for April, what belonged to a previous day, viz., that it was necessary to smash the old state. This we have already done, it is a task which belongs to a previous day, and we have to go forward and look not at the past but at the future and create a state based on the commune; he wrote about what is already embodied in Soviet organisations, but said nothing about accounting, control and discipline. What a frame of mind these people have, and how their psychology coincides with the sentiments of the petty bourgeoisie: let us overthrow the rich, but there is no need for control. That is how they look at it; it holds them captive and it divides the class-conscious proletarian from the petty bourgeoisie and even from the extreme revolutionaries. This is when the proletarian says: let us organise and brace up, or some petty kulak, and there are millions of them, will overthrow us.

Here is the division between the class-conscious proletarian and the petty bourgeois; here the revolution takes leave of the petty bourgeoisie. And how blind are those people who do not say anything about this.

I shall venture to remind you of some more of my quotations; I said that people will be able to do without coercion when

they are accustomed to act without it; such a custom, of course, may be the result of long training.

When the Left Communists hear this, they clutch their heads and say: how is it that we didn't notice this? Bukharin, why didn't you criticise it? We showed our strength in suppressing the landowners and the bourgeoisie, and now we have to show our strength as regards self-discipline and organisation, because this is known from thousands of years of past experience and the people must be told that only in this lies the strength of our Soviet power, of the workers' dictatorship, of our proletarian authority. The petty bourgeois, however, hide from this truth behind the shield of revolutionary phraseology.

We have to show our strength. Yes, the small employers, petty proprietors, are ready to help us proletarians to overthrow the landowners and capitalists. But after this our paths diverge. They have no love for organisation, discipline, they are hostile to it. And here we have to wage the most determined, ruthless struggle against these proprietors and small employers. Because it is here, in the sphere of organisation, that socialist construction begins for us. And when I express my dissent to those people who claim to be socialists and who promise the workers they shall enjoy as much as they like and whatever they like, I say that communism presupposes a productivity of labour that we do not have at present. Our productivity is too low, that is a fact. Capitalism leaves us as a heritage, especially in a backward country, a host of customs through which all state property, all public property, is regarded as something that may be maliciously spoilt. This psychology of the petty-bourgeois mass is felt at every step, and the struggle in this sphere is a very difficult one. Only the organised proletariat can endure everything. I wrote: "Until the higher phase of communism arrives, the socialists demand the strictest control by society and by the state."

I wrote this before the October Revolution and I stand by it now.

Now, having suppressed the bourgeoisie and broken their sabotage, the time has come when we have an opportunity of dealing with this matter. While this was not the case, the heroes of the day and the heroes of the revolution were the Red Guards who performed their great historic deeds. They took up arms without

the consent of the propertied classes. They performed this great historic work. They took up arms in order to overthrow the exploiters and make their arms an instrument for defence of the workers, and in order to look after the standards of production and labour and the standard of consumption.

We have not produced this, but it contains the kernel and the basis of socialism. If there are any to whom such work seems boring and uninteresting, they are representatives of petty-bourgeois laziness.

If our revolution halted here, it would go down in history no less than the revolution of 1793. But people will say: that was in the eighteenth century. For the eighteenth century that sufficed, but for the twentieth it is not enough. Accounting and control—that is mainly what is needed for the proper functioning of communist society. So I wrote before the October Revolution. I repeat, it was impossible to tackle this matter until the Alexeyevs, Kornilovs and Kerenskys were crushed. Now the armed resistance of the bourgeoisie has been crushed. Our task is to put all the saboteurs to work under our control, under the control of the Soviet power, to set up managerial bodies so that accounting and control will be strictly carried out. The country is being ruined because after the war it has been through it lacks the elementary conditions for normal existence. Our enemies who are attacking us seem terrible only because we have not instituted accounting and control. When I hear hundreds of thousands of complaints about famine, when you see and know that these complaints are justified, that we have grain and cannot transport it, when we encounter the scoffing of the Left Communists and their objections to such measures as our railway decree—they have mentioned it twice—these are trifles.

At the meeting with the Left Communists on April 4, I said: give us your draft of the decree; after all, you are citizens of the Soviet Republic, members of Soviet institutions, you are not critics standing apart from us, outside the gate, like the bourgeois traders and saboteurs who criticise in order to vent their spleen. You, I repeat, are leaders of Soviet organisations; try to give us your draft decree. They cannot give it and will never be able to, because our railway decree is correct, because by introducing dictatorship our decree has the sympathy of the masses and class-conscious working people of the railways, but is opposed by those managers who plunder and accept bribes; because a vacillating attitude to it is shown by all those who waver between the Soviet government and its enemies—whereas the proletariat, which learnt discipline from large-scale production, knows that there cannot be socialism until production is organised on a large scale and until there is even stricter discipline.

This proletariat supports us in the railway movement; it will combat the anarchy of the petty proprietors and will show that the Russian revolution, which is capable of winning brilliant victories, is capable also of overcoming its own lack of organisation. And among the May Day slogans, from the standpoint of immediate tasks, it will appreciate the slogan of the Central Committee which reads: "We conquered capital, we shall conquer also our own lack of organisation." Only then shall we reach the full victory of socialism! (*Loud applause.*)

Vol. 27, pp. 293-305

From "LEFT-WING" CHILDISHNESS AND THE PETTY-BOURGEOIS MENTALITY

III

We shall pass on to the misfortunes of our "Left" Communists in the sphere of home policy. It is difficult to read the following phrases in the theses on the *present* situation without smiling.

"...The systematic use of the remaining means of production is conceivable only if a most determined policy of socialisation is pursued" ... "not to capitulate to the bourgeoisie and its petty-bourgeois intellectualist servitors, but to rout the bourgeoisie and to put down sabotage completely...".

Dear "Left Communists", how determined they are, but how little thinking they display. What do they mean by pursuing "a most determined policy of socialisation"?

One may or may not be determined on the question of nationalisation or confiscation, but the whole point is that even the greatest possible "determination" in the world is not enough to pass *from* nationalisation and confiscation *to* socialisation. The misfortune of our "Lefts" is that by their naïve, childish combination of the words "most determined policy of socialisation" they reveal their utter failure to understand the crux of the question, the crux of the "present" situation. The misfortune of our "Lefts" is that they have missed the very essence of the "present situation", the transition from confiscation (the carrying out of which requires above all determination in a politician) to socialisation (the carrying out of which requires a *different* quality in the revolutionary).

Yesterday, the main task of the moment was, as determinedly as possible, to nationalise, confiscate, beat down and crush the

bourgeoisie, and put down sabotage. Today, only a blind man could fail to see that we have nationalised, confiscated, beaten down and put down more *than we have had time to count.* The difference between socialisation and simple confiscation is that confiscation can be carried out by "determination" alone, without the ability to calculate and distribute properly, *whereas socialisation cannot be brought about without this ability.*

The historical service we have rendered is that yesterday we were determined (and we shall be tomorrow) in confiscating, in beating down the bourgeoisie, in putting down sabotage. To write about this today in "theses on the present situation" is to fix one's eyes on the past and to fail to understand the transition to the future.

"...To put down sabotage completely...." What a task they have found! Our saboteurs are quite sufficiently "put down". What we lack is something quite different. We lack the proper *calculation* of which saboteurs to set to work and where to place them. We lack the organisation of *our own* forces that is needed for, say, one Bolshevik leader or controller to be able to supervise a hundred saboteurs who are now coming into our service. When that is how matters stand, to flaunt such phrases as "a most determined policy of socialisation", "routing", and "completely putting down" is just missing the mark. It is typical of the petty-bourgeois revolutionary not to notice that routing, putting down, etc., is not enough for socialism. It is sufficient for a small proprietor enraged against a big proprietor. But no proletarian revolutionary would ever fall into such error.

If the words we have quoted provoke a smile, the following discovery made by the "Left Communists" will provoke nothing short of Homeric laughter. According to them, under the "Bolshevik deviation to the right" the Soviet Republic is threatened with "evolution towards state capitalism". They have really frightened us this time! And with what gusto these "Left Communists" repeat this threatening revelation in their theses and articles....

It has not occurred to them that state capitalism would be a *step forward* as compared with the present state of affairs in our Soviet Republic. If in approximately six months' time state capitalism became established in our Republic, this would

be a great success and a sure guarantee that within a year socialism will have gained a permanently firm hold and will have become invincible in our country.

I can imagine with what noble indignation a "Left Communist" will recoil from these words, and what "devastating criticism" he will make to the workers against the "Bolshevik deviation to the right". What! Transition to state *capitalism* in the Soviet *Socialist* Republic would be a step forward?... Isn't this the betrayal of socialism?

Here we come to the root of the *economic* mistake of the "Left Communists". And that is why we must deal with this point in greater detail.

Firstly, the "Left Communists" do not understand what kind of *transition* it is from capitalism to socialism that gives us the right and the grounds to call our country the Socialist Republic of Soviets.

Secondly, they reveal their petty-bourgeois mentality precisely by *not recognising* the petty-bourgeois element as the *principal* enemy of socialism in our country.

Thirdly, in making a bugbear of "state capitalism", they betray their failure to understand that the Soviet state differs from the bourgeois state economically.

Let us examine these three points.

No one, I think, in studying the question of the economic system of Russia, has denied its transitional character. Nor, I think, has any Communist denied that the term Socialist Soviet Republic implies the determination of Soviet power to achieve the transition to socialism, and not that the new economic system is recognised as a socialist order.

But what does the word "transition" mean? Does it not mean, as applied to an economy, that the present system contains elements, particles, fragments of *both* capitalism and socialism? Everyone will admit that it does. But not all who admit this take the trouble to consider what elements actually constitute the various socio-economic structures that exist in Russia at the present time. And this is the crux of the question.

Let us enumerate these elements:

1) patriarchal, i.e., to a considerable extent natural, peasant farming;

2) small commodity production (this includes the majority of those peasants who sell their grain);

3) private capitalism;

4) state capitalism;

5) socialism.

Russia is so vast and so varied that all these different types of socio-economic structures are intermingled. This is what constitutes the specific feature of the situation.

The question arises: what elements predominate? Clearly, in a small-peasant country, the petty-bourgeois element predominates and it must predominate, for the great majority of those working the land are small commodity producers. The shell of our state capitalism (grain monopoly,[11] state-controlled entrepreneurs and traders, bourgeois co-operators) is pierced now in one place, now in another by *profiteers,* the chief object of profiteering being grain.

It is in this field that the main struggle is being waged. Between what elements is this struggle being waged if we are to speak in terms of economic categories such as "state capitalism"? Between the fourth and the fifth in the order in which I have just enumerated them? Of course not. It is not state capitalism that is at war with socialism, but the petty bourgeoisie plus private capitalism fighting together against both state capitalism and socialism. The petty bourgeoisie oppose *every* kind of state interference, accounting and control, whether it be state capitalist or state socialist. This is an absolutely unquestionable fact of reality, and the root of the economic mistake of the "Left Communists" is that they have failed to understand it. The profiteer, the commercial racketeer, the disrupter of monopoly—these are our principal "internal" enemies, the enemies of the economic measures of Soviet power. A hundred and twenty-five years ago it might have been excusable for the French petty bourgeoisie, the most ardent and sincere revolutionaries, to try to crush the profiteer by executing a few of the "chosen" and by making thunderous declamations. Today, however, the purely rhetorical attitude to this question assumed by some Left Socialist-Revolutionaries[12] can rouse nothing but disgust and revulsion in every politically conscious revolutionary. We know perfectly well that the economic basis of profiteering is both the small proprietors, who are ex-

ceptionally widespread in Russia, and private capitalism, of which *every* petty bourgeois is an agent. We know that the million tentacles of this petty-bourgeois hydra now and again encircle various sections of the workers, that, *instead of state monopoly,* profiteering forces its way into every pore of our social and economic organism.

Those who fail to see this show by their blindness that they are slaves of petty-bourgeois prejudices. This is precisely the case with our "Left Communists", who in words (and of course in their deepest convictions) are merciless enemies of the petty bourgeoisie, while in deeds they help only the petty bourgeoisie, serve only this section of the population and express only its point of view by fighting—*in April 1918!!*—against . . . "state capitalism". They are wide of the mark!

The petty bourgeoisie have money put away, the few thousands that they made during the war by "honest" and especially by dishonest means. They are the characteristic economic type that serves as the basis of profiteering and private capitalism. Money is a certificate entitling the possessor to receive social wealth; and a vast section of small proprietors, numbering millions, cling to this certificate and conceal it from the "state". They do not believe in socialism or communism, and "mark time" until the proletarian storm blows over. Either we subordinate the petty bourgeoisie to *our* control and accounting (we can do this if we organise the poor, that is, the majority of the population or semi-proletarians, around the politically conscious proletarian vanguard), or they will overthrow our workers' power as surely and as inevitably as the revolution was overthrown by the Napoleons and Cavaignacs who sprang from this very soil of petty proprietorship. This is how the question stands. Only the Left Socialist-Revolutionaries fail to see this plain and evident truth through their mist of empty phrases about the "toiling" peasants. But who takes these phrase-mongering Left Socialist-Revolutionaries seriously?

The petty bourgeois who hoards his thousands is an enemy of state capitalism. He wants to employ his thousands just for himself, against the poor, in opposition to any kind of state control. And the sum total of these thousands, amounting to many thousands of millions, forms the base for profiteering,

which undermines our socialist construction. Let us assume that a certain number of workers produce in a few days values equal to 1,000. Let us then assume that 200 of this total vanishes owing to petty profiteering, various kinds of embezzlement and the "evasion" by the small proprietors of Soviet decrees and regulations. Every politically conscious worker will say that if better order and organisation could be obtained at the price of 300 out of the 1,000 he would willingly give 300 instead of 200, for it will be quite easy under Soviet power to reduce this "tribute" later on to, say, 100 or 50, once order and organisation are established and once the petty-bourgeois disruption of state monopoly is completely overcome.

This simple illustration in figures, which I have deliberately simplified to the utmost in order to make it absolutely clear, explains the present *correlation* of state capitalism and socialism. The workers hold state power and have every legal opportunity of "taking" the whole thousand, without giving up a single kopek, except for socialist purposes. This legal opportunity, which rests upon the actual transition of power to the workers, is an element of socialism.

But in many ways, the small proprietary and private capitalist element undermines this legal position, drags in profiteering, hinders the execution of Soviet decrees. State capitalism would be a gigantic step forward *even if* we paid *more* than we are paying at present (I took a numerical example deliberately to bring this out more sharply), because it is worth while paying for "tuition", because it is useful for the workers, because victory over disorder, economic ruin and laxity is the most important thing; because the continuation of the anarchy of small ownership is the greatest, the most serious danger, and it will *certainly* be our ruin (unless we overcome it), whereas not only will the payment of a heavier tribute to state capitalism not ruin us, it will lead us to socialism by the surest road. When the working class has learned how to defend the state system against the anarchy of small ownership, when it has learned to organise large-scale production on a national scale, along state capitalist lines, it will hold, if I may use the expression, all the trump cards, and the consolidation of socialism will be assured.

In the first place, *economically,* state capitalism is immeasurably superior to our present economic system.

In the second place, there is nothing terrible in it for Soviet power, for the Soviet state is a state in which the power of the workers and the poor is assured. The "Left Communists" failed to understand these unquestionable truths, which, of course, a "Left Socialist-Revolutionary", who cannot connect any ideas on political economy in his head in general, will never understand, but which every Marxist *must* admit. It is not even worth while arguing with a Left Socialist-Revolutionary. It is enough to point to him as a "repulsive example" of a windbag. But the "Left Communists" *must* be argued with because it is Marxists who are making a mistake, and an analysis of their mistake will help the *working class* to find the true road.

IV

To make things even clearer, let us first of all take the most concrete example of state capitalism. Everybody knows what this example is. It is Germany. Here we have "the last word" in modern large-scale capitalist engineering and planned organisation, *subordinated* to *Junker-bourgeois*[13] *imperialism.* Cross out the words in italics, and in place of the militarist, Junker, bourgeois, imperialist *state* put *also a state,* but of a different social type, of a different class content—a *Soviet* state, that is, a proletarian state, and you will have the *sum total* of the conditions necessary for socialism.

Socialism is inconceivable without large-scale capitalist engineering based on the latest discoveries of modern science. It is inconceivable without planned state organisation, which keeps tens of millions of people to the strictest observance of a unified standard in production and distribution. We Marxists have always spoken of this, and it is not worth while wasting two seconds talking to people who do not understand *even* this (anarchists and a good half of the Left Socialist-Revolutionaries).

At the same time socialism is inconceivable unless the proletariat is the ruler of the state. This also is ABC. And history (which nobody, except Menshevik blockheads of the first order, ever expected to bring about "complete" socialism smoothly,

gently, easily and simply) has taken such a peculiar course that it *has given birth* in 1918 to two unconnected halves of socialism existing side by side like two future chickens in the single shell of international imperialism. In 1918 Germany and Russia have become the most striking embodiment of the material realisation of the economic, the productive and the socio-economic conditions for socialism, on the one hand, and the political conditions, on the other.

A successful proletarian revolution in Germany would immediately and very easily smash any shell of imperialism (which unfortunately is made of the best steel, and hence cannot be broken by the efforts of *any* . . . chicken) and would bring about the victory of world socialism for certain, without any difficulty, or with slight difficulty—if, of course, by "difficulty" we mean difficult on a world-historical scale, and not in the parochial philistine sense.

While the revolution in Germany is still slow in "coming forth", our task is to study the state capitalism of the Germans, to spare *no effort* in copying it and not shrink from adopting *dictatorial* methods to hasten the copying of it. Our task is to hasten this copying even more than Peter hastened the copying of Western culture by barbarian Russia, and we must not hesitate to use barbarous methods in fighting barbarism. If there are anarchists and Left Socialist-Revolutionaries (I recall off-hand the speeches of Karelin and Ghe at the meeting of the Central Executive Committee) who indulge in Narcissus-like[14] reflections and say that it is unbecoming for us revolutionaries to "take lessons" from German imperialism, there is only one thing we can say in reply: the revolution that took these people seriously would perish irrevocably (and deservedly).

At present, petty-bourgeois capitalism prevails in Russia, and it is *one and the same road* that leads from it to *both* large-scale state capitalism and to socialism, *through one and the same* intermediary station called "national accounting and control of production and distribution". Those who fail to understand this are committing an unpardonable mistake in economics. Either they do not know the facts of life, do not see what actually exists and are unable to look the truth in the face, or they confine themselves to abstractly comparing "capitalism" with

"socialism" and fail to study the concrete forms and stages of the transition that is taking place in our country. Let it be said in parenthesis that this is the very theoretical mistake which misled the best people in the *Novaya Zhizn*[15] and *Vperyod* camp. The worst and the mediocre of these, owing to their stupidity and spinelessness, tag along behind the bourgeoisie, of whom they stand in awe. The best of them have failed to understand that it was not without reason that the teachers of socialism spoke of a whole period of transition from capitalism to socialism and emphasised the "prolonged birthpangs" of the new society. And this new society is again an abstraction which can come into being only by passing through a series of varied, imperfect concrete attempts to create this or that socialist state.

It is because Russia cannot advance from the economic situation now existing here without traversing the ground which *is common* to state capitalism and to socialism (national accounting and control) that the attempt to frighten others as well as themselves with "evolution *towards* state capitalism" (*Kommunist* No. 1, p. 8, col. 1) is utter theoretical nonsense. This is letting one's thoughts wander away from the true road of "evolution", and failing to understand what this road is. In practice, it is equivalent to pulling us back to small proprietary capitalism.

In order to convince the reader that this is not the first time I have given this "high appreciation of state capitalism and that I gave it *before* the Bolsheviks seized power I take the liberty of quoting the following passage from my pamphlet *The Impending Catastrophe and How to Combat It,* written in September 1917.

"...Try to substitute *for* the Junker-capitalist state, for the landowner-capitalist state, a *revolutionary-democratic* state, i.e., a state which in a revolutionary way abolishes *all* privileges and does not fear to introduce the fullest democracy in a revolutionary way. You will find that, given a really revolutionary-democratic state, state-monopoly capitalism inevitably and unavoidably implies a step, and more than one step, towards socialism!

"...For socialism is merely the next step forward from state-capitalist monopoly.

"...State-monopoly capitalism is a complete *material* preparation for socialism, the *threshold* of socialism, a rung on the ladder of history between which and the rung called socialism *there are no intermediate rungs.*"

Please note that this was written when Kerensky was in power, that we are discussing *not* the dictatorship of the proletariat, *not* the socialist state, but the "revolutionary-democratic" state. Is it not clear that the *higher* we stand on this political ladder, *the more completely* we incorporate the socialist state and the dictatorship of the proletariat in the Soviets,[16] *the less* ought we to fear "state capitalism"? Is it not clear that from the *material,* economic and productive point of view, we are not yet on "the threshold" of socialism? Is it not clear that we cannot pass through the door of socialism without crossing "the threshold" we have not yet reached?

From whatever side we approach the question, only one conclusion can be drawn: the argument of the "Left Communists" about the "state capitalism" which is alleged to be threatening us is an utter mistake in economics and is evident proof that they are complete slaves of petty-bourgeois ideology.

V

The following is also extremely instructive.

When we argued with Comrade Bukharin[17] in the Central Executive Committee,[18] he declared, among other things, that on the question of high salaries for specialists "we" (evidently meaning the "Left Communists") were "more to the right than Lenin", for in this case "we" saw no deviation from principle, bearing in mind Marx's words that under certain conditions it is more expedient for the working class to "buy out the whole lot of them"[19] (namely, the whole lot of capitalists, i.e., *to buy* from the bourgeoisie the land, factories, works and other means of production).

This extremely interesting statement shows, in the first place, that Bukharin is head and shoulders above the Left Socialist-Revolutionaries and anarchists, that he is by no means hopelessly stuck in the mud of phrase-making, but on the contrary is making efforts to think out the *concrete* difficulties of the transition

—the painful and difficult transition—from capitalism to socialism.

In the second place, this statement makes Bukharin's mistake still more glaring.

Let us consider Marx's idea carefully.

Marx was talking about the Britain of the seventies of the last century, about the culminating point in the development of pre-monopoly capitalism. At that time Britain was a country in which militarism and bureaucracy were less pronounced than in any other, a country in which there was the greatest possibility of a "peaceful" victory for socialism in the sense of the workers "buying out" the bourgeoisie. And Marx said that under certain conditions the workers would certainly not refuse to buy out the bourgeoisie. Marx did not commit himself, or the future leaders of the socialist revolution, to matters of form, to ways and means of bringing about the revolution. He understood perfectly well that a vast number of new problems would arise, that the whole situation would change in the course of the revolution, and that the situation would change *radically* and *often* in the course of revolution.

Well, and what about Soviet Russia? Is it not clear that *after* the seizure of power by the proletariat and *after* the crushing of the exploiters' armed resistance and sabotage, *certain* conditions prevail which correspond to those which might have existed in Britain half a century ago had a peaceful transition to socialism begun there? The subordination of the capitalists to the workers in Britain would have been assured at that time owing to the following circumstances: (1) the absolute preponderance of workers, of proletarians, in the population owing to the absence of a peasantry (in Britain in the seventies there was hope of an extremely rapid spread of socialism among agricultural labourers); (2) the excellent organisation of the proletariat in trade unions (Britain was at that time the leading country in the world in this respect); (3) the comparatively high level of culture of the proletariat, which had been trained by centuries of development of political liberty; (4) the old habit of the well-organised British capitalists of settling political and economic questions by compromise—at that time the British capitalists were better organised than the capitalists of any country in the

world (this superiority has now passed to Germany). These were the circumstances which at that time gave rise to the idea that the *peaceful* subjugation of the British capitalists by the workers was possible.

In our country, at the present time, this subjugation is assured by certain premises of fundamental significance (the victory in October and the suppression, from October to February, of the capitalists' armed resistance and sabotage). But *instead of* the absolute preponderance of workers, of proletarians, in the population, and *instead of* a high degree of organisation among them, the important factor of victory in Russia was the support the proletarians received from the poor peasants and those who had experienced sudden ruin. Finally, we have neither a high degree of culture nor the habit of compromise. If these concrete conditions are carefully considered, it will become clear that we can and ought to employ two methods *simultaneously*. On the one hand we must ruthlessly suppress* the uncultured capitalists who refuse to have anything to do with "state capitalism" or to consider any form of compromise, and who continue by means of profiteering, by bribing the poor peasants, etc., to hinder the realisation of the measures taken by the Soviets. On the other hand, we must use the *method of compromise,* or of buying off the cultured capitalists who agree to "state capitalism", who are capable of putting it into practice and who are useful to the proletariat as intelligent and experienced organisers of the *largest* types of enterprises, which actually supply products to tens of millions of people.

Bukharin is an extremely well-read Marxist economist. He therefore remembered that Marx was profoundly right when he

* In this case also we must look truth in the face. We still have too little of that ruthlessness which is indispensable for the success of socialism, and we have too little not because we lack determination. We have sufficient determination. What we do lack is the ability *to catch* quickly enough a sufficient number of profiteers, racketeers and capitalists—the people who infringe the measures passed by the Soviets. The "ability" to do this can only be acquired by establishing accounting and control! Another thing is that the courts are not sufficiently firm. Instead of sentencing people who take bribes to be shot, they sentence them to six months' imprisonment. These two defects have the same social root: the influence of the petty-bourgeois element, its flabbiness.

taught the workers the importance of preserving the organisation of large-scale production, precisely for the purpose of facilitating the transition to socialism. Marx taught that (as an exception, and Britain was then an exception) the idea was conceivable of *paying the capitalists well,* of buying them off, *if* the circumstances were such as to compel the capitalists to submit peacefully and to come over to socialism in a cultured and organised fashion, provided they were paid.

But Bukharin went astray because he did not go deep enough into the specific features of the situation in Russia at the present time—an exceptional situation when we, the Russian proletariat, are in *advance* of any Britain or any Germany as regards our political order, as regards the strength of the workers' political power, but are *behind* the most backward West-European country as regards organising a good state capitalism, as regards our level of culture and the degree of material and productive preparedness for the "introduction" of socialism. Is it not clear that the specific nature of the present situation creates the need for a specific type of "buying out" which the workers must offer to the most cultured, the most skilled, the most capable organisers among the capitalists who are ready to enter the service of Soviet power and to help honestly in organising "state" production on the largest possible scale? Is it not clear that in this specific situation we must make every effort to avoid two mistakes, both of which are of a petty-bourgeois nature? On the one hand, it would be a fatal mistake to declare that since there is a discrepancy between our economic "forces" and our political strength, it "follows" that we should not have seized power.[20] Such an argument can be advanced only by a "man in a muffler",[21] who forgets that there will always be such a "discrepancy", that it always exists in the development of nature as well as in the development of society, that only by a series of attempts—each of which, taken by itself, will be one-sided and will suffer from certain inconsistencies—will complete socialism be created by the revolutionary co-operation of the proletarians of *all* countries.

On the other hand, it would be an obvious mistake to give free rein to ranters and phrase-mongers who allow themselves to be carried away by the "dazzling" revolutionary spirit, but

who are incapable of sustained, thoughtful and deliberate revolutionary work which takes into account the most difficult stages of transition.

Fortunately, the history of the development of the revolutionary parties and of the struggle that Bolshevism waged against them has left us a heritage of sharply defined types, of which the Left Socialist-Revolutionaries and anarchists are striking examples of bad revolutionaries. They are now shouting hysterically, choking and shouting themselves hoarse, against the "compromise" of the "Right Bolsheviks". But they are incapable of thinking *what* is bad in "compromise", and *why* "compromise" has been justly condemned by history and the course of the revolution.

Compromise in Kerensky's[22] time meant the surrender of power to the imperialist bourgeoisie, and the question of power is the fundamental question of every revolution. Compromise by a section of the Bolsheviks in October-November 1917 either meant that they feared the proletariat seizing power or wished to *share* power equally, not only with "unreliable fellow-travellers" like the Left Socialist-Revolutionaries, but also with the enemies, with the Chernovists and the Mensheviks. The latter would inevitably have hindered us in fundamental matters, such as the dissolution of the Constituent Assembly,[23] the ruthless suppression of the Bogayevskys, the universal setting up of the Soviet institutions, and in every act of confiscation.

Now power has been seized, retained and consolidated in the hands of a single party, the party of the proletariat, even without the "unreliable fellow-travellers". To speak of compromise at the present time when there is no question, and can be none, of sharing *power,* of renouncing the dictatorship of the proletariat over the bourgeoisie, is merely to repeat, parrot-fashion, words which have been learned by heart but not understood. To describe as "compromise" the fact that, having arrived at a situation when we can and must rule the country, we try to win over to our side, not grudging the cost, the most skilled people capitalism has trained and to take them into our service against small proprietary disintegration, reveals a total incapacity to think out the economic tasks of socialist construction.

Therefore, while it is to Comrade Bukharin's credit that on the Central Executive Committee he "felt ashamed" of the "service"

he had been rendered by Karelin and Ghe, nevertheless, as far as the "Left Communist" *trend* is concerned, the reference to their political comrades-in-arms still remains a serious warning.

Take, for example, *Znamya Truda*,[24] the organ of the Left Socialist-Revolutionaries, of April 25, 1918, which proudly declares, "The present position of our party coincides with that of another trend in Bolshevism (Bukharin, Pokrovsky and others)". Or take the Menshevik *Vperyod* of the same date, which contains among other articles the following "thesis" by the notorious Menshevik Isuv:

"The policy of Soviet power, from the very outset devoid of a genuinely proletarian character, has lately pursued more and more openly a course of compromise with the bourgeoisie and has assumed an obviously anti-working-class character. On the pretext of nationalising industry, they are pursuing a policy of establishing industrial trusts, and on the pretext of restoring the productive forces of the country, they are attempting to abolish the eight-hour day, to introduce piece-work and the Taylor system, black lists and victimisation. This policy threatens to deprive the proletariat of its most important economic gains and to make it a victim of unrestricted exploitation by the bourgeoisie."

Isn't it marvellous?

Kerensky's friends, who, together with him, conducted an imperialist war for the sake of the secret treaties, which promised annexations to the Russian capitalists, the colleagues of Tsereteli, who, on June 11, threatened to disarm the workers,[25] the Lieberdans, who screened the rule of the bourgeoisie with high-sounding phrases—these are the very people who accuse Soviet power of "compromising with the bourgeoisie", of "establishing trusts" (that is, of establishing "state capitalism"!), of introducing the Taylor system.

Indeed, the Bolsheviks ought to present Isuv with a medal, and his thesis ought to be exhibited in every workers' club and union as an example of the *provocative speeches of the bourgeoisie*. The workers know these Lieberdans, Tseretelis and Isuvs very well now. They know them from experience, and it would be extremely useful indeed for the workers to think over the reason why *such lackeys of the bourgeoisie* should incite the workers to resist the Taylor system and the "establishment of trusts".

Class-conscious workers will carefully compare the "thesis" of Isuv, a friend of the Lieberdans and the Tseretelis, with the following thesis of the "Left Communists".

"The introduction of labour discipline in connection with the restoration of capitalist management of industry cannot considerably increase the productivity of labour, but it will diminish the class initiative, activity and organisation of the proletariat. It threatens to enslave the working class; it will rouse discontent among the backward elements as well as among the vanguard of the proletariat. In order to implement this system in the face of the hatred prevailing among the proletariat against the 'capitalist saboteurs', the Communist Party would have to rely on the petty bourgeoisie, as against the workers, and in this way would ruin itself as the party of the proletariat" (*Kommunist*[26] No. 1, p. 8, col. 2).

This is most striking proof that the "Lefts" have fallen into the trap, have allowed themselves to be provoked by the Isuvs and the other Judases of capitalism. It serves as a good lesson for the workers, who know that it is precisely the vanguard of the proletariat which stands for the introduction of labour discipline, and that it is precisely the petty bourgeoisie which is doing its utmost to disrupt this discipline. Speeches such as the thesis of the "Lefts" quoted above are a terrible disgrace and imply the complete renunciation of communism in practice and complete desertion to the camp of the petty bourgeoisie.

"In connection with the restoration of capitalist management"—these are the words with which the "Left Communists" hope to "defend themselves". A perfectly useless defence, because, in the first place, when putting "management" in the hands of capitalists Soviet power appoints workers' Commissars or workers' committees who watch the manager's every step, who learn from his management experience and who not only have the right to appeal against his orders, but can secure his removal through the organs of Soviet power. In the second place, "management" is entrusted to capitalists only for executive functions while at work, the conditions of which are determined by the Soviet power, by which they may be abolished or revised. In the third place, "management" is entrusted by the Soviet power to capitalists not as capitalists, but as technicians or organisers for higher salaries. And the workers know very well that ninety-nine per cent of the

organisers and first-class technicians of really large-scale and giant enterprises, trusts or other establishments belong to the capitalist class. But it is precisely these people whom we, the proletarian party, must appoint to "manage" the labour process and the organisation of production, for there are *no* other people who have practical experience in this matter. The workers, having grown out of the infancy when they could have been misled by "Left" phrases or petty-bourgeois loose thinking, are advancing towards socialism precisely through the capitalist management of trusts, through gigantic machine industry, through enterprises which have a turnover of several millions per year—only through such a system of production and such enterprises. The workers are not petty bourgeois. They are not afraid of large-scale "state capitalism", they prize it as their *proletarian* weapon which *their Soviet* power will use against small proprietary disintegration and disorganisation.

This is incomprehensible only to the declassed and consequently thoroughly petty-bourgeois intelligentsia, typified among the "Left Communists" by Osinsky, when he writes in their journal:

"...The whole initiative in the organisation and management of any enterprise will belong to the 'organisers of the trusts'. We are not going to *teach* them, or make rank-and-file workers out of them, we are going in the newspaper *The Christian*

The attempted irony in this passage is aimed at my words "learn socialism from the organisers of the trusts".

Osinsky thinks this is funny. He wants to make "rank-and-file workers" out of the organisers of the trusts. If this had been written by a man of the age of which the poet wrote "But fifteen years, not more?"...[27] there would have been nothing surprising about it. But it is somewhat strange to hear such things from a Marxist who has learned that socialism is impossible unless it makes use of the achievements of the engineering and culture created by large-scale capitalism. There is no trace of Marxism in this.

No. Only those are worthy of the name of Communists who understand that it is *impossible* to create or introduce socialism *without learning* from the organisers of the trusts. For socialism

is not a figment of the imagination, but the assimilation and application by the proletarian vanguard, which has seized power, of what has been created by the trusts. We, the party of the proletariat, have *no other way* of acquiring the ability to organise large-scale production on trust lines, as trusts are organised, except by acquiring it from first-class capitalist experts.

We have nothing to teach them, unless we undertake the childish task of "teaching" the bourgeois intelligentsia socialism. We must not teach them, but expropriate them (as is being done in Russia "determinedly" enough), *put a stop* to their sabotage, *subordinate* them as a section or group to Soviet power. We, on the other hand, if we are not Communists of infantile age and infantile understanding, must learn from them, and there is something to learn, for the party of the proletariat and its vanguard have *no experience* of independent work in organising giant enterprises which serve the needs of scores of millions of people.

The best workers in Russia have realised this. They have begun to learn from the capitalist organisers, the managing engineers and the technicians. They have begun to learn steadily and cautiously with easy things, gradually passing on to the more difficult things. If things are going more slowly in the iron and steel and engineering industries, it is because they present greater difficulties. But the textile and tobacco workers and tanners are not afraid of "state capitalism" or of "learning from the organisers of the trusts", as the declassed petty-bourgeois intelligentsia are. These workers in the central leading institutions like Chief Leather Committee and Central Textile Committee[28] take their place by the side of the capitalists, *learn from them*, establish trusts, establish "state capitalism", which under Soviet power represents the threshold of socialism, the condition of its firm victory.

This work of the advanced workers of Russia, together with their work of introducing labour discipline, has begun and is proceeding quietly, unobtrusively, without the noise and fuss so necessary to some "Lefts". It is proceeding very cautiously and gradually, taking into account the lessons of practical experience. This hard work, the work of *learning* practically how to build up large-scale production, is the guarantee that we are on the

right road, the guarantee that the class-conscious workers in Russia are carrying on the struggle against small proprietary disintegration and disorganisation, against petty-bourgeois indiscipline* —the guarantee of the victory of communism.

Written on May 5, 1918 Vol. 27, pp. 333-51

* It is extremely characteristic that the authors of the theses do not say a single word about the significance of the *dictatorship* of the proletariat in the *economic* sphere. They talk only of the "organisation" and so on. But that is accepted also by the petty bourgeoisie, who shun *dictatorship* by the workers in economic relations. A proletarian revolutionary could never at such a moment "forget" this core of the proletarian revolution, which is directed against the economic foundations of capitalism.

A CONCESSION ON THE GREAT NORTHERN RAILWAY[29]

Draft Decision for the C.P.C.[30]

1) The C.P.C. finds the direction of the railway and its general plan acceptable;

2) considers a concession to representatives of foreign capital generally, as a matter of principle, permissible in the interests of developing the country's productive forces;

3) considers the present concession to be desirable and its implementation a practical necessity;

4) to speed up a practical and final decision on this question, its sponsors to be asked to produce evidence of their declared contacts with solid capitalist firms capable of handling this job and shipping the materials;

5) an ad hoc commission to be directed to submit a final draft contract within a fortnight;

6) the Military Commissariat to be instructed within a fortnight to give its findings from the strategic and military point of view.

Written February 4, 1919 Vol. 42, p. 124

From a letter TO THE AMERICAN WORKERS

. . .I am often asked whether those American opponents of the war against Russia—not only workers, but mainly bourgeois—are right, who expect from us, after peace is concluded, not only resumption of trade relations, but also the possibility of receiving concessions in Russia. I repeat once more that they are right. A durable peace would be such a relief to the working people of Russia that they would undoubtedly agree to certain concessions being granted. The granting of concessions under reasonable terms is desirable also for us, as one of the means of attracting into Russia, during the period of coexistence side by side of socialist and capitalist states, the technical help of the countries which are more advanced in this respect.

N. Lenin

23. IX. 1919

Published on December 17, 1919 in the newspaper *The Christian Science Monitor*, No. 20

Vol. 30, p. 39

From INTERVIEW WITH LINCOLN EYRE, CORRESPONDENT OF THE AMERICAN NEWSPAPER "THE WORLD"

"And your peace terms?"

"It is idle to talk further about them," Lenin returned emphatically. "All the world knows that we are prepared to make peace on terms the fairness of which even the most imperialistic capitalists could not dispute. We have reiterated and reiterated our desire for peace, our need for peace and our readiness to give foreign capital the most generous concessions and guarantees. But we do not propose to be strangled to death for the sake of peace.

"I know of no reason why a socialistic commonwealth like ours cannot do business indefinitely with capitalistic countries. We don't mind taking their capitalistic locomotives and farming machinery, so why should they mind taking our socialistic wheat, flax and platinum. Socialistic corn tastes the same as any other corn, does it not? Of course, they will have to have business relations with the dreadful Bolsheviks—that is, the Soviet Government. But it should not be harder for American steel manufacturers, for instance, to deal with the Soviets than it was for them to deal with Entente governments[31] in their war-time munition deals."

Published on February 21, 1920 in the newspaper *The World*, No. 21368

Vol. 42, p. 177

MEETING OF ACTIVISTS OF THE MOSCOW ORGANISATION OF THE R.C.P.(B.)

DECEMBER 6, 1920

1

From REPORT ON CONCESSIONS

I now go over to the economics. When we were speaking of Germany we came up to the question of economics. Germany cannot exist from the economic standpoint following the Peace of Versailles[32]; neither can all the defeated countries, such as Austria-Hungary in her former boundaries, for although parts of that country now belong to the victor states, she cannot exist under the Treaty of Versailles. These countries form, in Central Europe, a vast group with enormous economic and technical might. From the economic standpoint they are all essential to the restoration of the world economy. If you carefully read and re-read the Decree on Concessions[33] of November 23, you will find that we stress the significance of the world economy, and we do so intentionally. That is undoubtedly correct. For the world economy to be restored, Russian raw materials must be utilised. You cannot get along without them—that is economically true. It is admitted even by a bourgeois of the first water, a student of economics, who regards things from a purely bourgeois standpoint. That man is Keynes, author of *The Economic Consequences of the Peace*. Vanderlip, who has travelled all over Europe as a financial magnate, also admits that the world economy cannot be restored because it appears that there is very little raw material available in the world, it having been dissipated in the war. He says that Russia[34] must be relied on. And Russia now comes forward and declares to the world: we undertake to restore the international economy—here is our plan. That is sound economics. During this period Soviet government has grown stronger; not only has it grown stronger, but it has advanced a plan for the restoration of the entire world economy.

The rehabilitation of the international economy by means of a plan of electrification[35] is scientifically sound. With our plan we shall most certainly attract the sympathy, not only of all the workers but of sensible capitalists as well, regardless of the fact that in their eyes we are "those terrible Bolshevik terrorists", and so forth. Our economic plan is therefore correct; when they read this plan, all the petty-bourgeois democrats will swing over towards us, for while the imperialists have already fallen out among themselves, here is a plan to which engineers and economists can offer no objection. We are entering the field of economics and are offering the world a positive programme of construction; we are opening up prospects based on economic considerations, prospects which Russia regards not as a selfish plan to destroy the economies of other lands, as was the rule in the past, but as a way to restore those economies in the interests of the whole world.

We are shifting the question to the anti-capitalist plane. We say that we undertake to build the whole world on a rational economic foundation; there can be no doubt that this idea is a correct one. There can be no doubt that if we set to work properly, with modern machinery and the help of science, the whole world economy can be restored at once.

We are conducting a kind of industrial propaganda when we say to the master class: "You capitalists are useless; while you are going to rack and ruin, we are building in our own way; so don't you think, gentlemen, it is time to come to terms with us?" To which all the capitalists of the world will have to reply, though grudgingly: "Yes, perhaps it is. Let us sign a trade agreement."

The British have already made a draft and sent it to us.[36] It is under discussion. New times are setting in. Their war schemes have miscarried and they now have to fight in the economic field. We fully understand that. We never imagined that with the fighting over and the advent of peace, the capitalist wolf would lie down with the socialist lamb. No, we did not. Yet the fact that you have to fight us in the economic field is a tremendous step forward. We have presented you with a world programme by regarding concessions from the standpoint of the world economy. That is indisputable from the viewpoint of economics. No

engineer or agronomist who has anything to do with the national economy will deny that. Many capitalists say there cannot be a stable system of capitalist states without Russia. Yet we have advanced such a programme in the capacity of builders of a world economy based on a different plan. That is of tremendous propaganda value. Even if they do not sign a single concession—which I regard as quite possible—even if the sole outcome of all this talk of concessions will be a certain number of Party meetings and decrees, without a single concession being granted, we shall still have gained something. Besides advancing a plan of economic reconstruction, we are winning over all states that have been ruined by the war. At the congress of the Third, Communist International I said that the whole world is divided into oppressed and oppressor nations.[37] The oppressed nations constitute not less than seventy per cent of the population of the earth. To these the Peace of Versailles has added another hundred or hundred and fifty million people.

We now stand, not only as representatives of the proletarians of all countries but as representatives of the oppressed peoples as well. A journal of the Communist International recently appeared under the title of *Narody Vostoka*.[38] It carries the following slogan issued by the Communist International for the peoples of the East: "Workers of all countries and all oppressed peoples, unite!" "When did the Executive Committee give orders for slogans to be modified?" one of the comrades asked. Indeed, I do not remember that it ever did. Of course, the modification is wrong from the standpoint of the *Communist Manifesto*, but then the *Communist Manifesto* was written under entirely different conditions. From the point of view of present-day politics, however, the change is correct. Relations have become tense. All Germany is seething; so is all of Asia. You have read how the revolutionary movement is developing in India. In China there is a fierce hatred of the Japanese, and also of the Americans. In Germany there is such seething hatred of the Entente as can only be understood by those who have seen the hatred of the German workers for their own capitalists. As a result, they have made Russia the immediate representative of the entire mass of the oppressed population of the earth; the events are teaching the peoples to regard Russia as a centre of attraction.

A Menshevik newspaper in Georgia recently wrote: "There are two forces in the world: the Entente and Soviet Russia." What are the Mensheviks? They are people who trim their sails to the wind. When we were weak internationally, they cried, "Down with the Bolsheviks!" When we began to grow stronger, they cried, "We are neutral!" Now that we have beaten off the enemies, they say, "Yes, there are two forces."

In the concessions decree we come forward, on behalf of all humanity, with an economically irreproachable programme for the restoration of the world's economic forces by utilising all raw materials, wherever they are to be found. What we consider important is that there should be no starvation anywhere. You capitalists cannot eliminate it; we can. We are speaking for seventy per cent of the population of the earth. This is sure to exert an influence. Whatever comes of the project, no exception can be taken to it from the angle of economics. The economic aspect of concessions is important, regardless of whether they are signed or not.

As you see, I have been obliged to make a rather long introduction and to demonstrate the advantages of concessions. Of course, concessions are important to us also as a means of obtaining commodities. That is unquestionably true, but the chief thing is the political aspect. By the time the Congress of Soviets meets you will receive a book of six hundred pages—the plan for the electrification of Russia. This plan has been devised by the leading agronomists and engineers. We cannot expedite its realisation without the help of foreign capital and means of production. But if we want assistance, we must pay for it. So far, we have been fighting the capitalists, and they said that they would either strangle us or compel us to pay up twenty thousand millions. However they are in no position to strangle us, and we shall not pay the debts.[39] For the time being we are enjoying a certain respite. As long as we are in need of economic assistance we are willing to pay you—that is the way we put the matter, and any other way would be economically unsound. Russia is in a state of industrial ruin; she is ten times or more worse off than before the war. Had we been told three years ago that we would be fighting the entire capitalist world for three years, we would not have believed it. But now we shall be told that to restore

the economy, with only one-tenth of the pre-war national wealth is a still more difficult task. And indeed it is more difficult than fighting. We could fight with the help of the enthusiasm of the working-class masses and the peasants, who were defending themselves against the landowners. At present it is not a question of defence against the landowners, but of restoring economic life along lines the peasants are not accustomed to. Here victory will not depend on enthusiasm, dash, or self-sacrifice, but on day-by-day, monotonous, petty and workaday effort. That is undoubtedly a more difficult matter. Where are we to procure the means of production we need? To attract the Americans, we must pay: they are men of business. And what are we to pay with? With gold? But we cannot throw gold about. We have little gold left. We have too little even to cover the programme of electrification. The engineer who drew up the programme has estimated that we need at least a thousand and one hundred million rubles of gold to carry it out. We do not have such a stock of gold. Neither can we pay in raw materials, because we have not yet fed all our own people. When, in the Council of People's Commissars, the question arises of giving 100,000 poods[40] of grain to the Italians, the People's Commissar for Food gets up and objects. We are bargaining for every trainload of grain. Without grain we cannot develop foreign trade. What then shall we give? Rubbish? They have enough rubbish of their own. They say, let us trade in grain; but we cannot give them grain. We therefore propose to solve the problem by means of concessions.

