

A HISTORY OF SOVIET RUSSIA 9

— E.H.CARR & R.W.DAVIES —

**FOUNDATIONS OF A
PLANNED ECONOMY
— 1926-1929 —**

VOLUME ONE-I



A HISTORY OF SOVIET RUSSIA 9

FOUNDATIONS OF A PLANNED ECONOMY 1926-1929

BY

E. H. CARR

Fellow of Trinity College, Cambridge

AND

R. W. DAVIES

*Director of the Centre for Russian and East European Studies
University of Birmingham*

VOLUME ONE PART 1



© E. H. Carr and R. W. Davies 1969

All rights reserved. No part of this publication
may be reproduced or transmitted, in any form
or by any means, without permission

First published 1969
Reprinted 1970, 1978

Published by
THE MACMILLAN PRESS LTD
London and Basingstoke
Associated companies in Delhi
Dublin Hong Kong Johannesburg Lagos
Melbourne New York Singapore Tokyo

Printed in Hong Kong by
CHINA TRANSLATION AND PRINTING SERVICES

British Library Cataloguing in Publication Data

Carr, Edward Hallett

Foundations of a planned economy, 1926-1929
Vol. 1. [Part] 1. — (Carr, Edward Hallett. History
of Soviet Russia; 9)

1. Russia — Social conditions — 1917-

I. Title II. Davies, Robert William

309.1'47'0842

HN523

ISBN 0-333-24570-9

ISBN 0-333-24216-5 Boxed set

PREFACE

THE present volume begins the fourth and last instalment of the *History of Soviet Russia* which I planned twenty years ago, and of which the opening volume, *The Bolshevik Revolution, 1917-1923*, Volume 1, appeared in 1950. In this volume I have for the first time been fortunate enough to have a collaborator, Professor R. W. Davies of the University of Birmingham, who has taken over a good half of the increasingly heavy burden of research and writing, and whose economic qualifications have made an invaluable contribution to our work. While we should wish to accept joint responsibility for the volume as a whole, and while every part of it has been discussed in detail between us, the chapters on agriculture, labour and trade and distribution were initially drafted by me, and those on industry, finance and planning by Mr Davies. The importance and complexity of the subject must serve as an excuse for the length of the volume, which, like the third volume of *Socialism in One Country, 1924-1926*, appears in two continuously paginated half-volumes.

The original plan of the *History* outlined in 1950 in the preface to the first volume of *The Bolshevik Revolution, 1917-1923* has undergone many changes. But the terminal date there indicated for the whole project, 1928, has been moved on only by a few months. The formal adoption of the first five-year plan at the fifth Union Congress of Soviets in May 1929, with the vast industrialization programme well and truly launched, seemed to provide the best stopping-point. The events of the last months of 1929 leading up to the forced collectivization of agriculture announced in the first days of 1930, though in some sense a corollary of the plan, opened a fresh and desperate phase in Soviet history. Politically, the defeat of the last real opposition — the "Right deviation" — in the spring of 1929 marked the establishment of Stalin's uncontested dictatorship, which received its consecration on the occasion of his fiftieth birthday in the following December.

The spring of 1929 is a terminal landmark for the historian of the Soviet Union in another relevant sense. Down to that time, debates were conducted in the leading party organs on major issues of policy; and, though the free expression of opinions hostile to the party was increasingly restricted, the historian has no great difficulty in unravelling the issues at stake, in appreciating the arguments advanced on either side, or in knowing, by and large, who advanced them. This — almost suddenly — ceases to be true after the spring of 1929. Though we understand well enough the pressures which led to the decision at the end of that year to embark on the forced collectivization of agriculture, we know little of the discussions in the inner counsels of the party which must have preceded the decision, or of the view taken by any leading Soviet politician other than Stalin. Later, the fog becomes thicker still, and, in spite of a few piecemeal revelations, envelops all Soviet policy in the nineteen-thirties. It was, for these reasons, never my intention or ambition to carry on the present work beyond this terminal point — apart from the considerations of age which would rule out any hope of my being able to do. I shall think myself fortunate if I can complete the existing project down to that date. I am now engaged on a volume dealing with political developments in party and government from 1926 to 1929; for the further volume on the international relations of the period, I hope to have the collaboration of Professor Ivan Avakumović of the University of British Columbia.

