

Similarity between Yugoslav Socialism and NEP (New Economic Policy) of the USSR in the 1920's

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The construction of socialism in Yugoslavia since 1950 can be described as gradual road to socialism, and the present situation can be considered as a kind of mixed economy. In my opinion, Yugoslav society is still in the transition period from capitalism to socialism. I think it possible to analogize the present Yugoslav situation with Soviet economy in the 1920's. Yugoslavia is carrying out the policy similar to NEP (New Economic Policy) of the Soviet Union in unique way, that is, through workers' self-management.

I.

What was NEP ? NEP was initially adopted to reconcile with peasantry by the 11th Party Congress of Bolsheviks (March 1921) when Soviet power was confronted with severe economic difficulties after the civil war. At the same time, NEP had general validity for backward countries with large proportion of peasantry in the case of construction of socialism. A positive significance of NEP consists in the point that NEP was to enable the socialist transformation of agriculture. It was necessary to create the modern and big industries which enable the electrification and mechanization of agriculture in order to guarantee the success of socialist transformation of agriculture. NEP predetermined that development of commodity exchange between rural and urban regions would promote the recovery and development of industry, that then developed industry would supply agriculture with machines, tractors and so on in large quantity and that peasants would join socialized agriculture, of their own accord. It is important that V. I. Lenin thought this process as "a task which takes several generations."²⁾ Because it is not easy to remold the traditional consciousness and mentality of peasantry which are fostered from old times.

Among others I want to pay my attention to the following factors which NEP included : gradualism, existence of markets, coexistence of capitalist and socialist elements, and coexistence of diversified value systems (pluralism of interests). Unfortunately, NEP was in fact abolished at the end of the 1920's before the time set, although the official opinion of the Soviet Union asserts that NEP continued until 1936—37. NEP was replaced by the highly centralized planned economy which was established during the first five year plan (1928—32).

As to NEP, N. Bukharin's theory was very important. As is well known, N. Bukharin was a pro-peasantry leader of Bolshevik party and the best theorist during NEP period.

1) I am not a specialist on Yugoslav economy. I had been studying economic history of the USSR when I was in Japan. Please allow my errors which might derive from my ignorance of Yugoslav socialism.

2) *The Complete Works of Lenin*, Japanese edition, Vol. 32, p. 229.

He believed in the effectiveness of NEP and endeavoured to preserve the framework of NEP. It is not I that first referred similarity between Bukharin's theory and Yugoslav theory and practice. Moshe Lewin, who is an authority on Soviet history, referred this relationship in his book.³⁾ Many ideas which Bukharin expressed in the process of his struggle against Stalin included noteworthy contents in the light of the present, although they were not adopted in practice. They were expressed in a series of his essays and speeches at that time, and took, as it were, a character of "counterprogramm" (M. Lewin) as against Stalin's course. I will introduce the contents briefly according to the study of Moshe Lewin.⁴⁾

NEP — a Gradual Road to Socialism

Although Bukharin often stated that the private entrepreneurs in the cities and the countryside were to be evicted in the long run, he did not see the deepening socialization as a process in which the evicted private sectors had to be replaced by an ever-growing, all-embracing state. For Bukharin, both the NEP and the market are not tactical retreats but good strategy for the entire transitional period. He thought that they should reach socialism by no other ways than through market relations. This meant for him that victory of socialist economic agencies over private merchants and entrepreneurs, as well as of the socialist cooperatives in the countryside over kulak (rich peasant) cooperatives had to be achieved in open competition in the marketplace.

Industrialization and Balanced Growth

Bukharin attached great importance to the concept of balanced growth, which was also the spirit of the Fifteenth Party Congress in December 1927. He underlined it was important not to attain a maximum rate of growth for the very next year, but to attain a long-run, high and steady rate of growth, for which today's term "optimal" would be appropriate.

He essentially warned against an overemphasis on heavy industry and stressed the development of light industries, which could serve not only as providers of consumer goods but also as a good sources of accumulation for the benefit of further growth. In addition, he encouraged small industries and the traditional handicrafts as convenient sources of supplies capable of mitigating shortages arising during a period of industrial expansion when resources became tied up in factory construction. At a party meeting in 1928 Bukharin underlined his acceptance of preferential treatment of heavy industry and of ambitious growth targets, but at the same time considering that upper limits had already been reached, he opposed to overzealous raising of growth rate— "tempopathology" — and overinvestment in heavy industry.

3) See Moshe Lewin, *Russian Peasants and Soviet Power: A Study of Collectivization*, London: George Allen and Unwin Ltd., 1968, Chapter 12.

4) In description of Bukharin's "counterprogramm", I owed to Moshe Lewin, *Political Undercurrents in Soviet Economic Debates: From Bukharin to the Modern Reformers*, Princeton University Press, 1974, pp. 41-66.

Planning and Market

Bukharin believed in the superiority of planning but did not think, as propaganda argued, that a planned economy was *ipso facto* superior to the unplanned (or less planned) economy. He called the quality of a plan and the way of performance of a plan into account. He often emphasized the limitations of a well-reasoned plan and the detestable results of an ill-conceived one, and warned that damages and chaos caused by incompetent but powerful planners could cause havoc worse than the unplanned spontaneity of capitalism. He criticized a ludicrous plan which allowed for discrepancy between targets and resources. And he emphasized that coordination among the various branches of the economy and the internal coherence of a plan were necessary to bring about the goals of the program. Still, even when the plan possessed internal consistency on paper, such consistency was lacking in the process of its implementation. Market forces and relations as well as other spontaneous factors outside economics, which could not be eliminated at this stage, made an ideal, imperative plan impossible. Thus it became necessary that a plan, if it were to be effective, should be connected with market relevantly.