I pass to the next point. Concessions create new dangers. I shall mention what I said at the beginning of my speech, namely, that an outcry is going up from the rank and file, from the working-class masses: "Don't yield to the capitalists; they are clever and crafty." It is good to hear that, because it is a sign of the development of that vast mass which will fight the capitalists tooth and nail. There are some sound ideas in the articles of Comrade Stepanov, which he planned on pedagogical lines (first set forth all the arguments against concessions, and then say that they must be accepted; but certain readers, before they get to the good part, may stop reading, convinced that concessions are unnecessary); but when he says that we must not give concessions to Britain because that will mean some Lockhart

coming here, I cannot agree. We coped with him at a time when the Cheka[41] was still in its infancy, not as effective as it is now. If we cannot catch spies after three years of war, then all that can be said is that such people should not undertake to run the state. We are solving far more difficult problems. For instance, there are at present 300,000 bourgeois in the Crimea. These are a source of future profiteering, espionage and every kind of aid to the capitalists. However, we are not afraid of them. We say that we shall take and distribute them, make them submit, and assimilate them.

To say after this that foreigners who will be attached to the various concessions will be a danger to us, or that we shall not be able to keep an eye on them, is ridiculous. Why, then, should we have started the whole business? Why, then, should we have undertaken to run the state? The task here is purely one of organisation, and it is not worth dwelling on at length.

It would, of course, be a great mistake to think that concessions imply peace. Nothing of the kind. Concessions are nothing but a new form of warfare. Europe waged war on us, and now the war is shifting to a new sphere. Previously, the war was conducted in a field in which the imperialists were infinitely stronger than we were—the military field. If you count the number of cannon and machine-guns they have and the number we have, the number of soldiers their governments can mobilise and the number our government can mobilise, then we certainly ought to have been crushed in a fortnight. Nevertheless, we held our own in this field, and we undertake to continue the fight and are going over to an economic war. We definitely stipulate that next to a concession area, a concession square of territory, there will be our square, and then again their square; we shall learn from them how to organise model enterprises by placing what is ours next to theirs. If we are incapable of doing that, there is no use talking about anything. Operating up-to-date equipment nowadays is no easy matter, and we have to learn to do so, learn it in practice. That is something that no school, university or course will teach you. That is why we are granting concessions on the chequerboard system. Come and learn on the job.

We shall get a tremendous economic gain from concessions. Of course, when their dwelling areas are created they will bring

capitalist customs along with them and will try to demoralise the peasantry. We must be on the alert and exercise our communist counter-influence at every step. That too is a kind of war, a duel between two methods, two political and economic systems—the communist and the capitalist. We shall prove that we are the stronger. We are told: "Very good, you have held your own on the external front; well, start construction, go ahead and build, and we shall see who wins. . . ." Of course, the task is a difficult one, but we have said, and still say, that socialism has the force of example. Coercion is effective against those who want to restore their rule. But at this stage the significance of force ends, and after that only influence and example are effective. We must show the significance of communism in practice, by example. We have no machinery; the war has impoverished us and deprived Russia of economic resources. Yet we do not fear this duel, because it will be advantageous to us in all respects.

. . .The capitalist will seek pretexts for going to war. If they accept our proposal and agree to concessions, that will be harder for them. On the one hand, we shall have the best conditions in the event of war; on the other hand, those who want to go to war will not agree to take concessions. The existence of concessions is an economic and political argument against war. States that might go to war with us will not be able to do so if they take concessions. This will bind them. We set such a high value by this that we shall not be afraid to pay, the more so that we shall be paying from the means of production that we cannot develop. For Kamchatka we shall pay in terms of 100,000 poods of oil, taking only 2 per cent for ourselves. If we do not pay up we shall not get even two poods. This is an exorbitant price, but while capitalism exists we cannot expect a fair price from it. Yet the advantages are beyond doubt. From the angle of the danger of a collision between capitalism and Bolshevism, it can be said that concessions are a continuation of the war, but in a different sphere. Each step of the enemy will have to be watched. Every means of administration, supervision, influence and action will be required. And that is also warfare. We have fought a much bigger war; in this war we shall mobilise even larger numbers of people than in the

preceding. In this war all working people will be mobilised to a man. They will be told and given to understand: "If capitalism does this or that, you workers and peasants who have overthrown the capitalists must do no less. You must learn!"

I am convinced that the Soviets will overtake and outstrip the capitalists and that our gain will not be a purely economic one. We shall get the miserable two per cent—very little indeed, yet it is something. But then we shall be getting knowledge and training; no school or university is worth anything without practical knowledge. You will see from the map appended to the pamphlet Comrade Milyutin will show you that we are granting concessions principally in the outlying regions. In European Russia there are 70,000,000 dessiatines[42] of northern forest land. About 17,000,000 dessiatines are being set aside for concessions. Our timber enterprises are mapped out chequerwise: these forests are in West Siberia and in the far North. We have nothing to lose. The principal enterprises are located in West Siberia, whose wealth is immense. We cannot develop a hundredth part of it in ten years. However, with the help of foreign capitalists, by letting them have, say, a single mine, we shall be able to work our own mines. In granting concessions, we do the choosing of the locations.

How are the concessions to be organised as regards supervision? They will try to demoralise our peasantry, our masses. A small master by his very nature, the peasant is inclined to freedom of trade, something we consider criminal. That is a matter for the state to combat. Our task here is to contrapose the socialist system of economy to the capitalist system. That, too, will be a war in which we shall have to fight a decisive battle. We are suffering from a tremendous crop failure, lack of fodder and loss of livestock, yet at the same time vast areas of land are uncultivated. In a few days a decree will be issued providing that every effort be exerted to achieve the largest possible sowing of crops and the greatest possible improvement of agriculture.

Next, we have a million dessiatines of virgin soil which we cannot bring under the plough because we have not enough draught animals and implements, whereas with tractors this land can be ploughed to any depth. It is therefore to our advantage

to let out this land on lease. Even if we surrender half of the produce, or even three-quarters, we shall be the gainers. That is the policy we are guided by, and I can say that our actions must be guided, not only by economic considerations and the trend of the world economy, but also by profound political considerations. Any other approach to the matter would be short-sighted. If it is a question of whether concessions are economically advantageous or disadvantageous, the reply is that the economic advantages are beyond dispute. Without concessions, we shall not be able to carry out our programme and the electrification of the country; without them, it will be impossible to restore our economic life in ten years; once we have restored it we shall be invincible to capital. Concessions do not mean peace with capitalism, but war in a new sphere. The war of guns and tanks yields place to economic warfare. True, it also holds out new difficulties and new dangers, but I am certain that we shall overcome them. I am convinced that if the question of concessions is posed in this way, we shall easily be able to convince the vast majority of the Party comrades of the necessity of concessions. The instinctive apprehension I have spoken of is a good and healthy sentiment, which we shall convert into a driving force that will secure us a more rapid victory in the impending economic war.

Vol. 31, pp. 450-59

2

REPLY TO THE DEBATE ON CONCESSIONS

Comrades, so many notes have been sent up that I cannot possibly answer them all. On the other hand, most of the arguments have already been refuted in the debate, so I shall first comment on the booklet *On Concessions*. I shall deal with this in greater detail. Comrade Lomov's one-and-a-half page preface deals with the subject all too briefly. Then there is the decree itself of November 23, which sets forth the idea of the

interests of world economy. "The process of restoring the productive forces of Russia, and at the same time, of world economy as a whole, can be accelerated many times over by enlisting the co-operation of foreign state and municipal institutions, private enterprises, joint-stock companies, co-operative societies and workers' organisations of other countries in the extraction and processing of Russia's natural resources." Of course, this is merely of propaganda value, but it is economically indisputable. World economy has got to be restored. Capitalism acts in such and such a way, and we have our own proposals, but so far world economy remains capitalist.

We wanted to attract foreigners. Therefore the end of the decree lists these conditions:

Point One: "The concessionaire is to receive reward in the form of a share of the produce stipulated in the agreement with the right of exporting it abroad." Without this they won't go. The share is not specified. There will be a fight over this, we shall bargain and each of us will try to get the best of it. Comrades here said we shall have to keep our eyes skinned, and that's quite right.

Point Two: "In the event of special technical improvements being employed on a large scale the concessionaire will be granted trade priorities (such as the purchase of machinery, special agreements on large orders, etc.)." What do trade priorities mean? They mean we shall give this or that firm a priority agreement to the exclusion of another firm. And if the firm takes concessions, we can buy them out, we may pay them extra on the price. The main thing is that we shall be given machines. I think this consideration is clear enough, and here again we shall maintain elements of propaganda.

Point Three: "Depending on the nature and conditions of the concession prolonged concession terms will be granted to ensure full compensation for the concessionaire's risk and technical facilities invested in the concession." Here we have the duration of the concessions. It is quite an indefinite period, and we couldn't give Kamchatka on any other conditions, and Comrades Fedotov and Skvortsov are right about this being a special concession, which we are granting for important political reasons. In granting them under such conditions we are willingly giving

away what we do not need ourselves, and we shall be no worse off for the loss of it neither economically nor politically.

Point Four: "The Government of the R.S.F.S.R. guarantees that the concessionaire's property invested in the enterprise shall not be subject to nationalisation, confiscation or requisition." Haven't you forgotten that we still have the law court? This is a well-considered phrase with which we were deeply concerned. We wanted to mention it at first, then thought better of it and decided to say nothing. Speech is silver but silence is gold. There won't be confiscation or requisition, but there remains the law court, and that court is ours, and if I am not mistaken it is composed of people elected by the Soviets. Personally, I hold anything but a gloomy view about our court being a poor one. So we shall make use of it.

Point Five: "The concessionaire shall have the right to hire workers and other employees for his enterprises in the R.S.F.S.R. with due observance of the code of labour laws or a special agreement guaranteeing workers definite conditions of work that protect their lives and health." There is nothing cautious here. If the workers go on strike and that strike is a reasonable one, we shall then be able secretly to support the strikers. What threat do the capitalists use? "We'll throw you out into the street and you will starve." But here they may find themselves getting a ration from somewhere or other, it all depends on us. We can and shall give it to them. And if the strike is a silly one, unreasonable, we'll have them up on the Soviet carpet and tell them off good and proper. It speaks here of a special agreement, but it is worded very carefully. By way of exception, however, it will have to be applied to Kamchatka, as we are not in a position to set up any Soviet bodies there. This is where Vanderlip was to demand a special agreement. We haven't even started yet to apply our own laws to Kamchatka.

Point Six: "The Government of the R.S.F.S.R. guarantees the concessionaire against any unilateral change in the terms of the concession agreement by any order or decree of the Government." We undertake not to change the terms of the agreement unilaterally, otherwise no one will sign it. This means there must be some go-betweens. Who? The neutral states are all capitalist states. Workers' organisations? We may have to invite Menshevik

workers' organisations. In Western Europe they are in a majority. Maybe the Mensheviks will decide in turn—even number for the Bolsheviks, odd number for the capitalists. But if we don't come to terms, the agreement may be broken. That danger remains, but if it is a property agreement there is no harm in that. According to the basic principles of international law this is a private agreement, and you can break it, paying compensation, of course. If you broke it you've got to pay. There have been cases in the practice of international law when the ship of another country has been sunk by mistake during the war. It was taken for an enemy ship, but proved to be a neutral vessel. What is to be done? Pay up. The same here, as a last resort you buy yourself off. There still remains withdrawal from the war, though. War, of course, in the final analysis, is the ultimate argument. Of course, so long as there are capitalists in the world you must be prepared for war, once you have a socialist state. Further, we here are worrying now, but no one has taken a concession yet. When certain comrades say, "Ah well, this is the end, they'll all come crowding in now," I repeat, it's possible that no one will care to take it at all.

Section One: "Timber concessions in Western Siberia." The Northern Sea Passage is open for shipping, but we have no merchant fleet. A comrade says representatives have arrived, wishing to receive 6000 dessiatines in checkered order. The northern booklet says that if we take the extra electric stations of Petrograd we could use them for taking timber out of the northern districts and develop a production that would give us foreign currency to the value of five hundred thousand gold rubles a year. And total electrification, according to the estimate of the State Commission, will cost over a thousand million. It is a question whether we shall be able to do it. Concessions, however, will make this task easier. You don't go about offering concessions because you find life good, and when that life is a hungry one, when you have to wangle things so as to give the people a respite, you have to argue differently.

Section Three: "Mining concessions in Siberia." Siberia is fabulously rich in copper. Copper has an extremely high value in world economy and is one of the principal metals used in electrification. We are offering a concession but do not know who will

take it. America or the Germans. America will think that if she doesn't take it, Germany will.

When we carry through electrification we shall be a hundred times stronger economically. We shall then speak a different language. We shall speak about redemption. They know that the socialist society is not only quick at creating a Red Army, but can be quick in other things as well.

Further, separate concessions. Three million dessiatines in the European part of Russia alone. Of these, over 800,000 dessiatines in the former Don Cossack Region. There are no state farms or livestock. Whole stanitsas along the river Ural are ruined, splendid virgin lands are lying idle. Even if we give away three quarters of the wheat crop raised there, we shall receive one quarter. We must strengthen our transport and we can stipulate that tractors be delivered cheaper.

If we cannot put three million dessiatines of magnificent land to the plough, which will yield us 100 poods of wheat per dessiatine—then what sort of farming is it? What sort of policy is it?

The Italians are interested in this, and Italy is on the eve of a revolution. In Italy the main argument against a revolution is "We won't be able to feed ourselves, the capitalist powers won't give us any food". But the socialist power says, "I have three million dessiatines of land, I have oil and benzine". You must realise that you can agitate on various planes about capitalism being a dead thing, and that it must be strangled. We have seen a good deal. The European is living in the same conditions as the Russian did when he went towards revolution from the agonies of war. With them the war is over, they are living by robbing other peoples. All the more weight does this argument carry. They are unable to restore their economy, and we offer them to start restoring it now. We have here combined a political argument and socialist agitation, but in a different form. You must learn to carry on agitation, otherwise your economic plans will come to nothing. And we are not only agitators, we are a Socialist Republic standing up to all the capitalist states in the world. You can't run your economy, but we can. There is a possibility of comparison here.

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THE EIGHTH ALL-RUSSIA CONGRESS OF SOVIETS

DECEMBER 22-29, 1920

1

From REPORT ON CONCESSIONS DELIVERED TO THE R.C.P.(B.) GROUP AT THE EIGHTH CONGRESS OF SOVIETS DECEMBER 21

Comrades, I think you have made a fully correct decision by preferring the discussion on concessions to be held first in the Party group. To the best of our knowledge, the question of concessions has everywhere aroused considerable concern and even anxiety, not only in Party circles and among the working-class masses but also among the masses of the peasantry. All comrades have pointed out that, since the decree of November 23[43] of this year, the questions most frequently raised and the written questions submitted at most meetings held on a variety of subjects have dealt with concessions, and the general tone of the questions, as well as of talk on the subject, has been one of apprehension: we have driven out our own capitalists, and now we want to admit others. I believe that this apprehension, this widespread interest in concessions—displayed, not only by Party comrades but by many others—is a good sign, which shows that in three years of incredibly hard struggle the workers' and peasants' state power has become so strong and our experience of the capitalists has become so fixed in the mind that the broad masses consider the workers' and peasants' state power stable enough to manage without concessions; they also consider their lesson learnt well enough to avoid any deals with the capitalists unless there is a dire necessity to do so. This sort of supervision from below, this kind of apprehension emanating from the masses, and this kind of anxiety among non-Party circles show the highly vigilant attention that is being paid to relations between us and the capitalists. I believe that on this score we

should absolutely welcome this apprehension as revealing the temper of the masses.

Yet I think that we shall come to the conclusion that, in the question of concessions, we cannot be guided by this revolutionary instinct alone. When we have analysed all aspects of the question we shall see that the policy we have adopted—the policy of offering concessions—is the correct one. I can tell you briefly that the main subject of my report—or rather the repetition of a talk I had very recently in Moscow with several hundred leading executives,[44] because I have not prepared a report and cannot present it to you—the main subject of this talk is to offer proof of two premises: first, that any war is merely the continuation of peacetime politics by other means, and second, that the concessions which we are giving, which we are forced to give, are a continuation of war in another form, using other means. To prove these two premises, or rather to prove only the second because the first does not require any special proof, I shall begin with the political aspect of the question. I shall dwell on those relations existing between the present-day imperialist powers, which are important for an understanding of present-day foreign policy in its entirety, and of our reasons for adopting this policy.

The American Vanderlip sent a letter to the Council of People's Commissars in which he said that the Republicans, members of the Republican Party of America, the party of the banking interests, which is linked with memories of the war against the Southern States for liberation, were not in power at the time. He wrote this before the November elections, which he hoped the Republicans would win (they have won them) and have their own president in March. The Republicans' policy, he went on, would not repeat the follies that had involved America in European affairs, they would look after their own interests. American interests would lead them to a clash with Japan, and they would fight Japan. It might interest you to know, he went on, that in 1923 the U.S. navy would be stronger than Britain's. To fight, they needed control of oil, without which they could not wage a modern war. They not only needed oil, but also had to take steps to ensure that the enemy did not get any. Japan was in a bad way in that respect. Somewhere near

Kamchatka there is an inlet (whose name he had forgotten) with oil deposits, and they did not want the Japanese to get that oil. If we sold them that land, Vanderlip could vouch that the Americans would grow so enthusiastic that the U.S. would immediately recognise our government. If we offered a concession, and did not sell them the land, he could not say that they would refuse to examine the project, but he could not promise the enthusiasm that would guarantee recognition of the Soviet Government.

Vanderlip's letter is quite outspoken; with unparalleled cynicism he outlines the point of view of an imperialist who clearly sees that a war with Japan is imminent, and poses the question openly and directly—enter into a deal with us and you will get certain advantages from it. The issue is the following: the Far East, Kamchatka and a piece of Siberia are *de facto* in the possession of Japan insofar as her troops are in control there, and circumstances made necessary the creation of a buffer state, the Far Eastern Republic.[45] We are well aware of the unbelievable sufferings that the Siberian peasants are enduring at the hands of the Japanese imperialists and the atrocities the Japanese have committed in Siberia. The comrades from Siberia know this; their recent publications have given details of it.[46] Nevertheless, we cannot go to war with Japan and must make every effort, not only to put off a war with Japan but, if possible, to avert it because, for reasons known to you, it is beyond our strength. At the same time Japan is causing us tremendous losses by depriving us of our links with world trade through the Pacific Ocean. Under such conditions, when we are confronted with a growing conflict, an imminent clash between America and Japan—for a most stubborn struggle has been going on for many decades between Japan and America over the Pacific Ocean and the mastery of its shores, and the entire diplomatic, economic and trade history of the Pacific Ocean and its shores is full of quite definite indications that the struggle is developing and making war between America and Japan inevitable—we return to a situation we were in for three years: we are a Socialist Republic surrounded by imperialist countries that are far stronger than us in the military sense, are using every means of agitation and propaganda to increase hatred for the Soviet Republic, and

will never miss an opportunity for military intervention, as they put it, i.e., to strangle Soviet power.

If, remembering this, we cast a glance over the history of the past three years from the point of view of the international situation of the Soviet Republic, it becomes clear that we have been able to hold out and have been able to defeat the Entente powers—an alliance of unparalleled might that was supported by our whiteguards—only because there has been no unity among these powers. We have so far been victorious only because of the most profound discord among the imperialist powers, and only because that discord has not been a fortuitous and internal dissension between parties, but a most deep-seated and ineradicable conflict of economic interests among the imperialist countries which, based on private property in land and capital, cannot but pursue a predatory policy which has stultified their efforts to unite their forces against the Soviets. I take Japan, who controlled almost the whole of Siberia and could, of course, have helped Kolchak at any time. The main reason she did not do so was that her interests differ radically from those of America, and she did not want to pull chestnuts out of the fire for U.S. capital. Knowing this weakness, we could of course pursue no other policy than that of taking advantage of this enmity between America and Japan so as to strengthen ourselves and delay any possibility of an agreement between Japan and America against us; we have had an instance of the possibility of such an agreement: American newspapers carried the text of an agreement between all countries who had promised to support Kolchak.[47]

That agreement fell through, of course, but it is not impossible that an attempt will be made to restore it at the first opportunity. The deeper and more formidable the communist movement grows, the greater will be the number of new attempts to strangle our Republic. Hence our policy of utilising the discord among the imperialist powers so as to hamper an agreement or to make one temporarily impossible. This has been the fundamental line of our policy for three years; it necessitated the conclusion of the Peace of Brest-Litovsk,[48] as well as the signing, with Bullitt, of a peace treaty and an armistice agreements most disadvantageous to us. This political line of conduct enjoins us

to grasp at a proposal on the granting of concessions. Today we are giving America Kamchatka, which in any case is not actually ours because it is held by Japanese troops. At the moment we are in no condition to fight Japan. We are giving America, for economic exploitation, a territory where we have absolutely no naval or military forces, and where we cannot send them. By doing so we are setting American imperialism against Japanese imperialism and against the bourgeoisie closest to us, the Japanese bourgeoisie, which still maintains its hold on the Far Eastern Republic.

Thus, our main interests were political at the concessions negotiations. Recent events, moreover, have shown with the greatest clarity that we have been the gainers from the mere fact of negotiations on concessions. We have not yet granted any concessions, and shall not be able to do so until the American president takes office, which will not be before March; besides, we reserve the possibility of renouncing the agreement when the details are being worked out.

It follows, therefore, that in this matter the economic interest is secondary, its real value lying in its political interest. The contents of the press we have received goes to show that we have been the gainers. Vanderlip himself insisted that the concessions plan should be kept secret for the time being, until the Republican Party had won the elections. We agreed not to publish either his letter or the entire preliminary draft. However, it appeared that such a secret could not be kept for long. No sooner had Vanderlip returned to America than exposures of various kinds began. Before the elections Harding was candidate for the presidency; he has now been elected. The selfsame Harding published in the press a denial of the report that he was in touch with the Soviets through Vanderlip. That denial was categorical, almost in the following words: I don't know Vanderlip and recognise no relations with the Soviets. The reason behind this denial is quite obvious. On the eve of the elections in bourgeois America, it might have meant losing several hundred thousand votes for Harding to become known as a supporter of an agreement with the Soviets, and so he hastened to announce in the press that he did not know any Vanderlip. As soon as the elections were over, however, information of a quite different

kind began to come in from America. In a number of newspaper articles Vanderlip came out in full support of an agreement with the Soviets and even wrote in one article that he compared Lenin to Washington. It turns out, therefore, that in the bourgeois countries we have propagandists for an agreement with us, and have won these propagandists from among representatives of exploiters of the worst type, such as Vanderlip, and not in the person of the Soviet ambassador or among certain journalists.

When I told a meeting of leading executives what I am now telling you,[49] a comrade just back from America where he had worked in Vanderlip's factories, said he had been horrified; nowhere had he seen such exploitation as at Vanderlip's factories. And now in the person of this capitalist shark we have won a propagandist for trade relations with Soviet Russia, and even if we do not get anything except the proposed agreement on concessions we shall still be able to say that we have gained something. We have received a number of reports, secret ones, of course, to the effect that the capitalist countries have not given up the idea of launching a new war against Soviet Russia in the spring. We have learnt that preliminary steps are being taken by some capitalist states, while whiteguard elements are, it may be said, making preparations in all countries. Our chief interest therefore, lies in achieving the re-establishment of trade relations, and for that purpose we need to have at least a section of the capitalists on our side.

In Britain the struggle has been going on for a long time. We have gained by the mere fact that among those who represent the worst capitalist exploitation we have people who back the policy of restoring trade relations with Russia. The agreement with Britain—a trade agreement—has not yet been signed. Krasin is now actively negotiating it in London. The British Government has submitted its draft to us and we have presented our counterdraft, but all the same we see that the British Government is dragging out the negotiations and that there is a reactionary military group hard at work there which is hindering the conclusion of trade agreements and has so far been successful. It is our prime interest and prime duty to support anything that can strengthen the parties and groups working for the conclusion of this agreement with us. In Vanderlip we have gained

such a supporter, not by mere chance or because Vanderlip is particularly enterprising or knows Siberia very well. The causes here lie much deeper and are linked with the development of the interests of British imperialism, which possesses a huge number of colonies. This rift between American and British imperialism is deep, and it is our imperative duty to base ourselves on it.

I have mentioned that Vanderlip is particularly knowledgeable in respect of Siberia. When our talks were coming to a close, Comrade Chicherin pointed out that Vanderlip should be received because it would have an excellent effect on his further actions in Western Europe. Of course, the prospect of talking to such a capitalist shark was not of the pleasantest, but then I had had to talk very politely, by way of duty, even to the late Mirbach, so I was certainly not afraid of a talk with Vanderlip. It is interesting that when Vanderlip and I exchanged all sorts of pleasantries and he started joking and telling me that the Americans are an extremely practical people and do not believe what they are told until they see it with their own eyes, I said to him, half in banter: "Now you can see how good things are in Soviet Russia and you can introduce the same in America." He answered me, not in English but in Russian: "Mozhet byt."* "Why, you even know Russian?" He answered: "A long time ago I travelled five thousand versts through Siberia and the country interested me greatly." This humorous exchange of pleasantries with Vanderlip ended by his saying as he was leaving "Yes, it is true Mr. Lenin has no horns and I must tell that to my friends in America." It would have seemed simply ridiculous had it not been for the further reports in the European press to the effect that the Soviets are a monster no relations can be established with. We were given an opportunity to throw into that swamp a stone in the person of Vanderlip, who favours the re-establishment of trade relations with us.

There has not been a single report from Japan that has not spoken of the extraordinary alarm in Japanese commercial circles. The Japanese public say that they will never go against their own interests, and are opposed to concessions in Soviet Russia. In short, we have a terrific aggravation of the enmity between

* Perhaps.—*Ed.*

Japan and America and thus an undoubted slackening of both Japanese and American pressure on us.

At the meeting of executives in Moscow where I had to mention the fact, the following question was asked. "It appears," one of the comrades wrote, "that we are driving Japan and America to war, but it is the workers and peasants who will do the fighting. Although these are imperialist powers, is it worthy of us socialists to drive two powers into a war against each other, which will lead to the shedding of workers' blood?" I replied that if we were really driving workers and peasants to war that would be a crime. All our politics and propaganda, however, are directed towards putting an end to war and in no way towards driving nations to war. Experience has shown sufficiently that the socialist revolution is the only way out of eternal warfare. Our policy, therefore, is not that of involving others in a war. We have not done anything justifying, directly or indirectly, a war between Japan and America. All our propaganda and all our newspaper articles try to drive home the truth that a war between America and Japan would be just as much an imperialist war as the one between the British and the German groups in 1914, and that socialists should think, not of defending their respective countries but of overthrowing the power of the capitalists; they should think of the workers' revolution. Is it the correct policy for us to use the discord between the imperialist bandits to make it more difficult for them to unite against us, who are doing everything in our power to accelerate that revolution, but are in the position of a weak socialist republic that is being attacked by imperialist bandits? Of course, it is the correct policy. We have pursued that policy for four years. The Treaty of Brest-Litovsk was the chief expression of this policy. While the German imperialists were offering resistance, we were able to hold out even when the Red Army had not yet been formed, by using the contradictions existing between the imperialists.

Such was the situation in which our concessions policy in respect to Kamchatka emerged. This type of concession is quite exceptional. I shall speak later of the way the other concessions are taking shape. For the moment I shall confine myself to the political aspect of the question. I want to point out that the

relations between Japan and America show why it is to our advantage to offer concessions or to use them as an inducement. Concessions presume some kind of re-establishment of peaceful agreements, the restoration of trade relations; they presume the possibility for us to begin direct and extensive purchases of the machinery we need. We must turn all our efforts to achieving this. That has not yet been done.

The comrade who has asked about the resumption of trade relations with Britain wants to know why the signing of the agreement with that country has been held up. My answer is that it is being delayed because the British Government is hesitant. Most of the trade and industrial bourgeoisie in Britain are in favour of relations being resumed and clearly realise that any action for war means taking enormous risks and speeding up the revolution. You will remember that during our drive on Warsaw[50] the British Government presented us with an ultimatum, threatening to order its navy to sail against Petrograd. You will remember that Councils of Action[51] sprang up all over Britain at the time and the Menshevik leaders of the British working class declared that they were against war and would not permit one. On the other hand, the reactionary section of the British bourgeoisie and the military clique at court are in favour of the war continuing. The delay in signing the trade agreement must undoubtedly be ascribed to their influence. I shall not go into all the details of these trade relations with Britain, or of this agreement on trade relations with Britain, because it would take me too far afield. This delicate problem had recently to be very thoroughly discussed by the Central Committee of the Party. We have returned to it again and again, and our policy in this matter has been marked by the greatest degree of accommodation. Our aim now is to obtain a trade agreement with Britain so as to start more regular trade and be able to buy as soon as possible the machinery necessary for our extensive plan to rehabilitate the national economy. The sooner we do this the greater will be the basis ensuring our economic independence of the capitalist countries.

...While we stand alone and the capitalist world is strong, our foreign policy consists, on the one hand, in our having to utilise disagreements (to vanquish all the imperialist powers

would, of course, be a most pleasant thing, but for a fairly long time we shall not be in a position to do so). On the one hand, our existence depends on the presence of radical differences between the imperialist powers, and, on the other, on the Entente's victory and the Peace of Versailles having thrown the vast majority of the German nation into a situation it is impossible for them to live in. The Peace of Versailles has created a situation in which Germany cannot even dream of a breathing-space, or of not being plundered, of not having the means of subsistence taken away from her, of her people not being doomed to starvation and extinction; Germany cannot even dream of any of these things, so that, naturally, her only means of salvation lies in an alliance with Soviet Russia, a country towards which her eyes are therefore turning. They are furiously opposing Soviet Russia; they detest the Bolsheviks, and shoot down their own Communists in the manner of real whiteguards. The German bourgeois government has an implacable hatred of the Bolsheviks, but such is its international position that, against its own desires, the government is driven towards peace with Soviet Russia. That, comrades, is the second corner-stone of our international policy, our foreign policy; it is to show peoples that are conscious of the bourgeois yoke that there is no salvation for them without the Soviet Republic. Since the Soviet Republic withstood the onslaught of the imperialists for three years, this goes to show that one country, and that country alone, has been successful in hurling back this imperialist yoke. That country has been called a country of "robbers", "plunderers", "bandits", Bolsheviks, etc.—let that be so, but still it is impossible to improve the economic situation without that country.

In a situation such as this, the question of concessions acquires still another aspect. The pamphlet I have in my hands is the Decree on Concessions of November 23. It will be distributed to all members of the Congress. We intend to publish this pamphlet abroad, in several languages. It is our immediate object to do everything possible to arouse interest in concessions among the population of the greatest number of countries, to interest those countries that are the most oppressed. The divergence of interests between Japan and America is very great. They are unable to agree between themselves over China, a number of

islands, etc. The divergence of interests between Germany and the Entente is of another kind. Germany's existence has been made impossible by the conditions in which the Entente has placed her. People are dying there because the Entente has been requisitioning their motors and their cattle. Such a situation urges Germany towards a *rapprochement* with Soviet Russia. I do not know the details of the treaty between Germany and the Entente, but in any case the treaty is known to ban direct trade relations between Germany and Soviet Russia. When we arranged for the purchase of German locomotives, that was done through the agency of Sweden. Germany will hardly be able to restore direct trade relations with us before April 1921. However, progress in restoring our trade relations with Germany is more rapid than with the Entente. The conditions of existence in Germany are compelling the German people as a whole, including the Black Hundreds and the capitalists, to seek relations with Soviet Russia. Germany is already linked with us by certain trade relations. These links can become closer inasmuch as we are offering Germany agricultural concessions. It is therefore clear that we must advance concessions as an economic method, even irrespective of the measure in which we are able to put the project into effect. The interest in concessions is so obvious that even if we do not succeed in granting a single concession, or none of our agreements are put into effect (and even that is quite possible)—even in that case we shall still have gained something, and we still have to pursue our policy because by so doing we make it more difficult for the imperialist countries to attack us.

Irrespective of this, we must tell all the oppressed peoples that a handful of countries are overtly or covertly, consciously or unconsciously, strangling other peoples—this derives from the Treaty of Versailles—and these peoples are turning to us for help, and are becoming more and more aware of the economic necessity of an alliance with Soviet Russia against international imperialism. Agricultural concessions, therefore, are of a wider scope than the old bourgeois concessions; they are different from the old capitalist concessions. They remain capitalist in character inasmuch as we tell the German capitalists to bring so many tractors into our country, in exchange for which we shall give

them so much excellent virgin land and grain. We are attracting capital with the prospect of tremendous profits. In this respect the concessions are a purely capitalist undertaking, but they acquire an immeasurably greater significance because Germany as a nation, Austria and other countries cannot exist because they need aid in food and because the entire people, irrespective of whether the capitalists make a profit of a hundred or two hundred per cent, can, despite anti-Bolshevik prejudices, see that the Bolsheviks are establishing completely different international relations which make it possible for all oppressed peoples to rid themselves of the imperialist yoke. That is why our successes of the last three years will lead to still greater successes in foreign policy during the coming year. Our policy is grouping around the Soviet Republic those capitalist countries which are being strangled by imperialism. That is why our concessions proposal has more than a capitalist significance; that is why it is a hand held out, not only to the German capitalists with the offer, "Bring us hundreds of tractors and make as much as three hundred per cent on each ruble if you like"; it is a hand held out to oppressed peoples, an alliance of the oppressed masses, which is a factor in the future proletarian revolution. The doubts and fears that still exist in the advanced countries, which assert that Russia could risk a socialist revolution because she is a vast country with her own means of subsistence while they, the industrial countries of Europe, cannot do so because they have no allies—these doubts and fears are groundless. We say: "You now have an ally, Soviet Russia." Since we are granting concessions, this will be an alliance that will consolidate the alliance against world imperialism. This is a postulate that must not be lost sight of, it justifies our concessions policy and proves the need to grant concessions.

And now for several purely economic considerations. I shall now go on to these considerations and read out the stipulations of the law, although I hope that the comrades present here have read the law of November 23. I shall, however, remind you briefly that it says that concessionaires shall be paid with part of the products, that when special technical improvements have been introduced, we are prepared to offer trade advantages, and that the term of concessions will be more or less prolonged,

depending on the volume and character of the expenditures involved. We guarantee that property invested in an enterprise shall not be confiscated or requisitioned.

Without such a guarantee owners of private capital and private property will not, of course, enter into relations with us. The question of courts, which was at first raised in the draft agreement, was subsequently removed, since we saw that this was not to our advantage. Thus the judicial authority on our territory remains in our hands. In the event of a dispute, the issue will be settled by our judges. This will be not requisitioning but the lawful exercise of jurisprudence by our judicial bodies.

The fifth clause in the agreement deals with the code of labour laws. In the original draft of the agreement, which was discussed with Vanderlip, provision was made for the withdrawal of the application of the labour code in localities inhabited by underdeveloped tribes, we cannot say which. In such places no code of labour laws is possible. The labour code was to be replaced in such areas by a special agreement on guarantees for the workers.

In the final clause we guarantee the concessionaire against any unilateral changes. Without this guarantee, there can, of course, be no question of granting concessions. The question of what is meant by non-unilateral changes has, however, been left open. That will depend on the text of the agreement on each individual concession. Arbitration may be possible through some of the neutral powers. This is a point that may lead to differences, and leaves a certain latitude in determining the actual terms of a concession. It should, incidentally, be pointed out that in the capitalist countries the Menshevik leaders of the working class are considered reliable people. They enter bourgeois governments, and it is very difficult for bourgeois governments to challenge such mediators or arbitrators as the Mensheviks or social-traitors of the European countries. Experience has shown, however, that when any serious tension arises, the American and European Mensheviks behave just like the Russian Mensheviks do, i.e., they do not know how to behave, and are obliged to yield to the presure of the revolutionary masses, though they themselves remain opposed to the revolution. The question remains open; we shall not decide it in advance.

From the terms that I have read out to you, you will see that economic relations between the capitalist concessionaires and the Socialist Republic are far from stable or durable. It is obvious that a capitalist who retains private property and exploitation relations cannot be anything but a foreign body in a socialist republic. Hence one of the main themes in my report: concessions are a continuation of war by other means. I shall deal with that in detail in a moment, but first I want to mention the three main forms or kinds of the concessions.

In this pamphlet we have given a list of the chief concessions; the comrades from the Supreme Council of the National Economy[52] who provided the material for the pamphlet and edited it, have appended maps showing these objects. These maps show that the concessions fall into three main groups—first, timber concessions in the far North, second, agricultural concessions and third, mining concessions in Siberia.

Our economic interest in timber concessions in the far North of European Russia is obvious; there are tens and even hundreds of millions of dessiatines of forest land which we are quite unable to exploit because we lack the railways, the means of production and the possibility of providing the workers there with food, but which could be exploited by a country that owns a big merchant fleet and could fell and saw timber properly and export it in tremendous quantities.

If we want to trade with foreign countries—and we do want to, because we realise its necessity—our chief interest is in obtaining as quickly as possible, from the capitalist countries, the means of production (locomotives, machinery, and electrical equipment) without which we cannot more or less seriously rehabilitate our industry, or perhaps may even be unable to do so at all, because the machinery needed by our factories cannot be made available. It is with the motive of extra profit that we must attract the capitalist. He will get surplus profit—well, let him have that surplus profit; we shall obtain the fundamentals that will help strengthen us; we shall stand firmly on our own feet, and shall win in the economic field. We shall have to pay up if we want to get the best machinery, etc. What are we to pay with? We still dispose of gold reserves totalling several millions. You will see from the special plan for the electrification of

Russia, drawn up for several decades, that this plan, together with the additional work for the rehabilitation of industry, will involve an approximate expenditure of something like 17,000 million gold rubles. Electrification alone will require the direct expenditure of more than 1,000 million rubles in gold. We cannot cover this with our gold reserves; it is extremely undesirable and dangerous for us to export foodstuffs because we have not got sufficient for our own industry, and yet this need has to be met. In this case there is no concession project economically more suitable for us than the forests of the far North which cover an enormous area, and where the timber is rotting away and a total loss because we are economically unable to exploit these timber reserves. Timber, however, is of tremendous value on the world market. Besides, the far North is also convenient politically because it is an outlying border area. This concession is convenient to us both politically and economically, and we must make the best possible use of it. At the Moscow Conference I have told you about,[53] Milyutin said that negotiations with Britain about concessions in the north of European Russia are progressing. There are several scores of millions of dessiatines of standing timber there. If we grant three or five million dessiatines disposed chequerwise, we shall get an opportunity to derive advantage from up-to-date enterprises, an opportunity to learn, by stipulating that our technicians take part in the work; we shall thus gain a lot and make it difficult for capitalist powers that enter into deals with us to take part in military action against us, because war cancels everything, and should one break out we shall get possession of all the buildings, installations and railways. Any possible action against us by new Kolchaks, Denikins and others will not be made the easier.

The second type is agricultural concessions. With the exception of West Siberia with its vast expanses of excellent land, inaccessible to us because of its great distance from railways, there are in European Russia and along the River Ural alone (our Commissariat of Agriculture has taken the necessary steps and has calculated the amount of land we cannot cultivate, which is no less than 3,000,000 dessiatines along the River Ural, abandoned by entire Cossack villages[54] as a result of the victorious culmination of the Civil War) excellent lands that must be

brought under the plough, but which we cannot cultivate because of the shortage of draught animals and our weakened productive forces.

The state farms of the Don Region have about 800,000 dessiatines which we cannot cultivate; to cultivate this land we shall need a tremendous number of draught animals or entire tractor columns that we cannot put on the fields, while some capitalist countries, including those that urgently need foodstuffs—Austria, Germany and Bohemia—could put tractors to work and obtain excellent wheat in good season. We do not know to what extent we shall be able to carry that out. At present we have two tractor plants functioning, in Moscow and Petrograd, but in consequence of the difficult conditions that obtain they cannot produce tractors in large numbers. We could ease the situation by purchasing a greater number of tractors. Tractors are the most important means of effecting a radical change in the old farming methods and of extending the area cultivated. By such concessions we shall show a large number of countries that we are able to develop the world economy on a gigantic scale.

If our propaganda and our proposal do not meet with success, and if our proposal is not accepted, we shall still reap an advantage that is not only political but socialist as well. What is going on in the capitalist world is not only a waste of wealth, but madness and a crime, for in some countries there is a food surplus that cannot be sold because of currency revolutions, since money has depreciated in a number of countries that have suffered defeat. Huge stocks of foodstuffs are rotting away, while tens of millions of people in countries like Germany are actually starving. This absurdity, this crime of capitalism, is becoming obvious to all capitalist countries and to the small countries that surround Russia. To the capitalist countries the Soviet Republic says: "We have hundreds of thousands of dessiatines of excellent land that can be ploughed with tractors; you have the tractors, the petrol and the trained technicians; we propose to all peoples, including the peoples of the capitalist countries, to make the rehabilitation of the economy and the salvation of all peoples from hunger their main object." If the capitalists do not understand this, it is an argument demonstrating the corruption, madness and criminal nature of the capitalist system. That will

be of more than mere propaganda value: it will be a communist call for revolution, for it shows beyond doubt that capitalism is falling apart and cannot satisfy the people's needs, a fact that is more and more penetrating into the consciousness of all peoples. An insignificant minority of imperialist countries are growing rich, while a large number of other countries are actually on the verge of ruin. The world economy needs reorganisation, and the Soviet Republic comes forward with a plan of reconstruction, with the following incontestable business-like, and realisable proposal: "You are starving under capitalism, despite the fabulous wealth of machinery. We can solve the crisis by bringing together your machinery and our raw materials, but the capitalists are in the way. We have proposed to them that they should accept our offer, but they are holding back and wrecking our plan." That is the second type of concession, the agricultural or tractor type.

Mining concessions are the third type. These are indicated on the map of Siberia, with details of each area in which concessions are being considered. Siberia's mineral wealth is literally boundless, and at best, even given significant progress, we cannot exploit even a hundredth part of it for many years. The minerals are to be found in conditions that demand the best machinery. There are such products as copper ore, which the capitalists need badly for their electrical industry because it is in such short supply. It is possible to rehabilitate the world economy and improve the world's technology if they enter into regular relations with us.

It is, of course, more difficult to implement these concessions, i.e., they present greater difficulties than timber or agricultural concessions do. As far as agricultural concessions are concerned, it is only a matter of a brief working period with tractors being used. Timber concessions are also easier, especially as they concern an area we cannot avail ourselves of; but mining concessions are frequently at no great distance from the railways, frequently in densely populated areas. Here the danger is serious and we shall weigh the pros and cons very carefully to see whether or not they should be granted; we shall do so on definite terms, for there is no doubt that concessions are a new kind of war. The capitalists are coming to us to wage a new kind of

war—the very existence of the capitalists is in itself a war against the socialist world surrounding them. Capitalist enterprises in a socialist state are in the economic sense a war for freedom of trade, against the policy of compulsory deliveries,[55] a war for private property against a republic that has abolished that property. On this economic basis there develop a variety of relationships (similar to the hostility between the Sukharevka Market[56] and our institutions). We may be told that we are closing down the Sukharevka black market but opening up a number of other "Sukharevkas" by letting the capitalists in. We have not closed our eyes to this, and say: if we have been victorious till now, if we were victorious when our enemies used every means to disrupt our enterprises, when there was disruption from within combined with that from without, then we must surely be able to deal with such things, to keep an eye on them when they are in certain limited areas and there are definite conditions and relations. We have practical experience of the struggle against military espionage and against capitalist sabotage. We fought against them when they were under cover in our own institutions; surely we shall be able to handle them when the capitalists have been let in according to a definite list and under definite conditions. We know, of course, that they will try to break these conditions, and we shall combat such infractions. But, comrades, concessions on a capitalist foundation means war.

. . .It would be grossly mistaken to think that a peaceful agreement on concessions is a peaceful agreement with capitalists. It is an agreement concerning war, but an agreement that is less dangerous to us, besides being less burdensome for the workers and peasants, less burdensome than at the time when the best tanks and guns were being thrown into action against us; we must therefore use all methods, and, at the cost of economic concessions, develop our economic forces and facilitate our economic rehabilitation. The capitalists will, of course, not honour their agreements, say comrades who are afraid of concessions. It is quite impossible, of course, to be sure that the capitalists will honour agreements. It will be a war, and war is the ultimate argument, which in general remains an argument entering the relations of the socialist republic.

War threatens us at any hour. We are conducting peace negotiations with Poland, and there is every chance that peace will be concluded, or at least, to be more exact, the vast majority of chances are that peace will be concluded.[57] There is no doubt, however, that the Savinkovs and the French capitalists are working to prevent the treaty from being signed. To the capitalists war is possible tomorrow if not today, and they would willingly start a war today if they had not learnt something from three years' experience. Concessions constitute a certain risk; they are a loss; they are the continuation of war. There is no doubt of this, but it is a war that is more to our advantage. When we have obtained a certain minimum of the means of production, locomotives and machines, then we shall be different, in the economic sense, from what we have been till now, and the imperialist countries will be still less dangerous to us.

We have been told that the concessionaires will create exclusive conditions for their workers, and supply them with better clothes, better footwear, and better food. That will be their propaganda among our workers, who are suffering privation and will have to suffer privation for a long time to come. We shall then have a socialist republic in which the workers are poverty-stricken and next to it a capitalist island, in which the workers get an excellent livelihood. This apprehension is frequently voiced at our Party meetings. Of course, there is a danger of that kind, and it shows that concessions are a continuation of war and do not constitute peace. We have, however, experienced far greater deprivations and have seen that workers from capitalist countries nevertheless come to our country, knowing that the economic conditions awaiting them in Russia are far worse; surely, then, we ought to be able to defend ourselves against such propaganda with counter-propaganda; surely we should be able to show the workers that capitalism can, of course, provide better conditions for certain groups of its workers, but that this does not improve the conditions of the rest of the workers. And lastly, why is it that at every contact with bourgeois Europe and America we, not they, have always won? Why is it that to this day it is they who fear to send delegations to us, and not we to them? To this day we have always managed to win over to our side at least a small part of the delegations, despite the fact that

such delegations consisted in the main of Menshevik elements, and that they were people who came to us for short periods. Should we be afraid of being unable to explain the truth to the workers?! We should be in a bad way if we had such fears, if we were to place such considerations above the direct interest which is a matter of the greatest significance as far as concessions are concerned. The position of our peasants and workers remains a difficult one. It must be improved. We cannot have any doubt on that score. I think we shall agree that the concessions policy is a policy of continuation of the war, but we must also agree that it is our task to ensure the continued existence of an isolated socialist republic surrounded by capitalist enemies, to preserve a republic that is infinitely weaker than the capitalist enemies surrounding it, thereby eliminating any possibility of our enemies forming an alliance among themselves for the struggle against us, and to hamper their policies and not give them an opportunity to win a victory. It is our task to secure for Russia the necessary machinery and funds for the restoration of the economy; when we have obtained that, we shall stand so firmly on our own feet that no capitalist enemies can overawe us. That is the point of view which has guided us in our policy on concessions, the policy I have outlined.