Some minor technical points should be recorded here. We have used the 1954 edition of resolutions of party congresses and sessions of the party central committee (in place of the now less accessible 1941 edition used in previous volumes), and the multi-volume edition of resolutions of Soviet congresses published between 1959 and 1965. On the other hand, we have continued to use, as in previous volumes, the second edition of Lenin's works; the references in this volume were too few to make a change-over to the current fifth edition worth while. I regret a misuse, in some passages of earlier volumes, of the abbreviation VTsIK. In the period 1917-1923 it was in regular use for the All-Russian Central Executive Committee of Soviets of the RSFSR. After the formation of the USSR in 1923, I continued

to use it for the All-Union Central Executive Committee, which was for all practical purposes the successor of the All-Russian committee; in fact, it quickly ceased to be used in this sense, and was restored, when it was used at all, to the now subordinate All-Russian Central Executive Committee of the RSFSR. In the present volume, the abbreviation TsIK, used without qualification, means the TsIK of the USSR; "the TsIK of the RSFSR" is so designated; and the ambiguous VTsIK is not used at all.

The pleasant task remains of expressing my warm thanks to the large number of those who have in one way or another helped me in my work on this volume — sometimes by suggesting or lending out-of-the-way or unpublished material, sometimes by correspondence, most often by personal discussion of obscure or controversial points. It would be impossible for me to list the names of all of them here, and I hope they will not attribute my omission to do so to any shortcoming in my appreciation of their help. Some particular debts I should, however, like to place on record. Professor R. E. F. Smith, Professor of Russian in the University of Birmingham, is a mine of knowledge and understanding, placed generously at the disposal of workers in this difficult field, about the Russian peasant in all periods. The study of the Soviet peasantry of the nineteen-twenties has received a powerful impetus from Dr Moshe Lewin's detailed study *Russian Peasants and Soviet Power*; and, though I do not entirely agree with his conclusions, I have derived great pleasure and profit from discussions with him, and am grateful to him for having let me see in advance an early draft of his book. Of American friends whose insights have helped me, in discussions spread over a number of years, to see more deeply into the problems of Soviet history, I would name especially Herbert Marcuse, of the University of California at La Jolla, Barrington Moore of Harvard University, and Arno Mayer of Princeton University. To all these I have a warm sense of obligation. I am further indebted for the generous loan of scarce Russian works to E. E. Orchard of the Research Department of the Foreign Office, to Maurice Dobb, and to Andrew Rothstein.

Many institutions also have claims on my gratitude. While engaged on some of the initial work on this volume, I enjoyed

for two months the generous hospitality of the Rockefeller Foundation at the Villa Serbelloni on Lake Como, and of its director, Mr John Marshall, and the ideal working conditions which they afforded ; and in the following year I spent a similar period at Harvard University, where I lived under the hospitable roof of John Winthrop House, and was able to avail myself of the comprehensive resources of the Widener Library and to use the Trotsky archives in the Houghton Library — still by far the largest and most important deposit of unpublished material for this period outside the Soviet Union. My debts to libraries and librarians in this country, to whom I owe access to the bulk of my material, have been registered in the prefaces to previous volumes. They have not diminished as the work has progressed, and I can only repeat here my sincere thanks to all those concerned for the unceasing patience and courtesy which they have shown in dealing with my requests. The secretarial assistance of Miss Jean Fyfe has once more been invaluable.

