

The Construction of Socialism in the USSR during the First Five-Year Plan (1928—1932)

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I. Introduction

It becomes an urgent necessity for us to make clear the historically-conditioned particularity of the construction of socialism in the USSR rather than its general significance in the field of studying socialist economy. For, in the first place, when most people in Japan think of socialism in general, they judge it not from the theory but from the concrete realities of socialist countries, especially the USSR which is the first socialist country in history and a neighbouring power. Secondly, as the negative phenomena in the USSR are being revealed more and more recently, the tendencies to negatively evaluate the idea of scientific socialism itself are growing in Japan.

On the other hand, in Japan most of the researchers on socialist economy have been devoting themselves to studying abstract and theoretical problems such as systematization of political economy of socialism, commodity production in socialist economy, socialist ownership and so on, or to analyzing the present situations of the socialist countries economically, ignoring non (or anti)-socialistic factors which are still existing in these countries, on the assumption that these countries are already completed socialist societies. Consequently, their researches have not responded positively about the incredulity of socialism which have been cherished by most people. Therefore, it is necessary to make thoroughly clear the historically-conditioned particularity of the construction of socialism in the USSR, in order to revive the idea of scientific socialism.

It is proper to focus our attention upon the construction of socialism during the first five-year plan (1928-1932). In the author's opinion, there were various historical possibilities of development for Soviet Russia after the October Revolution. Therefore, "the road of subsequent development of Soviet state was by no means predetermined to be necessarily transformed into Stalinist regime."¹⁾ Historically speaking, between the October Revolution and the contemporary Soviet socialism there seems to be a sort of refraction or contortion which does not allow us to connect the former to the latter directly. The period of the first five-year plan was one of the most important turning points in Soviet history.

II. The Eve of the First Five-Year Plan

The leadership of the Bolsheviks were confronted with a serious crisis. That was the grain procurement crisis which started from the beginning of year 1928. The grain procurement crisis was not merely an economic affair, but also a politically significant affair that threatened to shake the regime. With this crisis and the extraordinary measure for a background, a conflict began to be actualized between the Bukharin group and the Stalin

group, who had made a common cause with each other against the Trotskyist consistently until then.²⁾ Bukharin found out the main cause of the crisis in "the essentially erroneous price policy". Bukharin, who was the strong protector of the interests of the peasantry and still believed in the effectiveness of NEP (New Economic Policy), demanded to stop the extraordinary measures immediately and to raise the grain price in favour of the peasantry. On the contrary, Stalin found out the main cause of the crisis in kulaks (rich peasants) who have grown up to gain control of the grain market, and was gradually coming round to a line to build socialistic strongpoints such as kolkhozy and sovkhozy in the village.

The time from 1928 to 1929 was the important period when a severe intra-party struggle was unfolded between Stalin who was turning to the left and Bukharin who tried to preserve the framework of NEP for his life. The left, such as Preobrazhensky and so on, saw in Stalin's left turn the victory of their own views. Being deprived of their leader Trotsky—who was expelled from the Party and was exiled to Alma-Ata in November 1927 and to overseas in the beginning of the year 1929—, they expected a reconciliation with Stalin. And they rallied to Stalin to save the revolution from "the dreadful rightists".³⁾

III. Bukharin's Counterprogramm

Many ideas which Bukharin expressed in the process of the 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. Let us introduce the contents briefly according to the study by M. 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 cooperatives had to be achieved in open competition in the marketplace.

Industrialization and Balanced Growth

Bukharin, who had proposed merely "accumulation through circulation" theory as a programm for industrial development in the industrialization debate in mid 1920's, came to admit in these days the necessity of "pumping" of accumulation funds for industrial development from agriculture in certain degree. Once the principle of enhanced accumulation at the expense of peasantry was accepted, it seemed essential to Bukharin to state the ways, methods, and limits of doing so. 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

that 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 (*kustarinichestvo*) 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.

In the light of Bukharin's logic as such, more essential cause of the procurement crisis behind the erroneous price policy seemed to consist in the unbalanced development of industry. In any case, Bukharin warned that the unbalanced development of industry would lead to a catastrophic result.