Vol. 31, pp. 463-72, 475-86

2

From REPLY TO THE DEBATE ON THE REPORT ON CONCESSIONS DELIVERED TO THE R.C.P.(B.) GROUP AT THE EIGHTH CONGRESS OF SOVIETS DECEMBER 21

Comrades, I have received quite a few notes and shall briefly answer those to which no replies have yet been given. But first let me read to you a note of an informative nature, which I think is characteristic:

At the Arzamas uyezd congress, Nizhni-Novgorod Gubernia,[58] a non-Party peasant declared the following concerning concessions, which we communicate to you as a characteristic sign: "Comrades, we are delegating you to the All-Russia Congress and declare that we, peasants, are prepared to endure hunger and cold and do our duty for another three years but don't sell Mother-Russia in the form of concessions!"

I think it would be very useful to quote this note in the official report to the Congress,[59] and it ought to be done because it shows a side of the question which the capitalists overlook, and in connection with which we have no need whatever to conceal the fact that there is a danger here, and we have to be on our guard against it. I have already mentioned that these reminders sharpen the attention of the workers and peasants. The fact that such reminders are coming from the midst of the illiterate peasantry is of special importance, as it stresses a task which is of exceptional importance at the present time—I mean about your having to examine the bills tabled in the Council of People's Commissars for rendering assistance to peasant farming. We must learn to convince the non-Party peasants, win them over to our side and make them self-dependent. A note like this shows that we have every chance of achieving tremendous success here, and we shall achieve it.

Here is another note:

Won't the capitalist concessionaires set the proletarian masses against the Soviet government, seeing that the economic crisis and chaos we are living through make it impossible for us to satisfy the needs of the workers the way the capitalists can?

I have said already that in the advanced countries, in most of them, the workers are better provided for than ours, yet the Russian workers in all the advanced countries are all eagerness to come to Soviet Russia, although they are well aware of the hardships the workers have to bear...

You say that granting concessions to the capitalists of oppressed countries like Germany is more important than for other countries. But if the capitalists of oppressed countries use the concessions to improve their country's economic position, don't you think this will stave off the revolution in that country?

The international situation as regards revolution revolves around Soviet Russia's struggle against the rest of the world,

the capitalist countries. To strengthen Soviet Russia and make her invincible—that is what matters most as far as the struggle of the oppressed and colonial countries is concerned.

What role in concessions does Turkestan cotton play?

So far there is no question of granting a concession on Turkestan cotton. This question was not discussed.

Will concessions be granted for the rehabilitation of industrial enterprises and for taking over railways?

Such exigencies are ruled out. The railways are a single integrated enterprise.

Has there been any question of concessions on slaughter-houses?

Not that I have heard of.

The protests against concessions in the local areas stand clearly revealed, not as healthy sentiments at all, but as patriotic feeling among a strong petty-bourgeois section of the countryside and among the urban middle classes.

The patriotism of a person who is prepared to go hungry for three years rather than surrender Russia to foreigners is genuine patriotism, without which we could not hold out for three years. Without this patriotism we would not have succeeded in defending the Soviet Republic, in doing away with private property and now getting as much as 300 million poods by means of the food surplus-appropriation system. This is the finest revolutionary patriotism. As for the kulaks[60] being prepared to go hungry for three years to keep out the foreign capitalists, from whom they have something to gain—that is untrue. It is not the kulaks who are concerned, it is the non-Party middle peasant.

Vol. 42, pp. 239-40, 244-45

3

From REPORT OF THE ALL-RUSSIA CENTRAL EXECUTIVE COMMITTEE AND THE COUNCIL OF PEOPLE'S COMMISSARS ON FOREIGN AND HOME POLICY DECEMBER 22

...I must add that negotiations for the conclusion of a trade agreement with Great Britain are now under way. Unfortunately, these negotiations have been dragging out much longer than we would wish, but we are not at all to blame for that. When, as far back as July—at the moment the Soviet troops were achieving their greatest successes—the British Government officially submitted to us the text of an agreement assuring the establishment of trade relations, we replied by giving our full consent, but since then the conflict of the various trends within the British Government and the British state has held this up. We see how the British Government is vacillating, and is threatening to sever relations with us and immediately to dispatch warships to Petrograd. We have seen all this, but at the same time we have seen that, in reply to this threat, Councils of Action have sprung up all over Great Britain. We have seen how, under pressure from the workers, the most extreme adherents of the opportunist trend and their leaders have been obliged to resort to this quite "unconstitutional" policy, one that they had themselves condemned a short while before. It appears that, despite the Menshevik prejudices which have hitherto prevailed in the British trade union movement, the pressure brought to bear by the working people and their political consciousness have become strong enough to blunt the edge of the imperialists' bellicose policy. Continuing our policy of peace, we have taken our stand on the proposals made by the British Government in July. We are prepared to sign a trade agreement at once; if it has not yet been signed, the blame rests wholly with those trends and tendencies in British ruling circles that are anxious to frustrate the trade agreement and, against the will of the majority, not only of the workers but even of the British bourgeoisie, want a free hand to attack Soviet Russia again. That is their affair.

The longer this policy is pursued by certain influential circles

in Great Britain, by financial and imperialist circles there, the more it will aggravate the financial situation, the longer it will delay the semi-agreement which has now become essential between bourgeois Britain and the Soviet Republic, and the nearer it will bring the imperialists to a situation that will oblige them to accept a full agreement, not merely a semi-agreement.

Comrades, I must say that this trade agreement with Great Britain is connected with one of the most important questions in our economic policy, that of concessions. One of the important acts passed by the Soviet government during the period under review is the law on concessions of November 23, this year. You are, of course, all familiar with the text of this law. You all know that we have now published additional material, from which delegates to the Congress of Soviets can obtain full information on this question. We have published a special pamphlet containing, not only the text of the decree but also a list of the chief concessions we are offering: agricultural, timber and mining. We have taken steps to make the published text of this decree available in the West-European countries as early as possible, and we hope that our concessions policy will also be a practical success. We do not in the least close our eyes to the dangers this policy presents to the Socialist Soviet Republic, a country that, moreover, is weak and backward. While our Soviet Republic remains the isolated borderland of the capitalist world, it would be absolutely ridiculous, fantastic and utopian to hope that we can achieve complete economic independence and that all dangers will vanish. Of course, as long as the radical contrasts remain, the dangers will also remain, and there is no escaping them. What we have to do is to get firmly on our feet in order to survive these dangers; we must be able to distinguish between big dangers and little dangers, and incur the lesser dangers rather than the greater.

We were recently informed that, at a Congress of Soviets of Arzamas Uyezd in Nizhni-Novgorod Gubernia, a peasant, not a member of the Party, said on the subject of concessions: "Comrades, we are delegating you to the All-Russia Congress and declare that we peasants are prepared to endure hunger and cold and do our duty for another three years, but don't sell Mother-Russia in the form of concessions." I heartily welcome

such sentiments, which are very widespread. I think it is highly indicative that during these three years the masses of non-Party working people—not only industrial workers but peasants as well—have acquired the political and economic experience which enables and compels them to value their liberation from the capitalists above all else, which compels them to exercise redoubled caution and to treat with extreme suspicion every step that involves the possibility of new dangers of the restoration of capitalism. Of course, we give the greatest consideration to all declarations of this kind, but we must say that there is no question of selling out Russia to the capitalists. It is a question of concession; any concessions agreement is limited to to a definite period and by definite terms. It is hedged around with all possible guarantees, by guarantees that have been carefully considered and will be considered and discussed with you again and again, at the present Congress and at various other conferences. These temporary agreements have nothing to do with any selling out. There is not a hint in them of selling Russia. What they do represent is a certain economic concession to the capitalists, the purpose of which is to enable us, as soon as possible, to secure the necessary machinery and locomotives without which we cannot effect the restoration of our economy. We have no right to neglect anything that may, in however small a measure, help us to improve the conditions of the workers and peasants.

We must do all we possibly can to bring about the rapid restoration of trade relations, and negotiations are at present being carried on in a semi-legal framework. We are ordering locomotives and machines in far from adequate numbers, but we have begun to order them. When we conduct these negotiations officially, the possibilities will be vastly expanded. With the aid of industry we shall achieve a great deal, and in a shorter period; but even if the achievements are very great, the period will cover years, a number of years. It must be borne in mind that although we have now gained a military victory and have secured peace, history teaches us that no big question has ever been settled, and no revolution accomplished, without a series of wars. And we shall not forget this lesson. We have already taught a number of powerful countries not to wage war on us, but we

cannot guarantee that this will be for long. The imperialist predators will attack us again if there is the slightest change in the situation. We must be prepared for it. Hence, the first thing is to restore the economy and place it firmly on its feet. Without equipment, without machinery obtained from capitalist countries, we cannot do this rapidly. And we should not grudge the capitalist a little extra profit if only we can effect this restoration. The workers and peasants must share the sentiments of those non-Party peasants who have declared that they are not afraid to face sacrifice and privation. Realising the danger of capitalist intervention, they do not regard concessions from a sentimental point of view, but as a continuation of the war, as the transfer of the ruthless struggle to another plane; they see in them the possibility of fresh attempts on the part of the bourgeoisie to restore the old capitalism. That is splendid; it is a guarantee that not only the organs of Soviet power but all the workers and peasants will make it their business to keep watch and ward over our interests. We are, therefore, confident that we shall be able to place the protection of our interests on such a basis that the restoration of the power of the capitalists will be totally out of the question even in carrying out the concessions agreements; we shall do everything to reduce the danger to a minimum, and make it less than the danger of war, so that it will be difficult to resume the war and easier for us to restore and develop our economy in a shorter period, in fewer years (and it is a matter of a good many years).

Vol. 31, pp. 492-95

TO WASHINGTON VANDERLIP

Moscow, March 17, 1921

Mr. Washington B. Vanderlip

Dear Sir,

I thank you for your kind letter of the 14th, and am very glad to hear of President Harding's favourable views as to our trade with America. You know what value we attach to our future American business relations. We fully recognise the part played in this respect by your syndicate and also the great importance of your personal efforts. Your new proposals are highly interesting and I have asked the Supreme Council of National Economy to report to me at short intervals about the progress of the negotiations. You can be sure that we will treat every reasonable suggestion with the greatest attention and care. It is on production and trade that our efforts are principally concentrated and your help is to us of the greatest value.

If you have to complain of some officials please send your complaint to the respective People's Commissary who will investigate the matter and report if necessary. I have already ordered special investigation concerning the person you mention in your letter.

The Congress of the Communist Party has taken so much of my time and forces that I am very tired and ill. Will you kindly excuse me if I am unable to have an interview with you just now. I will beg Comrade Chicherin to speak with you shortly.

Wishing you much success I remain.

Yours truly,
Wl. Oulianoff (Lenin)

Vol. 45, pp. 98-99

TELEGRAM TO G. K. ORJONIKIDZE

Code

Orjonikidze

Your reply is neither full nor clear.[61] Please find out the details from the Georgian Revolutionary Committee. First, has the Soviet Government of Georgia confirmed the concession on the Tkvarcheli mines to the Italians, when, on what terms, reply briefly by telegram, details by letter? Second, about the Chiatura manganese mines: have the German owners been transferred to the status of lessees or concessionaires, when, on what terms? It is extremely important to have the speediest decisions on these and similar other matters. This is of tremendous importance both for Georgia and for Russia, because the concessions, especially to Italy and Germany, are absolutely necessary, as is the exchange of goods for oil, on a large scale with these countries, and subsequently, with others as well.

Please, keep me informed about the measures taken by the Georgian Revolutionary Committee.

Lenin

5/IV. 1921

Vol. 45, p. 115

TENTH CONGRESS OF THE R.C.P.(B.)[62]

MARCH 8-16, 1921

1

From REPORT ON THE POLITICAL WORK OF THE CENTRAL COMMITTEE OF THE R.C.P.(B.) MARCH 8

Up to now, we have been adapting ourselves to the tasks of war; we must now adapt ourselves to the conditions of peace. The Central Committee is faced with this task—the task of switching to the tax in kind in conditions of proletarian power, and it is closely bound up with the question of concessions. You will be having a special discussion on this problem, and it requires your special consideration. By granting concessions, the proletarian power can secure an agreement with advanced capitalist states. On it depends our industrial growth, without which we cannot hope to advance towards communism. On the other hand, in this period of transition in a country where the peasants predominate, we must manage to go over to measures giving economic security to the peasants, and do the most we can to ease their economic condition. Until we have remoulded the peasant, until large-scale machinery has recast him, we must assure him of the possibility of running his economy without restrictions. We are now in a transitional phase, and our revolution is surrounded by capitalist countries. As long as we are in this phase, we are forced to seek highly complex forms of relationships. Oppressed by war, we were unable to concentrate on how to establish economic relations between the proletarian state power, with an incredibly devastated large-scale industry, and the small farmers, and how to find forms of coexistence with them, who, as long as they remain small farmers, cannot exist without their small economy having some system of exchange. I believe this to be the Soviet Government's most important question in the sphere of economics and politics at the present time. I believe that it sums up the political results of our work, now that the war period has ended and we

have begun, in the year under review, to make the transition to peace.

This transition is bound up with such difficulties and has so clearly delineated this petty-bourgeois element, that we must take a sober view of it. We view this series of events in terms of the class struggle, and we have never doubted that the relations between the proletariat and the petty bourgeoisie are a difficult problem, demanding complex measures or, to be more accurate, a whole system of complex, transitional measures, to ensure the victory of the proletarian power. The fact that we issued our tax in kind decree at the end of 1918 proves that the Communists were aware of this problem, but were unable to solve it because of the war. With the Civil War on, we had to adopt war-time measures. But it would be a very great mistake indeed if we drew the conclusion that these are the only measures and relations possible. That would surely lead to the collapse of the Soviet power and the dictatorship of the proletariat. When the transition to peace takes place in a period of economic crisis, it should be borne in mind that it is easier to build up a proletarian state in a country with large-scale production than in one with a predominantly small-scale production. This problem has to be approached in a whole number of ways, and we do not close our eyes to these difficulties, or forget that the proletariat is one thing, and the small-scale producer, another. We have not forgotten that there are different classes, that petty-bourgeois, anarchist counter-revolution is a political step to whiteguard rule.[63] We must face this squarely, with an awareness that this needs, on the one hand, maximum unity, restraint and discipline within the proletarian party, and on the other, a series of economic measures which we have not been able to carry out so far because of the war. We must recognise the need to grant concessions, and purchase machinery and equipment to satisfy agriculture, so as to exchange them for grain and re-establish relations between the proletariat and the peasants which will enable it to exist in peacetime conditions. I trust that we shall return to this problem, and I repeat that, in my view, we are dealing here with an important matter, and that the past year, which must be characterised as a period of transition from war to peace, confronts us with some extremely difficult problems.

Vol. 32, pp. 188-90

2

From SUMMING-UP SPEECH ON THE SUBSTITUTION OF THE TAX IN KIND FOR THE SURPLUS APPROPRIATION MARCH 15

I now come to concessions. They signify a bloc with capitalism in the advanced countries. We must be clear in our minds about the nature of concessions. They signify an economic alliance, a bloc, a contract with advanced finance capital in the advanced countries, a contract that will give us a slight increase in products, but will also result in an increase in the products of the concessionaires. If we give the latter ore or timber, they will take the lion's share and leave us a small share. But it is so important for us to increase the quantity of products at our command that even a small share will be an enormous gain for us. Even a slight improvement in the condition of the urban workers, which will be guaranteed in the concessions agreement, and will not present the slightest difficulty to foreign capital, will be a gain and will serve to strengthen our large-scale industry. And this, as a result of its economic influence, will serve to improve the condition of the proletariat, the class which is wielding political power.

There is no ground to fear that small-scale agriculture and small industry will grow to dimensions that may prove dangerous for our large-scale industry. There must be certain signs for the rise of industry.

If we have a bad harvest (I have already mentioned Popov's pamphlet), and our resources are as scanty as they were last year, an abatement of the crisis and development of small industry are out of the question: capitalist relations can be restored only if agricultural industry yields a surplus. That is possible, and this is very important, for it represents a material gain for us. The question of whether small or large-scale production will gain more will be determined by the extent to which we succeed in co-ordinating and combining the utilisation of our funds and the development of the market, which we shall achieve by means of concessions agreements with capitalism; and this will result in an increase in agricultural production for us. The result will depend upon which side makes the best use of these resources. I think that if the working class,

which controls the most important branches of large-scale industry, concentrates on the key ones, it will gain more than small industry, even if the latter does have a relatively faster growth. The situation in our textile industry was such that at the end of 1920 there were obvious signs of an improvement, but there was a shortage of fuel. Otherwise we should have obtained about 800 million arshins[64] of cloth, and would have had materials of our own manufacture to exchange for farm products.

Owing to the fuel crisis, however, there has been an enormous drop in production. Although we have succeeded in purchasing coal abroad, and ships with this cargo will arrive in a week or two, we have nevertheless lost several weeks or even months.

Every improvement in the state of large-scale production and the possibility of starting some large factories will strengthen the position of the proletariat to such an extent that there will be no need to fear the petty-bourgeois element, even if it is growing. We must not be afraid of the growth of the petty bourgeoisie and small capital. What we must fear is protracted starvation, want and food shortage, which create the danger that the proletariat will be utterly exhausted and will give way to petty-bourgeois vacillation and despair. This is a much more terrible prospect. If output is increased the development of the petty bourgeoisie will not cause great harm, for the increased output will stimulate the development of large-scale industry. Hence, we must encourage small farming. It is our duty to do all we can to encourage small farming. The tax is one of the modest measures to be taken in this direction, but it is a measure that will undoubtedly provide such encouragement, and we certainly ought to adopt it. (*Applause.*)

Vol. 32, pp. 236-38

From REPORT ON THE TAX IN KIND DELIVERED AT A MEETING OF SECRETARIES AND RESPONSIBLE REPRESENTATIVES OF R.C.P.(B.) CELLS OF MOSCOW AND MOSCOW GUBERNIA APRIL 9, 1921

When the question of the tax in kind was being decided at the Party Congress the delegates were given a pamphlet by Comrade

Popov, Director of our Central Statistical Board, on grain output in Russia. An enlarged edition will be published within a few days, and all of you should read it. It gives an idea of grain production, with the figures calculated from the returns of our census, which gave us the exact figures of the population and an estimate of the size of farms. It says that with a yield of 40 poods per dessiatine, peasant farming on Soviet Russia's present area could provide 500 million poods of surplus grain that would cover the 350 million poods required by the urban population and leave us a fund for foreign trade and the improvement of peasant farming. The harvest was so bad that the yield was no more than an average of twenty-eight poods per dessiatine. This produced a deficit. If we accept the statisticians' figure of requirements at eighteen poods per head, we must subtract three poods per head and oblige every peasant to go on short rations in order to keep the army and the industrial workers on half-rations. In that situation, we could do nothing but reduce the surplus appropriations to a minimum and convert them into a tax. We must concentrate on improving small peasant farming. We had no cotton goods, machines or other goods produced by large factories to give the peasant farmers, but it is a problem requiring urgent solution, and we have to solve it with the aid of small industry. We should have some results from the new measure this very first year.

Now, why is peasant farming the focus? Because it alone can give us the food and the fuel we need. If the working class, as the ruling class exercising its dictatorship, wants to run the economy properly, it must say: the crisis of peasant farming is the weakest spot. It must be remedied, and another start made on the revival of large-scale industry, so that in Ivanovo-Voznesensk district, for instance, all 70 factories—and not just 22—are running again. These large factories will then satisfy national demand, and the working class will deliver the goods to the peasants in exchange for farm produce, instead of taking it in the form of a tax. That is the transition we are making, and the price is short rations all round, if we are to save those who alone can keep what is left of industry and the railways going, and the army in the field to fight off the whiteguards.

Our grain appropriations were maligned by the Mensheviks, who said that the Soviet power had given the population nothing

but grain appropriations, want and destruction. They gloated over the fact that after the partial restoration of peace, after the end of the Civil War, the swift rehabilitation of our industry had proved to be impossible. But even the richest countries will take years to get their industry going full blast again. Even a rich country like France will take a long time to revive her industry, and she did not suffer as much from the war as we did, because only a small part of her territory was devastated. The astonishing thing is that in the first year of a partial peace we were able to start 22 factories out of 70 in Ivanovo-Voznesensk, and to produce 117 million arshins of cotton goods out of an anticipated 150 million. The grain appropriations had once been inevitable, but now we have had to change our food policy: we have had to switch from the surplus appropriation system to the tax. This will undoubtedly improve the peasant's condition, and give him an assurance and a sense of certainty that he will be free to exchange all his available grain surplus at least for local handicraft wares. This explains why the Soviet government must conduct an economic policy on these lines.

Now, in conclusion, let me explain how this policy can be reconciled with the communist standpoint and how it has come about that the communist Soviet power is promoting a free market. Is it good from the standpoint of communism? To answer this question we must make a careful examination of the changes that have taken place in peasant farming. First, we witnessed the assault of the whole of the peasantry on the rule of the landowners, who were fought both by the poor peasants and the kulaks, although, of course, their motives were different: the kulaks wanted to take the land away from the landowners to develop their own farms. That was when it became clear that the kulaks and the poor peasants had divergent interests and aims. In the Ukraine, this divergence of interests is still much more in evidence than it is over here. The poor peasants could derive very little direct benefit from the transfer of land from the landowners to themselves, because they had neither the materials nor the implements. We find the poor peasants organising to prevent the kulaks from seizing the land taken away from the landowners. The Soviet government helped the Poor Peasants' Committees that sprang up in Russia and in the Ukraine.[65] As a result, the middle

peasants have become the predominant element in the rural areas. We know this from statistics, and everyone who lives in the country knows it from his own observations. The extremes of kulak and poor have been rounded off, and the majority of the population have come closer to the status of the middle peasant. If we want to raise the productivity of our peasant farming we must reckon chiefly with the middle peasant. The Communist Party has had to shape its policy accordingly.

Since the middle peasants now predominate in the rural areas, we must help them to improve their farming; moreover, we must make the same demands on them as we do on the workers. The principal question discussed at the last Party Congress was that of food propaganda: concentrate on the economic front; raise the productivity of labour and increase output! No progress is possible unless these tasks are fulfilled. If we say this to the worker, we must say as much to the peasant, but will demand in return that, after paying the tax, he should enlarge his farm, in the knowledge that no more will be exacted from him and that he will be free to use the whole of his surplus to develop his farm. Consequently, the change in policy in respect of the peasants is due to the change in their status. There are more middle peasants in the make-up of the rural areas and we must reckon with this, if we are to boost the productive forces.

Let me also remind you of the arguments I had with the "Left Communist" group in 1918, after the conclusion of the Brest-Litovsk peace.* Those who were in the Party at the time will remember that some Communists feared that the conclusion of the Brest Peace would disrupt all communist policy. In the course of the argument with these comrades I said, among other things: State capitalism is nothing to fear in Russia; it would be a step forward. That sounded very strange: How could state capitalism be a step forward in a Soviet socialist republic? I replied: Take a close look at the actual economic relations in Russia. We find at least five different economic systems, or structures, which, from bottom to top, are: first, the patriarchal economy, when the peasant farms produce only for their own needs, or are in a nomadic or semi-nomadic state, and we happen to have any number

* See present edition, pp. 36-54.—*Ed.*

of these; second, small commodity production, when goods are sold on the market; third, capitalist production, the emergence of capitalists, small private capital; fourth, state capitalism, and fifth, socialism. And if we do take a close look we shall find all these relations in Russia's economic system even today. In no circumstances must we forget what we have occasion to see very often, namely, the socialist attitude of workers at state factories, who collect fuel, raw materials and food, or try to arrange a proper distribution of manufactured goods among the peasants and to deliver them with their own transport facilities. That is socialism. But alongside is small enterprise, which very often exists independently of it. Why can it do so? Because large-scale industry is not back on its feet, and socialist factories are getting perhaps only one-tenth of what they should be getting. In consequence, small enterprise remains independent of the socialist factories. The incredible havoc, the shortage of fuel, raw materials and transport facilities allow small enterprise to exist separately from socialism. I ask you: What is state capitalism in these circumstances? It is the amalgamation of small-scale production. Capital amalgamates small enterprises and grows out of them. It is no use closing our eyes to this fact. Of course, a free market means a growth of capitalism; there's no getting away from the fact. And anyone who tries to do so will be deluding himself. Capitalism will emerge wherever there is small enterprise and free exchange. But are we to be afraid of it, if we have control of the factories, transport and foreign trade? Let me repeat what I said then: I believe it to be incontrovertible that we need have no fear of this capitalism. Concessions are that kind of capitalism.

We have been trying hard to conclude concession agreements, but, unfortunately, have not yet concluded a single one. Nevertheless, we are nearer to them now than we were several months ago, when we last discussed concessions. What are concessions from the standpoint of economic relations? They are state capitalism. The Soviet government concludes an agreement with a capitalist. Under it, the latter is provided with certain things: raw materials, mines, oilfields, minerals, or, as was the case in one of the last proposals, even a special factory (the ball-bearing project of a Swedish enterprise). The socialist state gives the capitalist its means of production such as factories, mines and materials.

The capitalist operates as a contractor leasing socialist means of production, making a profit on his capital and delivering a part of his output to the socialist state.

Why is it that we badly need such an arrangement? Because it gives us, all at once, a greater volume of goods which we need but cannot produce ourselves. That is how we get state capitalism. Should it scare us? No, it should not, because it is up to us to determine the extent of the concessions. Take oil concessions. They will give us millions of poods of paraffin oil right away, and that is more than we produce ourselves. This is to our advantage, because in exchange for the paraffin oil—and not paper money—the peasant will give us his grain surplus, and we shall immediately be able to improve the situation in the whole country. That is why the capitalism that is bound to grow out of a free market holds no terrors for us. It will be the result of growing trade, the exchange of manufactured goods, even if produced by small industry, for agricultural produce.

Today's law tells you that workers in some industries are to be issued a certain part of the articles manufactured in their factories in the form of a bonus in kind which they can exchange for grain. For example, provided they satisfy the requirements of the state, textile workers will receive a part of the textile goods they manufacture and will be able to exchange them for grain. This must be done to improve the condition of the workers and of the peasants as soon as possible. We cannot do this on a nationwide scale, but it must be done at all costs. That is why we do not shut our eyes to the fact that a free market entails some development of capitalism, and we say: This capitalism will be under the control and surveillance of the state. We need have no fear of it because the workers' state has taken possession of the factories and railways. It will help to stimulate the economic exchange of peasant produce for the manufactures of neighbouring craftsmen, who will satisfy some, if not all, of the peasants' requirements in manufactured goods. The peasant economy will improve, and that is something we need to do desperately. Let small industry grow to some extent and let state capitalism develop—the Soviet power need have no fear of that. We must face the facts squarely and call a spade a spade, but we must also control and determine the limits of this development.

Concessions are nothing to be afraid of. There is nothing terrible about giving the concessionaires a few factories and retaining the bulk in our own hands. Of course, it would be absurd for the Soviet power to hand out the bulk of its property in the form of concessions. That would not be concessions, but a return to capitalism. There is nothing to fear in concessions so long as we retain possession of all the state enterprises and weigh up exactly and strictly the concessions we grant, and the terms and scale on which we grant them. Growing capitalism will be under control and supervision, while political power will remain in the hands of the working class and of the workers' state. The capital which will exist in the form of concessions and the capital which will inevitably grow through the medium of the co-operatives and a free market, have no terrors for us. We must try to develop and improve the condition of the peasantry, and make a great effort to have this benefit the working class. We shall be able to do all that can be done to improve peasant farming and develop local trade more quickly with concessions than without them, while planning our national economy for a much faster rehabilitation of large-scale socialist industry. We shall be able to do this more quickly with the help of a rested and recuperated peasant economy than with the absolutely poverty-stricken peasant farming we have had up to now.

That is what I have to say on the communist appreciation of this policy, on why it was necessary, and why, if properly applied, it will bring improvement immediately, or, at all events, more quickly than if it had not been applied.

Vol. 32, pp. 292-98

MEETING OF THE COMMUNIST GROUP OF THE ALL-RUSSIA CENTRAL COUNCIL OF TRADE UNIONS

APRIL 11, 1921

1

From REPORT ON CONCESSIONS

We cannot seriously entertain the idea of an immediate improvement of the economic situation, unless we operate a policy of concessions, unless we discard our prejudices, our local patriotism, discard to some extent our craft patriotism, and to some extent the idea that we can do our own "exploring". We must be prepared for inconveniences, hardships and sacrifices; we must be ready to break our habits and possibly our addictions as well, for the sole purpose of working a marked change and improvement in the economic state of the key industries. This must be done at all costs.

The Party Congress concentrated on the policy in respect of the peasants and on the tax in kind, which has, in general, a high legislative priority and is, in particular, central to the Party's political efforts. In the context of both these issues, we have become aware that we are unable to boost productivity in large-scale industry as swiftly as the satisfaction of peasant needs demands, without the makeshifts of unrestricted trade and free production. These are the two crutches we must now use to move on, for, otherwise, as everyone in his right mind will see, we shall be unable to keep abreast of developments. After all, the situation is worsening, if only because the floating this spring has been largely hampered by various factors, chiefly the weather. There is a looming fuel crisis. The spring also holds out the threat of another crop failure, again because of the weather; this is liable to create a fodder shortage, which may, in its turn, still further reduce the fuel supply. If on top of this we happen to have a drought,

the crisis threatens to be truly exceptional. We must understand that in these conditions what the Programme says—chiefly about the great need to increase the food supply—is not intended for admiration or for a show of great love for various resolutions (which the Communists have been doing with great zeal), but as a call to increase the quantity of foodstuffs at any cost. That is something we cannot do without the help of foreign capital. This should be plain to everyone who takes a realistic view of things. That is why the concessions question became important enough to be dealt with by the Party Congress.

After a short debate, the Council of People's Commissars adopted the basic principles of concessions agreements. I shall now read them and underscore those which are of especial importance or have given rise to disagreements. We cannot seriously entertain the idea of economic development unless all members of the Party, specially the leaders of the trade union movement, that is, of the organised masses of the proletariat—its organised majority—understand the present situation and draw the appropriate conclusions. I shall read out the basic principles of the concessions agreement one by one, as they were adopted by the Council of People's Commissars. Let me add that we have not yet concluded a single concessions agreement. We have already given expression to our disagreements of principle—we are past masters at that sort of thing—but have not yet secured any concessions. I suppose this will make some people happy, which is unfortunate, because if we fail to attract capital to our concessions, we shall merely prove that we are poor businessmen. But then, of course, the Communists can always have a field day with resolutions, filling up all the stocks of paper that we have. Here is Point One:

"1. The concessionaire shall improve the condition of the workers employed at the concession enterprises (as compared with that of other workers employed at similar enterprises in the area) up to the average standard abroad."

We have inserted this basic provision in the agreement to bring out the gist of the matter at once for our Communists and chiefs of economic agencies. What is the most important aspect of any concession? It is, of course, an increase in the

quantity of goods. That is self-evident. But what is also highly—if not much more—important is that we can secure an immediate improvement in the condition of the workers employed at the oil concession enterprises. These provisions of the concession agreement were adopted after several discussions, in particular, on the basis of the talks the plenipotentiaries of the R.S.F.S.R., specifically Comrade Krasin, have had with some of the financial magnates of modern imperialism. Let me say—and you are of course all aware of this—that the great majority of our Communists have a book knowledge of capitalism and finance capital; they may even have written a pamphlet or two on the subject, but 99 per cent of them don't know how to do business with financial magnates and, I'm afraid, will never learn.

In that respect, Comrade Krasin has had some exceptional experience, for he has made a study of the practices and organisation of industry in Germany and Russia. We informed him of these terms, and he replied that they were, on the whole, acceptable. The concessionaire is above all duty bound to improve the condition of the workers. This very point was discussed by Krasin in his exploratory talks with an oil king, and the West-European capitalists were quite clear on the point that, the condition of the workers being what it is, it was absolutely impossible to expect greater productivity. The proviso that the concessionaire must improve the workers' condition is not a humanitarian but a purely business proposition. Point Two:

"2. Account shall be taken of the lower productivity of the Russian worker and provision made for the possibility of a revision of the Russian worker's rate of labour productivity, depending on the improvement of his living conditions."

We had to make this reservation to prevent a one-sided reading of the clause. All these provisions are rules and directives for any representatives of the Soviet power who may have to deal with the concessions, and are the basis on which the agreements are to be worked out. We have drafts of an oil agreement, an agreement on ball-bearing plants, a draft timber concession, and an agreement on Kamchatka, which is being aired for a long time but is not being implemented for various reasons. Point Two was required to prevent a literal reading

of Point One. We must consider the fact that labour productivity will not rise until the workers' condition improves. Refusal to consider this would be so unbusiness-like that the capitalist would not even bother to negotiate. Point Three:

"3. It shall be the duty of the concessionaire to supply the workers employed at the concession enterprises with the necessary means of subsistence from abroad, selling them to the workers at no higher than cost price plus a certain percentage for overhead expenses."

There was a proposal to set the figure at 10 per cent, but it was discarded in the final discussion. The important thing here is that we stipulate the supply of the means of subsistence for the workers from abroad. We know that with the present state of peasant farming and the fuel problem we shall be unable, within the next few years, to effect a radical improvement in the workers' condition, and, consequently, to increase labour productivity. It is, therefore, necessary for the concessionaire to include in the agreement a provision covering the supply of all the means of consumption from abroad, something he can easily do, and we already have the tentative consent of some capitalist sharks on this point. The concessionaires will accept these terms because they are extremely anxious to obtain the tremendously valuable raw materials. For them the supply of raw materials is a prime necessity. Whether these priority enterprises will be employing 10,000, 20,000 or 30,000 workers, the concessionaires will have no trouble in obtaining the necessaries for the workers, considering the ties between modern syndicates and trusts, for very few capitalists today are not syndicated and trustified, and all large enterprises are based on monopoly, instead of the free market; consequently, they can always block supplies of raw materials and foodstuffs for other capitalists and obtain all they require under all manner of provisional agreements. These syndicates operate with hundreds of millions of dollars. They will have vast stocks of food at their disposal, and will, consequently, be able to obtain foodstuffs and other necessaries for several tens of thousands of workers, and transport them to Russia.

They will not find it an economic problem at all. They will regard these enterprises as being on the priority list—they will

make a profit of 100, if not 1,000, per cent—and supply them with food. I repeat, that will be no economic problem for them at all. We must put at the heart of our concessions policy the task of improving the condition of the workers at the enterprises of the first category, and then at the rest. Here is Point Four:

"4. It shall also be the duty of the concessionaire, in the event of a request on the part of the R.S.F.S.R. Government, to import another 50-100 per cent over and above the supplies he brings in for the workers employed at the concession enterprises, handing it over to the R.S.F.S.R. Government in return for a payment of similar size (cost plus a certain percentage for overhead expenses). The R.S.F.S.R. Government shall have the right to meet this payment with a part of the product extracted by the concessionaire (that is, to deduct it from its own share)."

This stipulation was also accepted by the financial magnates in the exploratory talks because they put the concession enterprises on the priority list.

They will be in a position to monopolise the marketing of the oil which they can obtain from us, and this is why they can supply foodstuffs not only to the workers employed at their enterprises but also a certain percentage over and above that. A comparison of this clause with Point One shows that the pivot of our concessions policy is improvement of the condition of the workers, initially of those employed at the concession enterprises, and then, to a somewhat lesser extent, of the other workers as well, with some of the consumer goods being obtained from abroad. Even if we had the wherewithal to pay for them, we ourselves are not in a position to purchase them in the international market. You may have the currency, say, gold, but you must bear in mind that there is no free market, for it is all, or nearly all, controlled by the syndicates, cartels and trusts, which are ruled by their imperialist profits. They will supply consumer goods only to workers of their own enterprises, and not for those of others, because the old capitalism—meaning the free market—is no longer there. That shows the essence of our concessions policy in the context of the present conditions of finance capital and the behemoth struggle between the trusts.

The concessions policy is an alliance concluded by one side against another, and so long as we are not strong enough, we must play off their hostile rivalry, so as to hold out until the victory of the international revolution. They can assure the workers of their maintenance because it is no trouble at all for a large modern enterprise to supply an extra 20,000 or 30,000 workers. This would allow us to meet the expenditure with raw materials, say, oil. If we were able to pay for this additional quantity of necessaries for the workers with an additional quantity of timber or ore—our chief resources—we should be in a position to start by improving the condition of the workers employed at the concession enterprises and use what is left to improve, to a lesser extent, the condition of other workers. Point Five:

"5. It shall be the duty of the concessionaire to abide by the laws of the R.S.F.S.R., in particular, those relating to working conditions, terms of payment, etc.; and enter into agreements with the trade unions (in the event of the concessionaire's demand we are prepared to add that under such agreements both parties shall be bound by the average norm of American or West-European workers)."

This reservation is being made to remove any fears the capitalists may have in respect of our trade unions. We say that agreements must be entered into with our trade unions because their participation is stipulated by all the relevant laws—all essential laws stipulate the participation of trade unions which enjoy statutory status in accordance with socialist principles. The well-informed capitalist is aware that the trade unions are guided by Communist groups and, through them, by the Party, and he would be highly suspicious if we told him that he would have to enter into agreements with our trade unions, because he would be apprehensive of all sorts of absurdities on the part of these Communists, and would, in consequence, make the most incredible demands. Such fears are quite natural from the capitalist standpoint. That is why we must say that we favour a business agreement—otherwise there is nothing to discuss. That is why we say we are prepared to make that addendum. We are prepared to accept, for ourselves and our trade unions, a norm equal to the average American or West-European labour norm.

Otherwise, I repeat, there can be no question at all of any agreement adapted to capitalist relations. Point Six:

"6. It shall be the duty of the concessionaire strictly to observe the scientific and technical regulations in conformity with Russian and foreign legislation (details to be stated in each agreement)."

...We intend to take what there is in Russian and foreign legislation. If we take the best of what there is in Russian and any foreign legislation, we shall have a basis to guarantee the standards attained by the leading capitalists. These are well-known business standards borrowed from capitalist practice, and not a Communist flight of fancy which the capitalists fear most of all. We guarantee that none of the terms, aspects or clauses of our concession agreement will go beyond the framework of capitalist legislation. We must never lose sight of this key proposition. We must take capitalist relationships as a basis to show that the capitalists will find these terms acceptable and profitable, but we, for our part, must turn them to good advantage. Otherwise, it is a waste of time to talk about concessions. But to return to what is recognised in capitalist legislation. Advanced capitalism is known to be superior to our own industry in technical organisation and improvements. For that reason, we are not confining ourselves to Russian legislation, and in the case of oil we have started to borrow from Russian, Rumanian and Californian legislation. We are entitled to take any law, which will dispel any suspicions of arbitrariness or whim. That will be easily understood by the modern advanced capitalist and financial magnate, in fact, finance capital as a whole, for our terms and standards will conform to those prevalent abroad, and we are proposing them with an eye to the business practices of capitalism. In this case, we are not indulging in any flights of fancy, but are setting ourselves the practical goal of improving our industry and raising it to the levels of modern advanced capitalism. Anyone who has an idea of the state of our industry will see that this will be a tremendous improvement. If we were to do this even in respect of a certain section of our industry, say, one-tenth of it, we should still be taking a great step forward, which would be feasible for them, and highly desirable for us. Point Seven:

"7. A rule similar to that set forth in Point Four shall also apply to the equipment imported by the concessionaire from abroad."

Point Four says that the concessionaire shall be bound, in the event the clause is written into the agreement, to import a certain quantity of goods for sale, against a special payment, over and above what he imports for his own operations. If the capitalist should import improved types of bores and tools for himself, we shall be entitled to demand that he import, say, an extra 25 per cent for us, over and above the bores he imports for himself, the payment arrangements to be the same as those specified in Point Four, that is, cost plus a definite percentage for overhead expenses.

The future is very bright, but we should never confuse our activity in these two planes: on the one hand, there is the agitation which brings nearer this future, and on the other, the ability now to adapt ourselves to and exist in the capitalist encirclement. If we fail to do that we might find ourselves in the position of one who has had his chance but was not alert enough to act in time. We must manage, by taking advantage of the peculiarities of the capitalist world and the capitalist avidity for raw materials, to derive all the benefits that would help us to consolidate our economic positions among the capitalists, strange as that may sound. The task seems to be an odd one: How can a socialist republic improve its positions with capitalist support? We had an instance of this during the war. We did not win the war because we were stronger, but because, while being weaker, we played off the enmity between the capitalist states. Either we now succeed in playing off the rivalry between the trusts, or we shall find ourselves unadapted to capitalist conditions and unable to exist in the capitalist encirclement. Point Eight:

"8. A special clause in each agreement shall regulate the question of payment to the workers employed at the concession enterprises of wages in foreign currency, special coupons, Soviet currency, etc."

You see that in this case we are prepared to accept payment in any currency, whether foreign or Soviet, or in coupons, and show goodwill by being prepared to consider any of the businessmen's proposals. Of the concrete proposals there is the one Vanderlip made to our representatives. He said: "I should like to pay the workers an average wage of, say, a dollar and a half a day. On my concession territory I would set up stores carrying all the goods the workers may need, and these will be available to those who receive special coupons; these coupons will be issued only to workers who are employed at my concession enterprises." Whether things work out as he says, remains to be seen, but we find this acceptable in principle. A great many difficulties naturally arise. It is, of course, no easy task to harmonise a concession geared to capitalist production with the Soviet standpoint, and every effort of that kind is, as I have said, a continuation of the struggle between capitalism and socialism. This struggle has assumed new forms, but it remains a struggle nonetheless. Every concessionaire remains a capitalist, and he will try to trip up the Soviet power, while we, for our part, must try to make use of his rapacity. We say: "We shall not grudge him even 150 per cent in profits, provided the condition of our workers is improved." That is the pivot of the struggle. In this sphere, of course, you need to be even more skilled than in struggling for the conclusion of a peace treaty. The capitalist powers behind the scenes take part in the struggle for the conclusion of any peace treaty. There was a foreign power pulling the strings behind each of the countries with whom we have signed a peace treaty—Latvia, Finland[66] and Poland. We had to conclude these treaties in such a way that, on the one hand, they allowed the bourgeois republics to exist, and on the other, they secured advantages for the Soviet power from the standpoint of world diplomacy. Every peace treaty with a capitalist power is a record of certain war clauses. In much the same way, each clause of a concession agreement records some aspect of a war, and we should organise things in such a way as to safeguard our own interests in that war. This can be done because the capitalist will be receiving big profits from the concession enterprise, while we shall be obtaining some improvement in the condition of our workers, and some increase in the quantity of goods from our share in the output. If the wages should be paid in foreign currency, this will give rise to a number of complex problems: how is this currency to be exchanged for Soviet currency? how are

we to fight speculation? etc. We have accepted the idea that we have an answer to all these problems, and need not fear any of them. This point tells the capitalists that they are free to invent anything they like. It makes no difference to us whether you bring in the goods and sell them for special coupons, on special terms, or only upon presentation of special certificates issued personally to workers employed at the concession. We shall manage to adapt ourselves to any terms in such a way as to fight the capitalists on these terms and secure a certain improvement in the condition of our workers. This is the task we have set ourselves. We can't tell how it will be resolved in a concession agreement, for we can't very well offer the same terms of payment in some place like Kamchatka as over here or in Baku. If the concession should be located in the Donets Basin, the forms of payment cannot conceivably be the same as for one in the far North. We are not holding down the capitalists to some specific form of payment. Every clause of the agreement will contain an element of struggle between capitalists and socialists. We are not afraid of this struggle, and are sure that we shall manage to derive every possible benefit from the concessions. Point Nine:

"9. The concessionaire shall be free to make his own terms of employment, living conditions and remuneration with foreign skilled workers and employees.

"The trade unions shall not have the right to demand application of Russian pay rates or of Russian rules of employment to that category of workers."

We believed Point Nine to be absolutely indispensable because it would be quite absurd to expect the capitalists to trust the Communists. This is clearly stated both from the standpoint of principle and especially from the businessman's standpoint. For if we insisted on trade union endorsement of these terms of employment, if we told the capitalists that we accepted any foreign technician or specialist but only within the framework of the Labour Code of the R.S.F.S.R., it would be too much to expect any of the latter to accept, and the demand would be a mere formality. It could be said that the government says one thing and the trade unions another, because they are two distinct bodies, thereby leaving a legal loophole. But this was

not written for lawyers but for Communists, and it was done on the basis of the decisions of the Tenth Party Congress on how to conduct the concessions policy. All of our writings, to which people in Europe have access, say that the concessions policy is being directed by the Communist Party, which is the ruling party. This has been rendered into all foreign languages, and there is no catch in it. We would not be in a position to consider any concessions policy at all, if we, being the political leadership, failed to say that in this case we were unable and unwilling to make use of our influence with the trade unions. There is no sense in teaching communism to the capitalists. We are fine Communists, but we are not going to usher in the communist order through concessions. After all, a concession is an agreement with a capitalist power. We would surely have committed to a lunatic asylum any Communist who decided to go and conclude a treaty with a capitalist power on the basis of communist principles. We would tell him that he was a fine Communist in his way but a complete flop as a diplomatist in a capitalist country. The Communist who tried to demonstrate his communism in respect of the concessions policy in an agreement would be just as near to being committed to a lunatic asylum. What you need to have is a good idea of capitalist trade, and if you haven't got it, you're no good. Either don't go in for concessions at all, or make an effort to understand that we must try to use these capitalist conditions in our own interest, by allowing the foreign technicians and workers complete freedom. That we shall not insist on any restrictions in this sphere goes without saying.

Section Three of Point Nine, which follows, does contain a restriction:

"The proportion of foreign workers and employees to Russians, both in total and within the several categories, shall be agreed upon by the parties in concluding each concession agreement separately."

We cannot, of course, object to the importation of foreign workers into areas which we are unable to supply with Russian workers, as, for instance, in the Kamchatka timber industry. In the case of, say, the mining industry, where there is a lack of drinking water or foodstuffs, and where the capitalists

would wish to build, we shall also allow them to bring in the greater part. On the other hand, where Russian workers are available, we stipulate a proportion to give our workers a chance, a) to learn, and b) to improve their condition. After all, we do want our workers to benefit from an improvement of our enterprises according to the last word in capitalist technology. The capitalists have not raised any objections in principle to any of these provisions. And here is Point Ten, the last one:

"10. The concessionaire may, by agreement with the government organs of the R.S.F.S.R., be granted the right to invite highly skilled specialists from among Russian citizens, the terms of employment being agreed with central government bodies in each case."

Plainly, we cannot guarantee full scope in this respect, as we can in respect of foreign technicians and workers. In the latter case, we refrain from interfering, and they are left entirely within the framework of capitalist relations. We promise no such scope for our specialists and technicians, for we cannot have our best men working at the concession enterprises. We have no desire to shut off all access for them to that area, but there must be supervision over the performance of the agreement from above and from below. The workers, members of the Communist Party, who will be employed at these enterprises, must supervise the performance of the terms of the agreement, both in respect of their technical training and observance of our laws. There were no objections in principle on this point in the exploratory talks with some of the magnates of modern capitalism.

All these points have been confirmed by the Council of People's Commissars, and I hope they give you a clear picture of the concessions policy we intend to conduct.

Each concession will undoubtedly be a new kind of war—an economic war—the fight carried into another plane. This calls for adaptation, but one that is in line with the Party Congress. If we are to attain our goal, we must have a respite and must be prepared to make sacrifices and endure hardships. Our goal is: in the capitalist encirclement to make use of the greed of the capitalists for profit and the rivalry between the trusts,

so as to create conditions for the existence of the socialist republic, which cannot exist without having ties with the rest of the world, and must, in the present circumstances, adjust its existence to capitalist relations.