E. H. CARR

Mr Carr's suggestion, some years ago, that I should participate in his vast enterprise was both exciting and flattering. Work on the volume has been extremely enjoyable, and has been much assisted by the help of others, and especially of Mr Carr himself ; I am particularly grateful to him for patience and understanding when, after the establishment of the Centre for Russian and East European Studies at Birmingham in 1963, my progress was for a time retarded. My colleagues in the Centre, notably G. R. Barker, R. E. F. Smith and the Centre secretary Ruth Cox, generously helped to accelerate completion by assuming administrative responsibilities. I also wish to thank Professors D. Granick, A. Nove and Y. Taniuchi, who read part of an early draft ; Dr R. Schlesinger, who provided background information on the politics of the period ; Mr Geoffrey Wheeler, who supplied a bibliography about the Turksib railway ; Miss Jean Fyfe, whose ability to decipher the convolutions of my drafts is unsurpassed ; and, by

no means least, my wife Frances, who read part of the manuscript and together with our children cheerfully tolerated absences and preoccupation.

I had the opportunity in the winter of 1963-64 of spending two months in Moscow attached to the Institute of Economics of the Academy of Sciences of the USSR. Work in the rich collections of the Lenin Library and of the Fundamental Library of Social Sciences of the Academy provided substantial material; and I had valuable exchanges of views with Dr I. A. Gladkov and his colleagues in the Institute of Economics and with V. P. Danilov, L. S. Rogachevskaya and their colleagues in the Institute of History. The visit was arranged by the presidium of the Academy of Sciences and financed by the University Grants Committee through the "Hayter" Travel Grants scheme which has made so much difference to the study of the Soviet Union in this country.

R. W. DAVIES

We take this opportunity of warmly thanking Mr Douglas Matthews for undertaking the arduous work of preparing the Index.

E. H. C.

R. W. D.

CONTENTS

Preface

xi

PART I

THE ECONOMIC ORDER

A: AGRICULTURE

<i>Chapter</i>	1. THE HARVEST OF 1926	3
	2. THE HARVEST OF 1927	30
	3. THE HARVEST OF 1928	67
	4. LAND AND THE PEASANT	106
	5. AGRICULTURAL COOPERATIVES	144
	6. KOLKHOZY	158
	7. SOVKHOZY	182
	8. MECHANIZED AGRICULTURE	197
	9. THE CONTRACT SYSTEM	219
	10. LAND CONSOLIDATION	227
	11. THE EVE OF THE "BREAK-THROUGH"	237

B: INDUSTRY

<i>Chapter</i>	12. INDUSTRIALIZATION IN PROGRESS	
	(a) Industry in 1926	271
	(b) "Smooth and Stable Growth", 1926-1927	276
	(c) Under Strain, 1927-1928	293
	(d) Forcing the Pace, 1928-1929	312
	13. COSTS AND EFFICIENCY	333
	14. ORGANIZATION OF STATE INDUSTRY	
	(a) Vesenkha and the <i>Glavki</i>	351
	(b) Republican and Local Industry	360
	(c) Trusts and Syndicates	369
	(d) The Factory	378

	PAGE
<i>Chapter 15.</i> NON-STATE INDUSTRY	
(a) Cooperative and Private Census Industry	385
(b) Small-Scale Industry	389
16. THE RESHAPING OF INDUSTRY	401
(a) Self-sufficiency	402
(b) New Technology	413
(c) Priority for Producer Goods	422
(d) The Armaments Industry	426
(e) New Construction	431

C: LABOUR

<i>Chapter 17.</i> THE LABOUR FORCE	
(a) Workers in Industry, Building and Transport	453
(b) Women Workers	470
(c) Juvenile Workers	473
(d) State Employees	482
18. THE DRIVE FOR PRODUCTIVITY	484
19. WAGES	520
20. TRADE UNIONS	
(a) Organization and Policy	545
(b) Industrial Disputes	563
(c) Production Conferences	568
21. THE SPECIALISTS	574
22. SOCIAL POLICIES	
(a) Social Insurance	605
(b) Protection of Labour	610
(c) Housing	612

D: TRADE AND DISTRIBUTION

<i>Chapter 23.</i> THE MARKET AND THE PLAN	625
24. THE SOCIALIZED SECTOR	635
(a) Syndicates	636

CONTENTS

vii

	PAGE
<i>Chapter 24.</i> (b) Torgi	650
(c) Consumer Cooperatives	653
25. THE PRIVATE SECTOR	663
26. CONTROL OF PRICES	675
27. CONSUMPTION AND RATIONING	697
28. FOREIGN TRADE	705