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 deteriorous 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 a discrepancy between targets and resources, for example, like the current "control figures" which predicted — therefore, in a sense, planned — a 20 percent gap between the building targets and the production of necessary iron. It was self-evident to him: "One does not build today's factories with future bricks." 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 overambitious plan might result in oppressing too many and suppressing too much. According to him, Russia's "small people" — the craftsmen, small merchant, 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 in-

dustrialization, 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 "chinovnik" 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".⁵⁾

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.

IV. The First Five-Year Plan

The first five-year plan was to start from October 1928 and end in September 1933. It was the Sixteenth Party Conference in April 1929 that formally adopted the plan. Until the formal adoption, there were many turns and twists. "In the meanwhile, *Gosplan* endeavoured to do its best in the circumstances, and to produce a plan which was based on sound technical and economic calculations. However, the criteria and the assumption on which *Gosplan* was working were constantly being distorted by external pressures. There was one thing on which the Politburo insisted, and which in practice took priority over all other considerations; this was the question of 'growth rates'. In their view, the best plan was the 'tightest' one, the one that achieved most in the least time."⁶⁾ The planners, who were aware of the risks involved in resisting the pressures from the Politburo, remarked in the privacy of their own offices that it was better "to comply with the demand for rapid growth than to go to prison for having advocated more moderate ones".⁷⁾

In a power struggle at the Politburo level, the Bukharinists were defeated and almost deprived of real power before the Party Conference. Many non-Bolsheviki economists as well as Bolsheviki economists were eliminated from *Gosplan* along with the defeat of the Bukharinists. Thus the drafts of the first five-year plan were presented to the party leadership at length.

The concrete task of the plan was socialist industrialization and socialist reorganization of agriculture. Out of the two variants i.e., minimum (standard) variant and maximum (optimal) variant which were prepared for the plan, the maximum variant was adopted. Maximum variant was very ambitious as was shown in the growth rate. Maximum variant aimed to attain within five years what minimum variant predetermined to attain in six years. Maximum variant depended on relatively optimistic forecast, as compared with minimum

variant, in respects of the agricultural development, the connection with the world economy, the attainment of qualitative targets (labour productivity, harvest rate, etc.) and the size of defence expenditure which related with international situations.

Maximum variant was more ambitious than Trotskyite super industrialization which Stalin himself had criticized before. As compared with 11.1 billion rubles which was invested in the socialist sector during the previous five years, the plan predetermined to invest as much as 46.2 billion rubles during the five years from October 1928 to September 1933. The plan predetermined to invest 19.1 billion rubles in industry including 14.7 rubles (77 percent of all industry) in heavy industry and 4.4 billion rubles (23 percent of all industry) in light industry. Obviously the plan aimed at industrialization with priority to heavy industry. As for the others, the plan predetermined to invest 7.2 billion rubles in agriculture, 9.9 billion rubles in transport and 0.3 billion rubles in communication.

In order to enable the industrialization with priority to heavy industry, considerably high accumulation rate was predetermined, moreover, the accumulation rate was to be raised gradually from 22.6 percent in the first year to 33.6 percent in the last year. But we must not overlook that also the absolute volume of consumption funds were simultaneously predetermined to increase year after year in this plan (See Table 1). As to the security of labour power necessary for industrialization, the problem was optimistically considered, taking into account the existence of potential overpopulation in the countryside (estimated about 8.5 million in the beginning of the first five-year plan) other than unemployees (about 1.1 million).

Table 1. Maximum Variant (in billion rubles at current prices)

	1927/28	1928/29	1929/30	1930/31	1931/32	1932/33	For the five year
1. National income	24.7	27.5	30.9	34.8	38.7	43.3	175.2
2. Non-productive consumption	20.0	21.3	22.2	23.6	25.8	28.8	121.7
In % of col. 1.	80.1	77.4	71.8	67.9	66.8	66.4	69.5
3. Accumulation in both fixed and working capital*	4.66	6.22	8.71	11.18	12.85	14.54	53.54
In % of col. 1.	18.9	22.6	28.2	32.1	33.2	33.6	30.5

* except amortization

Source: Maurice Dobb, *Soviet Economic Development Since 1917*, Revised, Enlarged Edition, New York; International Publishers, 1966, p. 236.