Vol. 32, pp. 301-306, 308-44

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REPLY TO THE DEBATE ON THE REPORT ON CONCESSIONS

Comrades, the question was raised here from the very outset whether our differences in regard to concessions were serious or not, and the desire was expressed, incidentally, by Comrade Shlyapnikov that more systematic information be given on each agreement. I'm afraid this is impracticable, if only for technical reasons. For instance, take the case of peace treaties with different countries. After the general directives, which at first were drafted in great detail, it so fell out that a certain type of treaty with bourgeois countries was adopted by tacit consent, the mass of details being left to the representatives authorised to sign the treaty. And most of these details are probably unknown to the majority of the members of the Council of People's Commissars and the Central Committee. The same here: we were dealing with a question of principle and we thought there was a danger of disagreements arising. Therefore the Party congress had to step in, and therefore the present meeting, in which only members of the Party are taking part, was a meeting called for the purpose of mutual information. We have read out to you what the Council of People's Commissars has adopted.

The C.P.C.'s decision was adopted in spite of the motion by two very prominent trade unionists.[67] What other method of information do the majority of the communist group members have if not through such a meeting as this one? It works out that there were less disagreements than we thought. This is the

most desirable thing for us. No minutes of this meeting are being kept and we do not intend to have a press discussion on it. Our purpose has been achieved.

In informing you of the decision of the Council of People's Commissars, we are letting you know how we have accepted the decision of the Party congress. The remaining differences of opinion do not exceed those which arise from day to day on various questions and are decided by a simple vote, without becoming a hindrance to the work. Submission to the majority in that case is not only a matter of form, but an act that does not hinder further work. I think we have achieved here a result in that no serious differences have come to light, and partial differences will be ironed out in the course of the work itself.

Comrade Ryazanov, characteristically, has tried to drag in disagreements with the Workers' Opposition. He specially chose a formulation that was intended to be a teaser, but he failed in this, and none of the speakers fell for it.

One comrade sent in a note saying that we here are concluding a second Treaty of Brest. The first one had turned out well, as to the second one, he has his doubts. This is partly true, but the present agreement, in the field of economy is something between the Brest Treaty and an agreement with any bourgeois state. We have already signed several such agreements, including a trade agreement with Britain. The one on concessions will be something between the Brest Treaty and such agreements with bourgeois states.

Comrade Ryazanov then passed a remark, quite correctly, which I should like to underline at the very outset. He said that if we want to grant a concession it was not meant to improve the position of the workers, but to raise the productive forces. Quite right! As to improving the position of the workers, we always stand by this. I have here a draft agreement with a Swedish corporation of ball-bearing plants written by the staff of the Supreme Economic Council (*reads*).

This agreement does not stipulate any improvement in the condition of the workers. True, it is so worded that the Russian Government undertakes to supply the workers with everything they need, and if it fails to do this, the capitalists have the

right to bring in workers from abroad. As to the ability of the Russian Government to fulfil everything the plan calls for as far as the workers are concerned, I think that neither we, nor the Supreme Economic Council, nor the Swedes can have any illusions on this score. At any rate, in this Comrade Ryazanov is quite right, for the main thing in concessions is not improvement of the workers' condition, but the raising of the productive forces and such a transaction under which we are making great sacrifices in order to increase output. But what are these sacrifices? I have been told that I gloss over these sacrifices, play them down. Comrade Ryazanov even tried to crack a joke on this score. I did not play down the sacrifices, I only said that we may have to give the capitalists not only hundreds, but thousands of per cent in profits. That's the whole gist of it!

If, as I assumed, on the basis of calculations by our specialists, we take 30-40 per cent of the oil, for instance, for ourselves, if the capitalist, out of every 100 million poods of oil which he produces, takes 50-60 million poods for himself, and possessing the transport, sells them at a profit of perhaps 1000 per cent, or maybe more, then the position is clear. And when I tried to find out from Krasin the terms of his agreement on the basis of his preliminary talks with the businessmen and tycoons, I asked: "Can one conceive of a type of agreement under which we stipulate a definite percentage of profit for the capitalist, say up to 80 per cent." He said: "It is not a question of the size of the profits, because these robbers now make as much as 1000 per cent, not 80."

To my mind, the sacrifices will be very heavy. We shall probably have to make great sacrifices if we are going to give concessions on ores or timber, if we are going to give away raw materials which they are so desperately in need of abroad, such as manganese ore, for example. Georgia has now become Soviet. The thing is to unite the Caucasian Republics into a single economic centre: the Georgian, Azerbaijan and Armenian Republics. Azerbaijan produces oil; it has to be transported via Batum through Georgian territory, so there will be a single economic centre.

According to one report, the Georgian Menshevik government had concluded a concession agreement, which, on the

whole, is acceptable to us. Preliminarily, I could only get in touch with Georgian comrades and ascertain from a talk with Comrade Yenukidze, the Secretary of the All-Russia Central Executive Committee, who is himself a Georgian, that he had been there and concluded an agreement—true, not a concession agreement—with the Menshevik Georgian government granting us without resistance one-sixth of Georgia while retaining a guarantee of inviolability.[68]

After this agreement, to the signing of which Comrade Yenukidze was a party, they preferred nevertheless, despite the guarantee of inviolability, to quit Batum for Constantinople, so that we have gained by this in two ways, positively and negatively—in that we have acquired territory, not for Russia, but for Soviet Georgia—Batum and its environs—and in that we have lost a good many Mensheviks, who have left for Constantinople.

It appears that the Georgian Revolutionary Committee is inclined to confirm the concession on unworked coal-mines, which it considers a very important one. Two representatives of foreign powers were in Georgia and did not leave at the time of the Soviet coup—the Italian and the German—a most important circumstance, as it is desirable to develop relations with these countries, by means, among others, of concessions. Italy even had a concession agreement with Georgia, while in Germany the situation is that some German capitalists own a tremendous per cent of the Chiatura manganese mines. The thing is to transfer the right of ownership to a lease or a concession, that is, to grant on lease to the German capitalists the very mines which they owned as property. Owing to the change in the political situation in the Caucasus, the circumstances are favourable for concession relations. The important thing for us is to force windows open one after another. The agreement with Britain was that of a Socialist Republic with a bourgeois state, an agreement that imposed upon us a certain burden.

To the first state with whom we concluded an agreement we gave a much greater part of our gold fund than we have given to others. But the consequences have shown that thanks to this agreement we have forced open a window of sorts. It is from this point of view that we should judge every concession.

Germany and Italy, owing to their economic position, are obliged to seek an alliance with Russia. For Russia, an alliance with Germany opens up vast economic prospects, irrespective of whether or not the German revolution will soon win a victory there. We can come to terms even with a bourgeois government in Germany, because the Versailles Treaty has made Germany's position impossible, whereas an alliance with Russia opens up entirely different possibilities. Since Italy has no fuel resources of her own, they have taken a coal-mining concession in the Caucasus at coal-fields that have never been worked before. I should not be surprised to see the Germans hankering after oil concessions, as Germany has no fuel at all.

One of the comrades here said that the Kamchatka concession would not improve the condition of the workers. That is absolutely wrong. And Comrade Ryazanov was quite wrong when he tried to crack a joke about our dealings with Vanderlip turning out to be a Vander-slip. True, we made one mistake—our telegram to Harding. But since we have had no agreements or relations with America till now, there was no mistake on our part, and we only found out that Vanderlip had been boasting of his connections with the American Administration. Now it is quite possible that in sending our representatives to Canada, where we are to buy locomotives, that through this side door we may gain some access to the American market.

Negotiations for Kamchatka concessions are beginning to stir now, and it is quite wrong to say that these concessions will not improve the condition of the workers. If these concessions materialise, there will be an undoubted improvement in the condition of the workers, because we shall be receiving a certain deduction share, 2 per cent I believe, and when we have nothing at all, even 2 per cent is something. If we get 20,000 out of one million and use it for an exchange with the peasants, this will give us some of the products the workers need.

Further I wanted to point out that some of the remarks you have made here show that there are disagreements among the trade unionists, or rather perplexities, which are the only real danger and which we, among ourselves, perhaps by further dis-

cussions among the Party members, have to eliminate. For example, Comrade Marshev spoke about payment having to be made in cash, and not by coupons. As to the Amsterdamists[69] and whether they will attack us, we must come to an arrangement about this.

I recently re-read my pamphlet written in May 1918.* I quoted in it the Menshevik newspaper *Vperyod* in which the Menshevik Isuv accused the Soviet government of agreeing to concessions, of having deals with bourgeois states.* It is an old trick of the Mensheviks to blame us for granting concessions. Quite a few groups have already taken shape in this connection in Western Europe. The Communists understand that concessions are a treaty of Brest, which we are obliged to put up with because of the ruined state of a country with a predominantly peasant population. Everyone understands that regeneration of the country without a big industry is unthinkable.

The Communists of Germany understand why we have to give ground, but the Scheidemanns and the $II^1/_2$ International[70] say that these concessions are proof of our complete failure, and I remember at a meeting last year I mentioned the American chauvinist Spargo, who specialised in writing a heap of books about the Bolsheviks in the vein of our Alexinsky, and in connection with the concessions he all but performed a dance of triumph. I mentioned at the time that this was an utter distortion. Yesterday international capital was out to strangle us, and today we have a number of agreements with this international capital.

We are making sacrifices in giving away to foreign capital millions' worth of valuable materials from which they can make profits running into hundreds of per cent. These are sacrifices which we are making deliberately and consciously. But at the same time we should note that while allowing them to make any profit they like, we are receiving the advantages we need ourselves, i.e., increased output, and as far as possible an improvement in the condition of our workers, both those employed at the concession enterprises and those not so employed.

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* See present edition, p. 50.—*Ed.*

Comrade Shlyapnikov said here that it would be a good thing to grant a concession to Russian workers. The idea is absurd. We would then have to guarantee fuel, etc., a thing which we can't guarantee even to our most essential enterprises. We are bad off for fuel. The idea of a concession agreement with Russian workers, generally speaking, is permissible in principle, but such a solution of the problem for our big industry is not serious, since we cannot guarantee them anything, whereas foreign concessionaires can bring in supplies from abroad. That is what distinguishes the agreement with foreign capitalists. They have the world market, we have no secure economic base and would have to spend ten years creating it. This is what we must soberly take into account. All our people engaged in this problem have proved this situation.

We know that the electrification plan is the most economical one. We cannot lease our big factories to the Russian workers. We must stake here on small industry, develop it and not rail at our tax-in-kind measures the way Comrade Ryazanov does, or the author of that pamphlet[71] which says that we are putting through anarcho-syndicalist laws.

As regards the development of small industry, we must take several steps, as we can get something out of it right now without state guarantees, and since we cannot guarantee even our most essential factories, we must do everything we can to develop small industry, which will give us a certain amount of produce which the peasants need.

On the question of cash or coupons I would say this: it would be something to fear if the capitalists had the power, but we have nothing to fear, since all the factories and enterprises are in our hands, and we haven't leased a tenth part of them to the capitalists. I repeat, we have nothing to fear from coupons, as the capitalists will be obliged to stock the goods we tell them to, not just salted fish, as was mentioned here, but such-and-such products. Since we are taking the norm of a foreign worker, we know that under this norm he gets even more and better products than the Russian worker does.

Comrade Shlyapnikov here said: "We have seen concessions." Both Comrade Shlyapnikov and many practical workers make this mistake. I have heard people say: "Your idea of concessions

is schematic. The capitalist has always tricked the most experienced Russian lawyers." To be sure he did, when state power was in the capitalist's hands and he was all-powerful. What was that state power? A committee for the affairs of the propertied master class—that's what it was. A committee for the affairs of the landowners and capitalists—that was what the capitalist government was. But if we, having in our hands most of the factories, mills and railways, with our Party standing at the head—with communist cells below and Communists on top—if we do not hold our own in such conditions, then we might as well commit suicide. And that is panic!

We are not that bad though, I think, to allow ourselves to be tricked, and if we have already concluded several agreements in which the governments in France and Britain had the services of first-class bourgeois diplomats, and if even under these conditions we have not once been tricked, then why should we panic at the idea of being tricked by coupons? Let me remind you of the treaty of Brest. In what way was this treaty difficult? What were the difficulties of defence? When I was asked whether I had any hopes of our being able to fool the Germans, I was obliged, in my official capacity, to say that I did not. But now the treaty of Brest is past history.

I don't know whether the pamphlet Comrade Kamenev was preparing has come out (it deals there with Ludendorf), but I do know that Ludendorf has written a brilliant volume of memoirs in which ten pages are devoted to the Brest negotiations. When Kamenev and I read that chapter we said: "This is the best justification of the Brest Treaty." He tells how Trotsky and the others had driven them into a corner during the talks, how they were outwitted, and so on. We decided there and then that these pages had to be translated and published with a short preface by Comrade Kamenev, and the fact that this hasn't been done yet is a specimen of Soviet ineptitude. Or take a fact like this. We know that Comrade Joffe, our Ambassador to the German Government, was expelled from Germany on the eve of the revolution there. After this, don't try to guess who is going to trick whom. Don't let us lay down how many days will pass between the conclusion of the first concession agreement and the first big European revolution. That is why,

on the question of agreements, I maintain that the comrades are absolutely wrong. There's nothing to worry about.

The agreements will say what goods they are to have and at what price. We can agree to any coupons or ration books. If they break the agreement we have the right to cancel it immediately. The agreement is a civil contract. I haven't gone into the question of what arbitration there is to be and who is to settle disputes, but I shall run through the initial draft of the agreement with the Swedish corporation. It says here: "Differences are settled. . . ."

People here have brought academicians into play, and these will try to bring the lawyers into play. I remember Bebel saying that lawyers were the most reactionary and at the same time bourgeois, people. Of course, we can mend this somehow, but there is nothing at all to worry about. If the concessionaires were to lay down this condition we could accept it. Once the agreement stipulates precisely that there are to be such-and-such goods and payment on the ration book is to be made in such-and-such a way, we can agree to this, and the Socialist Republic has nothing to fear from coupons or ration books. It was further stated that Point 9 was bad because we would be drawing away from the international T.U.C.[72] Lozovsky threatened that the Amsterdam people would slam us, but they will slam us all the same on all other points, and end up, as always, with slamming themselves.

You remember how the Mensheviks intended slamming us for having made the slightest concessions to the capitalists. When we wanted to overthrow capitalism, they said we would overthrow it only for a few days, but when we have overthrown it for a few years, they are trying to set another trap for us. They are trying to lure the enemy into a spot where he is sure to be beaten.

First they called us utopians, then invited us to jump from the fifth floor. We know that we have many small businesses. Petty proprietors are our opponents. The petty-bourgeois element is our most dangerous enemy. Brokers and leaseholders are the lesser enemy. Bureaucracy, too, and bureaucratic abuses are our enemy.

In regard to the point Comrade Lozovsky spoke about, I will

say this—listen to it carefully. It says: "The trade unions shall not have the right to demand application of Russian pay rates or of Russian rules of employment to that category of workers." It speaks here of the Russian trade unions, and I am told about the international unions. Naturally, when the capitalists see the Russian terms, they say they are communist terms, ridiculous terms, and that the Russian trade unions have no right to demand Russian terms of employment, which are likely to be pretty stiff and far-fetched, but they do have a full right to apply international trade union agreements. This is good enough. Nothing is mentioned here about strikes, about their being banned. The thing is to be able not to mention everything before its time.

As to improving the condition of the Russian worker, Comrade Marshev and Tartakovsky have made an attack here, saying you won't be able to cope with the workers, you won't be able to make them work, because if you provide for one-fifth of them, the other four-fifths won't want to work under worse conditions. Do you mean to say we are dealing with workers who are so foolish, uncultivated and undisciplined? If so, then the only thing is to panic and commit suicide. If a hundred workers are underfed and we tell them that we can feed twenty, and no more, do you mean to say they will refuse it? So far we have not come up against anything like it. We have managed somehow to feed workers in certain branches of industry, but not all of them, yet the workers didn't all run away from these enterprises, whereas they all did from other enterprises. Can the Russian worker be so spoilt by the mistakes of Soviet power that he cannot figure out that it were better to feed at least 20 people than to make the whole hundred go hungry? There is a good deal here that ought not to be spoken about before its time. Why can't it be arranged for people to take turns in working for the capitalists? The workers would work six months, get working clothes, then give others a chance to feed up. Of course, we shall have to break down prejudices here.

When concessionaires come here, we must restrain our trade unions from making excessive demands. You know that the usual term of an agreement is a short one. In Europe there are no long-term agreements. The usual term is six months. In this

way the workers will be able to feed up, get boots and clothes, then quit and make way for others.

Is it so impossible to arrange things so that a man works six months, feeds up, gets American boots and clothes, and makes room for the next man? It will be difficult, of course. It will demand a higher degree of organisation and discipline than we have, but it is not impossible. If we have contrived to keep a hold on the workers against an invasion of foreign capital during three years of terrible famine, do you mean to say we won't manage it this time? I realise only too well what difficulties confront us here. And therefore I say that concessions do not signify the advent of peace among the classes. Concessions are a continuation of the war among the classes.

If previously the war could be expressed in—I'll get you through starvation and you'll get nothing, now I say that I want to give the workers a pair of boots each, but I want them to work six months. And we'll fight for all the workers getting boots. We do not reject strikes, all this remains in our hands, if only we are reasonable and try to put the accent now on what we can do to attract the capitalists.

People here have talked about what a great danger this is, saying that the capitalist will come and trick us, but I assert that there is no danger, and that in the interests of raising productivity it is desirable that he should come, because he has a splendidly organised base and splendidly equipped factories, where we can order the necessary parts without having to buy them on the open market, where there is only junk. The first-class factories have their orders booked up for several years ahead. Even if we paid in gold we would not receive anything, whereas a member of the syndicate would get everything he wanted. We wouldn't mind paying him extra if it meant improving the condition of at least a small section of the workers and peasants, because each extra product will go to the peasants in exchange for grain, and that will create stable relations between the working class and the peasantry.

Winding up, I would ask the trade unionists to waive questions of principle and disputes. All these are idle disputes, sheer scholasticism. They should be dropped. Attention should be wholly directed to those practical terms of concession agreements

from which we, if we are sensible, may derive benefit for ourselves. The trade unionists and Party leaders should display here their inventiveness and practical knowledge of conditions, of which we cannot and shall not speak about in the press, because the Russian press is being followed by the capitalists, just as during the Brest talks we did not speak about the instructions that had been given to Comrade Joffe. We shall give practical attention to the practical methods by which we can derive benefit in the way of improving the condition of the workers and peasants. Every such improvement is of tremendous importance to us. This is where the trade unionists should give their attention. All trace of friction and prejudice should be eliminated. It is a difficult business. So far no one has been willing to conclude a concession agreement with us. They are all expecting us to present impracticable demands.

We, therefore, on our part must use every effort to conclude several such agreements. Of course, we shall make a number of mistakes. It is a new business. So far no socialist republic has ever granted concessions to capitalists. But we want the trade unionists to help us. There is vast scope here for interpretations and pressure, including strikes, which remain in our hands.

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From the pamphlet THE TAX IN KIND

(The Significance of the New Economic Policy and Its Conditions)

TAX IN KIND, FREEDOM TO TRADE AND CONCESSIONS

In the arguments of 1918 quoted above there are a number of mistakes as regards the periods of time involved.[73] These turned out to be longer than was anticipated at that time. That is not surprising. But the basic elements of our economy have remained the same. In a very large number of cases the peasant "poor" (proletarians and semi-proletarians) have become middle peasants. This has caused an increase in the small-proprietor, petty-bourgeois "element". The Civil War of 1918-20 aggravated the havoc in the country, retarded the restoration of its productive forces, and bled the proletariat more than any other class. To this was added the 1920 crop failure, the fodder shortage and the loss of cattle, which still further retarded the rehabilitation of transport and industry, because, among other things, it interfered with the employment of peasants' horses for carting wood, our main type of fuel.

As a result, the political situation in the spring of 1921 was such that immediate, very resolute and urgent measures had to be taken to improve the condition of the peasants and to increase their productive forces.

Why the peasants and not the workers?

Because you need grain and fuel to improve the condition of the workers. This is the biggest "hitch" at the present time, from the standpoint of the economy as a whole. For it is impossible to increase the production and collection of grain and the storage and delivery of fuel except by improving the condition of the peasantry, and raising their productive forces. We must start with the peasantry. Those who fail to understand this, and think this putting the peasantry in the forefront is "re-

nunciation" of the dictatorship of the proletariat, or something like that, simply do not stop to think, and allow themselves to be swayed by the power of words. The dictatorship of the proletariat is the direction of policy by the proletariat. The proletariat, as the leading and ruling class, must be able to direct policy in such a way as to solve first the most urgent and "vexed" problem. The most urgent thing at the present time is to take measures that will immediately increase the productive forces of peasant farming. Only *in this way* will it be possible to improve the condition of the workers, strengthen the alliance between the workers and peasants, and consolidate the dictatorship of the proletariat. The proletarian or representative of the proletariat who *refused* to improve the condition of the workers *in this way* would *in fact* prove himself to be an accomplice of the whiteguards and the capitalists; to refuse to do it in this way means putting the craft interests of the workers above their class interests, and sacrificing the interests of the whole of the working class, its dictatorship, its alliance with the peasantry against the landowners and capitalists, and its leading role in the struggle for the emancipation of labour from the yoke of capital, for the sake of an immediate, short-term and partial advantage for the workers.

Thus, the first thing we need is immediate and serious measures to raise the productive forces of the peasantry.

This cannot be done without making important changes in our food policy. One such change was the replacement of the surplus appropriation system by the tax in kind, which implies a free market, at least in local economic exchange, after the tax has been paid.

What is the essence of this change?

Wrong ideas on this point are widespread. They are due mainly to the fact that no attempt is being made to study the meaning of the transition or to determine its implications, it being assumed that the change is from communism in general to the bourgeois system in general. To counteract this mistake, one has to refer to what was said in May 1918.

The tax in kind is one of the forms of transition from that peculiar War Communism, which was forced on us by extreme want, ruin and war, to regular socialist exchange of products.

The latter, in its turn, is one of the forms of transition from socialism, with the peculiar features due to the predominantly small-peasant population, to communism.

Under this peculiar War Communism we actually took from the peasant all his surpluses—and sometimes even a part of his necessaries—to meet the requirements of the army and sustain the workers. Most of it we took on loan, for paper money. But for that, we would not have beaten the landowners and capitalists in a ruined small-peasant country. The fact that we did (in spite of the help our exploiters got from the most powerful countries of the world) shows not only the miracles of heroism the workers and peasants can perform in the struggle for their emancipation; it also shows that when the Mensheviks, Socialist-Revolutionaries and Kautsky and Co. *blamed* us for this War Communism they were acting as lackeys of the bourgeoisie. We deserve credit for it.

Just how much credit is a fact of equal importance. It was the war and the ruin that forced us into War Communism. It was not, and could not be, a policy that corresponded to the economic tasks of the proletariat. It was a makeshift. The correct policy of the proletariat exercising its dictatorship in a small-peasant country is to obtain grain in exchange for the manufactured goods the peasant needs. That is the only kind of food policy that corresponds to the tasks of the proletariat, and can strengthen the foundations of socialism and lead to its complete victory.

The tax in kind is a transition to this policy. We are still so ruined and crushed by the burden of war (which was on but yesterday and could break out anew tomorrow, owing to the rapacity and malice of the capitalists) that we cannot give the peasant manufactured goods in return for *all* the grain we need. Being aware of this, we are introducing the tax in kind, that is, we shall take the minimum of grain we require (for the army and the workers) in the form of a tax and obtain the rest in exchange for manufactured goods.

There is something else we must not forget. Our poverty and ruin are so great that we cannot restore large-scale socialist state industry *at one stroke*. This can be done with large stocks of grain and fuel in the big industrial centres, replacement of

worn-out machinery, and so on. Experience has convinced us that this cannot be done at one stroke, and we know that after the ruinous imperialist war even the wealthiest and most advanced countries will be able to solve this problem only over a fairly long period of years. Hence, it is necessary, to a certain extent, to help to restore *small* industry, which does not demand of the state machines, large stocks of raw material, fuel and food, and which can immediately render some assistance to peasant farming and increase its productive forces right away.

What is to be the effect of all this?

It is the revival of the petty bourgeoisie and of capitalism on the basis of some freedom of trade (if only local). That much is certain and it is ridiculous to shut our eyes to it.

Is it necessary? Can it be justified? Is it not dangerous?

Many such questions are being asked, and most are merely evidence of simple-mindedness, to put it mildly.

Look at my May 1918 definition of the elements (constituent parts) or the various socio-economic structures in our economy.* No one can deny the existence of all these five stages (or constituent parts), of the five forms of economy—from the patriarchal, i.e., semi-barbarian, to the socialist system. That the small-peasant "structure", partly patriarchal, partly petty bourgeois, predominates in a small-peasant country is self-evident. It is an incontrovertible truth, elementary to political economy, which even the layman's everyday experience will confirm, that once you have exchange the small economy is bound to develop the petty-bourgeois-capitalist way.

What is the policy the socialist proletariat can pursue in the face of this economic reality? Is it to give the small peasant *all* he needs of the goods produced by large-scale socialist industries in exchange for his grain and raw materials? This would be the most desirable and "correct" policy—and we have started on it. But we cannot supply *all* the goods, very far from it; nor shall we be able to do so very soon—at all events not until we complete the first stage of the electrification of the whole country. What is to be done? One way is to try to prohibit entirely, to put the lock on all development of private, non-state

* See present edition, pp. 38-39.—*Ed.*

exchange, i.e., trade, i.e., capitalism, which is inevitable with millions of small producers. But such a policy would be foolish and suicidal for the party that tried to apply it. It would be foolish because it is economically impossible. It would be suicidal because the party that tried to apply it would meet with inevitable disaster. Let us admit it: some Communists have sinned "in thought, word and deed" by adopting just *such* a policy. We shall try to rectify these mistakes, and this must be done without fail, otherwise things will come to a very sorry state.

The alternative (and this is the only sensible and the last *possible* policy) is not to try to prohibit or put the lock on the development of capitalism, but to channel it into *state capitalism*. This is economically possible, for state capitalism exists—in varying form and degree—wherever there are elements of unrestricted trade and capitalism in general.

Can the Soviet state and the dictatorship of the proletariat be combined with state capitalism? Are they compatible?

Of course they are. This is exactly what I argued in May 1918. I hope I had proved it then. I had also proved that state capitalism is a step forward compared with the small-proprietor (both small-patriarchal and petty-bourgeois) element. Those who compare state capitalism only with socialism commit a host of mistakes, for in the present political and economic circumstances it is essential to compare state capitalism also with petty-bourgeois production.

The whole problem—in theoretical and practical terms—is to find the correct methods of directing the development of capitalism (which is to some extent and for some time inevitable) into the channels of state capitalism, and to determine how we are to hedge it about with conditions to ensure its transformation into socialism in the near future.

In order to approach the solution of this problem we must first of all picture to ourselves as distinctly as possible what state capitalism will and can be in practice inside the Soviet system and within the framework of the Soviet state.

Concessions are the simplest example of how the Soviet government directs the development of capitalism into the channels of state capitalism and "implants" state capitalism. We all

agree now that concessions are necessary, but have we all thought about the implications? What are concessions under the Soviet system, viewed in the light of the above-mentioned forms of economy and their interrelations? They are an agreement, an alliance, a bloc between the Soviet, i.e., proletarian, state power and state capitalism against the small-proprietor (patriarchal and petty-bourgeois) element. The concessionaire is a capitalist. He conducts his business on capitalist lines, for profit, and is willing to enter into an agreement with the proletarian government in order to obtain superprofits or raw materials which he cannot otherwise obtain, or can obtain only with great difficulty. Soviet power gains by the development of the productive forces, and by securing an increased quantity of goods immediately, or within a very short period. We have, say, a hundred oilfields, mines and forest tracts. We cannot develop all of them for we lack the machines, the food and the transport. This is also why we are doing next to nothing to develop the other territories. Owing to the insufficient development of the large enterprises the small-proprietor element is more pronounced in all its forms, and this is reflected in the deterioration of the surrounding (and later the whole of) peasant farming, the disruption of its productive forces, the decline in its confidence in the Soviet power, pilfering and widespread petty (the most dangerous) profiteering, etc. By "implanting" state capitalism in the form of concessions, the Soviet government strengthens large-scale production as against petty production, advanced production as against backward production, and machine production as against hand production. It also obtains a larger quantity of the products of large-scale industry (its share of the output), and strengthens state-regulated economic relations as against the anarchy of petty-bourgeois relations. The moderate and cautious application of the concessions policy will undoubtedly help us quickly to improve (to a modest extent) the state of industry and the condition of the workers and peasants. We shall, of course, have all this at the price of certain sacrifices and the surrender to the capitalist of many millions of poods of very valuable products. The scale and the conditions under which concessions cease to be a danger and are turned to our advantage depend on the relation of forces and are decided in the struggle, for concessions

are also a form of struggle, and are a continuation of the class struggle in another form, and in no circumstances are they a substitution of class peace for class war. Practice will determine the methods of struggle.

Compared with other forms of state capitalism within the Soviet system, concessions are perhaps the most simple and clear-cut form of state capitalism. It involves a formal written agreement with the most civilised, advanced, West-European capitalism. We know exactly what our gains and our losses, our rights and obligations are. We know exactly the term for which the concession is granted. We know the terms of redemption before the expiry of the agreement if it provides for such redemption. We pay a certain "tribute" to world capitalism; we "ransom" ourselves under certain arrangements, thereby immediately stabilising the Soviet power and improving our economic conditions. The whole difficulty with concessions is giving the proper consideration and appraisal of all the circumstances when concluding a concession agreement, and then seeing that it is fulfilled. Difficulties there certainly are, and mistakes will probably be inevitable at the outset. But these are minor difficulties compared with the other problems of the social revolution and, in particular, with the difficulties arising from other forms of developing, permitting and implanting state capitalism.

The most important task that confronts all Party and Soviet workers in connection with the introduction of the tax in kind is to apply the principles of the "concessions" policy (i.e., a policy that is similar to "concession" state capitalism) to the other forms of capitalism—unrestricted trade, local exchange, etc.

Take the co-operatives. It is not surprising that the tax in kind decree immediately necessitated a revision of the regulations governing the co-operatives and a certain extension of their "freedom" and rights. The co-operatives are also a form of state capitalism, but a less simple one; its outline is less distinct, it is more intricate and therefore creates greater practical difficulties for the government. The small commodity producers' co-operatives (and it is these, and not the workers' co-operatives, that we are discussing as the predominant and typical form in a small-peasant country) inevitably give rise to petty-bourgeois, capitalist relations, facilitate their development, push the small

capitalists into the foreground and benefit them most. It cannot be otherwise, since the small proprietors predominate, and exchange is necessary and possible. In Russia's present conditions, freedom and rights for the co-operative societies mean freedom and rights for capitalism. It would be stupid or criminal to close our eyes to this obvious truth.

But, unlike private capitalism, "co-operative" capitalism under the Soviet system is a variety of state capitalism, and as such it is advantageous and useful for us at the present time—in certain measure, of course. Since the tax in kind means the free sale of surplus grain (over and above that taken in the form of the tax), we must exert every effort to direct *this* development of capitalism—for a free market *is* development of capitalism—into the channels of co-operative capitalism. It resembles state capitalism in that it facilitates accounting, control, supervision and the establishment of contractual relations between the state (in this case the Soviet state) and the capitalist. Co-operative trade is more advantageous and useful than private trade not only for the above-mentioned reasons, but also because it facilitates the association and organisation of millions of people, and eventually of the entire population, and this in its turn is an enormous gain from the standpoint of the subsequent transition from state capitalism to socialism.

Let us make a comparison of concessions and co-operatives as forms of state capitalism. Concessions are based on large-scale machine industry; co-operatives are based on small, handicraft, and partly even on patriarchal industry. Each concession agreement affects one capitalist, firm, syndicate, cartel or trust. Co-operative societies embrace many thousands and even millions of small proprietors. Concessions allow and even imply a definite agreement for a specified period. Co-operative societies allow of neither. It is much easier to repeal the law on the co-operatives than to annul a concession agreement, but the annulment of an agreement means a sudden rupture of the practical relations of economic alliance, or economic coexistence, with the capitalist, whereas the repeal of the law on the co-operatives, or any law, for that matter, does not immediately break off the practical coexistence of Soviet power and the small capitalists, nor, in general, is it able to break off the actual economic relations. It is easy to "keep an eye" on a concessionaire but not on the co-operators. The transition from concessions to socialism is a transition from one form of large-scale production to another. The transition from small-proprietor co-operatives to socialism is a transition from small to large-scale production, i.e., it is more complicated, but, if successful, is capable of embracing wider masses of the population, and pulling up the deeper and more tenacious roots of the old, pre-socialist and even pre-capitalist relations, which most stubbornly resist all "innovations". The concessions policy, if successful, will give us a few model—compared with our own—large enterprises built on the level of modern advanced capitalism. After a few decades these enterprises will revert to us in their entirety. The co-operative policy, if successful, will result in raising the small economy and in facilitating its transition, within an indefinite period, to large-scale production on the basis of voluntary association.

Take a third form of state capitalism. The state enlists the capitalist as a merchant and pays him a definite commission on the sale of state goods and on the purchase of the produce of the small producer. A fourth form: the state leases to the capitalist entrepreneur an industrial establishment, oilfields, forest tracts, land, etc., which belong to the state, the lease being very similar to a concession agreement. We make no mention of, we give no thought or notice to, these two latter forms of state capitalism, not because we are strong and clever but because we are weak and foolish. We are afraid to look the "vulgar truth" squarely in the face, and too often yield to "exalting deception".[74] We keep repeating that "we" are passing from capitalism to socialism, but do not bother to obtain a distinct picture of the "we". To keep this picture clear we must constantly have in mind the whole list—without any exception—of the constituent parts of our national economy, of all its diverse forms that I gave in my article of May 5, 1918.* "We", the vanguard, the advanced contingent of the proletariat, are passing directly to socialism; but the advanced contingent is only a small part of the whole of the proletariat while the latter, in its turn, is only a small part of the whole population. If "we" are

* See present edition, pp. 38-39.—*Ed.*

successfully to solve the problem of our immediate transition to socialism, we must understand what *intermediary* paths, methods, means and instruments are required for the transition from *pre-capitalist* relations to socialism. That is the whole point.

Look at the map of the R.S.F.S.R. There is room for dozens of large civilised states in those vast areas which lie to the north of Vologda, the south-east of Rostov-on-Don and Saratov, the south of Orenburg and Omsk, and the north of Tomsk. They are a realm of patriarchalism, and semi- and downright barbarism. And what about the peasant backwoods of the rest of Russia, where scores of versts[75] of country track, or rather of trackless country, lie between the villages and the railways, i.e., the material link with the big cities, large-scale industry, capitalism and culture? Isn't that also an area of wholesale patriarchalism, Oblomovism[76] and semi-barbarism?

Is an immediate transition to socialism from the state of affairs predominating in Russia conceivable? Yes, it is, to a certain degree, but on one condition, the precise nature of which we now know thanks to a great piece of scientific work[77] that has been completed. It is electrification. If we construct scores of district electric power stations (we now know where and how these can and should be constructed), and transmit electric power to every village, if we obtain a sufficient number of electric motors and other machinery, we shall not need, or shall hardly need, any transition stages or intermediary links between patriarchalism and socialism. But we know perfectly well that it will take at least ten years only to complete the first stage of this "one" condition; this period can be conceivably reduced only if the proletarian revolution is victorious in such countries as Britain, Germany or the U.S.A.

Over the next few years we must learn to think of the intermediary links that can facilitate the transition from patriarchalism and small production to socialism. "We" continue saying now and again that "capitalism is a bane and socialism is a boon". But such an argument is wrong, because it fails to take into account the aggregate of the existing economic forms and singles out only two of them.

Capitalism is a bane compared with socialism. Capitalism is a

boon compared with medievalism, small production, and the evils of bureaucracy which spring from the dispersal of the small producers. Inasmuch as we are as yet unable to pass directly from small production to socialism, some capitalism is inevitable as the elemental product of small production and exchange; so that we must utilise capitalism (particularly by directing it into the channels of state capitalism) as the intermediary link between small production and socialism, as a means, a path, and a method of increasing the productive forces.

Look at the economic aspect of the evils of bureaucracy. We see nothing of them on May 5, 1918. Six months after the October Revolution, with the old bureaucratic apparatus smashed from top to bottom, we feel none of its evils.

A year later, the Eighth Congress of the Russian Communist Party (March 18-23, 1919) adopted a new Party Programme in which we spoke forthrightly of "*a partial revival of bureaucracy within the Soviet system*"—not fearing to admit the evil, but desiring to reveal, expose and pillory it and to stimulate thought, will, energy and action to combat it.

Two years later, in the spring of 1921, after the Eighth Congress of Soviets (December 1920), which discussed the evils of bureaucracy, and after the Tenth Congress of the Russian Communist Party (March 1921), which summed up the controversies closely connected with an analysis of these evils, we find *them* even more distinct and sinister. What are their economic roots? They are mostly of a dual character: on the one hand, a developed bourgeoisie needs a bureaucratic apparatus, primarily a military apparatus, and then a judiciary, etc., to use against the revolutionary movement of the workers (and partly of the peasants). That is something we have not got. Ours are class courts directed against the bourgeoisie. Ours is a class army directed against the bourgeoisie. The evils of bureaucracy are not in the army, but in the institutions serving it. In our country bureaucratic practices have different economic roots, namely, the atomised and scattered state of the small producer with his poverty, illiteracy, lack of culture, the absence of roads and *exchange* between agriculture and industry, the absence of connection and interaction between them. This is largely the result of the Civil War. We could not restore industry when we were

blockaded, besieged on all sides, cut off from the whole world and later from the grain-bearing South, Siberia, and the coal-fields. We could not afford to hesitate in introducing War Communism, or daring to go to the most desperate extremes: to save the workers' and peasants' rule we had to suffer an existence of semi-starvation and worse than semi-starvation, but to hold on at all costs, in spite of unprecedented ruin and the absence of economic intercourse. We did not allow ourselves to be frightened, as the Socialist-Revolutionaries and Mensheviks did (who, in fact, followed the bourgeoisie largely because they were scared). But the factor that was crucial to victory in a blockaded country—a besieged fortress—revealed its negative side by the spring of 1921, just when the last of the whiteguard forces were finally driven from the territory of the R.S.F.S.R. In the besieged fortress, it was possible and imperative to "lock up" all exchange; with the masses displaying extraordinary heroism this could be borne for three years. After that, the ruin of the small producer increased, and the restoration of large-scale industry was further delayed, and postponed. Bureaucratic practices, as a legacy of the "siege" and the superstructure built over the isolated and downtrodden state of the small producer, fully revealed themselves.

We must learn to admit an evil fearlessly in order to combat it the more firmly, in order to start from scratch again and again; we shall have to do this many a time in every sphere of our activity, finish what was left undone and choose different approaches to the problem. In view of the obvious delay in the restoration of large-scale industry, the "locking up" of exchange between industry and agriculture has become intolerable. Consequently, we must concentrate on what we can do: restoring small industry, helping things from that end, propping up the side of the structure that has been half-demolished by the war and blockade. We must do everything possible to develop trade at all costs, without being afraid of capitalism, because the limits we have put to it (the expropriation of the landowners and of the bourgeoisie in the economy, the rule of the workers and peasants in politics) are sufficiently narrow and "moderate". This is the fundamental idea and economic significance of the tax in kind.

All Party and Soviet workers must concentrate their efforts and attention on generating the utmost local initiative in economic development—in the gubernias, still more in the uyezds, still more in the volosts and villages—for the special purpose of immediately improving peasant farming, even if by "small" means, on a small scale, helping it by developing small local industry. The integrated state economic plan demands that this should become the focus of concern and "priority" effort. Some improvement here, closest to the broadest and deepest "foundation", will permit of the speediest transition to a more vigorous and successful restoration of large-scale industry.

Hitherto the food supply worker has known only one fundamental instruction: collect 100 per cent of the grain appropriations. Now he has another instruction: collect 100 per cent of the tax in the shortest possible time and then collect another 100 per cent in exchange for the goods of large-scale *and small* industry. Those who collect 75 per cent of the tax and 75 per cent (of the second hundred) in exchange for the goods of large-scale and small industry will be doing more useful work of national importance than those who collect 100 per cent of the tax and 55 per cent (of the second hundred) by means of exchange. The task of the food supply worker now becomes more complicated. On the one hand, it is a fiscal task: collect the tax as quickly and as efficiently as possible. On the other hand, it is a general economic task: try to direct the co-operatives, assist small industry, develop local initiative in such a way as to increase the exchange between agriculture and industry and put it on a sound basis. Our bureaucratic practices prove that we are still doing a very bad job of it. We must not be afraid to admit that in this respect *we still have a great deal to learn from the capitalist*. We shall compare the practical experience of the various gubernias, uyezds, volosts and villages: in one place private capitalists, big and small, have achieved so much; those are their approximate profits. That is the tribute, the fee, we have to pay for the "schooling". We shall not mind paying for it if we learn a thing or two. That much has been achieved in a neighbouring locality through co-operation. Those are the profits of the co-operatives. And in a third place, that much has

been achieved by purely state and communist methods (for the present, this third case will be a rare exception).

It should be the primary task of every regional economic centre and economic conference of the gubernia executive committees immediately to organise various experiments, or systems of "exchange" for the surplus stocks remaining after the tax in kind has been paid. In a few months' time practical results must be obtained for comparison and study. Local or imported salt; paraffin oil from the nearest town; the handicraft wood-working industry; handicrafts using local raw materials and producing certain, perhaps not very important, but necessary and useful, articles for the peasants; "green coal" (the utilisation of small local water power resources for electrification), and so on and so forth—all this must be brought into play in order to stimulate exchange between industry and agriculture at all costs. Those who achieve the best results in this sphere, even by means of private capitalism, even without the co-operatives, or without directly transforming this capitalism into state capitalism, will do more for the cause of socialist construction in Russia than those who "ponder over" the purity of communism, draw up regulations, rules and instructions for state capitalism and the co-operatives, but do nothing practical to stimulate trade.

Isn't it paradoxical that private capital should be helping socialism?

Not at all. It is, indeed, an irrefutable economic fact. Since this is a small-peasant country with transport in an extreme state of dislocation, a country emerging from war and blockade under the political guidance of the proletariat—which controls the transport system and large-scale industry—it inevitably follows, first, that at the present moment local exchange acquires first-class significance, and, second, that there is a possibility of assisting socialism by means of private capitalism (not to speak of state capitalism)...

Incidentally, we should note as a small but significant circumstance the necessary change in our attitude to the problem of combating profiteering. We must foster "proper" trade, which is one that does not evade state control; it is to our advantage to develop it. But profiteering, in its politico-economic sense, *cannot* be distinguished from "proper" trade. Freedom of

trade is capitalism; capitalism is profiteering. It would be ridiculous to ignore this.

What then should be done? Shall we declare profiteering to be no longer punishable?

No. We must revise and redraft all the laws on profiteering, and declare all *pilfering* and every direct or indirect, open or concealed *evasion of state control, supervision and accounting* to be a punishable offence (and in fact prosecuted with redoubled severity). It is by presenting the question in this way (the Council of People's Commissars has already started, that is to say, it has ordered that work be started, on the revision of the anti-profiteering laws) that we shall succeed in directing the rather inevitable but necessary development of capitalism into the channels of *state* capitalism.

POLITICAL SUMMARY AND DEDUCTIONS

With enormous difficulty, and in the course of desperate struggles, the Bolsheviks have trained a proletarian vanguard that is capable of governing; they have created and successfully defended the dictatorship of the proletariat. After the test of four years of practical experience, the relation of class forces in Russia has become as clear as day: the steeled and tempered vanguard of the only revolutionary class; the vacillating petty-bourgeois element; and the Milyukovs, the capitalists and landowners, lying in wait abroad and supported by the world bourgeoisie. It is crystal-clear: only the latter are able to take advantage of any "shift of power", and will certainly do so.

In the 1918 pamphlet I quoted above, this point was put very clearly: "the principal enemy" is the "petty-bourgeois element". "Either we subordinate it to our control and accounting, or it will overthrow the workers' power as surely and as inevitably as the revolution was overthrown by the Napoleons and the Cavaignacs who sprang from this very soil of petty proprietorship. This is how the question stands. That is the only view we can take of the matter." (Excerpt from the pamphlet of May 5, 1918, cf. above.*)

* See present edition, pp. 39-40.—*Ed.*

Our strength lies in complete clarity and the sober consideration of *all* the existing class magnitudes, both Russian and international; and in the inexhaustible energy, iron resolve and devotion in struggle that arise from this. We have many enemies, but they are disunited, or do not know their own minds (like all the petty bourgeoisie, all the Martovs and Chernovs, all the non-party elements and anarchists). But we are united—directly among ourselves and indirectly with the proletarians of all countries; we know just what we want. That is why we are invincible on a world scale, although this does not in the least preclude the possibility of defeat for individual proletarian revolutions for longer or shorter periods.

There is good reason for calling the petty-bourgeois element an element, for it is indeed something that is most amorphous, indefinite and unconscious. The petty-bourgeois Narcissuses imagine that "universal suffrage" abolishes the nature of the small producer under capitalism. As a matter of fact, it *helps* the bourgeoisie, through the church, the press, the teachers, the police, the militarists and a thousand and one forms of economic oppression, to *subordinate* the scattered small producers. Ruin, want and the hard conditions of life give rise to vacillation: one day for the bourgeoisie, the next, for the proletariat. Only the steeled proletarian vanguard is capable of withstanding and overcoming this vacillation.

The events of the spring of 1921[78] once again revealed the role of the Socialist-Revolutionaries and Mensheviks: they help the vacillating petty-bourgeois element to recoil from the Bolsheviks, to cause a "shift of power" in favour of the capitalists and landowners. *The Mensheviks and Socialist-Revolutionaries have now learned to don the "non-party" disguise.* This has been fully proved. Only fools now fail to see this and understand that we must not allow ourselves to be fooled. Non-Party conferences are not a fetish. They are valuable if they help us to come closer to the impassive masses—the millions of working people still outside politics. They are harmful if they provide a platform for the Mensheviks and Socialist-Revolutionaries masquerading as "non-party" men. They are helping the mutinies, and the whiteguards. The place for Mensheviks and Socialist-Revolutionaries, avowed or in non-party guise, is not at a non-

Party conference but in prison (or on foreign journals, side by side with the whiteguards; we were glad to let Martov go abroad). We can and must find other methods of testing the mood of the masses and coming closer to them. We suggest that those who want to play the parliamentary, constituent assembly and non-Party conference game, should go abroad; over there, by Martov's side, they can try the charms of "democracy" and ask Wrangel's soldiers about them. We have no time for this "opposition" at "conferences" game. We are surrounded by the world bourgeoisie, who are watching for every sign of vacillation in order to bring back "their own men", and restore the landowners and the bourgeoisie. We will keep in prison the Mensheviks and Socialist-Revolutionaries, whether avowed or in "non-party" guise.