E: FINANCE

<i>Chapter 29.</i> FINANCE AND PLANNING	719
30. THE STATE BUDGET	
(a) Expenditure	740
(b) Revenue	746
31. CREDIT, CURRENCY AND BANKING	772

F: PLANNING

<i>Chapter 32.</i> PRINCIPLES OF PLANNING	787
33. AGENCIES OF PLANNING	802
34. THE CONTROL FIGURES	809
35. OPERATIONAL PLANS	823
36. THE GENERAL PLAN	837
37. THE FIVE-YEAR PLAN	843
(a) The Osvok "Hypotheses" (1926)	844
(b) First Gosplan Draft (1926)	851
(c) Second Gosplan and Vesenkha Drafts (Spring 1927)	854
(d) Third Gosplan and Vesenkha Drafts (Autumn 1927)	865
(e) The Plan Takes Shape (January 1928-Feb- ruary 1929)	874
(f) Adoption of the Plan (March-May 1929)	888
38. MAJOR PROJECTS	898

<i>Note A.</i> MARKETING GRAIN PRODUCTION AND THE GRAIN COLLECTIONS	916
--	-----

	PAGE
<i>Note B.</i> LENIN'S COOPERATIVE PLAN	920
C. MIGRATION AND COLONIZATION	925
D. INDUSTRIAL STATISTICS	934
E. TRADE UNIONS AND PRIVATE ENTERPRISE	938

TABLES

A: AGRICULTURE

<i>Table No.</i> 1.	SOWN AREA	940
2.	AGRICULTURAL PRODUCTION	940
3.	NUMBER OF ANIMALS	941
4.	MARKETED PRODUCTION OF AGRICULTURE	941
5.	MARKETED PRODUCTION OF AGRICULTURE BY METHOD OF COLLECTION	942
6.	MARKETED PRODUCTION OF GRAIN BY CATEGORY OF PRODUCER	942
7.	MONTHLY GRAIN COLLECTIONS BY STATE AND COOPERATIVE AGENCIES	943
8.	STOCKS OF WHEAT AND RYE	944
9.	KOLKHOZY	944
10.	TRACTORS	945
11.	AREA UNDER KONTRAKTATSIYA	946

B: INDUSTRY

<i>Table No.</i> 12.	GROSS INDUSTRIAL PRODUCTION	947
13.	GROSS PRODUCTION OF GROUP A AND GROUP B INDUSTRIES	948
14.	QUARTERLY INDEX OF GROSS PRODUCTION OF CENSUS INDUSTRY	949
15.	GROSS PRODUCTION OF CENSUS INDUSTRY BY SECTOR	950
16.	MAJOR INDUSTRIAL PRODUCTS IN PHYSICAL TERMS	951
17.	CAPITAL INVESTMENT IN CENSUS INDUSTRY BY SECTOR	952

CONTENTS

ix

	PAGE
<i>Table No. 18.</i> CAPITAL INVESTMENT IN VESENKHA-PLANNED INDUSTRY	953
19. STOCK OF FIXED CAPITAL IN CENSUS INDUSTRY	954
20. COSTS OF PRODUCTION IN INDUSTRY	954

C: LABOUR

<i>Table No. 21.</i> NUMBER OF EMPLOYED PERSONS	955
22. NUMBER OF PERSONS EMPLOYED IN STATE ESTABLISHMENTS BY TYPE OF ESTABLISHMENT	956
23. WAGE-EARNERS IN AGRICULTURE	957
24. LABOUR PRODUCTIVITY IN CENSUS INDUSTRY	957
25. MONTHLY WAGES IN STATE CENSUS INDUSTRY	958
26. PAYMENTS FROM SOCIAL INSURANCE FUND	959