Planning and State

Bukharin's more cautious attitude to the possibilities of planning stemmed from the fear that an overambitious plan might result in oppressing too many and suppressing too much. According to him, Russia's "small people" — the craftsmen, small merchants, small industrialists, and small agricultural producers — as well as cooperative and governmental small scale enterprises and services, were not only indispensable but also complementary to industrialization, capable of mitigating current and future tensions generated by the investment effort that was largely directed toward large-scale projects. The neglect, or destruction of such sectors would deprive the state of useful devices and possibilities for economic maneuvering in a period of strain, and, instead, would lead to the exacerbation of conflicts and crisis. The premature elimination of "the small people" and their replacement by State officials would beget a swollen, costly, and inefficient apparatus, and this, in turn, set in motion its own, self-sustaining dynamism. Thinking like this, he emphasized "the reduction of state to minimum".

Instead, in Bukharin's eyes, the party leadership was embarking in 1928 on a course that could not be implemented without mass terror. Bukharin, who thought that predominantly oppressive administrative methods could only lead to the creation of an oppressive system, accused the leadership of installing a system of military feudal exploitation of the peasantry. Against an creeping "Leviathan", he proposed to achieve the "commune state" and stressed the necessity of less centralization, more party democracy, more rationality and scientific approach to problems, no mass coercion, less reliance on strictly administrative state measures, priority to gradualism and persuasion.

II

As you know, Bukharin was defeated by Stalin and, of course, Bukharin's "counter-programm" was not adopted. After the "great turn" at the end of the year 1929, the overall

collectivization of agriculture began and industrialization was accelerated. Indeed industrialization made great progress during the first five year plan. But, in fact, Stalin's course could not realize a more rapid industrialization than Bukharin's course even against Stalin's will because of its inherent contradictions. Moreover, Stalin's course, that is, "the great turn", the investment excessively inclined to heavy industry and the enforcement of collectivization of agriculture from above, created a lack of solidarity and led to a social crisis. Thus the regime of suppression became firmly fixed in Soviet socialism.

In the 1920's neither the single value system, nor the single doctrine dominated society, and diversified value systems coexisted. Cooperations between the Party and various groups of intelligentsias and specialists as well as lively debates among people including both party members and non-party members could be observed everywhere at that time.

But the process of execution of Stalin's course after 1928 was simultaneously a process in which different opinions and resistences — which naturally occurred — were not settled through debates and persuasions, but were excluded coercively.

"Small people" were swallowed or replaced by state enterprises within a short period, and the state sector became inflated more and more. Simultaneously with the reorganization of the VSNKh (Supreme Council of National Economy) into individual industrial ministries, a highly centralized planning-managing system was completed. Just as Bukharin had feared, a swollen, costly, and inefficient administrative apparatus, once created, incessantly continued to swell with its own, self-sustaining dynamism.

The construction of socialism in the 1930's on the negation of NEP not only transformed a backward agricultural country into a industrial country, but also fundamentally remolded the Soviet society as well as the Communist Party of the Soviet Union itself. That was monolithic society. And the situation such as a fusion, an adhesion, an unification of the Party and the State, in other words, "etatization of the Party" was completed in the political sphere.

III.

After the World War II, Yugoslavia as well as other Eastern European countries accepted Soviet experiences as their model. Yugoslavia tried to realize industrialization with priority to heavy industry and collectivization of agriculture during her first five year plan (1947—51).

However, clashes with Stalin and subsequent compulsion of Yugoslavia from Cominform made it impossible to accomplish these goals. Yugoslav people learned an important lesson from this difficulty. Leaders of Yugoslavia searched for the cause of the Soviet behavior and found out it in bureaucratism of the Soviet socialism, in other words, Stalinism. They groped for a way to true socialism, not so as to be corrupted into bureaucratic socialism. At last they thought out workers' self-management. Introducing workers' self-management, Yugoslavia converted the method of construction of socialism from Soviet method to Yugoslav unique method: transformation of the centralized planning-managing system to the decentralized one, discontinuance of collectivization of agriculture, allowance of private management of

peasants, cooperation of socialist agricultural combinat with private management of peasants, more balanced development of industry and agriculture, etc.

I think that Yugoslav theory and practice since 1950 has common ground with NEP of the USSR in the 1920's. I do not know whether leaders of Yugoslavia reappraised N. Bukharin and owed to his theoretical works or they created for themselves new theories about socialism, which accidentally resembled to Bukharin's theory in many respects. But it is clear that there is common ground between Yugoslav theory and practice and Bukharin's theory. The most important point is that Bukharin thought highly of democratic character of socialism and democratic method to reach to socialism and the present Yugoslavia also gives importance to the problem of democracy. For example, one of the most prominent theorist Edvard Kardelj said: "We must enrich political system more perfectly by creating such democratic relations and democratic organizations in the political system as pluralism of interests of self-management, that is, pluralism of interests of workers in the associated labour, in many kinds of communities of interests in various sphere of social lives and in delegate system of social-political communities can be expressed as directly and freely as possible in mechanism of decision of democratic self-management."⁵⁾

Of course, neither NEP nor Yugoslav experiences can be applied directly to developed capitalist countries in which the working class is striving for socialism. But the idea of pluralism of interest is also a matter of great concern to the working class in developed capitalist countries who is pursuing democratic way to socialism.

* This paper was prepared for the talks with several Yugoslav professors during my stay in Yugoslavia.

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5) Edvard Kardelj, "Political System of Socialist Self-Management": Report at the Presidium of Central Committee of League of Communist of Yugoslavia (June 13th, 1977), Japanese translation *Materials of World Politics*, published by Japanese Communist Party, No. 510, pp. 29-30.