We shall employ every means to establish closer contacts with the masses of working people untouched by politics—except such means as give scope to the Mensheviks and Socialist-Revolutionaries, and the *vacillations that benefit Milyukov*. In particular, we shall zealously draw into Soviet work, primarily economic work, hundreds upon hundreds of non-Party people, real non-Party people from the masses, the rank and file of workers and peasants, and not those who have adopted non-party colours in order to crib Menshevik and Socialist-Revolutionary instructions which are so much to Milyukov's advantage. Hundreds and thousands of non-Party people are working for us, and scores occupy very important and responsible posts. We must pay more attention to the way they work. We must do more to promote and test thousands and thousands of rank-and-file workers, to try them out systematically and persistently, and appoint hundreds of them to higher posts, if experience shows that they can fill them.

Our Communists still do not have a sufficient understanding of their real duties of administration: they should not strive to do "everything themselves", running themselves down and failing to cope with everything, undertaking twenty jobs and finishing none. They should check up on the work of scores and hundreds of assistants, arrange to have their work checked up from below, i.e., by the real masses. They should *direct* the work and *learn* from those who have the knowledge (the spe-

cialists) and the experience in organising large-scale production (the capitalists). The intelligent Communist will not be afraid to learn from the military expert, although nine-tenths of the military experts are capable of treachery at every opportunity. The wise Communist will not be afraid to learn from a capitalist (whether a big capitalist concessionaire, a commission agent, or a petty capitalist co-operator, etc.), although the capitalist is no better than the military expert. Did we not learn to catch treacherous military experts in the Red Army, to bring out the honest and conscientious, and, on the whole, to utilise thousands and tens of thousands of military experts? We are learning to do the same thing (in an unconventional way) with engineers and teachers, although we are not doing it as well as we did it in the Red Army (there Denikin and Kolchak spurred us on, compelled us to learn more quickly, diligently and intelligently). We shall also learn to do it (again in an unconventional way) with the commission agents, with the buyers working for the state, the petty capitalist co-operators, the entrepreneur concessionaires, etc.

The condition of the masses of workers and peasants needs to be improved right away. And we shall achieve this by putting new forces, including non-Party forces, to useful work. The tax in kind, and a number of measures connected with it, will facilitate this; we shall thereby cut at the economic root of the small producer's inevitable vacillations. And we shall ruthlessly fight the political vacillations, which benefit no one but Milyukov. The waverers are many, we are few. The waverers are disunited, we are united. The waverers are not economically independent, the proletariat is. The waverers don't know their own minds: they want to do something very badly, but Milyukov won't let them. We know what we want.

And that is why we shall win.

CONCLUSION

To sum up.

The tax in kind is a transition from War Communism to a regular socialist exchange of products.

The extreme ruin rendered more acute by the crop failure in 1920 has made this transition urgently necessary owing to the fact that it was impossible to restore large-scale industry rapidly.

Hence, the first thing to do is to improve the condition of the peasants. The means are the tax in kind, the development of exchange between agriculture and industry, and the development of small industry.

Exchange is freedom of trade; it is capitalism. It is useful to us inasmuch as it will help us overcome the dispersal of the small producer, and to a certain degree combat the evils of bureaucracy; to what extent this can be done will be determined by practical experience. The proletarian power is in no danger, as long as the proletariat firmly holds power in its hands, and has full control of transport and large-scale industry.

The fight against profiteering must be transformed into a fight against stealing and the evasion of state supervision, accounting and control. By means of this control we shall direct the capitalism that is to a certain extent inevitable and necessary for us into the channels of state capitalism.

The development of local initiative and independent action in encouraging exchange between agriculture and industry must be given the fullest scope at all costs. The practical experience gained must be studied; and this experience must be made as varied as possible.

We must give assistance to small industry servicing peasant farming and helping to improve it. To some extent, this assistance may be given in the form of raw materials from the state stocks. It would be most criminal to leave these raw materials unprocessed.

We must not be afraid of Communists "learning" from bourgeois experts, including merchants, petty capitalist co-operators and capitalists, in the same way as we learned from the military experts, though in a different form. The results of the "learning" must be tested only by practical experience and by doing things better than the bourgeois experts at your side; try in every way to secure an improvement in agriculture and industry, and to develop exchange between them. Do not grudge them the "tuition" fee: none will be too high, provided we learn something.

Do everything to help the masses of working people, to come closer to them, and to promote from their ranks hundreds and thousands of non-Party people for the work of economic administration. As for the "non-Party" people who are only Mensheviks and Socialist-Revolutionaries disguised in fashionable non-party attire *à la* Kronstadt, they should be kept safe in prison, or packed off to Berlin, to join Martov in freely enjoying all the charms of pure democracy and freely exchanging ideas with Chernov, Milyukov and the Georgian Mensheviks.

April 21, 1921

Vol. 32, pp. 341-54, 357, 360-65

CONCESSIONS AND THE DEVELOPMENT OF CAPITALISM

Recorded Speech

The Soviet government is inviting foreign capitalists to obtain concessions in Russia.

What is a concession? It is a contract between the government and a capitalist who undertakes to organise or improve production (for example, felling and floating timber, extracting coal, oil, ore, etc.) and to pay the government a share of the product obtained, keeping the rest as his profit.

Is it right for the Soviet government to invite foreign capitalists after expelling the Russian landowners and capitalists? Yes, it is, because, seeing that the workers' revolution in other countries is delayed, we have to make some sacrifices in order to achieve a rapid and even immediate improvement in the condition of the workers and peasants. The sacrifice is that over a number of years we shall be giving away to the capitalists tens of millions of poods of valuable products. The improvement in the condition of the workers and peasants is that we shall immediately obtain additional quantities of petroleum, paraffin oil, salt, coal, farming implements, and so forth. We have no right to forego the opportunity of immediately improving the condition of the workers and peasants, for our impoverishment makes it essential, and our sacrifices will not be fatal.

But is it not dangerous to invite the capitalists? Does it not imply a development of capitalism? Yes, it does imply a development of capitalism, but this is not dangerous, because power will still be in the hands of the workers and peasants, and the landowners and capitalists will not be getting back their property. A concession is something in the nature of a contract of lease.

The capitalist becomes, for a specified period, the lessee of a certain part of state property under a contract, but he does not become the owner. The state remains the owner.

The Soviet government will see to it that the capitalist lessee abides by the terms of the contract, that the contract is to our advantage, and that, as a result, the condition of the workers and peasants is improved. On these terms the development of capitalism is not dangerous, and the workers and peasants stand to gain by obtaining a larger quantity of products.

N. Lenin

April 25, 1921

Vol. 32, pp. 368-69

From a letter TO M. F. SOKOLOV*

May 16

Comrade *M. Sokolov,* Secretary of the Department
for Management of Property Evacuated from Poland

Dear Comrade,

I have received and read your draft report for May 18.[79] You write that I have "slipped up". On the one hand, you say, by leasing forests, land, etc., we are introducing *state capitalism,* and on the other hand, he (Lenin) "talks" about "expropriating the landowners".

This seems to you a contradiction.

You are mistaken. Expropriation means *deprivation of property.* A lessee is *not* a property-owner. That means there is no contradiction.

The introduction of capitalism (*in moderation* and skilfully, as I say more than once in my pamphlet[80]) is possible without restoring the landowners' property. A lease is a contract *for a period.* Both ownership and control remain *with us,* the workers' state.

"What fool of a lessee will spend money on model organisation," you write, "if he *is pursued by the thought of possible expropriation....*"

Expropriation is a *fact,* not a *possibility.* That makes a big difference. *Before* actual expropriation not a single capitalist would have entered our service as a lessee. Whereas now "they", the capitalists, have fought three years, and wasted *hundreds*

* At the top of the letter Lenin wrote: "(from Lenin) (to be signed on receipt) to *M. Sokolov,* 18 Malaya Nikitskaya."—*Ed.*

of millions of rubles in gold of their own (and those of the Anglo-French, the biggest *moneybags* in the world) on war with us. Now they are having a bad time abroad. What choice have they? Why should they not accept an agreement? For 10 years you get not a bad income, otherwise ... you die of hunger abroad. Many will hesitate. Even if only five out of 100 try the experiment, it won't be too bad.

Written on May 16, 1921

Vol. 35, pp. 491-92

THIRD CONGRESS OF THE COMMUNIST INTERNATIONAL[81]

JUNE 22-JULY 12, 1921

From REPORT ON THE TACTICS OF THE R.C.P. JULY 5

...It goes without saying that the tax in kind means *freedom to trade*. After having paid the tax in kind, the peasant will have the right freely to exchange the remainder of his grain. This freedom of exchange implies freedom for capitalism. We say this openly and emphasise it. We do not conceal it in the least. Things would go very hard with us if we attempted to conceal it. Freedom to trade means freedom for capitalism, but it also means a new form of capitalism. It means that, to a certain extent, we are re-creating capitalism. We are doing this quite openly. It is state capitalism. But state capitalism in a society where power belongs to capital, and state capitalism in a proletarian state, are two different concepts. In a capitalist state, state capitalism means that it is recognised by the state and controlled by it for the benefit of the bourgeoisie, and to the detriment of the proletariat. In the proletarian state, the same thing is done for the benefit of the working class, for the purpose of withstanding the as yet strong bourgeoisie, and of fighting it. It goes without saying that we must grant concessions to the foreign bourgeoisie, to foreign capital. Without the slightest denationalisation, we shall lease mines, forests and oilfields to foreign capitalists, and receive in exchange manufactured goods, machinery, etc., and thus restore our own industry.

Of course, we did not all agree on the question of *state capitalism* at once. But we are very pleased to note in this connection that our peasantry has been developing, that it has fully realised the historical significance of the struggle we are waging at the present time. Ordinary peasants from the most remote districts

have come to us and said: "What! We have expelled our capitalists, the capitalists who speak Russian, and now foreign capitalists are coming!" Does not this show that our peasants have developed? There is no need to explain to a worker who is versed in economics why this is necessary. We have been so ruined by seven years of war that it will take many years to restore our industry. We must pay for our backwardness and weakness, and for the lessons we are now learning and must learn. Those who want to learn must pay for the tuition. We must explain this to one and all, and if we prove it in practice, the vast masses of the peasants and workers will agree with us, because in this way their condition will be immediately improved, and because it will ensure the possibility of restoring our industry. What compels us to do this? We are not alone in the world. We exist in a system of capitalist states. . . . On one side, there are the colonial countries, but they cannot help us yet. On the other side, there are the capitalist countries, but they are our enemies. The result is a certain equilibrium, a very poor one, it is true. Nevertheless, we must reckon with the fact. We must not shut our eyes to it if we want to exist. Either we score an immediate victory over the whole bourgeoisie, or we pay the tribute.

We admit quite openly, and do not conceal the fact, that concessions in the system of state capitalism mean paying tribute to capitalism. But we gain time, and gaining time means gaining everything, particularly in the period of equilibrium, when our foreign comrades are preparing thoroughly for their revolution. The more thorough their preparations, the more certain will the victory be. Meanwhile, however, we shall have to pay the tribute.

Vol. 32, pp. 490-92

TELEGRAM TO SAMARKAND COMMUNISTS[82]

Shafransky, Gubernia Party Committee,
Samarkand

I thank the group of friends for their greetings. The main thing just now is an immediate improvement in the conditions of the workers and peasants. On the vigour and skill of the workers in the localities now depends everything: the tax in kind, the development of turnover between agriculture and industry, and the development of small-scale industry. We have no fear of capitalism, because the proletariat has the power, transport and large-scale industry firmly in its hands and will succeed, through its control, in channelling it into state capitalism. Under these conditions, capitalism will help to combat red tape and the scattering of the petty producers. *We shall win out because we know what we want.*

Lenin
Chairman, C.L.D.

Written on June 27, 1921

Vol. 45, pp. 195-96

From NEW TIMES AND OLD MISTAKES IN A NEW GUISE

The Mensheviks are shouting that the tax in kind, the freedom to trade, the granting of concessions and state capitalism signify the collapse of communism. Abroad, the ex-Communist Levi has added his voice to that of the Mensheviks. This same Levi had to be defended as long as the mistakes he had made could be explained by his reaction to some of the mistakes of the "Left" Communists, particularly in March 1921 in Germany; but this same Levi cannot be defended when, instead of admitting that he is wrong, he slips into Menshevism all along the line.[83]

To the Menshevik shouters we shall simply point out that as early as the spring of 1918 the Communists proclaimed and advocated the idea of a bloc, an alliance with state capitalism against the petty-bourgeois element. That was three years ago! In the first months of the Bolshevik victory! Even then the Bolsheviks took a sober view of things. And since then nobody has been able to challenge the correctness of our sober calculation of the available forces.

Levi, who has slipped into Menshevism, advises the Bolsheviks (whose defeat by capitalism he "forecasts" in the same way as all the philistines, democrats, Social-Democrats and others had forecast our doom if we dissolved the Constituent Assembly!) to appeal for aid to the *whole* working class! Because, if you please, up to now only *part* of the working class has been helping us!

What Levi says here remarkably coincides with what is said by those semi-anarchists and tub-thumpers, and also by certain members of the former "Workers' Opposition",[84] who are so fond of

talking large about the Bolsheviks now having "lost faith in the forces of the working class". Both the Mensheviks and those with anarchist leanings make a fetish of the concept "forces of the working class"; they are incapable of grasping its actual, concrete meaning. Instead of studying and analysing its meaning, they declaim.

The gentlemen of the Two-and-a-Half International pose as revolutionaries; but in every serious situation they prove to be counter-revolutionaries because they shrink from the violent destruction of the old state machine; they have no faith in the forces of the working class. It was not a mere catch-phrase we uttered when we said this about the Socialist-Revolutionaries and Co. Everybody knows that the October Revolution actually brought new forces, a new class, to the forefront, that the best representatives of the proletariat are now governing Russia, built up an army, led that army, set up local government, etc., are running industry, and so on. If there are some bureaucratic distortions in this administration, we do not conceal this evil; we expose it, combat it. Those who allow the struggle against the distortions of the new system to obscure its content and to cause them to forget that the working class has created and is guiding a state of the Soviet type are incapable of thinking, and are merely throwing words to the wind.

But the "forces of the working class" are not unlimited. If the flow of fresh forces from the working class is now feeble, sometimes very feeble, if, notwithstanding all our decrees, appeals and agitation, notwithstanding all our orders for "the promotion of non-Party people", the flow of forces is still feeble, then resorting to mere declamations about having "lost faith in the forces of the working class" means descending to vapid phrase-mongering.

Without a certain "respite" these new forces will not be forthcoming; they can only grow slowly; and they can grow only on the basis of restored large-scale industry (i.e., to be more precise and concrete, on the basis of electrification). They can be obtained from *no other* source.

After an enormous, unparalleled exertion of effort, the working class in a small-peasant, ruined country, the working class which has very largely become declassed, needs an interval of time in which to allow new forces to grow and be brought to the fore,

and in which the old and worn-out forces can "recuperate". The creation of a military and state machine capable of successfully withstanding the trials of 1917-21 was a great effort, which engaged, absorbed and exhausted real "forces of the working class" (and not such as exist merely in the declamations of the tub-thumpers). One must understand this and reckon with the necessary, or rather, inevitable *slackening* of the rate of growth of *new* forces of the working class.

When the Mensheviks shout about the "Bonapartism" of the Bolsheviks (who, they claim, rely on troops and on the machinery of state against the will of "democracy"), they magnificently express the tactics of the bourgeoisie; and Milyukov, from his own standpoint, is right when he supports them, supports the "Kronstadt" (spring of 1921) slogans. The bourgeoisie quite correctly takes into consideration the fact that the *real* "forces of the working class" now consist of the mighty vanguard of that class (the Russian Communist Party, which—not at one stroke, but in the course of twenty-five years—won for itself by deeds the role, the name and the power of the "vanguard" of the only revolutionary class) plus the elements which have been most weakened by being declassed, and which are most susceptible to Menshevik and anarchist vacillations.

The slogan "more faith in the forces of the working class" is now being used, *in fact,* to increase the influence of the Mensheviks and anarchists, as was vividly proved and demonstrated by Kronstadt in the spring of 1921. Every class-conscious worker should expose and send packing those who shout about our having "lost faith in the forces of the working class", because these tub-thumpers are actually the accomplices of the bourgeoisie and the landowners, who seek to weaken the proletariat for their benefit by helping to spread the influence of the Mensheviks and the anarchists.

That is the crux of the matter if we dispassionately examine what the concept "forces of the working class" really means.

Gentlemen, what are you really doing to promote non-Party people to what is the main "front" today, the economic front, for the work of economic development? That is the question that class-conscious workers should put to the tub-thumpers. That is how the tub-thumpers always can and should be exposed. That

is how it can always be proved that, actually, they are not assisting but hindering economic development; that they are not assisting but hindering the proletarian revolution; that they are pursuing not proletarian, but petty-bourgeois aims; and that they are serving an alien class.

Our slogans are: Down with the tub-thumpers! Down with the unwitting accomplices of the whiteguards who are repeating the mistakes of the hapless Kronstadt mutineers of the spring of 1921! Get down to business-like, practical work that will take into account the specific features of the present situation and its tasks! We need not phrases but deeds.

A sober estimation of these specific features and of the real, not imaginary, class forces tells us:

The period of unprecedented proletarian achievements in the military, administrative and political fields has given way to a period in which the growth of new forces will be much slower; and that period did not set in by accident, it was inevitable; it was due to the operation not of persons or parties, but of objective causes. In the economic field, development is inevitably more difficult, slower, and more gradual; that arises from the very nature of the activities in this field compared with military, administrative and political activities. It follows from the specific difficulties of this work, from its being more deep-rooted, if one may so express it.

That is why we shall strive to formulate our tasks in this new, higher stage of the struggle with the greatest, with treble caution. We shall formulate them as moderately as possible. We shall make as many concessions as possible within the limits, of course, of what the proletariat *can* concede and yet remain the ruling class. We shall collect the moderate tax in kind as quickly as possible and allow the greatest possible scope for the development, strengthening and revival of peasant farming. We shall lease the enterprises that are not absolutely essential for us to lessees, including private capitalists and foreign concessionaires. We need a bloc, or alliance, between the proletarian state and state capitalism against the petty-bourgeois element. We must achieve this alliance skilfully, following the rule: "Measure your cloth seven times before you cut." We shall leave ourselves a smaller field of work, only what is absolutely necessary. We shall concentrate the

enfeebled forces of the working class on something *less,* but we shall consolidate ourselves all the more and put ourselves to the test of practical experience not once or twice, but over and over again. Step by step, inch by inch—for at present the "troops" we have at our command *cannot* advance any other way on the difficult road we have to travel, in the stern conditions under which we are living, and amidst the dangers we have to face. Those who find this work "dull", "uninteresting" and "unintelligible", those who turn up their noses or become panic-stricken, or who become intoxicated with their own declamations about the absence of the "previous elation", the "previous enthusiasm", etc., had better be "relieved of their jobs" and given a back seat, so as to prevent them from causing harm; for they will not or cannot understand the specific features of the present stage, the present phase of the struggle.

Amidst the colossal ruin of the country and the exhaustion of the forces of the proletariat, by a series of almost superhuman efforts, we are tackling the most difficult job: laying the foundation for a really socialist economy, for the regular exchange of commodities (or, more correctly, exchange of products) between industry and agriculture. The enemy is still far stronger than we are; anarchic, profiteering, individual commodity exchange is undermining our efforts at every step. We clearly see the difficulties and will systematically and perseveringly overcome them. More scope for independent local enterprise; more forces to the localities; more attention to their practical experience. The working class can heal its wounds, its proletarian "class forces" can recuperate, and the confidence of the peasantry in proletarian leadership can be strengthened *only* as real success is achieved in restoring industry and in bringing about a regular exchange of products through the medium of the state that benefits both the peasant and the worker. And as we achieve this we shall get an influx of new forces, not as quickly as every one of us would like, perhaps, but we shall get it nevertheless.

Let us get down to work, to slower, more cautious, more persevering and persistent work!

August 20, 1921

Vol. 33, pp. 25-29

From FOURTH ANNIVERSARY OF THE OCTOBER REVOLUTION

Our last, but most important and most difficult task, the one we have done least about, is economic development, the laying of economic foundations for the new, socialist edifice on the site of the demolished feudal edifice and the semi-demolished capitalist edifice. It is in this most important and most difficult task that we have sustained the greatest number of reverses and have made most mistakes. How could anyone expect that a task so new to the world could be begun without reverses and without mistakes! But we have begun it. We shall continue it. At this very moment we are, by our New Economic Policy, correcting a number of our mistakes. We are learning how to continue erecting the socialist edifice in a small-peasant country without committing such mistakes.

The difficulties are immense. But we are accustomed to grappling with immense difficulties. Not for nothing do our enemies call us "stone-hard" and exponents of a "firm-line policy". But we have also learned, at least to some extent, another art that is essential in revolution, namely, flexibility, the ability to effect swift and sudden changes of tactics if changes in objective conditions demand them, and to choose another path for the achievement of our goal if the former path proves to be inexpedient or impossible at the given moment.

Borne along on the crest of the wave of enthusiasm, rousing first the political enthusiasm and then the military enthusiasm of the people, we expected to accomplish economic tasks just as great as the political and military tasks we had accomplished by relying directly on this enthusiasm. We expected—or perhaps

it would be truer to say that we presumed without having given it adequate consideration—to be able to organise the state production and the state distribution of products on communist lines in a small-peasant country directly as ordered by the proletarian state. Experience has proved that we were wrong. It appears that a number of transitional stages were necessary—state capitalism and socialism—in order to *prepare*—to prepare by many years of effort—for the transition to communism. Not directly relying on enthusiasm, but aided by the enthusiasm engendered by the great revolution, and on the basis of personal interest, personal incentive and business principles, we must first set to work in this small-peasant country to build solid gangways to socialism by way of state capitalism. Otherwise we shall never get to communism, we shall never bring scores of millions of people to communism. That is what experience, the objective course of the development of the revolution, has taught us.

And we, who during these three or four years have learned a little to make abrupt changes of front (when abrupt changes of front are needed), have begun zealously, attentively and sedulously (although still not zealously, attentively and sedulously enough) to learn to make a new change of front, namely, the New Economic Policy. The proletarian state must become a cautious, assiduous and shrewd "businessman", a punctilious *wholesale merchant*—otherwise it will never succeed in putting this small-peasant country economically on its feet. Under existing conditions, living as we are side by side with the capitalist (for the time being capitalist) West, there is no other way of progressing to communism. A wholesale merchant seems to be an economic type as remote from communism as heaven from earth. But that is one of the contradictions which, in actual life, lead from a small-peasant economy via state capitalism to socialism. Personal incentive will step up production; we must increase production first and foremost and at all costs. Wholesale trade economically unites millions of small peasants: it gives them a personal incentive, links them up and leads them to the next step, namely, to various forms of association and alliance in the process of production itself. We have already started the necessary changes in our economic policy and already have some

successes to our credit; true, they are small and partial, but nonetheless they are successes. In this new field of "tuition" we are already finishing our preparatory class. By persistent and assiduous study, by making practical experience the test of every step we take, by not fearing to alter over and over again what we have already begun, by correcting our mistakes and most carefully analysing their significance, we shall pass to the higher classes. We shall go through the whole "course", although the present state of world economics and world politics has made that course much longer and much more difficult than we would have liked. No matter at what cost, no matter how severe the hardships of the transition period may be—despite disaster, famine and ruin—we shall not flinch; we shall triumphantly carry our cause to its goal.

14. X. 1921

Vol. 33, pp. 57-59

THE NEW ECONOMIC POLICY AND THE TASKS OF THE POLITICAL EDUCATION DEPARTMENTS[85]

From REPORT TO THE SECOND ALL-RUSSIA CONGRESS OF POLITICAL EDUCATION DEPARTMENTS OCTOBER 17, 1921

OUR MISTAKE

At the beginning of 1918 we expected a period in which peaceful construction would be possible. When the Brest peace was signed it seemed that danger had subsided for a time and that it would be possible to start peaceful construction. But we were mistaken, because in 1918 a real military danger overtook us in the shape of the Czechoslovak mutiny[86] and the outbreak of civil war, which dragged on until 1920. Partly owing to the war problems that overwhelmed us and partly owing to the desperate position in which the Republic found itself when the imperialist war ended—owing to these circumstances, and a number of others, we made the mistake of deciding to go over directly to communist production and distribution. We thought that under the surplus-food appropriation system the peasants would provide us with the required quantity of grain, which we could distribute among the factories and thus achieve communist production and distribution.

I cannot say that we pictured this plan as definitely and as clearly as that; but we acted approximately on those lines. That, unfortunately, is a fact. I say unfortunately, because brief experience convinced us that that line was wrong, that it ran counter to what we had previously written about the transition from capitalism to socialism, namely, that it would be impossible to bypass the period of socialist accounting and control in approaching even the lower stage of communism. Ever since

1917, when the problem of taking power arose and the Bolsheviks explained it to the whole people, our theoretical literature has been definitely stressing the necessity for a prolonged, complex transition through socialist accounting and control from capitalist society (and the less developed it is the longer the transition will take) to even one of the approaches to communist society.

A STRATEGICAL RETREAT

At that time, when in the heat of the Civil War we had to take the necessary steps in economic organisation, it seemed to have been forgotten. In substance, our New Economic Policy signifies that, having sustained severe defeat on this point, we have started a strategical retreat. We said in effect: "Before we are completely routed, let us retreat and reorganise everything, but on a firmer basis." If Communists deliberately examine the question of the New Economic Policy there cannot be the slightest doubt in their minds that we have sustained a very severe defeat on the economic front. In the circumstances it is inevitable, of course, for some people to become very despondent, almost panic-stricken, and because of the retreat, these people will begin to give way to panic. That is inevitable. When the Red Army retreated, was its flight from the enemy not the prelude to its victory? Every retreat on every front, however, caused some people to give way to panic for a time. But on each occasion—on the Kolchak front, on the Denikin front, on the Yudenich front, on the Polish front and on the Wrangel front—once we had been badly battered (and sometimes more than once) we proved the truth of the proverb: "A man who has been beaten is worth two who haven't." After being beaten we began to advance slowly, systematically and cautiously.

Of course, tasks on the economic front are much more difficult than tasks on the war front, although there is a general similarity between the two elementary outlines of strategy. In attempting to go over straight to communism we, in the spring of 1921, sustained a more serious defeat on the economic front than any defeat inflicted upon us by Kolchak, Denikin or Pilsudski. This defeat was much more serious, significant and dangerous. It was expressed in the isolation of the higher administrators of our

economic policy from the lower and their failure to produce that development of the productive forces which the Programme of our Party regards as vital and urgent.

The surplus-food appropriation system in the rural districts—this direct communist approach to the problem of urban development—hindered the growth of the productive forces and proved to be the main cause of the profound economic and political crisis that we experienced in the spring of 1921. That was why we had to take a step which from the point of view of our line, of our policy, cannot be called anything else than a very severe defeat and retreat. Moreover, it cannot be said that this retreat is—like retreats of the Red Army—a completely orderly retreat to previously prepared positions. True, the positions for our present retreat were prepared beforehand. That can be proved by comparing the decisions adopted by our Party in the spring of 1921 with the one adopted in April 1918, which I have mentioned. The positions were prepared beforehand; but the retreat to these positions took place (and is still taking place in many parts of the country) in disorder, and even in extreme disorder.

PURPORT OF THE NEW ECONOMIC POLICY

It is here that the task of the Political Education Departments to combat this comes to the forefront. The main problem in the light of the New Economic Policy is to take advantage of the situation that has arisen as speedily as possible.

The New Economic Policy means substituting a tax for the requisitioning of food; it means reverting to capitalism to a considerable extent—to what extent we do not know. Concessions to foreign capitalists (true, only very few have been accepted, especially when compared with the number we have offered) and leasing enterprises to private capitalists definitely mean restoring capitalism, and this is part and parcel of the New Economic Policy; for the abolition of the surplus-food appropriation system means allowing the peasants to trade freely in their surplus agricultural produce, in whatever is left over after the tax is collected—and the tax takes only a small share

of that produce. The peasants constitute a huge section of our population and of our entire economy, and that is why capitalism must grow out of this soil of free trading.

That is the very ABC of economics as taught by the rudiments of that science, and in Russia taught, furthermore, by the profiteer, the creature who needs no economic or political science to teach us economics with. From the point of view of strategy the root question is: who will take advantage of the new situation first? The whole question is—whom will the peasantry follow? The proletariat, which wants to build socialist society? Or the capitalist, who says, "Let us turn back; it is safer that way; we don't know anything about this socialism they have invented"?

WHO WILL WIN, THE CAPITALIST OR SOVIET POWER?

The issue in the present war is—who will win, who will first take advantage of the situation: the capitalist, whom we are allowing to come in by the door, and even by several doors (and by many doors we are not aware of, and which open without us, and in spite of us), or proletarian state power? What has the latter to rely on economically? On the one hand, the improved position of the people. In this connection we must remember the peasants. It is absolutely incontrovertible and obvious to all that in spite of the awful disaster of the famine—and leaving that disaster out of the reckoning for the moment—the improvement that has taken place in the position of the people has been due to the change in our economic policy.

On the other hand, if capitalism gains by it, industrial production will grow, and the proletariat will grow too. The capitalists will gain from our policy and will create an industrial proletariat, which in our country, owing to the war and to the desperate poverty and ruin, has become declassed, i.e., dislodged from its class groove, and has ceased to exist as a proletariat. The proletariat is the class which is engaged in the production of material values in large-scale capitalist industry. Since large-scale capitalist industry has been destroyed, since the factories are at a standstill, the proletariat has dis-

appeared. It has sometimes figured in statistics, but it has not been held together economically.

The restoration of capitalism would mean the restoration of a proletarian class engaged in the production of socially useful material values in big factories employing machinery, and not in profiteering, not in making cigarette-lighters for sale, and in other "work" which is not very useful, but which is inevitable when our industry is in a state of ruin.

The whole question is who will take the lead. We must face this issue squarely—who will come out on top? Either the capitalists succeed in organising first—in which case they will drive out the Communists and that will be the end of it. Or the proletarian state power, with the support of the peasantry, will prove capable of keeping a proper rein on those gentlemen, the capitalists, so as to direct capitalism along state channels and to create a capitalism that will be subordinate to the state and serve the state. The question must be put soberly. All this ideology, all these arguments about political liberties that we hear so much of, especially among Russian émigrés, in Russia No. 2, where scores of daily newspapers published by all the political parties extol these liberties in every key and every manner—all these are mere talk, mere phrase-mongering. We must learn to ignore this phrase-mongering.

Vol. 33, pp. 62-66

From REPORT ON THE NEW ECONOMIC POLICY TO THE SEVENTH MOSCOW GUBERNIA CONFERENCE OF THE RUSSIAN COMMUNIST PARTY OCTOBER 29, 1921

If you recall the declarations, official and unofficial, which our Party made in late 1917 and early 1918, you will see that even at that time we were aware that the revolution, the struggle, might proceed either by a relatively short road, or by a very long and difficult road. But in estimating the prospects of development we in most cases—I can scarcely recall an exception—started out with the assumption—perhaps not always openly expressed but always tacitly taken for granted—that we would be able to proceed straight away with socialist construction. I have purposely read over again all that was written, for example, in March and April 1918 about the tasks of our revolution in the sphere of socialist construction,[87] and I am convinced that that was really the assumption we made.

This was the period when we accomplished the essential, and from the political point of view necessarily the preliminary, task of seizing power, setting up the Soviet state system in place of the former bourgeois parliamentary system, and then the task of getting out of the imperialist war. And this withdrawal from the war was, as you know, accompanied by extremely heavy losses, by the signing of the unbelievably humiliating Treaty of Brest, which imposed almost impossible terms upon us. After the conclusion of that peace we had a period—from March to the summer of 1918—in which war problems appeared to have been solved. Subsequent events showed that this was not the case. In March 1918, after the problem of the imperialist war was solved, we were just approaching the beginning of the Civil War, which in the summer of 1918 was brought closer

and closer by the Czechoslovak mutiny. At that time—March or April 1918—in discussing our tasks, we began to consider the prospect of passing from methods of gradual transition to such modes of operation as a struggle mainly for the expropriation of the expropriators, and this, in the main, characterised the first months of the revolution—the end of 1917 and the beginning of 1918. Even at that time we were obliged to say that our organisation of accounting and control lagged considerably behind our work and activities in connection with the expropriation of the expropriators. That meant we had expropriated more than we could take account of, control, manage, etc., and thus the question was raised of transferring our activities from the task of expropriating, of smashing the power of the exploiters and expropriators, to that of organising accounting and control, to the, so to speak, prosaic tasks of actual economic development. Even at that time we had to retreat on a number of points. For example, in March and April 1918, the question was raised of remunerating specialists at rates that conformed, not to socialist, but to bourgeois relationships, i.e., at rates that corresponded, not to the difficulty or arduousness of the work performed, but to bourgeois customs and to the conditions of bourgeois society. Such exceptionally high—in the bourgeois manner—remuneration for specialists did not originally enter into the plans of the Soviet government, and even ran counter to a number of decrees issued at the end of 1917. But at the beginning of 1918 our Party gave direct instructions to the effect that we must step back a bit on this point and agree to a "compromise" (I employ the term then in use). On April 29, 1918, the All-Russia Central Executive Committee adopted a decision to the effect that it was necessary to make this change in the general system of payment.

We regarded the organisational, economic work, which we put in the forefront at that time, from a single angle. We assumed that we could proceed straight to socialism without a preliminary period in which the old economy would be adapted to socialist economy. We assumed that by introducing state production and state distribution we had established an economic system of production and distribution that differed from the previous one. We assumed that the two systems—state production and distribution and private commodity production and distribution—would compete with each other, and meanwhile we would build up state production and distribution, and step by step win them away from the hostile system. We said that our task now was not so much to expropriate the expropriators as to introduce accounting and control, increase the productivity of labour and tighten up discipline. We said this in March and April 1918; but we did not ask ourselves in what relation our economy would stand to the market, to trade. When in the spring of 1918, for example, in our polemics with a number of comrades, who were opposed to concluding the Brest peace, we raised the question of state capitalism, we did not argue that we were going back to state capitalism, but that our position would be alleviated and the solution of our socialist problems facilitated if state capitalism became the predominant economic system in Russia. I want to draw your particular attention to this, because I think it is necessary to bear it in mind in order to understand the present change in our economic policy and how this change should be interpreted.

I shall give you an example which may illustrate more concretely and vividly the conditions under which our struggle has evolved. In Moscow recently I saw a copy of the privately owned publication *Listok Obyavlenii*[88] After three years of our old economic policy this *Listok Obyavlenii* seemed to me to be something very unusual, very new and strange. Looking at it from the point of view of the general methods of our economic policy, however, there was nothing queer about it. Taking this slight but rather typical example you must remember how the struggle was developing, and what were its aims and methods in our revolution in general. One of the first decrees at the end of 1917 was that which established a state monopoly of advertising. What did that decree imply? It implied that the proletariat, which had won political power, assumed that there would be a more gradual transition to the new social and economic relations—not the abolition of the private press, but the establishment of a certain amount of state control that would direct it into the channels of state capitalism. The decree which established a state monopoly of advertising thereby assumed that privately owned newspapers would continue to exist as a

general rule, that an economic policy requiring private advertisements would continue, and that private property would remain—that a number of private establishments which needed advertising and advertisements would continue to exist. That is what the decree on the state monopoly of private advertising meant, and it could have meant nothing else. There was something analogous to this in the decrees on banking, but I shall not go into that, for it would only complicate my example.

What was the fate of the decree establishing a state monopoly of private advertising issued in the first weeks of the Soviet government? It was soon swept away. When we now recall the course of the struggle and the conditions under which it has proceeded since then, it is amusing to think how naive we were to talk then, at the close of 1917, about introducing a state monopoly of private advertising. What sort of private advertising could there have been in a period of desperate struggle? The enemy, i.e., the capitalist world, retaliated to that Soviet government decree by continuing the struggle and by stepping it up to the limit. The decree assumed that the Soviet government, the proletarian dictatorship, was so firmly established that no other system of economy was possible; that the necessity to submit to it would be so obvious to the mass of private entrepreneurs and individual owners that they would accept battle where we, as the state power, chose. We said in effect: "We will allow your private publications to continue; private enterprises will remain; the freedom to advertise, which is necessary for the service of these private enterprises, will remain, except that the state will impose a tax on advertisements; advertising will be concentrated in the hands of the state. The private advertising system, as such, will not be abolished; on the contrary, you will enjoy those benefits which always accrue from the proper concentration of publicity." What actually happened, however, was that we had to wage the struggle on totally different terrain. The enemy, i.e., the capitalist class, retaliated to this decree of the state power by completely repudiating that state power. Advertising ceased to be the issue, for all the remnants of what was bourgeois and capitalist in our system had already concentrated their forces on the struggle against the very foundations of state power. We, who had said to the capitalists, "Submit to state

regulation, submit to state power, and instead of the complete abolition of the conditions that correspond to the old interests, habits and views of the population, changes will be gradually made by state regulation"—we found our very existence in jeopardy. The capitalist class had adopted the tactics of forcing us into a desperate and relentless struggle, and that compelled us to destroy the old relations to a far larger extent than we had at first intended.

Nothing came of the decree establishing state monopoly of private advertising; it remained a dead letter, while actual events, i.e., the resistance of the capitalist class, compelled our state to shift the struggle to an altogether different plane; not to the petty, ridiculously petty, issues we were naïve enough to dabble in at the end of 1917, but to the issue of "To be or not to be?"—to smash the sabotage of the former salaried class; to repel the whiteguard army, which was receiving assistance from the bourgeoisie of the whole world.

I think that this episode with the decree on advertising provides useful guidance on the fundamental question of whether the old tactics were right or wrong. Of course, when we appraise events in the light of subsequent historical development, we cannot but regard our decree as naive and, to a certain extent, mistaken. Nevertheless, it did contain something that was right, in that the state power—the proletariat—made an attempt to pass, as gradually as possible, breaking up as little of the old as possible, to the new social relations while adapting itself, as much as possible, one may say, to the conditions then prevailing. But the enemy, i.e., the bourgeois class, went to all ends to provoke us into an extremely desperate struggle. Was this strategically correct from the enemy's point of view? Of course it was; for how could the bourgeoisie be expected to submit to an absolutely new hitherto unprecedented proletarian power without first testing its strength by means of a direct assault? The bourgeoisie said to us, in effect, "Excuse us, gentlemen, we shall not talk to you about advertisements, but about whether we can find in our midst another Wrangel, Kolchak or Denikin, and whether they will obtain the aid of the international bourgeoisie in deciding, not whether you are going to have a State Bank or not, but an entirely different issue." Quite a lot was written about

the State Bank at the end of 1917 but as in the case with advertisements it all remained largely a dead letter.

At that time the bourgeoisie retaliated with a strategy that was quite correct from its point of view. What it said was, "First of all we shall fight over the fundamental issue of whether you are really the state power or only think you are; and this question will not be decided by decrees, of course, but by war, by force; and in all probability this war will be waged not only by us, the capitalists who have been expelled from Russia, but by all those who want the capitalist system. And if it turns out that the rest of the world is sufficiently interested, we Russian capitalists will receive the assistance of the international bourgeoisie." From the standpoint of its own interests, the bourgeoisie acted quite rightly. If it had had even a crumb of hope of settling the fundamental issue by the most effective means—war—it could not and should not have agreed to the partial concessions the Soviet government offered it while contemplating a more gradual transition to the new system. "We don't want your transition, we don't want your new system," was the reply of the bourgeoisie.

That is why events developed in the way they did. On the one hand, we had the victory of the proletarian state accompanied by a struggle of extraordinary magnitude amidst unprecedented popular enthusiasm, which characterised the whole period of 1917 and 1918. On the other hand, the Soviet government attempted to introduce an economic policy that was originally calculated to bring about a number of gradual changes, to bring about a more cautious transition to the new system. This policy was expressed, among other things, by the little example I have just given you. In retaliation, the enemy camp proclaimed its determination to wage a relentless struggle to decide whether Soviet power could, as a state, maintain its position in the international system of economic relations. That issue could be decided only by war, which, being civil war, was very fierce. The sterner the struggle became, the less chance there was of a cautious transition. As I have said, in the logic of the struggle the bourgeoisie was right from its own point of view. But what could we say? We said to the capitalists, "You will not frighten us, gentlemen. In addition to

the thrashing we gave you and your Constituent Assembly in the political field, we shall give you a thrashing in this field too." We could not act otherwise. Any other way would have meant the complete surrender of our positions.

If you recall the conditions under which our struggle developed you will understand what this seemingly wrong and fortuitous change meant; why—relying upon the general enthusiasm and on ensured political power—we were so easily able to disperse the Constituent Assembly; why we at the same time had to try a number of measures that meant the gradual and cautious introduction of economic reforms; and why, finally, the logic of the struggle and the resistance of the bourgeoisie compelled us to resort to the most extreme, most desperate and relentless civil war, which devastated Russia for three years.

By the spring of 1921 it became evident that we had suffered defeat in our attempt to introduce the socialist principles of production and distribution by "direct assault", i.e., in the shortest, quickest and most direct way. The political situation in the spring of 1921 revealed to us that on a number of economic issues a retreat to the position of state capitalism, the substitution of "siege" tactics for "direct assault", was inevitable.

If this transition calls forth complaints, lamentations, despondency and indignation among some people, we must say that defeat is not as dangerous as the fear to admit it, fear to draw all the logical conclusions from it. A military struggle is much simpler than the struggle between socialism and capitalism; and we defeated Kolchak and Co. because we were not afraid to admit our defeats, we were not afraid to learn the lessons that these defeats taught us and to do over and over again what had been left unfinished or done badly.

We must act in the same way in the much more complicated and difficult field of struggle between socialist and capitalist economy. Don't be afraid to admit defeat. Learn from defeat. Do over again more thoroughly, more carefully, and more systematically what you have done badly. If any of us were to say that admission of defeat—like the surrender of positions—must cause despondency and relaxation of effort in the struggle, we would reply that such revolutionaries are not worth a damn.

I hope that, except in isolated cases, nobody will be able

to say that about the Bolsheviks, who have been steeled by the experience of three years of civil war. Our strength lay and will lie in our ability to evaluate the severest defeats in the most dispassionate manner and to learn from them what must be changed in our activities. That is why we must speak plainly. This is interesting and important not only from the point of view of correct theory, but also from the practical point of view. We cannot learn to solve our problems by new methods today if yesterday's experience has not opened our eyes to the incorrectness of the old methods.

The New Economic Policy was adopted because, in the spring of 1921, after our experience of direct socialist construction carried on under unprecedentedly difficult conditions, under the conditions of civil war, in which the bourgeoisie compelled us to resort to extremely hard forms of struggle, it became perfectly clear that we could not proceed with our direct socialist construction and that in a number of economic spheres we must retreat to state capitalism. We could not continue with the tactics of direct assault, but had to undertake the very difficult, arduous and unpleasant task of a long siege accompanied by a number of retreats. This is necessary to pave the way for the solution of the economic problem, i.e., that of the economic transition to socialist principles.

I cannot today quote figures, data, or facts to show the results of this policy of reverting to state capitalism. I shall give only one small example. You know that one of our principal industrial centres is the Donets Basin. You know that there we have some of the largest of the former capitalist enterprises, which are in no way inferior to the capitalist enterprises in Western Europe. You know also that our first task there was to restore the big industrial enterprises; it was easier for us to start the restoration of the Donets industry because we had a relatively small number of workers there. But what do we see there now, after the change of policy last spring? We see the very opposite, viz., that the development of production is particularly successful in the small mines which we have leased to peasants. We see the development of state capitalist relations. The peasant mines are working well and are delivering to the state, by way of rent, about thirty per cent of their coal output. The development of production in the Donets Basin shows a considerable general improvement over last summer's catastrophic position; and this is largely due to the improvement of production in small mines, to their being exploited along the lines of state capitalism. I cannot here go into all the data on the question, but this example should clearly illustrate to you some of the practical results that have been achieved by the change of policy. A revival of economic life—and that is what we must have at all costs—and increased productivity—which we must also have at all costs—are what we are beginning to obtain as a result of the partial reversion to the system of state capitalism. Our ability, the extent to which we shall be able to apply this policy correctly in the future, will determine to what extent we shall continue to get good results.

I shall now go back and develop my main idea. Is our transition to the New Economic Policy in the spring, our retreat to the ways, means and methods of state capitalism, sufficient to enable us to stop the retreat and prepare for the offensive? No, it is not yet sufficient. And for this reason. To go back to the analogy I gave at the beginning (of direct assault and siege in war), we have not yet completed the redeployment of our forces, the redistribution of our stores and munitions, etc.; in short, we are not yet fully prepared for the new operations, which must be conducted on different lines in conformity with the new strategy and tactics. Since we are now passing to state capitalism, the question arises of whether we should try to prevent the methods which were suitable for the previous economic policy from hindering us now. It goes without saying, and our experience has proved it, that that is what we must secure. In the spring we said that we would not be afraid to revert to state capitalism, and that our task was to organise commodity exchange. A number of decrees and decisions, a vast number of newspaper articles, all our propaganda and all the laws passed since the spring of 1921 have been directed to the purpose of stimulating commodity exchange. What was implied by that term? What plan of development, if one may so express it, did it imply? It implied a more or less socialist exchange throughout the country of the products of industry for the products of agriculture, and by means of that commodity exchange the

restoration of large-scale industry as the sole basis of socialist organisation. But what happened? You are all now well aware of it from your own practical experience, and it is also evident from our press, that this system of commodity exchange has broken down; it has broken down in the sense that it has assumed the form of buying and selling. And we must now admit this if we do not want to bury our heads in the sand, if we do not want to be like those who do not know when they are beaten, if we are not afraid of looking danger straight in the face. We must admit that we have not retreated far enough, that we must make a further retreat, a further retreat from state capitalism to the creation of state-regulated buying and selling, to the money system. Nothing came of commodity exchange; the private market proved too strong for us; and instead of the exchange of commodities we got ordinary buying and selling, trade.

Take the trouble to adapt yourselves to this; otherwise, you will be overwhelmed by the wave of spontaneous buying and selling, by the money system!

That is why we find ourselves in the position of having to retreat still further, in order, eventually, to go over to the offensive. That is why we must all admit now that the methods of our previous economic policy were wrong. We must admit this in order to be able to understand the nature of the present position, the specific features of the transition that now lies ahead of us. We are not now confronted with urgent problems of foreign affairs; nor are we confronted with urgent war problems. We are now confronted mainly with economic problems, and we must bear in mind that the next stage cannot be a transition straight to socialist construction.

We have not been able to set our (economic) affairs in order in the course of three years. The devastation, impoverishment and cultural backwardness of our country were so great that it proved impossible to solve the problem in so short a time. But, taken as a whole, the assault left its mark and was useful.