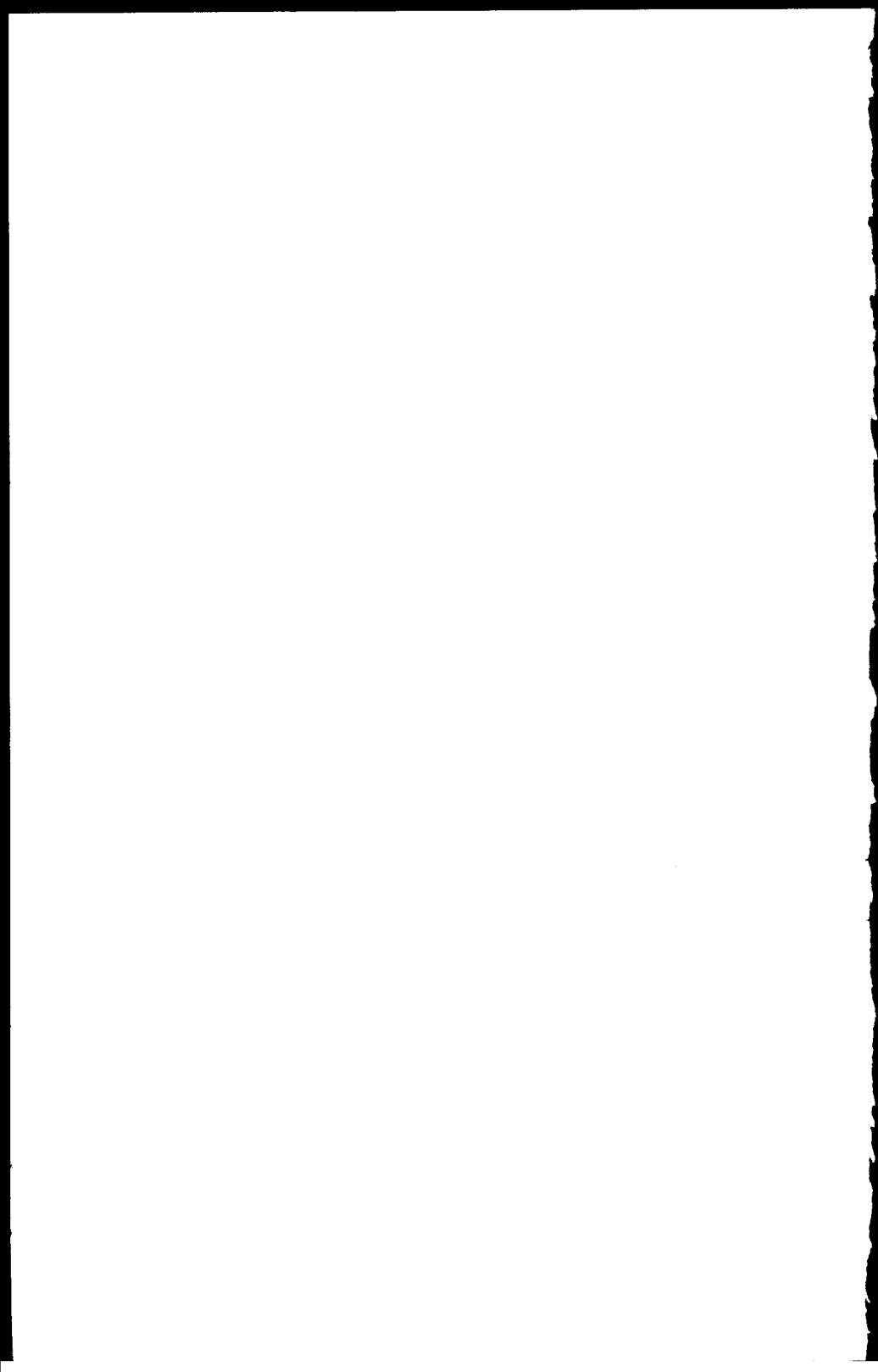
D: TRADE AND DISTRIBUTION

<i>Table No. 27.</i> INTERNAL TRADE TURNOVER	960
28. INTERNAL WHOLESALE TRADE BY SECTOR	961
29. INTERNAL RETAIL TRADE BY SECTOR	962
30. INDEX NUMBERS OF WHOLESALE PRICES	963
31. INDEX NUMBERS OF RETAIL PRICES	964
32. AVERAGE ANNUAL MARKET PRICES OF AGRICULTURAL PRODUCTS	966
33. INDEX NUMBERS OF AVERAGE ANNUAL PRICES PAID TO PRODUCERS FOR AGRICULTURAL PRODUCTS	966
34. MONTHLY INDEX NUMBERS OF PRICES PAID FOR GRAIN BY STATE AND COOPERATIVE AGENCIES	967
35. THE "SCISSORS" (RATIO OF INDEX NUMBER OF RETAIL PRICES OF INDUSTRIAL PRODUCTS TO INDEX NUMBER OF PLANNED DELIVERY PRICES OF AGRICULTURAL PRODUCTS)	968
36. AVERAGE DAILY CONSUMPTION PER HEAD OF POPULATION	969
37. EXPORTS AND IMPORTS	971
38. MAJOR EXPORTS IN PHYSICAL TERMS	971
39. IMPORTS BY TYPE OF PRODUCT	972
40. TRADE WITH PRINCIPAL COUNTRIES	973

	PAGE
E: FINANCE AND CREDIT	
<i>Table No.</i> 41. NET EXPENDITURE OF STATE BUDGET	974
42. NET REVENUE OF STATE BUDGET	975
43. REVENUE FROM EXCISE DUTIES	976
44. CURRENCY IN CIRCULATION	976
F: PLANNING	
<i>Table No.</i> 45. NATIONAL INCOME	977
46. INDEX NUMBERS OF MONEY INCOMES OF POPULATION	978
47. CAPITAL INVESTMENT IN THE NATIONAL ECONOMY	979
48. STOCK OF FIXED CAPITAL IN THE NATIONAL ECONOMY	980
49. PLANNED ANNUAL INCREASE IN GROSS INDUSTRIAL PRODUCTION IN DRAFTS OF THE FIVE-YEAR PLAN	981
50. PLANNED CAPITAL INVESTMENT IN VESENKHA- PLANNED INDUSTRY IN DRAFTS OF THE FIVE- YEAR PLAN	982
51. PLANNED INDUSTRIAL PRODUCTIVITY, WAGES, COSTS AND PRICES IN DRAFTS OF THE FIVE-YEAR PLAN	983
LIST OF ABBREVIATIONS	985
TABLE OF APPROXIMATE EQUIVALENTS	993
INDEX	995

PART I

THE ECONOMIC ORDER



A: Agriculture

*

CHAPTER I

THE HARVEST OF 1926