However, this plan was of eclectic character at the same time. We must pay regard to socialist reorganization of agriculture, which was predetermined to be carried out in prudent and moderate pace, for example, 15 percent of the collectivization rate estimated for the last year. Therefore, "The five year plan itself did not deviate from the conception that the construction of socialism in the USSR should be carried forward within the framework of NEP, still less did not suppose that NEP might be abandoned".⁸⁾

V. "Great Turn"

In practice, the five-year plan was not carried out as what it was. The prerequisites (i.e., the forecast), on which maximum variant depended, were broken as soon as the plan was formally adopted. For example, in July 10, 1929 an incident happened that the Chinese authorities took over the east China railway by force. This incident was settled with much difficulties at the end of this year. After that, the invasion of Manchurian by Japanese militarism, which happened in 1931, also constituted a grave menace to the safety of the USSR. These incidents urged to reexamine the five-year plan from the viewpoint of further development of heavy industry which had a close relationship with the defence power. In addition, world crisis began in October, 1929, and the terms of trade in the world market became unfavourable to the USSR.

But it is internal factors, especially agricultural problem rather than the above-mentioned international factors that exerted significant influences on the performance of the plan. In 1929 agricultural production was lower than the previous year, and procurement crisis still continued. In November in this year Bukharin was released from the membership of the Politburo, and Rykov (chairman of the Council of People's Commissars) and Tomsky (chairman of the General Council of All-USSR Trade Unions) — both were Politburo Member — were given a severe warning. Bukharinists suffered the final defeat in the intra-party struggle. Thus in the end of the year 1929 Stalin, who found no political obstacle, suddenly made a "great turn", that is, a drastic turn from "the restriction of kulak" policy to an overall collectivization of agriculture together with "the liquidation of kulak as class" policy. F. Engels's well-known proposition, which stressed the respect of the spontaneousness of peasantry in case of socialist reorganization of agriculture, was declared no longer invalid.

Rapid collectivization itself required acceleration of industrialization because it was necessary to supply a large quantity of agricultural machines to countryside in order to carry forward socialist reorganization of agriculture. The economic year were made to correspond with the calendar year since 1930. In connection with such a circumstance, the first five-year plan was rearranged to be completed by the end of the year 1932. The so-called socialist competition were encouraged on a nationwide scale with a slogan "the five-year plan in four years!", and industrialization was accelerated further. The main characteristic which was perceived in Stalin's guidance of economy was voluntarism. He guided it as if the will of omnipotent planning organ could control the objective process at its disposal. Targets were frequently modified during the five-year plan. And it was made desirable that everyone should overattain the targets. Total investment during four years and three months amounted, in practice, to 24.8 billion rubles against 19.1 billion rubles estimated for five years in the plan. Especially, total investment in heavy industry amounted to 21.3 billion rubles against 14.7 billion rubles. On the other hand, total investment in light industry was only 3.5 billion rubles against 4.4 billion rubles. As we have seen, much more priority was given to heavy industry than predetermined by the plan.

A view, the most influential among western researchers, may be true. That is; the industrialization with priority to heavy industry during the first five-year plan was, in fact,

those, which Stalin translated into practice, adopting the leftist line of accelerated industrialization based on Preobrazhensky's "socialist primitive accumulation".⁹⁾ Soviet researchers would not accept such a view. But it is difficult to deny this western view when we examine how such a rapid accumulation became possible and trace sources for the accumulation of industrialization. The state budgetary system fully functioned in the industrialization process. To point out an outline, profits created in socialist sectors were pumped up mainly through two channels, i.e., taxes from trades and deductions from profits, and similarly funds of the populations (most of them were, of course, peasantry) through the industrialization.