Now we find ourselves in the position of having to retreat even a little further, not only to state capitalism, but to the state regulation of trade and the money system. Only in this way, a longer way than we expected, can we restore economic life. Unless we re-establish a regular system of economic relations,

restore small-peasant farming, and restore and further expand large-scale industry by our own efforts, we shall fail to extricate ourselves from the crisis. We have no other way out; and yet there are many in our ranks who still do not understand clearly enough that this economic policy is necessary. When we say, for example, that the task that confronts us is to make the state a wholesale merchant, or that it must learn to carry on wholesale trade, that our task is commercial, some people think it is very queer and even very terrible. They say: "If Communists have gone to the length of saying that the immediate task is to engage in trade, in ordinary, common, vulgar, paltry trade, what can remain of communism? Is this not enough to make anyone throw up his hands in despair and say, 'All is lost'?" If we look round, I think we shall find people who express sentiments of this kind, and such sentiments are very dangerous, because if they become widespread they would give many people a distorted view of things and prevent them from appraising our immediate tasks soberly. If we concealed from ourselves, from the working class, from the masses the fact that we retreated in the economic field in the spring of 1921, and that we are continuing the retreat now, in the autumn and winter of 1921-22, we would be certifying to our own lack of political consciousness; it would prove that we lacked the courage to face the present situation. It would be impossible to work and fight under such conditions.

If an army which found that it was unable to capture a fortress by direct assault declared that it refused to leave the old positions and occupy new ones, refused to adopt new methods of achieving its object, one would say that that army had learnt to attack, but had not learnt to retreat when certain severe conditions made it necessary, and would, therefore, never win the war. There has never been a war in history that was an uninterrupted victorious advance from beginning to end—at any rate, such wars are very rare exceptions. This applies to ordinary wars—but what about wars which decide the fate of a whole class, which decide the issue of socialism or capitalism? Are there reasonable grounds for assuming that a nation which is attempting to solve this problem for the first time can immediately find the only correct and infallible method? What grounds

are there for assuming that? None whatever! Experience teaches the very opposite. Of the problems we tackled, not one was solved at the first attempt; every one of them had to be taken up a second time. After suffering defeat we tried again, we did everything all over again; if we could not find an absolutely correct solution to a problem we tried to find one that was at least satisfactory. That is how we acted in the past, and that is how we must continue to act in the future. If, in view of the prospects before us, there were no unanimity in our ranks it would be a very sad sign that an extremely dangerous spirit of despondency had lodged itself in the Party. If, however, we are not afraid to speak the sad and bitter truth straight out, we shall learn, we shall unfailingly and certainly learn to overcome all our difficulties.

We must take our stand on the basis of existing capitalist relations. Will this task scare us? Shall we say that it is not communist? If so, then we have failed to understand the revolutionary struggle, we have failed to understand that the struggle is very intense and is accompanied by extremely abrupt changes, which we cannot brush aside under any circumstances.

I shall now sum up.

I shall touch upon the question that occupies many people's minds. If today, in the autumn and winter of 1921, we are making another retreat, when will the retreat stop? We often hear this question put directly, or not quite directly. This question recalls to my mind a similar question that was asked in the period of the Brest peace. When we concluded the Brest peace we were asked, "If you concede this, that and the other to German imperialism, when will the concessions stop? And what guarantee is there that they will stop? And in making these concessions, are you not making the position more dangerous?" Of course, we are making our position more dangerous; but you must not forget the fundamental laws of every war. War itself is always dangerous. There is not a moment in time of war when you are not surrounded by danger. And what is the dictatorship of the proletariat? It is war, much more cruel, much more prolonged and much more stubborn than any other war has ever been. Here danger threatens us at every step.

The position which our New Economic Policy has created—

the development of small commercial enterprises, the leasing of state enterprises, etc.—entails the development of capitalist relations; and anybody who fails to see this shows that he has lost his head entirely. It goes without saying that the consolidation of capitalist relations in itself increases the danger. But can you point to a single path in revolution, to any stage and method that would not have its dangers? The disappearance of danger would mean that the war had come to an end, and that the dictatorship of the proletariat had ceased. Of course, not a single one among us thinks that anything like that is possible at the present moment. Every step in this New Economic Policy entails a series of dangers. When we said in the spring that we would substitute the tax in kind for requisitioning, that we would pass a decree granting freedom to trade in the surplus grain left over after the tax in kind had been paid, we thereby gave capitalism freedom to develop. Failure to understand this means losing sight of the fundamental economic relations; and it means that you are depriving yourself of the opportunity to look round and act as the situation demands. Of course, the methods of struggle have changed; the dangers spring from other sources. When the question of establishing the power of the Soviets, of dissolving the Constituent Assembly was being decided, political danger threatened us. That danger proved to be insignificant. When the period of civil war set in—civil war backed by the capitalists of the whole world—the military danger, a far more formidable danger, arose. And when we changed our economic policy, the danger became still greater, because, consisting as it does of a vast number of economic, workaday trifles, which one usually becomes accustomed to and fails to notice, economics calls for special attention and effort and more peremptorily demands that we learn the proper methods of overcoming this danger. The restoration of capitalism, the development of the bourgeoisie, the development of bourgeois relations in the sphere of trade, etc.—this constitutes the danger that is peculiar to our present period of economic development, to our present gradual approach to the solution of problems that are far more difficult than previous problems have been. There must not be the slightest misunderstanding about this.

We must understand that the present concrete conditions call

for the state regulation of trade and the money system, and it is precisely in this field that we must show what we are capable of. There are more contradictions in our economic situation now than there were before the New Economic Policy was adopted; there is a partial, slight improvement in the economic position of some sections of the population, of the few; there is an extreme disproportion between economic resources and the essential needs of other sections, of the majority. Contradictions have increased. And it goes without saying that in making this very sharp change we cannot escape from these contradictions at one bound.

In conclusion, I should like to emphasise the three main points of my report. First, the general question—in what respect must we admit that our Party's economic line in the period preceding the New Economic Policy was wrong? By quoting the example of what had occurred during a certain war I tried to explain the necessity of passing from assault to siege tactics, the inevitability of assault tactics at first, and the need to realise the importance of new fighting methods after the assault tactics have failed.

Next, the first lesson, the first stage which we had reached by the spring of 1921—the development of state capitalism on new lines. Here certain successes can be recorded; but there are still unprecedented contradictions. We have not yet mastered this sphere of activity.

And third, after the retreat from socialist construction to state capitalism, which we were obliged to make in the spring of 1921, we see that the regulation of trade and the money system are on the order of the day. Remote from communism as the sphere of trade may seem to be, it is here that a specific problem confronts us. Only by solving that problem can we get down to the problem of meeting economic needs that are extremely urgent; and only in that way shall we be able to restore large-scale industry—by a longer and surer way, the only way now open to us.

These are the main factors in the New Economic Policy that we must always bear in mind. In solving the problems of this policy we must clearly see the fundamental lines of development so as to be able to keep our bearings in the seeming chaos in economic relations we now observe, when, simultaneously with the break up of the old, we see the still feeble shoots of the new, and often employ methods that do not conform to the new conditions. Having set ourselves the task of increasing the productive forces and of restoring large-scale industry as the only basis for socialist society, we must operate in a way that will enable us to approach this task properly, and to solve it at all costs.

Vol. 33, pp. 87-101

TO ARMAND HAMMER

Dear Mr. Armand Hammer!

Comrade Reinstein tells me you are leaving Moscow tonight. I am very sorry I am occupied at the session of the Central Committee of our Party. I am extremely sorry I am unable to see you once more and greet you.

Please be so kind and greet your father, Jim Larkin, Ruthenberg and Ferguson, all best comrades now in American gaols. My best sympathy and best wishes to all them.

Once more best greetings to you and your friends in connection with flour for our workers and your concession. The beginning is extremely important. I hope it will be the beginning of extreme importance.

With best wishes,

Yours truly,

Lenin

P.S. I beg to apologise for my extremely bad English.

Vol. 45, p. 368

From Draft Theses on THE ROLE AND FUNCTIONS OF THE TRADE UNIONS UNDER THE NEW ECONOMIC POLICY

STATE CAPITALISM IN THE PROLETARIAN STATE AND THE TRADE UNIONS

The proletarian state may, without changing its own nature, permit freedom to trade and the development of capitalism only within certain bounds, and only on the condition that the state regulates (supervises, controls, determines, the forms and methods of, etc.) private trade and private capitalism. The success of such regulation will depend not only on the state authorities but also, and to a larger extent, on the degree of maturity of the proletariat and of the masses of the working people generally, on their cultural level, etc. But even if this regulation is completely successful, the antagonism of class interests between labour and capital will certainly remain. Consequently, one of the main tasks that will henceforth confront the trade unions is to protect in every way the class interests of the proletariat in its struggle against capital. This task should be openly put in the forefront, and the machinery of the trade unions must be reorganised, changed or supplemented accordingly (conflict commissions, strike funds, mutual aid funds, etc., should be formed, or rather, built up).

Written on December 30, 1921
January 4, 1922

Vol. 33, p. 185

TO A. M. LEZHAVA, P. A. BOGDANOV AND V. M. MOLOTOV FOR MEMBERS OF THE POLITBUREAU OF THE R.C.P.(B.) C.C.

Comrades Lezhava, Bogdanov
and Molotov (for Politbureau members)

January 23, 1922

I believe that it is absolutely necessary for us to accept Krupp's proposal just now, before the Genoa Conference.[89] It would be immensely important for us to conclude at least one, and what would be even better, several concession contracts, with German firms above all. That is why there must be the most relentless struggle against the prejudice among the top section of the S.E.C. against concessions, whether involving oil, agriculture or anything else.

Lenin

Vol. 45, pp. 448-49

TO I. T. SMILGA*

Comrade Smilga
Copies to Comrades N. P. Gorbunov
and Smolyaninov

For considerations not only economic but also political, it is absolutely necessary for us to have a concession with the Germans at Grozny, and if possible, at other fuel centres as well. If you sabotage this, I am going to regard it as a downright crime. We must act quickly to have some positive results before Genoa. Please reply. Briefly by telegram, details by letter.

Lenin

Dictated by phone
on January 26, 1922

Vol. 45, p. 452

* Typed on top of the text is the following: "Send in code through Krestinsky, with P.P. Gorbunov's special concern for accurate delivery."—*Ed.*

NOTE TO M. M. LITVINOV WITH A DRAFT REPLY TO F. R. MACDONALD[90]*

To Comrade Litvinov (or Comrade Chicherin)

Please look through my reply and have it translated into refined and polite English (do any minor corrections yourself, we shall discuss major ones by phone). Have it typed on notepaper with my heading and send it to me for signing.

Dear Mr Macdonald,

I am extremely grateful to you for your kind letter and your most flattering appreciation of the way you were received. I heard Comrade Krasin give an extraordinarily high assessment of your prominent role and outstanding ability in matters of industry and trade. All the more valuable for us do I consider your practical suggestion in that field. I deeply regret that illness prevents me from receiving you, the doctors having forbidden me even any conversation. I shall consider it a pleasant duty to write to Comrades Chicherin and Lezhava telling them to pay special attention and appoint the best experts to give the speediest businesslike and competent consideration to your practical suggestions, which are of great importance and profound interest to us.

I hope you will also be so kind as to excuse my delay in replying caused by my illness.

I am yours respectfully

2.2.22

Translated from the text of V. I. Lenin, *Works*, Fifth Russian Edition, Vol. 54, pp. 153-54

TELEGRAM TO THE TERRITORIAL ECONOMIC CONFERENCE OF THE SOUTH-EAST

To South-Eastern Territorial Economic Conference
Copy *to Salsk District Executive Committee, Don Region*

Krupp's concession for 50,000 dessiatines, to deal with which People's Commissariat for Agriculture representatives Adamovich and another comrade, and Krupp's representatives Klette and Fulte, Zechgau, have left for *your* parts, is of enormous economic and political importance. You must do everything you can to help conclude the concession, and I shall regard as a crime any lack of zeal in this case. Telegraph execution in brief. Send all details by mail.

Lenin
Chairman, C.L.D.[91]

19/III-22

Vol. 45, p. 513

ELEVENTH CONGRESS OF THE R.C.P.(B.)[92]

MARCH 27-APRIL 2, 1922

1

From POLITICAL REPORT OF THE CENTRAL COMMITTEE OF THE R.C.P.(B.) MARCH 27

...We are now forming mixed companies—I shall have something to say about these later on—which, like our state trade and our New Economic Policy as a whole, mean that we Communists are resorting to commercial, capitalist methods. These mixed companies are also important because through them practical competition is created between capitalist methods and our methods. Consider it practically. Up to now we have been writing a programme and making promises. In its time this was absolutely necessary. It is impossible to launch on a world revolution without a programme and without promises. If the whiteguards, including the Mensheviks, jeer at us for this, it only shows that the Mensheviks and the socialists of the Second and Two-and-a-Half Internationals have no idea, in general, of the way a revolution develops. We could proceed in no other way.

Now, however, the position is that we must put our work to a serious test, and not the sort of test that is made by control institutions set up by the Communists themselves, even though these control institutions are magnificent, even though they are almost the ideal control institutions in the Soviet system and the Party; such a test may be mockery from the point of view of the actual requirements of the peasant economy, but it is certainly no mockery from the standpoint of our construction. We are now setting up these control institutions but I am referring not to this test but to the test from the point of view of the entire economy.

The capitalist was able to supply things. He did it inefficiently, charged exorbitant prices, insulted and robbed us. The

ordinary workers and peasants, who do not argue about communism because they do not know what it is, are well aware of this.

"But the capitalists were, after all, able to supply things—are you? You are not able to do it." That is what we heard last spring; though not always clearly audible, it was the undertone of the whole of last spring's crisis. "As people you are splendid, but you cannot cope with the economic task you have undertaken." This is the simple and withering criticism which the peasantry—and through the peasantry, some sections of workers—levelled at the Communist Party last year. That it why in the NEP question, this old point acquires such significance.

We need a real test. The capitalists are operating alongside us. They are operating like robbers; they make profit; but they know how to do things. But you—you are trying to do it in a new way: you make no profit, your principles are communist, your ideals are splendid; they are written out so beautifully that you seem to be saints, that you should go to heaven while you are still alive. But can you get things done? We need a test, a real test, not the kind the Central Control Commission[93] makes when it censures somebody and the All-Russia Central Executive Committee imposes some penalty. Yes, we want a real test from the viewpoint of the national economy.

We Communists have received numerous deferments, and more credit has been allowed us than any other government has ever been given. Of course, we Communists helped to get rid of the capitalists and landowners. The peasants appreciate this and have given us an extension of time, longer credit, but only for a certain period. After that comes the test: can you run the economy as well as the others? The old capitalist can; you cannot.

That is the first lesson, the first main part of the political report of the Central Committee. We cannot run the economy. This has been proved in the past year. I would like very much to quote the example of several Gos-trests (if I may express myself in the beautiful Russian language that Turgenev praised so highly) to show how we run the economy.

Unfortunately, for a number of reasons, and largely owing to ill health, I have been unable to elaborate this part of my report

and so I must confine myself to expressing my conviction, which is based on my observations of what is going on. During the past year we showed quite clearly that we cannot run the economy. That is the fundamental lesson. Either we prove the opposite in the coming year, or Soviet power will not be able to exist. And the greatest danger is that not everybody realises this. If all of us Communists, the responsible officials, clearly realise that we lack the ability to run the economy, that we must learn from the very beginning, then we shall win—that, in my opinion, is the fundamental conclusion that should be drawn. But many of us do not appreciate this and believe that if there are people who do think that way, it can only be the ignorant, who have not studied communism; perhaps they will some day learn and understand. No, excuse me, the point is not that the peasant or the non-Party worker has not studied communism, but that the time has passed when the job was to draft a programme and call upon the people to carry out this great programme. That time has passed. Today you must prove that you can give practical economic assistance to the workers and to the peasants under the present difficult conditions, and thus demonstrate to them that you have stood the test of competition.

The mixed companies that we have begun to form, in which private capitalists, Russian and foreign, and Communists participate, provide one of the means by which we can learn to organise competition properly and show that we are no less able to establish a link with the peasant economy than the capitalists; that we can meet its requirements; that we can help the peasant make progress even at his present level, in spite of his backwardness; for it is impossible to change him in a brief span of time.

That is the sort of competition confronting us as an absolutely urgent task. It is the pivot of the New Economic Policy and, in my opinion, the quintessence of the Party's policy. We are faced with any number of purely political problems and difficulties. You know what they are: Genoa, the danger of intervention. The difficulties are enormous but they are nothing compared with this economic difficulty. We know how things are done in the political field; we have gained considerable experience; we have learned a lot about bourgeois diplomacy. It is the sort of thing the Mensheviks taught us for fifteen

years, and we got something useful out of it. This is not new.

But here is something we must do now in the economic field. We must win the competition against the ordinary shop assistant, the ordinary capitalist, the merchant, who will go to the peasant without arguing about communism. Just imagine, he will not begin to argue about communism, but will argue in this way—if you want to obtain something, or carry on trade properly, or if you want to build, I will do the building at a high price; the Communists will, perhaps, build at a higher price, perhaps even ten times higher. It is this kind of agitation that is now the crux of the matter; herein lies the root of economics.

I repeat, thanks to our correct policy, the people allowed us a deferment of payment and credit, and this, to put it in terms of NEP, is a promissory note. But this promissory note is undated, and you cannot learn from the wording when it will be presented for redemption. Therein lies the danger; this is the specific feature that distinguishes these political promissory notes from ordinary, commercial promissory notes. We must concentrate all our attention on this, and not rest content with the fact that there are responsible and good Communists in all the state trusts and mixed companies. That is of no use, because these Communists do not know how to run the economy and, in that respect, are inferior to the ordinary capitalist salesmen, who have received their training in big factories and big firms. But we refuse to admit this; in this field communist conceit—komchvanstvo,* to use the great Russian language again—still persists. The whole point is that the responsible Communists, even the best of them, who are unquestionably honest and loyal, who in the old days suffered penal servitude and did not fear death, do not know how to trade, because they are not businessmen, they have not learnt to trade, do not want to learn and do not understand that they must start learning from the beginning. Communists, revolutionaries who have accomplished the greatest revolution in the world, on whom the eyes of, if not forty pyramids, then, at all events, forty European countries are turned in the hope of emancipation from capitalism, must learn from ordinary salesmen. But these ordinary

* Literally, "comconceit".—*Ed.*

salesmen have had ten years' warehouse experience and know the business, whereas the responsible Communists and devoted revolutionaries do not know the business, and do not even realise that they do not know it.

And so, comrades, if we do away with at least this elementary ignorance we shall achieve a tremendous victory. We must leave this Congress with the conviction that we are ignorant of this business and with the resolve to start learning it from the bottom. After all, we have not ceased to be revolutionaries (although many say, and not altogether without foundation, that we have become bureaucrats) and can understand this simple thing, that in a new and unusually difficult undertaking we must be prepared to start from the beginning over and over again. If after starting you find yourselves at a dead end, start again, and go on doing it ten times if necessary, until you attain your object. Do not put on airs, do not be conceited because you are a Communist while there is some non-Party salesman, perhaps a whiteguard—and very likely he is a whiteguard—who can do things which economically must be done at all costs, but which you cannot do. If you, responsible Communists, who have hundreds of ranks and titles and wear communist and Soviet Orders, realise this, you will attain your object, because this is something that can be learned.

We have some successes, even if only very tiny ones, to record for the past year, but they are insignificant. The main thing is that there is no realisation nor widespread conviction among all Communists that at the present time the responsible and most devoted Russian Communist is less able to perform these functions than any salesman of the old school. I repeat, we must start learning from the very beginning. If we realise this, we shall pass our test; and the test is a serious one which the impending financial crisis will set—the test set by the Russian and international market to which we are subordinated, with which we are connected, and from which we cannot isolate ourselves. The test is a crucial one, for here we may be beaten economically and politically.

That is how the question stands and it cannot be otherwise, for the competition will be very severe, and it will be decisive. We had many outlets and loopholes that enabled us to escape from our political and economic difficulties. We can proudly say that up to now we have been able to utilise these outlets and loop-

holes in various combinations corresponding to the varying circumstances. But now we have no other outlets. Permit me to say this to you without exaggeration, because in this respect it is really "the last and decisive battle", not against international capitalism—against that we shall yet have many "last and decisive battles"—but against Russian capitalism, against the capitalism that is growing out of the small-peasant economy, the capitalism that is fostered by the latter. Here we shall have a fight on our hands in the immediate future, and the date of it cannot be fixed exactly. Here the "last and decisive battle" is impending; here there are no political or any other flanking movements that we can undertake, because this is a test in competition with private capital. Either we pass this test in competition with private capital, or we fail completely. To help us pass it we have political power and a host of economic and other resources; we have everything you want except ability. We lack ability. And if we learn this simple lesson from the experience of last year and take it as our guiding line for the whole of 1922, we shall conquer this difficulty, too, in spite of the fact that it is much greater than the previous difficulty, for it rests upon ourselves. It is not like some external enemy. The difficulty is that we ourselves refuse to admit the unpleasant truth forced upon us; we refuse to undertake the unpleasant duty that the situation demands of us, namely, to start learning from the beginning. That, in my opinion, is the second lesson that we must learn from the New Economic Policy.

The third, supplementary lesson is on the question of state capitalism. It is a pity Comrade Bukharin is not present at the Congress. I should have liked to argue with him a little, but that had better be postponed to the next Congress. On the question of state capitalism, I think that generally our press and our Party make the mistake of dropping into intellectualism, into liberalism; we philosophise about how state capitalism is to be interpreted, and look into old books. But in those old books you will not find what we are discussing; they deal with the state capitalism that exists under capitalism. Not a single book has been written about state capitalism under communism. It did not occur even to Marx to write a word on this subject: and he died without leaving a single precise statement or definite instruction on it. That is why we must overcome the difficulty entirely by ourselves. And if we

make a general mental survey of our press and see what has been written about state capitalism, as I tried to do when I was preparing this report, we shall be convinced that it is missing the target, that it is looking in an entirely wrong direction.

The state capitalism discussed in all books on economics is that which exists under the capitalist system, where the state brings under its direct control certain capitalist enterprises. But ours is a proletarian state; it rests on the proletariat; it gives the proletariat all political privileges; and through the medium of the proletariat it attracts to itself the lower ranks of the peasantry (you remember that we began this work through the Poor Peasants' Committees). That is why very many people are misled by the term state capitalism. To avoid this we must remember the fundamental thing that state capitalism in the form we have here is not dealt with in any theory, or in any books, for the simple reason that all the usual concepts connected with this term are associated with bourgeois rule in capitalist society. Our society is one which has left the rails of capitalism, but has not yet got on to new rails. The state in this society is not ruled by the bourgeoisie, but by the proletariat. We refuse to understand that when we say "state" we mean ourselves, the proletariat, the vanguard of the working class. State capitalism is capitalism which we shall be able to restrain, and the limits of which we shall be able to fix. This state capitalism is connected with the state, and the state is the workers, the advanced section of the workers, the vanguard. We are the state.

State capitalism is capitalism that we must confine within certain bounds; but we have not yet learned to confine it within those bounds. That is the whole point. And it rests with us to determine what this state capitalism is to be. We have sufficient, quite sufficient political power; we also have sufficient economic resources at our command, but the vanguard of the working class which has been brought to the forefront to directly supervise, to determine the boundaries, to demarcate, to subordinate and not be subordinated itself, lacks sufficient ability for it. All that is needed here is ability, and that is what we do not have.

Never before in history has there been a situation in which the proletariat, the revolutionary vanguard, possessed sufficient political power and had state capitalism existing alongside it. The

whole question turns on our understanding that this is the capitalism that we can and must permit, that we can and must confine within certain bounds; for this captialism is essential for the broad masses of the peasantry and for private capital, which must trade in such a way as to satisfy the needs of the peasantry. We must organise things in such a way as to make possible the customary operation of capitalist economy and capitalist exchange, because this is essential for the people. Without it, existence is impossible. All the rest is not an absolutely vital matter to this camp. They can resign themselves to all that. You Communists, you workers, you, the politically enlightened section of the proletariat, which undertook to administer the state, must be able to arrange it so that the state, which you have taken into your hands, shall function the way you want it to. Well, we have lived through a year, the state is in our hands; but has it operated the New Economic Policy in the way we wanted in this past year? No. But we refuse to admit that it did not operate in the way we wanted. How did it operate? The machine refused to obey the hand that guided it. It was like a car that was going not in the direction the driver desired, but in the direction someone else desired; as if it were being driven by some mysterious, lawless hand, God knows whose, perhaps of a profiteer, or of a private capitalist, or of both. Be that as it may, the car is not going quite in the direction the man at the wheel imagines, and often it goes in an altogether different direction. This is the main thing that must be remembered in regard to state capitalism. In this main field we must start learning from the very beginning, and only when we have thoroughly understood and appreciated this can we be sure that we shall learn.

Now I come to the question of halting the retreat, a question I dealt with in my speech at the Congress of Metal-workers.[94] Since then I have not heard any objection, either in the Party press, or in private letters from comrades, or in the Central Committee. The Central Committee approved my plan, which was, that in the report of the Central Committee to the present Congress strong emphasis should be laid on calling a halt to this retreat and that the Congress should give binding instructions on behalf of the whole Party accordingly. For a year we have been retreating. On behalf of the Party we must now call a halt. The pur-

pose pursued by the retreat has been achieved. This period is drawing, or has drawn, to a close. We now have a different objective, that of regrouping our forces. We have reached a new line; on the whole, we have conducted the retreat in fairly good order. True, not a few voices were heard from various sides which tried to convert this retreat into a stampede. Some—for example, several members of the group which bore the name of Workers' Opposition (I don't think they had any right to that name)—argued that we were not retreating properly in some sector or other. Owing to their excessive zeal they found themselves at the wrong door, and now they realise it. At that time they did not see that their activities did not help us to correct our movement, but merely had the effect of spreading panic and hindering our effort to beat a disciplined retreat.

Retreat is a difficult matter, especially for revolutionaries who are accustomed to advance; especially when they have been accustomed to advance with enormous success for several years; especially if they are surrounded by revolutionaries in other countries who are longing for the time when they can launch an offensive. Seeing that we were retreating, several of them burst into tears in a disgraceful and childish manner, as was the case at the last extended Plenary Meeting of the Executive Committee of the Communist International.[95] Moved by the best communist sentiments and communist aspirations, several of the comrades burst into tears because—oh horror!—the good Russian Communists were retreating. Perhaps it is now difficult for me to understand this West-European mentality, although I lived for quite a number of years in those marvellous democratic countries as an exile. Perhaps from their point of view this is such a difficult matter to understand that it is enough to make one weep. We, at any rate, have no time for sentiment. It was clear to us that because we had advanced so successfully for many years and had achieved so many extraordinary victories (and all this in a country that was in an appalling state of ruin and lacked the material resources!), to consolidate that advance, since we had gained so much, it was absolutely essential for us to retreat. We could not hold all the positions we had captured in the first onslaught. On the other hand, it was because we had captured so much in the first onslaught, on the crest of the wave of enthusiasm displayed

by the workers and peasants, that we had room enough to retreat a long distance, and can retreat still further now, without losing our main and fundamental positions. On the whole, the retreat was fairly orderly, although certain panic-stricken voices, among them that of the Workers' Opposition (this was the tremendous harm it did!), caused losses in our ranks, caused a relaxation of discipline, and disturbed the proper order of retreat. The most dangerous thing during a retreat is panic. When a whole army (I speak in the figurative sense) is in retreat, it cannot have the same morale as when it is advancing. At every step you find a certain mood of depression. We even had poets who wrote that people were cold and starving in Moscow, that "everything before was bright and beautiful, but now trade and profiteering abound". We have had quite a number of poetic effusions of this sort.

Of course, retreat breeds all this. That is where the serious danger lies; it is terribly difficult to retreat after a great victorious advance, for the relations are entirely different. During a victorious advance, even if discipline is relaxed, everybody presses forward on his own accord. During a retreat, however, discipline must be more conscious and is a hundred times more necessary, because, when the entire army is in retreat, it does not know or see where it should halt. It sees only retreat; under such circumstances a few panic-stricken voices are, at times, enough to cause a stampede. The danger here is enormous. When a real army is in retreat, machine-guns are kept ready, and when an orderly retreat degenerates into a disorderly one, the command to fire is given, and quite rightly, too.

If, during an incredibly difficult retreat, when everything depends on preserving proper order, anyone spreads panic—even from the best of motives—the slightest breach of discipline must be punished severely, sternly, ruthlessly; and this applies not only to certain of our internal Party affairs, but also, and to a greater extent, to such gentry as the Mensheviks, and to all the gentry of the Two-and-a-Half International.

The other day I read an article by Comrade Rakosi in No. 20 of *The Communist International*[96] on a new book by Otto Bauer, from whom at one time we all learned, but who, like Kautsky, became a miserable petty bourgeois[97] after the war.

Bauer now writes: "There, they are now retreating to capitalism! We have always said that it was a bourgeois revolution."

And the Mensheviks and Socialist-Revolutionaries, all of whom preach this sort of thing, are astonished when we declare that we shall shoot people for such things. They are amazed; but surely it is clear. When an army is in retreat a hundred times more discipline is required than when it is advancing, because during an advance everybody presses forward. If everybody started rushing back now, it would spell immediate and inevitable disaster.

The most important thing at such a moment is to retreat in good order, to fix the precise limits of the retreat, and not to give way to panic. And when a Menshevik says, "You are now retreating; I have been advocating retreat all the time, I agree with you, I am your man, let us retreat together," we say in reply, "For the public manifestations of Menshevism our revolutionary courts must pass the death sentence, otherwise they are not our courts, but God knows what."

They cannot understand this and exclaim: "What dictatorial manners these people have!" They still think we are persecuting the Mensheviks because they fought us in Geneva.[98] But had we done that we should have been unable to hold power even for two months. Indeed, the sermons which Otto Bauer, the leaders of the Second and Two-and-a-Half Internationals, the Mensheviks and Socialist-Revolutionaries preach express their true nature—"The revolution has gone too far. What you are saying now we have been saying all the time, permit us to say it again." But we say in reply: "Permit us to put you before a firing squad for saying that. Either you refrain from expressing your views, or, if you insist on expressing your political views publicly in the present circumstances, when our position is far more difficult than it was when the whiteguards were directly attacking us, then you will have only yourselves to blame if we treat you as the worst and most pernicious whiteguard elements." We must never forget this.

When I speak about halting the retreat I do not mean that we have learned to trade. On the contrary, I am of the opposite opinion; and if my speech were to create that impression it would show that I had been misunderstood and that I am unable to express my thoughts properly.

The point, however, is that we must put a stop to the nervousness and fuss that have arisen with the introduction of NEP—the desire to do everything in a new way and to adapt everything. We now have a number of mixed companies. True, we have only very few. There are nine companies formed in conjunction with foreign capitalists and sanctioned by the Commissariat of Foreign Trade. The Sokolnikov Commission[99] has sanctioned six and the Northern Timber Trust has sanctioned two. Thus we now have seventeen companies with an aggregate capital amounting to many millions, sanctioned by several government departments (of course, there is plenty of confusion with all these departments, so that some slip here is also possible). At any rate, we have formed companies jointly with Russian and foreign capitalists. There are only a few of them. But this small but practical start shows that the Communists have been judged by what they do. They have not been judged by such high institutions as the Central Control Commission and the All-Russia Central Executive Committee. The Central Control Commission is a splendid institution, of course, and we shall now give it more power. For all that, the judgement these institutions pass on Communists is not—just imagine—recognised on the international market. (*Laughter*). But now that ordinary Russian and foreign capitalists are joining the Communists in forming mixed companies, we say, "We can do things after all; bad as it is, meagre as it is, we have got something for a start." True, it is not very much. Just think of it: a year has passed since we declared that we would devote all our energy (and it is said that we have a great deal of energy) to this matter, and in this year we have managed to form only seventeen companies.

This shows how devilishly clumsy and inept we are; how much Oblomovism still remains, for which we shall inevitably get a good thrashing. For all that, I repeat, a start, a reconnaissance has been made. The capitalists would not agree to have dealings with us if the elementary conditions for their operations did not exist. Even if only a very small section of them has agreed to this, it shows that we have scored a partial victory.

Of course, they will cheat us in these companies, cheat us so

that it will take several years before matters are straightened out. But that does not matter. I do not say that that is a victory; it is a reconnaissance, which shows that we have an arena, we have a terrain, and can now stop the retreat.

The reconnaissance has revealed that we have concluded an insignificant number of agreements with capitalists; but we have concluded them for all that. We must learn from that and continue our operations. In this sense we must put a stop to nervousness, screaming and fuss. We received notes and telephone messages, one after another asking, "Now that we have NEP, may we be reorganised too?" Everybody is bustling, and we get utter confusion; nobody is doing any practical work; everybody is continuously arguing about how to adapt oneself to NEP, but no practical results are forthcoming.

The merchants are laughing at us Communists, and in all probability are saying, "Formerly there were Persuaders-in-Chief,[100] now we have Talkers-in-Chief." That the capitalists gloated over the fact that we started late, that we were not sharp enough—of that there need not be the slightest doubt. In this sense, I say, these instructions must be endorsed in the name of the Congress.

The retreat is at an end. The principal methods of operation, of how we are to work with the capitalists, are outlined. We have examples, even if an insignificant number.

Stop philosophising and arguing about NEP. Let the poets write verses, that is what they are poets for. But you economists, you stop arguing about NEP and get more companies formed; check up on how many Communists we have who can organise successful competition with the capitalists.

The retreat has come to an end; it is now a matter of regrouping our forces. These are the instructions that the Congress must pass so as to put an end to fuss and bustle. Calm down, do not philosophise; if you do, it will be counted as a black mark against you. Show by your practical efforts that you can work no less efficiently than the capitalists. The capitalists create an economic link with the peasants in order to amass wealth; you must create a link with peasant economy in order to strengthen the economic power of our proletarian state. You have the advantage over the capitalists in that political power is in your

hands; you have a number of economic weapons at your command; the only trouble is that you cannot make proper use of them. Look at things more soberly. Cast off the tinsel, the festive communist garments, learn a simple thing simply, and we shall beat the private capitalist. We possess political power; we possess a host of economic weapons. If we beat capitalism and create a link with peasant farming we shall become an absolutely invincible power. Then the building of socialism will not be the task of that drop in the ocean, called the Communist Party, but the task of the entire mass of the working people. Then the rank-and-file peasants will see that we are helping them and they will follow our lead. Consequently, even if the pace is a hundred times slower, it will be a million times more certain and more sure.

It is in this sense that we must speak of halting the retreat; and the proper thing to do is, in one way or another, to make this slogan a Congress decision.

In this connection, I should like to deal with the question: what is the Bolsheviks' New Economic Policy—evolution or tactics? This question has been raised by the *Smena Vekh*[101] people, who, as you know, are a trend which has arisen among Russian émigrés; it is a socio-political trend led by some of the most prominent Constitutional-Democrats,[102] several Ministers of the former Kolchak government, people who have come to the conclusion that the Soviet government is building up the Russian state and therefore should be supported. They argue as follows: "What sort of state is the Soviet government building? The Communists say they are building a communist state and assure us that the new policy is a matter of tactics: the Bolsheviks are making use of the private capitalists in a difficult situation, but later they will get the upper hand. The Bolsheviks can say what they like; as a matter of fact it is not tactics but evolution, internal regeneration; they will arrive at the ordinary bourgeois state, and we must support them. History proceeds in devious ways."

Some of them pretend to be Communists; but there are others who are more straightforward, one of these is Ustryalov. I think he was a Minister in Kolchak's government. He does not agree with his colleagues and says: "You can think what you like about

communism, but I maintain that it is not a matter of tactics, but of evolution." I think that by being straightforward like this, Ustryalov is rendering us a great service. We, and I particularly, because of my position, hear a lot of sentimental communist lies, "communist fibbing", every day, and sometimes we get sick to death of them. But now instead of these "communist fibs" I get a copy of *Smena Vekh,* which says quite plainly: "Things are by no means what you imagine them to be. As a matter of fact, you are slipping into the ordinary bourgeois morass with communist flags inscribed with catchwords stuck all over the place." This is very useful. It is not a repetition of what we are constantly hearing around us, but the plain class truth uttered by the class enemy. It is very useful to read this sort of thing; and it was written not because the communist state allows you to write some things and not others, but because it really is the class truth, bluntly and frankly uttered by the class enemy. "I am in favour of supporting the Soviet government," says Ustryalov, although he was a Constitutional-Democrat, a bourgeois, and supported intervention. "I am in favour of supporting Soviet power because it has taken the road that will lead it to the ordinary bourgeois state."

This is very useful, and I think that we must keep it in mind. It is much better for us if the *Smena Vekh* people write in that strain than if some of them pretend to be almost Communists, so that from a distance one cannot tell whether they believe in God or in the communist revolution. We must say frankly that such candid enemies are useful. We must say frankly that the things Ustryalov speaks about are possible. History knows all sorts of metamorphoses. Relying on firmness of convictions, loyalty, and other splendid moral qualities is anything but a serious attitude in politics. A few people may be endowed with splendid moral qualities, but historical issues are decided by vast masses, which, if the few do not suit them, may at times treat them none too politely.

There have been many cases of this kind; that is why we must welcome this frank utterance of the *Smena Vekh* people. The enemy is speaking the class truth and is pointing to the danger that confronts us, and which the enemy is striving to make inevitable. *Smena Vekh* adherents express the sentiments of

thousands and tens of thousands of bourgeois, or of Soviet employees whose function it is to operate our New Economic Policy. This is the real and main danger. And that is why attention must be concentrated mainly on the question: "Who will win?" I have spoken about competition. No direct onslaught is being made on us now; nobody is clutching us by the throat. True, we have yet to see what will happen tomorrow; but today we are not being subjected to armed attack. Nevertheless, the fight against capitalist society has become a hundred times more fierce and perilous, because we are not always able to tell enemies from friends.

When I spoke about communist competition, what I had in mind were not communist sympathies but the development of economic forms and social systems. This is not competition but, if not the last, then nearly the last, desperate, furious, life-and-death struggle between capitalism and communism.

And here we must squarely put the question: Wherein lies our strength and what do we lack? We have quite enough political power. I hardly think there is anyone here who will assert that on such-and-such a practical question, in such-and-such a business institution, the Communists, the Communist Party, lack sufficient power. There are people who think only of this, but these people are hopelessly looking baskward and cannot understand that one must look ahead. The main economic power is in our hands. All the vital large enterprises, the railways, etc., are in our hands. The number of leased enterprises, although considerable in places, is on the whole insignificant; altogether it is infinitesimal compared with the rest. The economic power in the hands of the proletarian state of Russia is quite adequate to ensure the transition to communism. What then is lacking? Obviously, what is lacking is culture among the stratum of the Communists who perform administrative functions. If we take Moscow with its 4,700 Communists in responsible positions, and if we take that huge bureaucratic machine, that gigantic heap, we must ask: who is directing whom? I doubt very much whether it can truthfully be said that the Communists are directing that heap. To tell the truth, they are not directing, they are being directed. Something analogous happened here to what we were told in our history lessons when we were children: some-

times one nation conquers another, the nation that conquers is the conqueror and the nation that is vanquished is the conquered nation. This is simple and intelligible to all. But what happens to the culture of these nations? Here things are not so simple. If the conquering nation is more cultured than the vanquished nation, the former imposes its culture upon the latter; but if the opposite is the case, the vanquished nation imposes its culture upon the conqueror. Has not something like this happened in the capital of the R.S.F.S.R.? Have the 4,700 Communists (nearly a whole army division, and all of them the very best) come under the influence of an alien culture? True, there may be the impression that the vanquished have a high level of culture. But that is not the case at all. Their culture is miserable, insignificant, but it is still at a higher level than ours. Miserable and low as it is, it is higher than that of our responsible Communist administrators, for the latter lack administrative ability. Communists who are put at the head of departments—and sometimes artful saboteurs deliberately put them in these positions in order to use them as a shield—are often fooled. This is a very unpleasant admission to make, or, at any rate, not a very pleasant one; but I think we must admit it, for at present this is the salient problem. I think that this is the political lesson of the past year; and it is around this that the struggle will rage in 1922.

Will the responsible Communists of the R.S.F.S.R. and of the Russian Communist Party realise that they cannot administer; that they only imagine they are directing, but are, actually, being directed? If they realise this they will learn, of course; for this business can be learnt. But one must study hard to learn it, and our people are not doing this. They scatter orders and decrees right and left, but the result is quite different from what they want.

The competition and rivalry that we have placed on the order of the day by proclaiming NEP is a serious business. It appears to be going on in all government offices; but as a matter of fact it is one more form of the struggle between two irreconcilably hostile classes. It is another form of the struggle between the bourgeoisie and the proletariat. It is a struggle that has not yet been brought to a head, and culturally it has not yet been resolved even in the central government departments in Moscow. Very often the bourgeois officials know the business better than our best

Communists, who are invested with authority and have every opportunity, but who cannot make the slightest use of their rights and authority.

I should like to quote a passage from a pamphlet by Alexander Todorsky. It was published in Vesyegonsk (there is an uyezd town of that name in Tver Gubernia) on the first anniversary of the Soviet revolution in Russia, on November 7, 1918, a long, long time ago. Evidently this Vesyegonsk comrade is a member of the Party—I read the pamphlet a long time ago and cannot say for certain. He describes how he set to work to equip two Soviet factories, and for this purpose enlisted the services of two bourgeois. He did this in the way these things were done at that time—threatened to imprison them and to confiscate all their property. They were enlisted for the task of restoring the factories. We know how the services of the bourgeoisie were enlisted in 1918 (*laughter*); so there is no need for me to go into details. The methods we are now using to enlist the bourgeoisie are different. But here is the conclusion he arrived at: "This is only half the job. It is not enough to defeat the bourgeoisie, to overpower them; they must be compelled to work for us."

Now these are remarkable words. They are remarkable for they show that even in the town of Vesyegonsk, even in 1918, there were people who had a correct understanding of the relationship between the victorious proletariat and the vanquished bourgeoisie.

Vol. 33, pp. 272-90

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From CLOSING SPEECH ON THE POLITICAL REPORT OF THE CENTRAL COMMITTEE OF THE R.C.P.(B.) MARCH 28

(*Applause.*) First of all I shall have to devote a little time to criticising the remarks made here by Comrades Preobrazhensky and Osinsky. I think that on the most important and fundamental question Comrades Preobrazhensky and Osinsky were wide of

the mark, and their own statements have proved their line of policy to be wrong.

Comrade Preobrazhensky spoke about capitalism and said that we ought to open a general discussion on our Programme. I think that this would be the most unproductive and unjustified waste of time.

First of all about state capitalism.

"State capitalism is capitalism," said Preobrazhensky, "and that is the only way it can and should be interpreted." I say that that is pure scholasticism. Up to now nobody could have written a book about this sort of capitalism, because this is the first time in human history that we see anything like it. All the more or less intelligible books about state capitalism that have appeared up to now were written under conditions and in a situation where state capitalism was capitalism. Now things are different; and neither Marx nor the Marxists could foresee this. We must not look to the past. When you write history, you will write it magnificently; but when you write a textbook, you will say: State capitalism is the most unexpected and absolutely unforeseen form of capitalism—for nobody could foresee that the proletariat would achieve power in one of the least developed countries, and would first try to organise large-scale production and distribution for the peasantry and then, finding that it could not cope with the task owing to the low standard of culture, would enlist the services of capitalism. Nobody ever foresaw this; but it is an incontrovertible fact.

Comrade Larin, in his speech, revealed that he has a very vague conception of the New Economic Policy and of how it should be handled.

Not a single serious objection has been raised to our adoption of the New Economic Policy. The proletariat is not afraid to admit that certain things in the revolution went off magnificently, and that others went awry. All the revolutionary parties that have perished so far, perished because they became conceited, because they failed to see the source of their strength and feared to discuss their weaknesses. We, however, shall not perish, because we are not afraid to discuss our weaknesses and will learn to overcome them. (*Applause.*) The capitalism that we have permitted is essential. If it is ugly and bad, we shall be able to rectify it, because

power is in our hands and we have nothing to fear. Everybody admits this, and so it is ridiculous to confuse this with panic-mongering. If we were afraid to admit this our doom would be sealed. But the fact that we will learn and want to learn this is proved by the experience of the past three, four, five years, during which we learnt more complicated matters in a shorter period. True, then we were driven by necessity. During the war we were driven very hard; I think there was neither a front nor a campaign in which we were not hard pressed. The enemy came within a hundred versts of Moscow; was approaching Orel; was within five versts of Petrograd. That was the time we really woke up and began to learn and to put the lessons we had learnt into practice, and we drove out the enemy.

The position now is that we have to deal with an enemy in mundane economics, and this is a thousand times more difficult. The controversies over state capitalism that have been raging in our literature up to now could at best be included in textbooks on history. I do not in the least deny that textbooks are useful, and recently I wrote that it would be far better if our authors devoted less attention to newspapers and political twaddle and wrote textbooks, as many of them, including Comrade Larin, could do splendidly. His talent would prove most useful on work of this kind and we would solve the problem that Comrade Trotsky emphasised so well when he said that the main task at the present time is to train the younger generation, but we have nothing to train them with. Indeed, from what can the younger generation learn the social sciences? From the old bourgeois junk. This is disgraceful! And this is at a time when we have hundreds of Marxist authors who could write textbooks on all social problems, but do not do so because their minds are taken up with other things.

As regards state capitalism, we ought to know what should be the slogan for agitation and propaganda, what must be explained, what we must get everyone to understand practically. And that is that the state capitalism that we have now is not the state capitalism that the Germans wrote about. It is capitalism that we ourselves have permitted. Is that true or not? Everybody knows that it is true!

At a congress of Communists we passed a decision that state capitalism would be permitted by the proletarian state, and we

are the state. If we did wrong we are to blame and it is no use shifting the blame to somebody else! We must learn, we must see to it that in a proletarian country state capitalism cannot and does not go beyond the framework and conditions delineated for it by the proletariat, beyond conditions that benefit the proletariat.

Vol. 33, pp. 310-12

TO ARMAND HAMMER

11.V.1922

Dear Comrade Hammer!

Excuse me please; I have been very ill; now I am much, much better.

Many thanks for Your present—a very kind letter from American comrades and friends who are in prison. I enclose for You my letter to Comrade Zinoviev or for other comrades in Petrograd if Zinoviev has left Petrograd.

My best wishes for the full success of Your first concession: such success would be of great importance also for trade relations between our Republic & United States.

Thanking You once more. I beg to apologise for my bad English. Please address letters & telegrams to my secretary (*Fotieva or Smolioninoff*). I shall instruct them.

Yours truly,
Lenin

Vol. 45, pp. 542-43

TO J. V. STALIN FOR MEMBERS OF THE R.C.P.(B.) C.C. POLITBUREAU

Urgent
Secret

To Comrade Stalin with a request to circulate
all Politbureau members
(being sure to include Comrade Zinoviev)

On the strength of this information from Comrade Reinstein, I am giving both Armand *Hammer* and B. *Mishell* a special recommendation on my own behalf and request all C.C. members to give these persons and their enterprise *particular* support. This is a small path leading to the American "business" world, and this path should be made use of *in every way*. If there are any objections, please *telephone* them to my secretary (Fotieva or Lepeshinskaya), to enable me to clear up the matter (and take a final decision through the Politbureau) before I leave, that is, within the next few days.