THE experience of the harvest of 1925 demonstrated the two-fold character of the grain problem. It was not enough to increase production: it was necessary also to increase the volume of grain actually put on the market. The "marketability" (tovarnost') of the harvest became a familiar key-word in current discussions.¹ The fourteenth party conference in April 1925 put "the marketability of agricultural production" side by side with the restoration of industrial production as the major conditions of economic revival. The same note was sounded at the session of the party central committee in April 1926, and once again at the fifteenth party congress in December 1927.² Nor did any doubt exist about the fundamental causes of the low marketability of the harvest. So long as the predominant form of cultivation was by a large and increasing number of small peasant households living at or near subsistence level, the proportion of grain available for the market, i.e. to feed towns and factories, was likely to be small;³ and the shortages of manufactured goods which the peasant might desire to purchase weakened any incentive to bring his grain to the market. But for the moment nobody was eager to face this dilemma. It was agreed — the opposition continued to harp on the point — that the process of industrialization approved at the fourteenth party congress in December 1925 would demand the provision of larger grain surpluses by the countryside. It was agreed that the wings of the *kulak* and of the private trader must be clipped. The journal of the agrarian section of the Communist Academy issued a sharp

¹ See *Socialism in One Country, 1924-1926*, Vol. 1, pp. 239-240; for the definition of marketed production see Note A, pp. 916-919 below.

² *KPSS v Rezolyutsiyakh* (1954), ii, 158, 262, 437, 472.

³ In 1926-1927 the proportion of marketed grain was said to be 20 per cent in *kulak*, 12 per cent in middle peasant, and 6 per cent in poor peasant, holdings (V. Yakovtsevsky, *Agrarnye Otnosheniya v SSSR* (1964), p. 156).