Table 2. The Balance of Material Exchange between Agriculture and Non-agricultural Sphere in Social Sectors (in million rubles at calculation prices*)

	All agriculture	Sovkhozoy	Kolkhoz-cooperative sector			Private sector
			Socialized economy		Subsidiary work of kolkhoz peasantry	
			Kolkhozoy and MTS	Soc. eco. of kolkhozoy		
1930						
1. Marketed output of agriculture	4,814.7	250.4	1,189.1	1,189.1	—	3,375.2
2. Industrial goods delivered to agriculture	2,357.7	300.4	281.9	250.2	—	1,775.6
3. Balance (2-1)	-2,457.0	+50.0	-907.2	-938.9	—	-1,599.6
4. Equivalent coefficient (1:2)	2.04	0.82	4.22	4.75	—	1.90
1931						
1. Marketed output of agriculture	4,882.4	253.9	2,187.3	2,187.3	—	2,441.2
2. Industrial goods delivered to agriculture	2,106.6	461.3	490.2	282.3	—	1,551.1
3. Balance (2-1)	-2,775.8	+207.4	-1,697.1	-1,905.0	—	-1,286.1
4. Equivalent coefficient (1:2)	2.31	0.55	4.46	7.75	—	2.11
1932						
1. Marketed output of agriculture	3,780.5	211.7	1,977.2	1,977.2	—	1,501.6
2. Industrial goods delivered to agriculture	1,949.9	415.3	702.0	426.5	—	832.6
3. Balance (2-1)	-1,830.6	+203.6	-1,275.2	-1,550.7	—	-759.0
4. Equivalent coefficient (1:2)	1.94	0.51	2.82	4.64	—	1.91
1938						
1. Marketed output of agriculture	3,529.7	478.3	1,992.5	1,992.5	1,058.9	—
2. Industrial goods delivered to agriculture	2,152.4	248.6	1,045.8	627.7	858.1	—
3. Balance (2-1)	-1,377.3	-229.7	-946.7	-1,364.8	-200.8	—
4. Equivalent coefficient (1:2)	1.64	1.92	1.37	3.17	1.23	—

* The prices which are converted close to the values

Source: A. A. Barsov, "NEP i Vyravnivanie Ekonomicheskikh Otnoshenii mezhdu Gorodom i Derevnei", M. P. Kim (ed.), *Novaya Ekonomicheskaya Politika: Voprosy Teorii i Istorii*, Moscow: Nauka, 1974, p. 101.

zation bonds and taxes, to the state budget, and hence these funds were distributed preponderantly to heavy industry.

However, we cannot obtain enough information on the extent of the agriculture's burden in industrialization, only from the materials concerning the state budget. On this point the most noteworthy is the study by a Soviet economist A. A. Barsov.¹⁰⁾ Barsov drew up the balance of material exchange between rural and urban regions in terms of value, and he made it clear that agriculture redistributed considerably huge amount of surplus products to other branches during the first five-year plan. Besides, he admitted that the redistribution of agricultural surplus products to other branches was done through non-equivalent exchange. For example, the equivalent coefficient of exchange in 1931 equals 2.31, and this means that agriculture delivered 2.31 units of agricultural products to the other branches in exchange for every 1 unit of product from the other branches during this year. And, 69 percent of the funds, which were devoted to industrialization, came from rural regions in 1928. From the above-mentioned facts, we can understand that the rapid industrialization during these years was, in fact, carried out at considerable sacrifices of the peasantry (however, Barsov does not say "sacrifice", but "great contribution by peasantry to industrialization"). That is why we want to call the process "socialist primitive accumulation".

However, it is inaccurate to say that only peasantry made considerable sacrifices during these years. Not only peasantry but also workers made considerable sacrifices. Western researchers, for example, N. Jasny have underlined this point since early times.¹¹⁾ In recent years similar opinions began to appear also in the USSR. For example, Roy Medvedev says :

Table 3. The Utilized National Income in 1928-1932 (at 1928 prices)