24/V. *Lenin*

P. S. 27/V. I have held this back pending a reply from Comrade Zinoviev. The reply came in on 26/V.

Lenin

Written on May 24
and 27, 1922

Vol. 45, p. 559

RECOMMENDATION FOR ARMAND HAMMER*

The bearer, Doctor Armand Yulievich Hammer, is secretary of the United American Company, the first stock company to obtain from us a concession, namely for the asbestos mines in the Urals. This firm also has a contract to supply Russia with a quantity of grain in exchange for Russian goods and is also the sole agent for Russia for motor cars, trucks and tractors of the American Ford works and for agricultural implements of the big American firm Mollin Plough Company.

The United American Company differs from the usual capitalist companies by its sympathetic attitude to Soviet Russia, and we are greatly interested in its being given every opportunity to fulfil its tasks successsfully.

I therefore instantly request all representatives of *Vneshtorg, the railway administration* and other representatives of the Soviet Government in Russia and abroad to accord representatives of this Company not only due attention and polite treatment but also all possible cooperation, avoiding all red tape and the like.

Written on May 24, 1922

Translated from *Lenin Miscellany XXXVII*, p. 365

From INTERVIEW WITH ARTHUR RANSOME, "MANCHESTER GUARDIAN" CORRESPONDENT

Question. Judging by usual capitalist standards, the economic situation should be worse. Judging by communist standards, the situation should also be worse (decline of heavy industry). And yet, everybody I meet admits that his conditions are better than they were a year ago. Evidently, something is taking place that neither capitalist nor communist ideology allows for. Both presuppose progress. But what if, instead of progressing, we are receding? My question is—*is it not possible that we are not marching forward to new prosperity, but are reverting to the old conditions?* Is it not possible that Russia is going back to the period of agricultural production approximately commensurate with her needs, and to a brisk home trade only slightly affected by foreign imports? Is not such a period conceivable under the proletarian dictatorship as it was formerly under the feudal dictatorship?

Answer. Let us first "judge" by "usual capitalist standards". Throughout the summer our ruble remained stable. This is an obvious sign of improvement. Furthermore, the revival of peasant production and of light industry is beyond doubt. This, too, is an improvement. Lastly, the State Bank has obtained a net revenue of no less than 20,000,000 gold rubles (this is at the lowest estimate; actually, it obtained a larger sum). A small sum, but the improvement is beyond doubt. A small sum, but it undoubtedly marks the beginning of an increase in the funds available for heavy industry.

To proceed. Let us now judge by communist standards. All the three circumstances enumerated above are assets also from the communist viewpoint, for in this country political power is in the hands of the workers. The *step* towards the stabilisation of the ruble, the revival of peasant production and light industry and the *first* profits obtained by the State Bank (i.e., the state) are all assets from the communist viewpoint *too*.

How is it that although capitalism is the antithesis of communism, certain circumstances are *assets* from *the two opposite viewpoints*? It is because one possible way to proceed to communism is through state capitalism, provided the state is controlled by the working class. This is exactly the position in the "present case".

The decline of heavy industry is a loss to us. The first profits obtained by the State Bank and the People's Commissariat of Foreign Trade mark the beginning of an improvement in this field, too. The difficulties here are enormous; but the situation is by no means hopeless.

Let us proceed further. Is it posible that we are receding to something in the nature of a "feudal dictatorship"? It is utterly impossible, for although slowly, with interruptions, taking steps backward from time to time, we are still making progress along the path of state capitalism, a path that leads us forward to socialism and communism (which is the highest stage of socialism), and certainly not back to feudalism.

Foreign trade is growing; the ruble is becoming more stable, although the process is not altogether without interruptions; there is an obvious revival of industry in Petrograd and Moscow; a small, a very small beginning has been made in accumulating state funds for the purpose of assisting heavy industry, and so on, and so forth. All this shows that Russia is not receding, but advancing, although, I repeat, very slowly, and not without interruption.

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FIVE YEARS OF THE RUSSIAN REVOLUTION AND THE PROSPECTS OF THE WORLD REVOLUTION

From *Report to the Fourth Congress of the Communist International*
November 13, 1922

(*Comrade Lenin is met with stormy, prolonged applause and a general ovation. All rise and join in singing "The Internationale".*) Comrades, I am down in the list as the main speaker, but you will understand that after my lengthy illness I am not able to make a long report. I can only make a few introductory remarks on the key questions. My subject will be a very limited one. The subject, "Five Years of the Russian Revolution and the Prospects of the World Revolution", is in general too broad and too large for one speaker to exhaust in a single speech. That is why I shall take only a small part of this subject, namely, the question of the New Economic Policy. I have deliberately taken only this small part in order to make you familiar with what is now the most important question—at all events, it is the most important to me, because I am now working on it.

And so, I shall tell you how we launched the New Economic Policy, and what results we have achieved with the aid of this policy. If I confine myself to this question, I shall, perhaps, succeed in giving you a general survey and a general idea of it.

To begin with how we arrived at the New Economic Policy, I must quote from an article I wrote in 1918.[103] At the beginning of 1918, in a brief polemic, I touched on the question of the attitude we should adopt towards state capitalism. I then wrote:

"State capitalism would be a *step forward* as compared with the present state of affairs (i.e., the state of affairs at that time) in our Soviet Republic. If in approximately six months' time state capitalism became established in our Republic, this would be a great success and a sure guarantee that within a year socialism will have gained a permanently firm hold and will have become invincible in our country."

Of course, this was said at a time when we were more foolish than we are now, but not so foolish as to be unable to deal with such matters.

Thus, in 1918, I was of the opinion that with regard to the economic situation then obtaining in the Soviet Republic, state capitalism would be a step forward. This sounds very strange, and perhaps even absurd, for already at that time our Republic was a socialist republic and we were every day hastily—perhaps too hastily—adopting various new economic measures which could not be described as anything but socialist measures. Nevertheless, I then held the view that in relation to the economic situation then obtaining in the Soviet Republic state capitalism would be a step forward, and I explained my idea simply by enumerating the elements of the economic system of Russia. In my opinion these elements were the following: "(1) patriarchal, i.e., the most primitive form of agriculture; (2) small commodity production (this includes the majority of the peasants who trade in grain); (3) private capitalism; (4) state capitalism, and (5) socialism." All these economic elements were present in Russia at that time. I set myself the task of explaining the relationship of these elements to each other, and whether one of the non-socialist elements, namely, state capitalism, should not be rated higher than socialism. I repeat: it seems very strange to everyone that a non-socialist element should be rated higher than, regarded as superior to, socialism in a republic which declares itself a socialist republic. But the fact will become intelligible if you recall that we definitely did not regard the economic system of Russia as something homogeneous and highly developed; we were fully aware that in Russia we had patriarchal agriculture, i.e., the most primitive form of agriculture, alongside the socialist form. What role could state capitalism play in these circumstances?

I then asked myself which of these elements predominated? Clearly, in a petty-bourgeois environment the petty-bourgeois element predominates. I recognised then that the petty-bourgeois element predominated; it was impossible to take a different view.

The question I then put to myself—this was in a specific controversy which had nothing to do with the present question—was: what is our attitude towards state capitalism? And I replied: although it is not a socialist form, state capitalism would be for us, and for Russia, a more favourable form than the existing one. What does that show? It shows that we did not overrate either the rudiments of the principles of socialist economy, although we had already accomplished the social revolution. On the contrary, at that time we already realised to a certain extent that it would be better if we first arrived at state capitalism and only after that at socialism.

I must lay special emphasis on this, because I assume that it is the only point of departure we can take, firstly, to explain what the present economic policy is; and, secondly, to draw very important practical conclusions for the Communist International. I do not want to suggest that we had then a ready-made plan of retreat. This was not the case. Those brief lines set forth in a polemic were not by any means a plan of retreat. For example, they made no mention whatever of that very important point, freedom to trade, which is of fundamental significance to state capitalism. Yet they did contain a general, even if indefinite, idea of retreat. I think that we should take note of that not only from the viewpoint of a country whose economic system was, and is to this day, very backward, but also from the viewpoint of the Communist International and the advanced West-European countries. For example, just now we are engaged in drawing up a programme. I personally think that it would be best to hold simply a general discussion on all the programmes, to make the first reading, so to speak, and to get them printed, but not to take a final decision now, this year. Why? First of all, of course, because I do not think we have considered all of them in sufficient detail, and also because we have given scarcely any thought to possible retreat, and to preparations for it. Yet that is a question which, in view of such fundamental changes in the world as the overthrow of capitalism and the building of socialism with all its enormous difficulties, absolutely requires our attention. We must not only know how to act when we pass directly to the offensive and are victorious. In revolutionary times this is not so difficult, nor so very important; at least, it is not the most decisive thing. There

are always times in a revolution when the opponent loses his head; and if we attack him at such a time we may win an easy victory. But that is nothing, because our enemy, if he has enough endurance, can rally his forces beforehand, and so forth. He can easily provoke us to attack him and then throw us back for many years. For this reason, I think, the idea that we must prepare for ourselves the possibility of retreat is very important, and not only from the theoretical point of view. From the practical point of view, too, all the parties which are preparing to take the direct offensive against capitalism in the near future must now give thought to the problem of preparing for a possible retreat. I think it will do us no harm to learn this lesson together with all the other lessons which the experience of our revolution offers. On the contrary, it may prove beneficial in many cases.

Now that I have emphasised the fact that as early as 1918 we regarded state capitalism as a possible line of retreat, I shall deal with the results of our New Economic Policy. I repeat: at that time it was still a very vague idea, but in 1921, after we had passed through the most important stage of the Civil War—and passed through it victoriously—we felt the impact of a grave—I think it was the gravest—internal political crisis in Soviet Russia. This internal crisis brought to light discontent not only among a considerable section of the peasantry but also among the workers. This was the first and, I hope, the last time in the history of Soviet Russia that feeling ran against us among large masses of peasants, not consciously but instinctively. What gave rise to this peculiar, and for us, of course, very unpleasant, situation? The reason for it was that in our economic offensive we had run too far ahead, that we had not provided ourselves with adequate resources, that the masses sensed what we ourselves were not then able to formulate consciously but what we admitted soon after, a few weeks later, namely, that the direct transition to purely socialist forms, to purely socialist distribution, was beyond our available strength, and that if we were unable to effect a retreat so as to confine ourselves to easier tasks, we would face disaster. The crisis began, I think, in February 1921. In the spring of that year we decided unanimously—I did not observe any considerable disagreement among us on this question—to adopt the New Economic Policy. Now, after eighteen months have elapsed, at the close of

1922, we are able to make certain comparisons. What has happened? How have we fared during this period of over eighteen months? What is the result? Has this retreat been of any benefit to us? Has it really saved us, or is the result still indefinite? This is the main question that I put to myself, and I think that this main question is also of first-rate importance to all the Communist Parties; for if the reply is in the negative, we are all doomed, I think that all of us can, with a clear conscience, reply to this question in the affirmative, namely, that the past eighteen months provide positive and absolute proof that we have passed the test.

I shall now try to prove this. To do that I must briefly enumerate all the constituent parts of our economy.

First of all I shall deal with our financial system and our famous Russian ruble. I think we can say that Russian rubles are famous, if only for the reason that their number now in circulation exceeds a quadrillion. (*Laughter.*) That is something! It is an astronomical figure. I am sure that not everyone here knows what this figure signifies. (*General laughter.*) But we do not think that the figure is so very important even from the point of view of economic science, for the noughts can always be crossed out. (*Laughter.*) We have achieved a thing or two in this art, which is likewise of no importance from the economic point of view, and I am sure that in the further course of events we shall achieve much more. But what is really important is the problem of stabilising the ruble. We are now grappling with this problem, our best forces are working on it, and we attach decisive importance to it. If we succeed in stabilising the ruble for a long period, and then for all time, it will prove that we have won. In that case all these astronomical figures, these trillions and quadrillions, will not have mattered in the least. We shall then be able to place our economy on a firm basis, and develop it further on a firm basis. On this question I think I can cite some fairly important and decisive data. In 1921 the rate of exchange of the paper ruble remained stable for a period of less than three months. This year, 1922, which has not yet drawn to a close, the rate remained stable for a period of over five months. I think that this proof is sufficient. Of course, if you demand scientific proof that we shall definitely solve this problem, then it is not sufficient; but in general, I do not think it is possible to prove this entirely and conclusively. The data I have cited show that between last year, when we started on the New Economic Policy, and the present day, we have already learned to make progress. Since we have learned to do this, I am sure we shall learn to achieve further successes along this road, provided we avoid doing anything very foolish. The most important thing, however, is trade, namely, the circulation of commodities, which is essential for us. And since we have successfully coped with this problem for two years, in spite of having been in a state of war (for, as you know, Vladivostok was recaptured only a few weeks ago), and in spite of the fact that only now we are able to proceed with our economic activities in a really systematic way—since we have succeeded in keeping the rate of the paper ruble stable for five months instead of only three months, I think I can say that we have grounds to be pleased. After all, we stand alone. We have not received any loans, and are not receiving any now. We have been given no assistance by any of the powerful capitalist countries, which organise their capitalist economy so "brilliantly" that they do not know to this day which way they are going. By the Treaty of Versailles they have created a financial system that they themselves cannot make head or tail of. If these great capitalist countries are managing things in this way, I think that we, backward and uneducated as we are, may be pleased with the fact that we have grasped the most important thing—the conditions for the stabilisation of the ruble. This is proved not by theoretical analysis but by practical experience, which in my opinion is more important than all the theoretical discussions in the world. Practice shows that we have achieved decisive results in that field, namely, we are beginning to push our economy towards the stabilisation of the ruble, which is of supreme importance for trade, for the free circulation of commodities, for the peasants, and for the vast masses of small producers.

Now I come to our social objectives. The most important factor, of course, is the peasantry. In 1921 discontent undoubtedly prevailed among a vast section of the peasantry. Then there was the famine. This was the severest trial for the peasants. Naturally, all our enemies abroad shouted: "There, that's the result of socialist economy!" Quite naturally, of course, they said nothing about the famine actually being the terrible result of the Civil War. All the landowners and capitalists who had begun their offensive

against us in 1918 tried to make out that the famine was the result of socialist economy. The famine was indeed a great and grave disaster which threatened to nullify the results of all our organisational and revolutionary efforts.

And so, I ask now, after this unprecedented and unexpected disaster, what is the position today, after we have introduced the New Economic Policy, after we have granted the peasants freedom to trade? The answer is clear and obvious to everyone; in one year the peasants have not only got over the famine, but have paid so much tax in kind that we have already received hundreds of millions of poods of grain, and that almost without employing any measures of coercion. Peasant uprisings, which previously, before 1921, were, so to speak, a common occurrence in Russia, have almost completely ceased. The peasants are satisfied with their present position. We can confidently assert that. We think that this evidence is more important than any amount of statistical proof. Nobody questions the fact that the peasants are a decisive factor in our country. And the position of the peasantry is now such that we have no reason to fear any movement against us from that quarter. We say that quite consciously, without exaggeration. This we have already achieved. The peasantry may be dissatisfied with one aspect or another of the work of our authorities. They may complain about this. That is possible, of course, and inevitable, because our machinery of state and our state-operated economy are still too inofficient to avert it; but any serious dissatisfaction with us on the part of the peasantry as a whole is quite out of the question. This has been achieved in the course of one year. I think that is already quite a lot.

Now I come to our light industry. In industry we have to make a distinction between heavy and light industry because the situation in them is different. As regards light industry, I can safely say that there is a general revival. I shall not go into details. I did not set out to quote a lot of statistics. But this general impression is based on facts, and I can assure you that it is not based on anything untrue or inaccurate. We can speak of a general revival in light industry, and, as a result, of a definite improvement in the conditions of the workers in Petrograd and Moscow. In other districts this is observed to a lesser degree, because heavy industry predominates in them. So this does not apply generally.

Nevertheless, I repeat, light industry is undoubtedly on the upgrade, and the conditions of the workers in Petrograd and Moscow have unquestionably improved. In the spring of 1921 there was discontent among the workers in both these cities. That is definitely not the case now. We, who watch the conditions and mood of the workers from day to day, make no mistake on that score.

The third question is that of heavy industry. I must say that the situation here is still grave. Some turn for the better occurred in 1921-22, so that we may hope that the situation will improve in the near future. We have already gathered some of the resources necessary for this. In a capitalist country a loan of hundreds of millions would be required to improve the situation in heavy industry. No improvement would be possible without it. The economic history of the capitalist countries shows that heavy industry in backward countries can only be developed with the aid of long-term loans of hundreds of millions of dollars or gold rubles. We did not get such loans, and so far have received nothing. All that is now being written about concessions and so forth is not worth much more than the paper it is written on. We have written a great deal about this lately and in particular about the Urquhart concession. Yet I think our concessions policy is a very good one. However, we have not concluded a single profitable concession agreement so far. I ask you to bear that in mind. Thus, the situation in heavy industry is really a very grave problem for our backward country, because we cannot count on loans from the wealthy countries. In spite of that, we see a tangible improvement, and we also see that our trading has brought us some capital. True, it is only a very modest sum as yet—a little over twenty million gold rubles. At any rate, a beginning has been made; our trade is providing us with funds which we can employ for improving the situation in heavy industry. At the present moment, however, our heavy industry is still in great difficulties. But I think that the decisive circumstance is that we are already in a position to save a little. And we shall go on saving. We must economise now though it is often at the expense of the population. We are trying to reduce the state budget, to reduce staffs in our government offices. Later on, I shall have a few words to say about our state apparatus. At all events, we must reduce it. We must eco-

nomise as much as possible. We are economising in all things, even in schools. We must do this, because we know that unless we save heavy industry, unless we restore it, we shall not be able to build up an industry at all; and without an industry we shall go under as an independent country. We realise this very well.

The salvation of Russia lies not only in a good harvest on the peasant farms—that is not enough; and not only in the good condition of light industry, which provides the peasantry with consumer goods—this, too, is not enough; we also need *heavy* industry. And to put it in a good condition will require several years of work.

Heavy industry needs state subsidies. If we are not able to provide them, we shall be doomed as a civilised state, let alone as a socialist state. In this respect, we have taken a determined step. We have begun to accumulate the funds that we need to put heavy industry on its feet. True, the sum we have obtained so far barely exceeds twenty million gold rubles; but at any rate this sum is available, and it is earmarked exclusively for the purpose of reviving our heavy industry.

I think that, on the whole, I have, as I have promised, briefly outlined the principal elements of our economy, and feel that we may draw the conclusion from all this that the New Economic Policy has already yielded dividends. We already have proof that, as a state, we are able to trade, to maintain our strong positions in agriculture and industry, and to make progress. Practical activity has proved it. I think this is sufficient for us for the time being. We shall have to learn much, and we have realised that we still have much to learn. We have been in power for five years, and during these five years we have been in a state of war. Hence, we have been successful.

This is understandable, because the peasantry were on our side. Probably no one could have supported us more than they did. They were aware that the whiteguards had the landowners behind them, and they hate the landowners more than anything in the world. That is why the peasantry supported us with all their enthusiasm and loyalty. It was not difficult to get the peasantry to defend us against the whiteguards. The peasants, who had always hated war, did all they possibly could in the war against the whiteguards, in the Civil War against the landowners.

But this was not all, because in substance it was only a matter of whether power would remain in the hands of the landowners or of the peasants. This was not enough for us. The peasants knew that we have seized power for the workers and that our aim is to use this power to establish the socialist system. Therefore, the most important thing for us was to lay the economic foundation for socialist economy. We could not do it directly. We had to do it in a roundabout way. The state capitalism that we have introduced in our country is of a special kind. It does not agree with the usual conception of state capitalism. We hold all the key positions. We hold the land; it belongs to the state. This is very important, although our opponents try to make out that it is of no importance at all. That is untrue. The fact that the land belongs to the state is extremely important, and economically it is also of great practical purport. This we have achieved, and I must say that all our future activities should develop only within that framework. We have already succeeded in making the peasantry content and in reviving both industry and trade. I have already said that our state capitalism differs from state capitalism in the literal sense of the term in that our proletarian state not only owns the land, but also all the vital branches of industry. To begin with, we have leased only a certain number of the small and medium plants, but all the rest remain in our hands. As regards trade, I want to re-emphasise that we are trying to found mixed companies, that we are already forming them, i.e., companies in which part of the capital belongs to private capitalists—and foreign capitalists at that—and the other part belongs to the state. Firstly, in this way we are learning how to trade, and that is what we need. Secondly, we are always in a position to dissolve these companies if we deem it necessary, and do not, therefore, run any risks, so to speak. We are learning from the private capitalist and looking round to see how we can progress, and what mistakes we make. It seems to me that I need say no more.

Vol. 33, pp. 418-28

TO THE RUSSIAN COLONY IN NORTH AMERICA[104]

Comrade Reichel, a representative of the American Society for Technical Aid for Soviet Russia, told me about the incorrect view on the New Economic Policy prevalent among some members of the Russian colony in North America.

This incorrect view could, I believe, be the result of deliberate misinterpretation of this policy by the capitalist press and the ridiculous tales spread by the embittered whiteguards, who have been driven out of Soviet Russia, as well as by the Mensheviks and Socialist-Revolutionaries.

In Europe these tales about us and especially about our New Economic Policy are falling into disuse. The New Economic Policy has changed nothing radically in the social system of Soviet Russia, nor can it change anything so long as the power is in the hands of the workers—and that Soviet power has come to stay, no one now, I think, can have any doubt. The malignity of the capitalist press and the influx of Russian whiteguards in America merely prove our strength.

The state capitalism, which is one of the principal aspects of the New Economic Policy, is, under Soviet power, a form of capitalism that is deliberately permitted and restricted by the working class. Our state capitalism differs essentially from the state capitalism in countries that have bourgeois governments in that the state with us is represented not by the bourgeoisie, but by the proletariat, who has succeeded in winning the full confidence of the peasantry.

Unfortunately, the introduction of state capitalism with us is not proceeding as quickly as we would like it. For example, so far we have not had a single important concession, and without foreign capital to help develop our economy, the latter's quick rehabilitation is inconceivable.

Those to whom the question of our New Economic Policy—the only correct policy—is not quite clear, I would refer to the speeches of Comrade Trotsky and my own speech at the Fourth Congress of the Communist International[105] devoted to this question.

Comrade Reichel has told me about the preparatory work which the Society for Technical Aid is doing to organise American agricultural and other producers' communes who wish to come out to work in Russia and intend to bring with them new instruments of production, tractors, seeds of improved cultures, and so on.

I have already expressed my gratitude to the American comrades in my letters to the Society for Technical Aid and the Society of Friends of Soviet Russia in connection with the very successful work of their agricultural communes and units in Russia in the summer of 1922.[106]

I take this opportunity to thank you once more on behalf of the Soviet Government and to stress the fact that of all the forms of aid the aid to our agriculture and improvement of its technical methods is the most important and valuable for us.

V. Ulyanov (Lenin)
Chairman, Council of People's Commissars

Written on November 14, 1922 Vol. 42, pp. 425-27

ON CO-OPERATION

I

It seems to me that not enough attention is being paid to the co-operative movement in our country. Not everyone understands that now, since the time of the October Revolution and quite apart from NEP (on the contrary, in this connection we must say—because of NEP), our co-operative movement has become one of great significance. There is a lot of fantasy in the dreams of the old co-operators.[107] Often they are ridiculously fantastic. But why are they fantastic? Because people do not understand the fundamental, the rock-bottom significance of the working-class political struggle for the overthrow of the rule of the exploiters. We have overthrown the rule of the exploiters, and much that was fantastic, even romantic, even banal in the dreams of the old co-operators is now becoming unvarnished reality.

Indeed, since political power is in the hands of the working class, since this political power owns all the means of production, the only task, indeed, that remains for us is to organise the population in co-operative societies. With most of the population organised in co-operatives, the socialism which in the past was legitimately treated with ridicule, scorn and contempt by those who were rightly convinced that it was necessary to wage the class struggle, the struggle for political power, etc., will achieve its aim

automatically. But not all comrades realise how vastly, how infinitely important it is now to organise the population of Russia in co-operative societies. By adopting NEP we made a concession to the peasant as a trader, to the principle of private trade; it is precisely for this reason (contrary to what some people think) that the co-operative movement is of such immense importance. All we actually need under NEP is to organise the population of Russia in co-operative societies on a sufficiently large scale, for we have now found that degree of combination of private interest, of private commercial interest, with state supervision and control of this interest, that degree of its subordination to the common interests which was formerly the stumbling-block for very many socialists. Indeed, the power of the state over all large-scale means of production, political power in the hands of the proletariat, the alliance of this proletariat with the many millions of small and very small peasants, the assured proletarian leadership of the peasantry, etc.—is this not all that is necessary to build a complete socialist society out of co-operatives, out of co-operatives alone, which we formerly ridiculed as huckstering and which from a certain aspect we have the right to treat as such now, under NEP? Is this not all that is necessary to build a complete socialist society? It is still not the building of socialist society, but it is all that is necessary and sufficient for it.

It is this very circumstance that is underestimated by many of our practical workers. They look down upon our co-operative societies, failing to appreciate their exceptional importance, first, from the standpoint of principle (the means of production are owned by the state), and, second, from the standpoint of transition to the new system by means that are the *simplest, easiest and most acceptable to the peasant.*

But this again is of fundamental importance. It is one thing to draw up fantastic plans for building socialism through all sorts of workers' associations, and quite another to learn to build socialism in practice in such a way that *every* small peasant could take part in it. That is the very stage we have now reached. And there is no doubt that, having reached it, we are taking too little advantage of it.

We went too far when we introduced NEP, but not because we attached too much importance to the principle of free enter-

prise and trade—we went too far because we lost sight of the co-operatives, because we now underrate the co-operatives, because we are already beginning to forget the vast importance of the co-operatives from the above two points of view.

I now propose to discuss with the reader what can and must at once be done practically on the basis of this "co-operative" principle. By what means can we, and must we, start at once to develop this "co-operative" principle so that its socialist meaning may be clear to all?

Co-operation must be politically so organised that it will not only generally and always enjoy certain privileges, but that these privileges should be of a purely material nature (a favourable bank-rate, etc.). The co-operatives must be granted state loans that are greater, if only by a little, than the loans we grant to private enterprises, even to heavy industry, etc.

A social system emerges only if it has the financial backing of a definite class. There is no need to mention the hundreds of millions of rubles that the birth of "free" capitalism cost. At present we have to realise that the co-operative system is the social system we must now give more than ordinary assistance, and we must actually give that assistance. But it must be assistance in the real sense of the word, i.e., it will not be enough to interpret it to mean assistance for any kind of co-operative trade; by assistance we must mean aid to co-operative trade in which *really large masses of the population actually take part*. It is certainly a correct form of assistance to give a bonus to peasants who take part in co-operative trade; but the whole point is to verify the nature of this participation, to verify the awareness behind it, and to verify its quality. Strictly speaking, when a co-operator goes to a village and opens a co-operative store, the people take no part in this whatever; but at the same time guided by their own interests they will hasten to try to take part in it.

There is another aspect to this question. From the point of view of the "enlightened" (primarily, literate) European there is not much left for us to do to induce absolutely everyone to take not a passive, but an active part in co-operative operations. Strictly speaking, there is "*only*" one thing we have left to do and that is to make our people so "enlightened" that they understand all the advantages of everybody participating in the work of the co-

operatives, and organise this participation. "*Only*" that. There are now no other devices needed to advance to socialism. But to achieve this "only", there must be a veritable revolution—the entire people must go through a period of cultural development. Therefore, our rule must be: as little philosophising and as few acrobatics as possible. In this respect NEP is an advance, because it is adjustable to the level of the most ordinary peasant and does not demand anything higher of him. But it will take a whole historical epoch to get the entire population into the work of the co-operatives through NEP. At best we can achieve this in one or two decades. Nevertheless, it will be a distinct historical epoch, and without this historical epoch, without universal literacy, without a proper degree of efficiency, without training the population sufficiently to acquire the habit of book-reading, and without the material basis for this, without a certain sufficiency to safeguard against, say, bad harvests, famine, etc.—without this we shall not achieve our object. The thing now is to learn to combine the wide revolutionary range of action, the revolutionary enthusiasm which we have displayed, and displayed abundantly, and crowned with complete success—to learn to combine this with (I am almost inclined to say) the ability to be an efficient and capable trader, which is quite enough to be a good co-operator. By ability to be a trader I mean the ability to be a cultured trader. Let those Russians, or peasants, who imagine that since they trade they are good traders, get that well into their heads. This does not follow at all. They do trade, but that is far from being cultured traders. They now trade in an Asiatic manner, but to be a good trader one must trade in the European manner. They are a whole epoch behind in that.

In conclusion: a number of economic, financial and banking privileges must be granted to the co-operatives—this is the way our socialist state must promote the new principle on which the population must be organised. But this is only the general outline of the task; it does not define and depict in detail the entire content of the practical task, i.e., we must find what form of "bonus" to give for joining the co-operatives (and the terms on which we should give it), the form of bonus by which we shall assist the co-operatives sufficiently, the form of bonus that will produce the civilised co-operator. And given social ownership of the means

of production, given the class victory of the proletariat over the bourgeoisie, the system of civilised co-operators is the system of socialism.

January 4, 1923

II

Whenever I wrote about the New Economic Policy I always quoted the article on state capitalism[108] which I wrote in 1918. This has more than once aroused doubts in the minds of certain young comrades. But their doubts were mainly on abstract political points.

It seemed to them that the term "state capitalism" could not be applied to a system under which the means of production were owned by the working class, a working class that held political power. They did not notice, however, that I used the term "state capitalism", *firstly,* to connect historically our present position with the position adopted in my controversy with the so-called Left Communists; also, I argued at the time that state capitalism would be superior to our existing economy. It was important for me to show the continuity between ordinary state capitalism and the unusual, even very unusual, state capitalism to which I referred in introducing the reader to the New Economic Policy. *Secondly,* the practical purpose was always important to me. And the practical purpose of our New Economic Policy was to lease out concessions. In the prevailing circumstances, concessions in our country would unquestionably have been a pure type of state capitalism. That is how I argued about state capitalism.

But there is another aspect of the matter for which we may need state capitalism, or at least a comparison with it. It is the question of co-operatives.

In the capitalist state, co-operatives are no doubt collective capitalist institutions. Nor is there any doubt that under our present economic conditions, when we combine private capitalist enterprises—but in no other way than on nationalised land and in no other way than under the control of the working-class state—

with enterprises of a consistently socialist type (the means of production, the land on which the enterprises are situated, and the enterprises as a whole belonging to the state), the question arises about a third type of enterprise, the co-operatives, which were not formerly regarded as an independent type differing fundamentally from the others. Under private capitalism, co-operative enterprises differ from capitalist enterprises as collective enterprises differ from private enterprises. Under state capitalism, co-operative enterprises differ from state capitalist enterprises, firstly, because they are private enterprises, and, secondly, because they are collective enterprises. Under our present system, co-operative enterprises differ from private capitalist enterprises because they are collective enterprises, but do not differ from socialist enterprises if the land on which they are situated and the means of production belong to the state, i.e., the working class.

This circumstance is not considered sufficiently when co-operatives are discussed. It is forgotten that owing to the special features of our political system, our co-operatives acquire an altogether exceptional significance. If we exclude concessions, which, incidentally, have not developed on any considerable scale, co-operation under our conditions nearly always coincides fully with socialism.

Let me explain what I mean. Why were the plans of the old co-operators, from Robert Owen onwards, fantastic? Because they dreamed of peacefully remodelling contemporary society into socialism without taking account of such fundamental questions as the class struggle, the capture of political power by the working class, the overthrow of the rule of the exploiting class. That is why we are right in regarding as entirely fantastic this "co-operative" socialism, and as romantic, and even banal, the dream of transforming class enemies into class collaborators and class war into class peace (so-called class truce) by merely organising the population in co-operative societies.

Undoubtedly we were right from the point of view of the fundamental task of the present day, for socialism cannot be established without a class struggle for political power in the state.

But see how things have changed now that political power is in the hands of the working class, now that the political power of

the exploiters is overthrown and all the means of production (except those which the workers' state voluntarily abandons on specified terms and for a certain time to the exploiters in the form of concessions) are owned by the working class.

Now we are entitled to say that for us the mere growth of co-operation (with the "slight" exception mentioned above) is identical with the growth of socialism, and at the same time we have to admit that there has been a radical modification in our whole outlook on socialism. The radical modification is this; formerly we placed, and had to place, the main emphasis on the political struggle, on revolution, on winning political power, etc. Now the emphasis is changing and shifting to peaceful, organisational, "cultural" work. I should say that emphasis is shifting to educational work, were it not for our international relations, were it not for the fact that we have to fight for our position on a world scale. If we leave that aside, however, and confine ourselves to internal economic relations, the emphasis in our work is certainly shifting to education.

Two main tasks confront us, which constitute the epoch—to reorganise our machinery of state, which is utterly useless, and which we took over in its entirety from the preceding epoch; during the past five years of struggle we did not, and could not, drastically reorganise it. Our second task is educational work among the peasants. And the economic object of this educational work among the peasants is to organise the latter in co-operative societies. If the whole of the peasantry had been organised in co-operatives, we would by now have been standing with both feet on the soil of socialism. But the organisation of the entire peasantry in co-operative societies presupposes a standard of culture among the peasants (precisely among the peasants as the overwhelming mass) that cannot, in fact, be achieved without a cultural revolution.

Our opponents told us repeatedly that we were rash in undertaking to implant socialism in an insufficiently cultured country. But they were misled by our having started from the opposite end to that prescribed by theory (the theory of pedants of all kinds), because in our country the political and social revolution preceded the cultural revolution, that very cultural revolution which nevertheless now confronts us.

This cultural revolution would now suffice to make our country a completely socialist country; but it presents immense difficulties of a purely cultural (for we are illiterate) and material character (for to be cultured we must achieve a certain development of the material means of production, must have a certain material base).

January 6, 1923

Vol. 33, pp. 467-75

NOTES

[1] The *All-Russia Central Executive Committee* (All-Russia C.E.C.)—the supreme legislative, organising and controlling organ of state power in the RSFSR in 1917-1938, elected by the All-Russia Congress of Soviets and active between the congresses. p. 23

[2] *"Left Communists"*—an anti-Party group, formed at the beginning of 1918 during the controversy over concluding the Brest Peace Treaty. Under the guise of Leftist phrases on "revolutionary war", the "Left Communists" upheld the adventuristic policy of involving the Soviet Republic, which as yet had no army, in a war against imperialist Germany and thus imperilled Soviet power.

The "Left Communists" also opposed the idea of one-man management and labour discipline as well as the use of bourgeois specialists in industry. p. 23

[3] For the excerpt from the pamphlet which Lenin seems to quote here see present collection, pp. 44-45. p. 25

[4] Reference is to the *Theses on the Present Situation*, put forward by the "Left Communists", which were discussed at a joint meeting of members of the Party Central Committee and the "Left Communists" group on April 4, 1918. p. 25

[5] At the Second RSDLP Congress in 1903, during the elections to the Party's central bodies revolutionary Social-Democrats headed by Lenin won the majority (*bolshinstvo*), while the opportunists found themselves in the minority (*menshinstvo*); hence the names Bolsheviks and Mensheviks respectively.

During the 1905-07 Revolution the Mensheviks came out against the leading role of the working class in the revolution and opposed the alliance of the working class and revolutionary peasantry, considering the bourgeoisie as the leader in the revolution.

After the February 1917 bourgeois-democratic revolution the Men-

sheviks and the Socialist-Revolutionaries accepted posts in the bourgeois Provisional Government, supported its imperialist policy and opposed the mounting socialist revolution.

After the October Socialist Revolution of 1917, the Mensheviks became an openly counter-revolutionary party, organising conspiracies and revolts against Soviet power. p. 26

[6] Lenin refers to the state capitalist amalgamations formed in the leather, textile and sugar industries. Early in 1918 the trade union of tanners came to an agreement with the All-Russia Society of Leather Industry Factory-Owners, which envisaged that tanning factories were to be subsidised by the Soviet Government and fulfil the government orders, with all the output owned by the state. The two-thirds of the posts in the Chief Leather Committee were occupied by the workers, while one-third went to private owners and representatives of bourgeois technical intelligentsia. Similar agreements were made in the textile, sugar and some other branches of light and food industries. The state retained the right to confiscate enterprises included in the state capitalist amalgamations. p. 27

[7] *Vperyod* (Forward)—a Menshevik daily newspaper, which began to appear in March 1917 in Moscow as the organ of the Moscow Organisation of Mensheviks, and subsequently as the organ of the Menshevik committees of the RSDLP of the Moscow organisation and the Central Region. On April 2, 1918 the newspaper became the organ of the Mensheviks' Central Committee as well. After the October Socialist Revolution the newspaper was twice suspended for its counter-revolutionary activities. It was finally banned in February 1919. p. 28

[8] *Levi Kommunist* (Left Communist) was how Lenin ironically dubbed the magazine *Kommunist*, the mouthpiece of the anti-Party group of "Left Communists". It was published in Moscow as the organ of the Moscow Regional Bureau of the RCP(B), which was then controlled by the "Left Communists". The fourth and last issue of the magazine as the organ of the "Left Communists" came out in June 1918, since after the regional conference in May, which adopted Lenin's resolution, the Moscow Regional Bureau removed its name from the magazine. p. 29

[9] Lenin is referring to the excessive emission of money and banknotes by the Soviet Government to make good its insufficient revenues from the usual sources (industry, transport, regular taxes and so on). In the early period of Soviet power such an emission was one of the major sources of financing the economy, the Red Army and social and cultural programmes. As a result of measures to improve the country's financial position taken by the Party and the Government, this emission was reduced in the middle of 1918. p. 31

[10] Reference is to Lenin's book *The State and Revolution* the revie
of which was published in the magazine of the "Left Communists".
Kommunist—on April 20, 1918. p.

[11] *Grain monopoly*—exclusive right of the state to sell grain and flou
which was exercised in the RSFSR and other Soviet republics durir
the period of War Communism and was abolished in 1921. It w
restored in the USSR after collectivisation of agriculture bega
The right of grain trade in the countryside was granted to the co
sumers' co-operatives. p.

[12] The *Left Socialist-Revolutionary Party* was formed at its First Al
Russia Congress in November 1917. Until then they had exis
ed as a Left wing of the petty-bourgeois Socialist-Revolutionar
Party (S.R.s) which had emerged during the First World Wa
After the victory of the October Socialist Revolution the Le
Socialist-Revolutionaries, striving to maintain their influence amon
the peasant masses, co-operated with the Bolsheviks for a certain tim
but soon they began a struggle against Soviet power.

The *Socialist-Revolutionaries* (S.R.s) were a party of petty-bou
geois democrats formed in Russia at the end of 1901 and begir
ning of 1902. The S.R.s rejected the leading role of the working clas
in the revolution and saw peasantry as the class which would mak
a transition to socialism. During the First World War most of th
S.R.s adopted the standpoint of social-chauvinism. After the Februar
1917 bourgeois-democratic revolution, the S.R.s, together with th
Mensheviks, were the mainstay of the bourgeois Provisional Govern
ment.

After the October Socialist Revolution the S.R.s waged struggl
against Soviet power. p. 3

[13] *Junkers*—members of the Prussian landed aristocracy who until the
1860s enjoyed undivided rule both in their estates and the state. Sub
sequently the junkers had to share power with the bourgeoisie. p. 42

[14] *Narcissus* (Gr. Myth.)—a handsome youth who fell in love with
his own reflection in the water, figuratively, a conceited man. p. 43

[15] *Novaya Zhizn* (New Life)—a daily published in Petrograd from
April 18 (May 1), 1917, to July 1918 by a group of Menshevik in
ternationalists and writers who rallied around the magazine *Letopis*
(Chronicle). Lenin pointed out that their prevailing mood was one
of "intellectual scepticism, which conceals and expresses lack of
principle" (*Collected Works*, Vol. 25, p. 271) and ironically called
them "would-be internationalists" and "also-Marxists". The newspaper
was hostile to the October Revolution and Soviet power. From June
1, 1918, it appeared simultaneously in Petrograd and Moscow but
both editions were closed down in July 1918. p. 44

[16] *Soviets of Workers', Peasants' and Soldiers' Deputies,* now the *Soviets of the People's Deputies* in the USSR—representative organs of state power through which the working people exercise their political power. p. 45

[17] For details see Lenin's "Reply to the Debate on the Report on the Immediate Tasks of the Soviet Government" at the session of the All-Russia C.E.C. on April 29, 1918. p. 45

[18] See Note 1. p. 45

[19] Lenin is quoting a statement by Karl Marx on the compensation to capitalists for the confiscated means of production which Marx considered to be one of the specific ways of peaceful transition to socialism. This statement was set forth by Engels in *The Peasant Question in France and Germany* (K. Marx and F. Engels, *Selected Works* in three volumes, Vol. 3, p. 474). p. 45

[20] Lenin is referring to one of the main arguments which the Menshe-viks used against the October Socialist Revolution and the dictatorship of the proletariat. They claimed that the seizure of power was "premature", that the development of the productive forces in Russia has not attained the level that makes socialism possible. After the October Revolution they continued to oppose Soviet power, and socialist reforms. Refuting the Menshevik conception of "prematurity" of the socialist revolution in Russia because of economic and cultural backwardness, Lenin wrote in his article "Our Revolution" that the working class of Russia had to begin by first seizing power in a revolutionary way, "and *then,* with the aid of the workers' and peasants' government and the Soviet system, proceed to overtake the other nations." (*Collected Works,* Vol. 33, p. 479.) p. 48

[21] *The Man in a Muffler*—a character from the story of that title by Anton Chekhov. Typifies the narrow-minded philistine, fearing any innovation and initiative. p. 48

[22] Reference is to the policy of compromise, pursued by Menshevik and Socialist-Revolutionary leaders of the Soviets, with the bourgeois Provisional Government after the February 1917 bourgeois-democratic revolution in Russia. p. 49

[23] The bourgeois Provisional Government adopted a decision setting the elections to the Constituent Assembly for September 17(30), 1917, but in August it postponed them until November 12(25).

The elections to the Constituent Assembly took place on the appointed date, November 12(25), after the October Socialist Revolution, since a call for its convocation was very widespread among the people.

The elections were held in accordance with the lists that had been drawn up before the October Revolution, in consequence of which the composition of the Constituent Assembly reflected the alignment of forces in the period when the bourgeoisie was in power. It resulted in the gap between the will of the great majority of the people, who supported the Soviet power, and the policy pursued by the S.R.-Menshevik-Cadet majority of the Constituent Assembly expressing the interests of the bourgeoisie and landlords. The Constituent Assembly refused to discuss the Declaration of Rights of the Working and Exploited People and to approve the decrees of the Second Congress of Soviets on peace and on land, and the transfer of power to the Soviets. By decree of the All-Russia Central Executive Committee it was dissolved on January 6(19), 1918. p. 49

[24] *Znamya Truda* (The Banner of Labour)—a daily, organ of the Petrograd Committee of the Socialist-Revolutionary Party; published from August 23 (September 5), 1917. From November 1(14), 1917 (No. 59), it became the organ of the Petrograd Committee of the Socialist-Revolutionary Party and the group of Left Socialist-Revolutionaries of the Central Executive Committee of the Second All-Russia Congress of Soviets. After the First All-Russia Congress of the Left Socialist-Revolutionary Party, as from No. 105, which appeared on December 28, 1917 (January 10, 1918), the newspaper became the central organ of this Party. It was banned in July 1918 during the Left Socialist-Revolutionary revolt. p. 50

[25] June 11(24), 1917, the joint sitting of the Executive Committee of the Petrograd Soviet of Workers' and Soldiers' Deputies and members of the Presidium of the First All-Russia Congress of Soviets, discussed the question of the peaceful demonstration of Petrograd workers and soldiers, prepared by the Bolshevik Party Central Committee. I. G. Tsereteli, one of the Menshevik leaders, came out against the Bolsheviks with slander and accused them of plotting against the government and of assisting the counter-revolution and threatened to take decisive measures for disarming the workers following the Bolsheviks. p. 50

[26] See Note 8. p. 51

[27] Lenin is quoting from V. L. Pushkin's epigram about a mediocre poet who sent his verses to Phoebus, god of the sun and patron of the arts. p. 52

[28] Chief Leather Committee, Central Textile Committee, Central Tea Committee, etc.—central committees subordinate to the Supreme Economic Council, established for the management and control of different branches of industry. p. 53

[29] The question of building the Great Northern Railway, to link the River Ob with Petrograd and Murmansk via Kotlas was discussed at

a meeting of the Council of People's Commissars on February 4, 1919. Seeing the tremendous economic benefits of a railway connecting the Ob with ports of the Northern Sea Passage, which would facilitate development of huge timber resources and mineral deposits, and unable to build the line on its own because the Soviet Republic was at the time in a state of dislocation caused by the First World War (1914-1918) and foreign military intervention, the Soviet Government thought it possible to grant concessions to foreign capital for the purpose of developing the country's productive forces. Lenin's draft resolution was adopted by the Council of People's Commissars. Subsequently, however, it turned out that the financial possibilities of the concession initiators were inadequate for the practical realisation of the project, and no contract for this railway was concluded. p. 55

[30] The *Council of People's Commissars* (C.P.C.) in 1917-1946—the supreme executive organs of state power of the USSR, and the Union and Autonomous republics. In 1946 they were reorganised into Councils of Ministers. p. 55

[31] The *Entente*—a bloc of imperialist powers (Britain, France and Russia) which took final shape in 1907 and was opposed to the Triple Alliance of Germany, Austria-Hungary and Italy. It derived its name from *Entente cordiale*, the Anglo-French alliance of 1904. During the First World War the United States, Japan and some other countries joined the Entente. After the Great October Socialist Revolution the chief members of the bloc, Britain, France, the USA and Japan, inspired, organised and participated in the armed intervention against Soviet Russia. p. 57

[32] The *Peace Treaty of Versailles*, which concluded the First World War, was signed on June 28, 1919, by the USA, Britain, France, Italy, Japan and other Allied Powers, on the one hand, and Germany, on the other.

Lenin wrote about the Treaty of Versailles that "it is an unparalleled and predatory peace, which has made slaves of tens of millions of people, including the most civilised" (*Collected Works*, Vol. 31, p. 326). The treaty consolidated the repartition of the capitalist world in favour of the victor powers, and established a system of relationships between countries which was aimed at strangling Soviet Russia and suppressing the world revolutionary movement. p. 58

[33] On October 26, 1920, the Council of People's Commissars discussed Lenin's report on the question of concessions in Siberia. At its next sitting, on October 30, 1920, the Council of People's Commissars adopted a decision to establish a commission under the Supreme Economic Council and entrust it with the task of choosing objects for concessions in different branches of economy, and working out the most expedient combination of them, as well as detailed plans of developing the concessions.