	1928	1929	1930	1931	1932
1. National income (million rubles)	25,003.1	27,376.5	32,407.5	36,374.0	40,100.0
Volume index (year 1928=100)	100.0	110.5	131.4	146.5	162.2
Volume index (previous year=100)	—	110.5	118.9	111.4	110.2
2. Consumption funds (million rubles)	21,305.7	22,575.2	23,177.2	22,705.2	22,375.8
proportion of consumption funds in national income (%)	85.7	82.2	70.9	60.2	55.8
Volume index (year 1928=100)	100.0	106.0	108.9	106.6	105.0
Volume index (previous year=100)	—	106.0	102.7	98.0	98.5
including :					
industrial outputs & constructions (million rubles)	14,951.6	15,886.4	16,814.9	16,533.8	16,916.9
agricultural products (million rubles)	6,354.1	6,688.8	6,362.3	6,171.4	5,458.9
3. Accumulation funds (million rubles)*	3,697.4	4,801.3	9,230.3	13,668.8	17,724.2
proportion of accumulation funds in national income (%)	14.3	17.8	29.1	39.8	44.2
Volume index (year 1928=100)	100.0	130.0	249.6	369.6	479.3
Volume index (previous year=100)	—	130.0	192.0	148.0	129.7
including :					
industrial outputs & constructions (million rubles)	2,503.9	4,653.5	9,010.5	13,324.7	17,462.6
agricultural products (million rubles)	1,193.5	147.5	219.8	344.1	261.6

* except amortization

Source : A. A. Barsov, *Balans Stoimostnykh Obmenov mezhdu Gorodom i Derevnei*, Moscow : Nauka, 1969, pp. 90-91.

“Beginning in 1931, price indices for food and manufactured goods were no longer published. But the drop in the volume of consumption of these products shows that the decline in real wages continued in 1931–32.”¹²⁾

Barsov’s study also endorsed such a view. Almost all of the researches in the USSR therefore simply maintained that industrialization was accompanied by the increase in the consumption funds of the population, in disregard of the rise in prices during these years.¹³⁾ On the contrary, Barsov converted the utilized national income in 1928–32 (at current prices) into those of the 1928 prices, and drew up a new table which eliminated the factors of price fluctuations. Table 3 shows this. From this table we can perceive the following points: First, the accumulation rate was rising year after year, and rose sharply especially after 1930, that is, 29.1 percent in 1930, 39.8 percent in 1931 and at an exorbitantly high rate of 44.2 percent in 1932. Second, it is natural that consumption funds were decreasing relatively, but moreover, consumption funds, culminating to a peak in 1930, turned and decreased absolutely. In addition, Barsov reports a fact that the volume of consumption in agricultural products in 1932 was 27.5 percent below per capita in urban regions and 28.1 percent below per capita in rural regions compared with the volume in 1928.¹⁴⁾ Working class in the USSR strived for industrialization at their own heroic sacrifices.

VI. The Results of the Performance of the Plan

What were the results of the industrialization, which had been created at such a heavy cost? To begin with, let us quote a number of statistics which were published by the USSR. Industrial outputs increased by 124 percent, and the target was attained 97.3 percent in four years and three months. Above all, heavy industry increased by 173 percent, and the target was attained 108 percent during this period. On the other hand, growth in light industry was only 56 percent, and the target could not be attained. As a result of the industrialization, the percentage of domestic products in the whole supply of equipments and tool-making machine increased. Agricultural production was to grow one and half times in five years according to the plan. But, because of disorder (resistances by peasantry and mass slaughter of livestock) in the process of collectivization of agriculture other than poor harvest in 1931 and 1932, not only the targets for agriculture could not be attained but also the agricultural production decreased. The collectivization was carried out with more rapid pace than planned. As a result, out of gross agricultural products, the proportion of agricultural products produced in socialist sector reached 76.1 percent. Since the proportion of sovkhozy and kolkhozy in the production of marketed grain amounted to 84 percent, the volume of grain procurement increased to the level that could somehow support industrialization. “Leasing of industrial enterprises as a form of state capitalism”¹⁵⁾ ceased to exist virtually by 1930. “Private industry, which had played certain roll in census industry in the beginning of the introduction of NEP, was virtually driven away completely already in the earliest years of the first five-year plan as a result of successful development of socialist (state and cooperative) industry.”¹⁶⁾ Small industry (kustarinichestvo, etc.), in which 57.1 percent of all labour power of the Soviet industry had been engaged and which had produced 22.4 percent of the gross industrial output in 1926/27, was rapidly losing importance.¹⁷⁾ The private sector,

which had occupied 17.6 percent of the gross industrial output in 1928, occupied only 0.5 percent in 1932.¹⁸⁾ Out of gross national income, the proportion of national income which was created in socialist sector rose to 93 percent in 1932. The socialist sector completely dominated also in the sphere of circulation. (See Table 4.)