On November 23, 1920, the Council of People's Commissars considered the draft resolution worked out by the commission, and approved it as the Council of People's Commissars' decree "The General Economic and Legal Conditions of Concessions". The decree stressed that, in spite of the fact that for three years the Soviet Republic had achieved certain results in restoring national economy on its own, while continuing the armed struggle against the enemies, the process of restoring the productive forces of Russia could be accelerated many times over by enlisting the co-operation of foreign states, municipal institutions, private enterprises, joint-stock companies and co-operative societies in the extraction and processing of Russia's natural resources. It was pointed out in the decree that concessions could be granted only to reliable, trustworthy foreign industrial companies and organisations. The main objects of interest were timber concessions in Western Siberia and in the North of European Russia, mining concessions in Siberia and agricultural concessions in the Northern Caucasus, in the Don Region, and in some other areas. Those objects were meant for concessions which could not be developed by the Soviet state itself. p. 58

[34] One of the first Western businessmen to start negotiations for concessions with the Soviet Government was Washington Vanderlip representing the huge US Vanderlip Syndicate.

A commission was established for conducting negotiations, including representatives of the Supreme Economic Council, People's Commissariat for Foreign Affairs and People's Commissariat of Foreign Trade. The ruling circles of Japan were worried by the negotiations since they feared further strengthening of the US positions in the Far East. The final draft contract was worked out in late September.

By agreeing to grant a concession, the Soviet Government strived not only for establishing mutually advantageous co-operation with business circles of the USA but also for normalising the US-Soviet relations. This condition though was not fulfilled because of a strong influence of the anti-Soviet imperialist circles on the US Government policy. p. 58

[35] The *plan for the electrification of all Russia*—the first scientifically based long-term state plan for the rehabilitation and development of the economy of the Soviet Republic: it was calculated for 10 to 15 years. The plan was in the main completed by 1931. p. 59

[36] Reference is to the draft trade agreement between Great Britain and the RSFSR, which was handed in by E. F. Wise, Secretary of Trade of Great Britain, to Leonid Krasin, head of the Soviet trade delegation in London, on November 29, 1920. Negotiations aimed

at establishing normal economic and political relations, which began in May 1920, dragged on and at times were even broken off through the fault of the British Government. On March 16, 1921, they ended with the conclusion of a trade agreement. p. 59

[37] The *Third, Communist International (Comintern)* was founded at the First (Inaugural) Congress of the Comintern held on March 2-6, 1919.

The Communist International played a great role in exposing opportunism in the labour movement, in restoring contacts between the working people of various countries, in founding and strengthening Communist parties. p. 60

[38] *Narody Vostoka* (Peoples of the East)—a monthly journal, organ of the Council for Propaganda and Guiding the Activities of the Peoples of the East, published by a decision of the First Congress of the Peoples of the East, which was held in Baku from September 1 to September 7, 1920. Only one issue appeared—in October 1920. It came out in Russian, Turkish, Persian and Arabic. p. 60

[39] Reference is to the basic demand of the imperialist powers (Britain, France, Belgium and some others) to Russia to recognise the pre-war and war debts incurred by the tsarist and then the Provisional governments, and also of the restitution to foreigners of the property nationalised in the course of the Revolution or the paying of compensation for their property. p. 61

[40] *Pood*—a Russian unit of weight, equal to 40 pounds or about 16 kilogrammes. p. 62

[41] *Cheka, Vecheka*—the All-Russia Extraordinary Commission to Combat Counter-Revolution and Sabotage (1917-1922); it had its local organs in gubernias, uyezds, in transport and in the army. p. 63

[42] *Dessiatine*—a unit of land measure equal to 1,09 hectares, which was used before the introduction of the metric system. p. 65

[43] See Note 33. p. 71

[44] Lenin is referring to a meeting of the activists of the Moscow Organisation of the RCP(B) on December 6, 1920. See part of Lenin's report on concessions delivered at the meeting and his "Reply to the Debate on Concessions" in the present collection, pp. 58-70. p. 72

[45] The *Far-Eastern Republic*—a democratic state established in April 1920. It embraced the eastern territories of Russia—the Trans-Baikal, Amur, Primorye and Kamchatka regions. In form a bourgeois-democratic republic, it actually pursued a Soviet policy, which helped Soviet Russia to avoid an open military clash with Japan.

On November 14, 1922, after the interventionists and the white-guards were driven out of the Far East, the People's Assembly of the Far Eastern Republic passed a decision to unite with the RSFSR. p. 73

[46] Lenin apparently means the *Red Golgotha* collection, dedicated to the memory of victims of the Japanese aggressors. p. 73

[47] On May 26, 1919, the Supreme Council of the Entente sent a note to Kolchak over the signatures of Wilson, Lloyd George and others informing him of the Allies' readiness to recognise Kolchak and supply him with food and munitions to enable him to become a ruler of all Russia. In his reply Kolchak accepted a number of the Allies' conditions. On July 12 Britain, France, the USA and Italy, considering Kolchak's reply satisfactory, reaffirmed their readiness to give him help. p. 74

[48] The *Peace Treaty of Brest-Litovsk* was concluded between Soviet Russia and the countries of the Quadruple Alliance (Germany, Austria-Hungary, Bulgaria and Turkey) on March 3, 1918 in Brest-Litovsk and ratified on March 15 by the Extraordinary Fourth All-Russia Congress of Soviets. The peace terms were very harsh for Soviet Russia.

The Brest Peace Treaty was concluded despite dogged resistance from Trotsky and the anti-Party group of "Left Communists". Credit for its conclusion was due to Lenin's efforts to overcome opposition. The Peace of Brest-Litovsk was a splendid instance of the wisdom and flexibility of Lenin's tactics and skill in working out the only correct policy in an extremely complex situation. The Peace was a reasonable political compromise, which gave the Soviet state a respite from the war and enabled the Soviet Government to demobilise the old demoralised army and to create a new one—the Red Army, to launch socialist construction and gather strength for the coming struggle against internal counter-revolution and foreign intervention. This policy also promoted the peace struggle and enhanced the revolutionary mood in the armies and among the population of all belligerent countries. On November 13, 1918, following the revolution in Germany, which led to the downfall of the monarchy, the All-Russia Central Executive Committee repealed the treaty. p. 74

[49] Reference is to the meeting of the activists of the Moscow organisation of the RCP(B) on December 6, 1920. p. 76

[50] Reference to the war of 1920 between Soviet Russia and Poland. p. 79

[51] *Councils of Action*—organisations founded by the British workers to prevent Britain from joining the war against Soviet Russia, which began to appear at the beginning of August, 1920. A great role in or-

ganising the Councils of Action was played by the Communist Party of Great Britain. p. 79

[52] The *Supreme Economic Council* (S.E.C.)—the highest body of industrial management in Soviet Russia in 1917-1932. p. 84

[53] See Note 49. p. 85

[54] *Cossacks*—a privileged military estate in tsarist Russia, used by the tsarist government as frontier guards and for suppressing revolutionary movement. Cossacks' settlements (stanitsas) were situated mainly along the rivers Don, Terek and Ural. During the Civil War the prosperous sections of Cossacks fought on the side of the whiteguards, while the poor Cossacks fought for Soviet power. In 1920 the Cossack estate was abolished. p. 85

[55] *Surplus appropriation system,* the policy of compulsory deliveries—a method of state procurement of agricultural products used by Soviet power during the period of foreign armed intervention and the Civil War (1918-1920), when the state confiscated from peasants at fixed prices all surplus grain and fodder over the established norms for personal consumption, seed stock and the livestock fodder. In 1921 the surplus appropriation system was replaced by a tax in kind. p. 88

[56] *Sukharevka Market*—a market that once existed in Moscow. During the foreign armed intervention and the Civil War it was the centre of black marketeering. The word "Sukharevka" means in the broader sense "freedom of private trade". p. 88

[57] Reference is to the conclusion of a peace treaty between Poland, on the one hand, and Soviet Russia and the Soviet Ukraine, on the other. The final peace treaty was signed in Riga on March 18, 1921. p. 89

[58] *Gubernia*—the principal administrative and territorial unit in tsarist Russia and in the USSR up to 1929.

Uyezd—an administrative and territorial unit in Russia from the 13th century which was part of a *gubernia.* In 1923-1929 uyezds were reorganised into districts. p. 91

[59] See present collection, p. 94. p. 91

[60] *Kulak*—a wealthy peasant in Russia who exploited the labour of others. p. 92

[61] Lenin means Orjonikidze's reply to Lenin's telegram of March 30, 1921 on concessions in Georgia. p. 98

[62] The *Tenth Congress of the RCP(B)* was held in Moscow on March 8-16, 1921.

The Congress resolutions dealt with the key political and economic problems of the country. On Lenin's report, the Congress passed decisions on the substitution of a tax in kind for the surplus appropriation system, and on the transition from War Communism to the New Economic Policy (NEP), which was designed to draw millions of peasants into socialist construction. p. 99

[63] *Whiteguards*—counter-revolutionary units of former tsarist troops and members of illegal military organisations in Russia who waged the armed struggle against Soviet power during the Civil War and foreign military intervention. p. 100

[64] *Arshin*—an old Russian measure of length, equal to 71,12 cm. p. 102

[65] *Poor Peasants' Committees* were instituted by a decree of the All-Russia Central Executive Committee of June 11, 1918, "On the Organisation and Supply of the Rural Poor". In many regions of the country the Committees were actually organs of state power. The decree charged the Committees with the task of taking stock of food supplies on peasant farms and assisting the Soviet supply bodies in discovering and requisitioning surpluses, as well as protecting and delivering confiscated grain to state granaries. The Committees were also to supply the poor peasants with food at the expense of the kulak farms, distribute farm implements and manufactured goods, look after sowing and harvesting, protect the crops and combat grain profiteering. They were strongholds and organs of the proletarian dictatorship in the countryside. Their establishment marked the development of the socialist revolution in the villages. The Soviets were consolidated through the Committees and the extensive network of rural Party cells. In view of this, in November 1918 the Extraordinary Sixth All-Russia Congress of Soviets passed a decision to merge the Poor Peasants' Committees with the volost and village Soviets.

In the Ukraine they existed from 1920 to 1933 uniting land-starved and landless peasants. p. 104

[66] The *Peace Treaty between the RSFSR and Finland,* which was signed on October 14, 1920, proclaimed an end to the war between the states, reaffirmed independence and sovereignty of Finland, granted to it by the Soviet Government in 1917, and established the state border between Finland and the RSFSR.

In view of the defeat of the foreign military interventionists and the whiteguards in 1919 and the consolidation of the international position of Soviet Russia, the ruling circles of Latvia had also to conclude à peace treaty with the RSFSR. On March 25, 1920, the Latvian Ministry of Foreign Affairs approached the Soviet Government with a proposal of peace talks, and on April 16 a conference of the representatives of the RSFSR and Latvia was opened in

Moscow. The peace treaty with Latvia was signed on August 11 in Riga. p. 117

[67] Lenin apparently meant M. P. Tomsky and A. Z. Goltsman. p. 121

[68] Reference is to the agreement between the Georgian Revolutionary Committee and the representatives of the Menshevik government of Georgia, signed in Kutaisi as a result of the talks held on March 17 and 18, 1921. p. 124

[69] Lenin refers to members of the Amsterdam International of trade unions, an international centre of reformist trade unions, which was established at a congress held in Amsterdam in July 1919; it existed until 1945. p. 126

[70] The *Two-and-a-Half International* (whose official name was the International Association of Socialist Parties)—an international organisation of Centrist Socialist parties and groups that had been forced out of the Second International by the revolutionary masses. It was formed at a conference in Vienna in February 1921. While criticising the Second International, the leaders of the Two-and-a-Half International pursued an opportunist, splitting policy on all key issues of the proletarian movement and sought to utilise their association to offset the growing influence of the Communists among the working-class masses.

In May 1923, the Second and Two-and-a-Half Internationals merged into the so-called Socialist Labour International. p. 126

[71] *Anarcho-syndicalism*—an opportunist trend in the working-class movement. The anarcho-syndicalists considered as the highest form of organisation of the working class not the Party but the trade unions (syndicates) which should, in their opinion, take control of the means of production and the management of industry. p. 127

[72] Reference is to the International Council of Trade Unions, established in July 1920 on the initiative of the Executive Committee of the Communist International and All-Russia Central Council of Trade Unions as a centre of the world revolutionary trade union movement. At the First International Congress of Trade Unions in July 1921 it was renamed the Red International of Trade Unions (Profintern). p. 129

[73] In his pamphlet *The Tax in Kind,* Lenin quotes from his work *"Left-Wing" Childishness and the Petty-Bourgeois Mentality* (see present collection, pp. 39-49). p. 133

[74] Lenin quotes from Pushkin's poem 'A Hero'. p. 141

[75] *Verst*—an old Russian measure of length, equal to 1,06 km. p. 142

[76] *Oblomovism*—the word derived from the name of Oblomov, the central character in the novel of the same name by the Russian writer I. A. Goncharov. Oblomov was the personification of routine, stagnation, incapacity of action, and the extreme degree of inertia. p. 142

[77] Lenin refers to the Plan for the Electrification of Russia worked out by the State Commission which consisted of prominent scientists and specialists. In December 1920 the plan was approved by the Eighth All-Russia Congress of Soviets. p. 142

[78] Lenin refers to the counter-revolutionary mutiny in Kronstadt, which was organised by the S.R.s., Mensheviks and whiteguards on February 28, 1921. It involved mainly new recruits, most of whom came from the countryside and were politically ignorant and discontent with the surplus appropriation system. The mutiny was sparked off by the economic hardships in the Soviet state and facilitated by the fact that the Kronstadt Bolshevik organisation was weakened.

The counter-revolutionary bourgeoisie did not dare come out against the Soviet power openly and used a new tactic. In an attempt to deceive the people, the leaders of the mutiny put forward the slogan "Soviets without Communists", hoping to remove the Communists from the leadership of the Soviets, destroy the Soviet system and restore capitalist rule in Russia. On March 18, 1921, the mutiny was suppressed. p. 148

[79] The reference is to the draft co-report by M. F. Sokolov "On the Tax in Kind and the Change of the Soviet Policy", to be delivered at a general meeting of the RCP(B) cell of the People's Commissariat for Foreign Affairs on May 18, 1921. It was sent by the author to Lenin with a request to read it and answer a number of questions raised in it. p. 155

[80] The reference is to Lenin's pamphlet "The Tax in Kind". See excerpts from it in the present collection, pp. 133-52. p. 155

[81] The *Third Congress of the Communist International* was held in Moscow from June 22 to July 12, 1921.

The Third Congress of the Comintern had a great influence on the formation and development of young Communist parties in a number of countries. Its main attention was paid to the Comintern's organisation and tactics in the new conditions of development of the world communist movement. Alongside the struggle against Centrism, Lenin had to combat the "Leftist" dogmatism, pseudo-revolutionary "Leftist" cant and sectarianism.

The Third Congress went down in the history of the world communist movement as a congress which worked out the basic tactics of the Communist parties and defined the task of winning the masses over to the side of the proletariat, strengthening working-class unity and implementing united front tactics. p. 157

[82] This telegram was written in reply to a letter from a group of Communists of the Samarkand Party Organisation of June 15, 1921, in which the Communists greeted Lenin and approved the New Economic Policy. p. 159

[83] Reference is to the armed uprising of the German proletariat in March 1921.

The German bourgeoisie, frightened by the growth of the Communist influence among the masses, decided to provoke the revolutionary vanguard of the proletariat for a premature and unprepared armed uprising in order to crush the revolutionary organisations of the working class. On March 16, under the pretext of fighting criminal elements who supposedly called for strikes, the Oberpräsident of the Prussian Police issued an order on bringing police detachments to the enterprises of Central Germany. The provocative policy of the authorities caused violent resentment among the workers and clashes started with the police. On March 17 the Central Committee of the United Communist Party of Germany passed a decision that the "proletariat must accept battle" and called the German proletariat for a general strike to help the workers of Central Germany. The majority of the working class, however, was not ready for an uprising and did not take part in the fighting. It was only in Central Germany that the uprising took shape of an armed struggle. During the March uprising the young Communist Party of Germany committed a number of errors.

In spite of the heroic struggle of the workers, the March uprising was crushed. The Communist Party and the working class were dealt a heavy blow. One of the major reasons for the defeat was the treacherous policy of splitting of forces, pursued by the Social-Democrats and leaders of the reformist trade unions. Great harm to the uprising was done by Paul Levi, then one of the leaders of the Communist Party of Germany. p. 160

[84] The *Workers' Opposition*—an anti-Party factional group which first came out under this name at the Ninth All-Russia Conference of the RCP(B) in September 1920. It took final shape as the Workers' Opposition in 1920-1921 during the discussion on the trade unions. Its views expressed an anarcho-syndicalist deviation in the Party. It denied the leading role of the Communist Party in the system of the dictatorship of the proletariat and brought to nought the significance of the proletarian state in the building of socialist economy. The opposition suggested that the management of the economy should be entrusted to "the All-Russia Congress of Producers", united in trade unions, which were to elect their central organ to manage the economy of the country. It set the trade unions against the Soviet state and the Communist Party, regarding trade unions, and not the Party, as the highest form of the organisation of the working class. The platform of the Workers' Opposition on inner-Party questions amounted to slanderous accusations that the Party leadership had "lost links with the Party rank and file", "underestimated the creative power of the proletariat", and "degenerated".

The Tenth Party Congress dealt a crushing blow at the Oppositions's ideology and factional activities. The Congress recognised propaganda of the views of the Workers' Opposition to be incompatible with Party membership. After the Congress most of the Party rank and file broke with the Workers' Opposition and supported the line of the Party. Their organisational defeat was completed by the Party's Eleventh Congress in 1922. p. 160

[85] The *Political Education Departments* were formed under local public education bodies in 1920. Their work was guided by the Central Political Education Committee of the People's Commissariat of Education. p. 168

[86] The reference is to the counter-revolutionary mutiny of the Czechoslovak Corps in Russia in May 1918.

The Corps was formed in 1917 by the bourgeois Provisional Government from Czech and Slovak prisoners of war to be used in the war against Germany. After the October Socialist Revolution the Corps was used by the Russian counter-revolutionaries in their struggle against Soviet power. It helped the whiteguards seize the Volga Area, the Urals and later Siberia. The counter-revolutionary uprising of the Czechoslovak Corps was suppressed at the end of 1919. p. 168

[87] Reference is to Lenin's works, "The Chief Task of Our Day", "The Immediate Tasks of the Soviet Government", and " 'Left-Wing' Childishness and the Petty-Bourgeois Mentality". See present collection, pp. 36-54. p. 173

[88] *Listok Ob'yavlenii* (or *Moskovsky Listok Obyavlenii*) (Moscow Advertising Sheet) was published privately in Moscow from October 1921 to February 1922. p. 175

[89] Reference is to the proposal of "Friedrich Krupp in Essen" Company to grant it a concession for 50,000 dessiatines of land. See also present collection, pp. 192, 193.

The International Economic and Financial Conference in Genoa was held from April 10 to May 19, 1922. It examined the question of establishing peace and economic co-operation in Europe and also the question of Russian debts. The conference was attended by representatives of 29 states including Soviet Russia, Britain, France, Italy, Japan and Germany.

The imperialist powers hoped to compel the Soviet Government to make a number of political and economic concessions, and at the same time, to establish economic relations with Soviet Russia. The Soviet Government, which was guided in its policy by the principle of peaceful coexistence and considered it necessary to establish dip-

lomatic and economic relations with the capitalist countries, consented to take part in the conference. It suggested a number of measures ensuring economic co-operation between Western states and Soviet Russia. The Soviet delegation declared its decision to table a motion of general reduction of armaments and of convening a world congress for establishing universal peace. The imperialist powers used diplomatic pressure to force the Soviet Government to make economic and political concessions which would lead to the restoration of capitalism in Russia. The Soviet Government categorically rejected these claims but expressed its readiness to discuss the question, raised by the imperialist powers, of the form of compensation to former foreign concessionaires for the property confiscated by the Revolution provided sufficient credits be granted to the Soviet state. It also put forward a counter-claim to the Allied countries to compensate for losses suffered by Soviet Russia as a result of the foreign armed intervention and blockade.

Even the first stage of the conference revealed serious contradictions between Germany and the victor-countries. The attempts of the German Government to come to an understanding with the Entente powers at the expense of the Soviet state failed, and it had to seek an agreement with the Soviet state, trying in this way to strengthen its relations with the Western countries.

Under the treaty signed by Soviet Russia and Germany at Rapallo (near Genoa) on April 16, 1922, the two countries relinquished mutual claims arising from the First World War. The German Government renounced its demand for the return to German nationals of enterprises nationalised by the Soviet Government provided it did not satisfy similar claims by other states. At the same time, the two countries established diplomatic relations and most-favoured-nation treatment in economic relations.

The signing of the Rapallo Treaty was a major success for Soviet diplomacy for it strengthened Soviet Russia's international position and wrecked the attempts of the imperialist powers to create a united anti-Soviet front. p. 190

[90] Colonel F. R. Macdonald, an organiser and participant in various industrial and financial enterprises, came to Soviet Russia apparently on a mission for Lloyd George and wrote a letter to Lenin. He was interested in timber and agricultural concessions, and also in obtaining a concession for the exploitation of separate sections of the railways and for the repair of railway engines. p. 192

[91] The *Council of Labour and Defence* was formed in 1920 as a commission of the Council of People's Commissars of the RSFSR with the purpose of mobilising manpower and means for the country's economy and defence. The USSR Council of Labour and Defence, which was appointed by the Council of People's Commissars of the USSR, operated from 1923 to 1937. p. 193

[92] The Eleventh Congress of the RCP(B) was held in Moscow on March 27-April 2, 1922.

It was convened a year after the Civil War ended and the Soviet country went over to peaceful economic development. Its purpose was to sum up the results of the first year of the New Economic Policy and map out the further plan of socialist construction. Lenin expounded and substantiated the plan of socialist construction on the basis of the New Economic Policy and set the task of holding up the retreat and regrouping of forces for the offensive on the capitalist elements. In his closing speech on the report Lenin showed how unsound were the attempts to revise the Party line in carrying out the New Economic Policy.

The Congress approved the political and organisational line of the Party Central Committee and recognised that, the necessary concessions to private capitalism being exhausted, the retreat in this field ended. p. 194

[93] The *Central Control Commission*—supreme organ of Party control, elected by the Party congresses. The first Central Control Commission was elected at the Tenth Congress of the RCP(B) in March 1921. p. 195

[94] Reference is to the Fifth All-Russia Congress of Metal-workers, which was held in Moscow on March 3-7, 1922.

The main task of the Congress was to reorganise the work of the union in conformity with the New Economic Policy. p. 201

[95] Reference is apparently to some of the members of the French Communist Party delegation at the first extended Plenary Meeting of the Executive Committee of the Communist International, Daniel Renoux, Louis Sellières, and some others, who did not understand the essence and significance of the New Economic Policy of the RCP(B) and thought that it would lead to the restoration of capitalism in Russia and weaken the international revolutionary movement.

The first extended Plenary Meeting of the Executive Committee of the Communist International was held in Moscow on February 21-March 4, 1922.

The central issue on the agenda was the question of tactics of the united front. The Plenum recommended all Communist Parties to determine concrete forms of applying the tactics of the united front in specific conditions of each country. In its theses "The New Economic Policy of Soviet Russia" the Plenum confirmed the correctness and stressed the international significance of the New Economic Policy. p. 202

[96] *The Communist International*—a magazine, organ of the Executive Committee of the Communist International, published in Russian, German, French, English, Spanish and Chinese in 1919-1943. p. 203

[97] Here Lenin refers to Mátyás Rakosi's article "The New Economic Policy in Soviet Russia", which analyses Otto Bauer's pamphlet *"Der neue Kurs" in Sowjetrussland* ("The New Policy" in Soviet Russia), published in Vienna in 1921. Rakosi's article appeared in the magazine *The Communist International*, No. 20, in March 1922. p. 203

[98] Reference is to the struggle between the Bolsheviks and the Mensheviks in emigration. p. 204

[99] Reference is to the Commission for Mixed Companies under the Council of Labour and Defence, set up by a decision of the Council of Labour and Defence on February 15, 1922. Its chairman was G. Y. Sokolnikov.

On April 4, 1922 the Council of People's Commissars passed a decree establishing the Central Committee for Concessions and Joint-Stock Companies under the Council of Labour and Defence and annulled the Commission for Mixed Companies. p. 205

[100] *Persuader-in-Chief* was the nickname given by the soldiers to A. F. Kerensky, then the Minister of the Army and Navy in the Provisional Government, for trying to persuade the soldiers to start an offensive when he toured the front in the summer of 1917. This attempt was made on orders from the Anglo-French imperialists and the Russian bourgeoisie. p. 206

[101] *Smena Vekh*—the title of a collection of articles published in Prague in July 1921, and then the name of a journal published in Paris from October 1921 to March 1922. It was the mouthpiece of a socio-political trend that emerged among White émigré intellectuals in 1921. A certain revival of capitalist elements in Soviet Russia in the period of the New Economic Policy served as the social foundation for this trend. When its adherents saw that the foreign military intervention could not overthrow Soviet rule they came out for co-operation with the Soviet government, hoping for a bourgeois regeneration of the Soviet state. They regarded the New Economic Policy as an evolution of Soviet power towards the restoration of capitalism. Subsequently, most of them openly sided with the counter-revolution. p. 207

[102] The *Constitutional-Democrats* (*Cadets*)—members of the Constitutional-Democratic Party, the leading party of the liberal-monarchist bourgeoisie in Russia, founded in 1905.

During the First World War (1914-1918) the Cadets actively supported the tsarist government's foreign policy of conquest. In the February bourgeois-democratic revolution of 1917 they tried to save monarchy. After the victory of the October Socialist Revolution the Cadets fought against Soviet power. p. 207

[103] Lenin refers to his article *"Left Wing" Childishness and the Petty-Bourgeois Mentality* (see present collection, pp. 36-54). p. 220

[104] The *Russian Colony in North America*, whose population was about three million people in the 1920s, consisted mainly of emigrants who had left Russia before the Revolution for political, economic and religious reasons. Representatives of the nobility, bourgeoisie and intelligentsia who left Russia after the October Socialist Revolution formed its minor part. Differences in the social and economic status of these groups, as well as in their attitude towards Soviet Russia led to the split of the Russian colony into two hostile camps. One of them included the Friends of Soviet Russia Society (Russian section), the Society for Technical Aid for Soviet Russia, Russian sections of the US trade unions, the United Conference of Different Russian Societies for Mutual Aid, and some other progressive working-class organisations uniting the majority of the colony members. The other camp was a coalition of a number of Russian petty-bourgeois and monarchist organisations grouped around the anti-Soviet newspaper *Novoye Russkoye Slovo* (The New Russian Word).

Lenin sent his letter to that part of the Russian colony which rallied around the organisations friendly towards Soviet Russia. p. 230

[105] See present collection, pp. 220-29. p. 231

[106] Lenin's letters to the Friends of Soviet Russia Society and to the Society for Technical Aid for Soviet Russia, in the United States were written on October 20, 1921. p. 231

[107] Reference is to the Utopian Socialists (Owen and others) who erroneously believed that socialism could be achieved only through co-operation in a capitalist state. p. 232

[108] See present collection, pp. 36-54. p. 236

NAME INDEX

cil of People's Commissars, later of the USSR, and Council of Labour and Defence from 1920.—191

H

Hammer, Armand (b. 1898)—major American industrialist, Secretary of the American Allied Drug and Chemical Corporation, which obtained an asbestos-mining concession in the Urals in 1921; directed this Corporation's concession on production and marketing of stationery in the USSR from 1925 to 1930.—188, 215-17

Hammer, Julius—American millionaire who took a friendly stand towards the October Socialist Revolution in Russia, Chairman of the Board of the United States Alamerico concession for developing the Alapayevsk asbestos mines in the Urals in 1921-1927.—188

Harding, Warren (1865-1923)—American politician, President of the USA 1921-23.—75, 97, 125

I

Isuv, I. A. (1878-1920)—Social-Democrat, a Menshevik, member of the Menshevik Moscow Committee in 1917.—50-51, 126

J

Joffe, A. A. (1883-1927)—prominent Soviet diplomat; member of the Bolshevik Party from 1917; held several diplomatic posts following the October Socialist Revolution; Ambassador of the RSFSR in Berlin from April to November 1918.—128, 132

K

Kamenev (Rosenfeld), L. B. (1883-1936)—member of the RSDLP from 1901; Chairman of the Moscow Soviet in 1918-20 and member of the Central Committee Political Bureau; repeatedly came out against the Party's Leninist policy; after the February 1917 bourgeois-democratic revolution opposed Lenin's line towards socialist revolution, supported the establishment of a coalition government in November 1917 with the Mensheviks and Socialist-Revolutionaries; helped organise the New Opposition in 1925 and became one of the leaders of the anti-Party Trotsky-Zinoviev bloc in 1926. The 15th Congress of the RCP(B) in 1927 expelled him from the Party for his active participation in the Trotskyite opposition. Reinstated in the Party in 1928, he was again expelled in 1932. In 1933 he was reinstated in the Party once more, and expelled for the third time for his anti-Party activities in 1934.—128

Karelin, V. A. (1891-1938)—organiser of the Left Socialist-Revolutionary Party and a member of its Central Committee; became a member of the Council of People's Commissars in December 1917 as People's Commissar of State Property, and withdrew from it in March 1918 during the controversy over concluding the Brest Peace Treaty. He was one of the leaders of the Left Socialist-Revolutionaries' revolt in July 1918; emigrated after the revolt was crushed.—43, 50

Kautsky, Karl (1854-1938)—leader of German Social-Democrats and the Second International, at first a Marxist, later a renegade to Marxism. Ideologist of Centrism (Kautskianism), the most dangerous and harmful variety of opportunism; open enemy of the proletarian revolution, working-class dictatorship and Soviet power after the October Socialist Revolution.—135, 203

Kerensky, A. F. (1881-1970)—Socialist-Revolutionary, Prime Minister of the bourgeois Provisional Government in 1917; struggled against Soviet power after the October Socialist Revolution; fled abroad in 1918 and there engaged in anti-Soviet propaganda.—25, 30, 34, 45, 49, 50

Keynes, John Maynard (1883-1946)—British bourgeois economist, apologist of state-monopoly capitalism; wrote a number of works sharply criticising economic inefficiency of the system established by the Peace Treaty of Versailles.—58

Kishkin, N. M. (1864-1930)—one of the leaders of the Constitutional-Democratic Party, Minister of the State Public Welfare in the last bourgeois Provisional Government.—25

Klette—Krupp's agent.—193

Kolchak, A. V. (1873-1920)—admiral of the tsarist Navy; one of the chief leaders of Russian counter-revolution in 1918-19. Aided by the Entente, he proclaimed himself Supreme Ruler of Russia and headed a military bourgeois-landowner dictatorship in the Urals, Siberia and the Far East. The blows delivered by the Red Army and the mounting revolutionary guerrilla movement brought about Kolchak's destruction. He was taken prisoner and shot on February 7, 1920 on the orders of the Irkutsk Revolutionary Committee.—74, 85, 150, 169, 179

Kornilov, L. G. (1870-1918)—tsarist general, monarchist, Supreme commander-in-chief of the Russian army from July 1917; directed a counter-revolutionary revolt in August 1917. He was one of the organisers and later commander of the whiteguard Volunteer Army; killed in action.—34

Krasin, L. B. (1870-1926)—prominent Soviet statesman; held various diplomatic posts from 1919; People's Commissar of Foreign Trade from 1920 to 1925.—76, 111, 123, 192

Krupp von Bohlen und Halbach, Gustav (1870-1950)—German monopoly capital magnate, head of a large war-metallurgical concern from 1906 to 1943.—190, 193

L

Larin, Yu. (Lurye, M. A.) (1882-1932)—Social-Democrat, Menshevik, joined the Bolshevik Party in August 1917; member

of the Presidium of the State Planning Commission from November 1921 to 1922.—212-13

Larkin, James (1878-1947)—leader of the Irish working-class movement, lived in the USA from 1914 to 1923, where he suffered repression for his revolutionary activities.—188

Lenin (Ulyanov), V. I. (1870-1924)—23-28, 32-35, 37, 43-45, 56, 57, 60, 72, 75-78, 97, 125-26, 133, 136, 137, 141, 155, 170, 173, 175, 188, 193, 201, 215, 216, 220-22, 232

Lepeshinskaya, N. S. (1890-1923)—worked in Lenin's Secretariat from 1918 to 1923.—216

Levi, Paul (1883-1930)—German Social-Democrat, was expelled from the Communist Party of Germany for a gross violation of party discipline; joined the German Social-Democratic Party afterwards.—160

Lezhava, A. M. (1870-1937)—Soviet statesman, Bolshevik since 1904; Deputy People's Commissar of Foreign Trade in 1920-23.—190, 192

Litvinov, M. M. (1876-1951)—party leader and statesman, prominent Soviet diplomat, Deputy People's Commissar of Foreign Affairs from 1921 and People's Commissar of Foreign Affairs from 1930 to 1939.—192

Lockhart, Robert Hamilton (1887-1970)—British agent and journalist; head of a special British mission under the Soviet Government from January 1918; one of the chief organisers of the counter-revolutionary conspiracy intended to overthrow the Soviet Government and restore capitalism in Russia.—62

Lomov, A. (Oppokov, G. I.) (1878-1952)—member of the RSDLP from 1901, Chairman of the Moscow Gubernia Council of Trade Unions in 1920, General Secretary of the Red International of Trade Unions, Profintern, in 1921-37.—66

Ludendorff, Erich (1865-1937)—German general, ideologist of German military imperialism.—128

M

Macdonald, F. R.—colonel, co-director of a large British bank.—192

Marshev, M. L. (1881-1958)—Party member from 1918, member of the Moscow City Council of Trade Unions from November 1917, Chairman of the Presidium of the Construction Workers' Union from 1920.—126, 130

Martov, L. (Tsederbaum, Yu. O.) (1873-1923)—a Menshevik leader; opposed Soviet power after the October Socialist Revolution; emigrated to Germany in 1920 and edited the Menshevik counter-revolutionary *Sotsialisticheskiy Vestnik* (Socialist Messenger in Berlin.—27, 32, 148, 152

Marx, Karl (1818-1883).—45-48, 212

Milyukov, P. N. (1859-1943)—a leader of the Constitutional Democratic Party, historian and publicist, ideologist of the Russian imperialist bourgeoisie; Minister for Foreign Affairs in the first bourgeois Provisional Government in 1917; advocated the policy of continuing imperialist war to a "victorious end"; took part in organising foreign military intervention against Soviet Russia after the October Revolution; prominent leader of the whiteguard emigration.—27, 32, 147, 149, 150, 152, 162

Milyutin, V. P. (1884-1938)—member of the Bolshevik Party from 1910, Deputy Chairman of the Supreme Economic Council in 1918-21; later held other responsible government and administrative posts; was elected Alternate Member of the Party Central Committee and member of the Central Control Commission.—65, 85.

Mirbach, Wilhelm (1871-1918)—German diplomat, Ambassador in Moscow from April 1918; was killed by left Socialist-Revolutionaries to trigger off an armed conflict between Germany and Soviet Russia.—77

Mishell, B. O.—representative of the American Allied Drug and Chemical Corporation, head manager of the Alamerico concession in Soviet Russia.—216

Molotov (Skryabin), V. M. (b. 1890)—joined the Party in 1906; after the Tenth Party Congress, Secretary of the Central Committee of the RCP(B) and Alternate Member of the Political Bureau; member of the Political Bureau from 1926; Chairman of the Council of People's Commissars from 1926; Chairman of the Council of People's Commissars from 1930 to 1941, People's Commissar, and after 1939 Minister for Foreign Affairs. In accord with a decision by the Plenary Meeting of the CC CPSU on June 1957 he was withdrawn from the Central Committee Presidium and the Central Committee of the CPSU for his factional activities, expelled from the Party in 1962.—190

N

Napoleon III (Bonaparte, Louis) (1808-1873)—Emperor of France in 1852-70, nephew of Napoleon I; was elected President of the French Republic after the defeat of the 1848 Revolution.—40, 147.

O

Orjonikidze, G. K. (1886-1937)—outstanding Communist Party leader and Soviet statesman, Bolshevik from 1903; Chairman of the Caucasian Bureau of the Central Committee from 1921 to 1926, subsequently First Secretary of the Transcaucasian Area Party Committee; member of the Central Committee of the RCP(B).—98

Osinsky, N. (Obolensky, V. V.) (1887-1938)—Party member from 1907, Left Communist in 1918, one of the authors of the Left Communist's platform; Deputy People's Commissar for Agriculture in 1921-23.—26, 52, 211

Owen, Robert (1771-1858)—outstanding British utopian socialist. He conceived the future "rational" society as a free federation of small self-contained communities. However, his attempts to put his ideas into practice failed. He was an active participant of the trade-union and co-operative movement and did a lot to enlighten workers.—237

P

Peter I the Great (1672-1725)—tsar of Russia from 1682 to 1725, first Emperor of Russia.—43

Pilsudski, Josef (1867-1935)—Polish reactionary statesman, head of the Polish bourgeois-landowner state from 1918 to 1922; cruelly persecuted the revolutionary working-class movement, initiated Poland's war against Soviet state in 1920. He effected a coup d'état and established fascist regime in Poland in May 1926.—169

Pokrovsky, M. N. (1868-1932)—prominent Soviet statesman, public figure and historian, Bolshevik from 1905; Chairman of the Moscow Soviet from November 1917 to March 1918, sided with Left Communists for some time; was Deputy People's Commissar of Education of the RSFSR from 1918.—50

Popov, P. I. (1872-1950)—statistician, Bolshevik from 1924, Manager of the Central Statistical Board from 1918; author of several works on statistics.—101-02

Preobrazhensky, E. A. (1886-1937)—joined the Bolshevik Party in 1903; Left Communist in 1918; member of the Collegium of the People's Commissariat for Finance from March 1921; subsequently Chairman of the Central Administration for Vocational Training under the People's Commissariat for Education; took an active part in the Trotskyite opposition from 1923, for which he was expelled from the Party in 1927. Reinstated in the Party in 1929, he was, however, later expelled again for his anti-Party activities.—211-12

R

Rakosi, Mátyás (1892-1971)—member of the Communist Party of Hungary from 1918; worked in the Comintern Executive Committee from 1920 to 1924; after his country's liberation from fascism held several leading posts in the Hungarian Communist Party and government; during this period committed a number of mistakes and by a decision of the Hungarian Workers' Party Central Committee in July 1956 was dismissed from the post of the First Secretary of the Central Committee and removed from the Central Committee Political Bureau of the Hungarian Workers' Party.—203

Ransome, Arthur (b. 1884)—contributed to several newspapers and magazines; repeatedly visited Russia: he was correspondent of the *Daily News* from 1916 to 1919 and *The Manchester Guardian* from 1919 to 1924.—218

Reichel—representative of the American Society for Technical Aid for Soviet Russia.—230-31

Reinstein, B. I. (1866-1947)—joined the revolutionary movement in 1884, emigrated to the United States and worked in the American Socialist Labour Party; having returned to Russia in April 1917 sided with Menshevik-Internationalists; was admitted to the Bolshevik Party in April 1918; worked mainly in the Comintern and the Red International of Trade Unions.—188, 216

Ruthenberg, Charles Emile (1879-1961)—outstanding figure in the American working-class movement, an organiser and leader of the US Communist Party; was elected Secretary of the US Communist Party Central Committee in 1921 while in prison.—188

Ryazanov (Goldendakh), D. B. (1870-1938)—joined the Bolshevik Party in August 1917; took an anti-Party stand during the trade union discussion in 1920-21; director of the Institute of Marx and Engels from 1921; was expelled from the RCP(B) in February 1931 for supporting the counter-revolutionary activities of the Mensheviks.—122, 123, 125, 127

Savinkov, B. V. (1879-1925)—a prominent leader of the Socialist-Revolutionary Party, instigated several counter-revolutionary revolts after the October Revolution, helped organise the military intervention against the Soviet Republic; whiteguard emigré.—89

S

Scheidemann, Philipp (1865-1939)—a leader of the extreme Right, opportunist wing of German Social-Democrats.—126

Shafransky, I. O. (1891-1954)—Party member from 1917; Executive Secretary of the Samarkand Regional Committee of the Communist Party of Turkestan in May-June 1921; later Chairman of the Samarkand Regional Party Control Commission.—159

Shlyapnikov, A. G. (1885-1937)—joined the Party in 1901; People's Commissar for Labour after the October Socialist Revolution, subsequently did trade-union and administrative work; organiser and leader of the anti-Party Workers' Opposition group in 1920-22; was expelled from the Party in 1933.—121, 127

Skvortsov-Stepanov, I. I. (1870-1928)—prominent party leader and Soviet statesman, Marxist writer, translator and editor of three volumes of *Capital* and several other works by Marx and Engels; member of the Administration Board of the Central Union of Consumers' Societies and Deputy Chairman of the Editorial Board of the State Publishers from 1919 to 1925.—62, 67.

Smilga, I. T. (1892-1938)—joined the Bolshevik Party in 1907; Deputy Chairman of the Su-

preme Economic Council and Chief of the Central Fuel Administration in 1921-23; was expelled from the Party in 1927 as an active participant in the Trotskyite opposition. He was reinstated in the Party in 1930 but later expelled again for his anti-Party activities.—191

Smolyaninov, V. A. (1890-1962)—joined the Bolshevik Party in 1908; Deputy Business Manager of the Council of Labour and Defence on economic construction matters after April 1921.—191, 215

Sokolnikov (Brilliant), G. Ya. (1888-1939)—joined the Bolshevik Party in 1905; member of the Collegium of the People's Commissariat of Finance from November 1921, then Deputy and later People's Commissar of Finance; sided with the New Opposition group in 1925; a member of Trotsky-Zinoviev bloc afterwards; was expelled from the Party in 1936 for his anti-Party activities.—205

Sokolov, M. F. (b. 1893)—a Bolshevik Party member in 1920-22 and 1932-36; Secretary of the Board for the Evacuation from Poland of Property and Archives of the RSFSR People's Commissariat of Foreign affairs in March-July 1921.—155

Spargo, John (b. 1876)—American socialist, author of several works on social and political issues; opposed Bolshevism.—126

Stalin (Jugashvili), J. V. (1879-1953)—outstanding figure in the Russian and international revolutionary working-class movement; leader of the Communist Party and Soviet state; joined the RSDLP in 1898; was active on several fronts during the Civil War; People's Commissar on Nationalities from November 1917 to July 1923; elected General Secretary of the Central Committee of the RCP(B) in 1922.

Stalin played a great part in building socialism in the USSR and putting Lenin's plan for industrialisation and co-operation of agriculture into practice, as well as in fighting for Soviet state's independence and strengthening peace. A theoretician and skilful organiser, he directed the struggle against the Trotskyites, Right opportunists, bourgeois nationalists and different forms of capitalist encroachment. As of 1941 he was Chairman of the Council of People's Commissars; later the USSR Council of Ministers; during the Great Patriotic War (1941-1945) Chairman of the State Committee for Defence, People's Commissar of Defence and Supreme Commander-in-Chief of the Soviet Armed Forces.

There is also a negative side to Stalin's activities. Holding the most important Party and government posts, he committed gross violations of Leninist principles of Party life and collective administration, distorted socialist laws, carried out ungrounded mass repressions against prominent USSR political and military leaders, and also other honest Soviet people.

The CPSU decidedly condemned the personality cult and its consequences as alien to Marxism-Leninism; approved the work of the Central Committee towards reviving and developing Leninist principles of Party life and government administration in all aspects of Party, state and ideological work; and took measures to prevent similar mistakes and distortions in future.—216

Stepanov—see *Skvortsov-Stepanov*

T

Tartakovsky, L. I. (b. 1886)—joined the Party in 1919; after the October Revolution a trade union functionary in Soviet Employees' Union, AUCCTU, Farm and Forest Trade Union and the Central Committee of the All-Russia Metal-Workers' Union.—130

Taylor, Frederick Winslow (1856-1915)—American engineer, founder of a system of labour organisation aimed at the maximum utilisation of the working day and rational use of the means of production and implements of labour.—28, 50

Todorsky, A. I. (1894-1965)—member of the Bolshevik Party from 1918, member of the Executive Committee of the Vesyegonsk Uyezd of the Tver Gubernia in 1918-19; took an active part in the Civil War and held commanding posts in military institutions afterwards.—211

Trotsky (Bronstein), L. D. (1879-1940)—participated in the Social-Democratic movement from 1897; after the Second Congress of RSDLP (1903) opposed the Bolsheviks on all questions of the theory and practice of socialist revolution. He was admitted to the Bolshevik Party at its Sixth Congress together with others from the Inter-District Organisation of United Social-Democrats. After the October Revolution he held the posts of People's Commissar for Foreign Affairs, People's Commissar for War and Navy, Chairman of the Revolutionary Military Council of the Republic; he was also member of the Political Bureau of the Central Committee and of the Comintern Executive Committee. In 1923 he started a vigorous factional struggle against the general Party line claiming that socialism could not triumph in the USSR. He was expelled from the Party in 1927, banished from the USSR for his anti-Soviet activities in 1929 and deprived of Soviet citizenship in 1932. While abroad Trotsky continued his struggle against the Soviet State, the CPSU and the world communist movement.—128, 213, 231

Tsereteli, I. G. (1882-1959)—a Menshevik leader; Minister of Post and Telegraph Communications in the bourgeois Provisional Government in May 1917; Minister of the Interior after the July events; an instigator of severe reprisals against

the Bolsheviks; emigrated in 1921.—25, 50, 51

Turgenev, I. S. (1818-1883)—Russian writer.—195

U

Urquhart, Leslie (1874-1933)—British industrialist and financier, held talks with the Soviet Government in 1921-22 to recover his former property in Russia on concession terms.—227

Ustryalov, N. V. (b. 1890)—prominent figure in the Constitutional-Democratic Party, writer, contributed to *Smena Vekh* collection and a journal of the same title which were published in Prague and Paris; an ideologist of the *Smena Vekh* trend.—207-08

V

Vanderlip, Washington B. (b. 1866)—representative of American industrial circles who came to Soviet Russia proposing to negotiate petrol and coal concessions on Kamchatka.—58, 68, 72, 73, 75-77, 83, 97, 117, 125

W

Washington, George (1732-1799)—American state and military leader; first President of the United States (1789-1797).—76

Wrangel, P. N. (1878-1928)—Baron, tsarist general and rabid monarchist, commander-in-chief of the whiteguard armed forces in the south of Russia in April-November 1920; fled abroad after their rout by the Red Army.—149, 169, 177

Y

Yenukidze, A. S. (1877-1937)—Soviet statesman, joined the Bolshevik Party in 1898, member of the Presidium and Secretary of the All-Russia Central Executive Committee from 1918 to 1922.—124

Yudenich, N. N. (1862-1933)—tsarist general, member of the counter-revolutionary North-Western government and commander-in-chief of the white-guard North-Western army after the October Revolution. In 1919 he made two attempts to seize Petrograd but was defeated by the Red Army and returned to Estonia in November 1919; afterwards left for Britain.—169

Z

Zechgau—Krupp's agent.—193

Zinoviev (Radomyslsky), G. E. (1883-1936)—joined the RSDLP in 1901; after the October Revolution Chairman of the Petrograd Soviet, member of the Party Central Committee Political Bureau and Chairman of the Comintern Executive Committee; repeatedly attacked the Leninist Party's policy; expelled from the Party for his factional activities in November 1927. He was reinstated in the Party in 1928, but expelled again in 1932. Reinstated once again in 1933, he was expelled a third time for his anti-Party activities in 1934.—215-16

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