Table 4. The Results of the Performance of the First Five-Year Plan

	The first year of the plan	Targets	Results
I. Socialist Industrialization			
Industrial output (the first year=100)	100	230	224
II. Socialization			
Proportion of socialist sector (%)			
Industrial production	79.5	92.4	99.5
Agricultural production	1.8	14.7	76.1
Retail turnover	75	91	100
National income	44	66.3	93
Rate of collectivization (in terms of household)	1.7	20	61.5
Proportion of sovkhozy and kolkhozy in marketed grain	7.5	42.6	84
III. Economic Self-Reliance			
Proportion of domestic products in whole supply			
Equipments	67.5	—	more than 90
Tool-making machines	33	—	46

Source: V. I. Eidel'man (ed.), *Shagi Pyatiletok*, Moscow, 1968, p. 73.

How shall we understand these statistics now? As is generally known, western economists have discussed the methods of estimation of "correct" numerical value, for the reason that Soviet industrial statistics include overestimates (by duplicated calculation of interim products, neglect of rise in prices and so on). The author has no intention to go into this problem here. But the author wants to introduce only one distorted view. An ex-Menshevik and Russian emigre N. Jasny maintained in his last book that the industrialization effort during these years was accompanied by the pursuit for quantitative targets at the expense of qualitative targets and many disorganization, and that not so many results could be obtained. He told us that the effort was in vain.¹⁹⁾ On the contrary, an English economist R. W. Davies properly criticized Jasny's view in his review article. According to Davies, Jasny was not free from bias, so that "the achievements resulting from the capital construction drive of 1928-32 are unrecorded, and it is made to seem an entirely pointless exercise"²⁰⁾ in his description. We also need to study Davies' attitude in which he tries to observe the realities with a cool mind.

Indeed, the industrialization during these years was accompanied by enormous wastes of resources and labour powers from dispersed investment and disorganization. But an objective fact remains that approximately 1,500 big enterprises were built, including Dneproges, the Magnitogorsk and Kuznetsk metallurgical complexes, the Ural machine factory, the Rostov agricultural-machinery plant, tractor factories at Cheliabinsk, Stalingrad, and Kharkov, automobile factories in Moscow and Sormovo, the Ural chemical works, the Kramator factory of

heavy machinery, etc. . . And new sectors of industry were established, which had not existed in tsarist Russia—automobile and tractor manufacturing, a chemical industry, etc. . .²¹⁾ At that time, capitalist countries suffered from world crisis which began in 1929 and extended to an unprecedented scale. In these countries productions declined sharply and a great number of unemployes surfaced. It stands out in striking contrast to the stagnation of capitalist countries that only the USSR, at the same time, wrestled with large scale construction of industry and made a great progress without “business cycles”, suffering from labour shortage rather than unemployment. It is without question that heavy industry which had been constructed during these years led to the reinforcement of defence power and further contributed the victory of the USSR in World War II.

Is it right that we should consider the construction of socialism in the USSR from this one point ? It seems that many-faceted considerations are required. How should we consider the following problems: the stagnation of light industry, the decline of agricultural productions, the enforcement of collectivization of agriculture and so on ? Researchers, especially Marxists in Japan hitherto have positively evaluated the construction of socialism in the USSR during these years, considering these problems as inevitable consequences of the construction of heavy industry. The author also was not an exception. However, it seems that the traditional evaluation is too optimistic.

VII. Examinations of “the Inevitability of the Turn”

Here we encounter a problem that should be examined. This is the problem: “the inevitability of turn” at the end of 1929. This also relates to the problem: how should we evaluate N. Bukharin. There are some arguments which justify “the great turn” by Stalin at the end of 1929 for the following reasons. The author can not afford to examine these reasons from every side. So, the author will confine himself to write brief comments on the reasons, promising to discuss them in detail afterwards.

a) The international situations

Soviet researchers explain that the enforcement of the overall collectivization of agriculture from above was done because of serious international situations at that time. But M. Lewin explains that the leadership of CPSU took into no account the factor of international situations when they enforced the overall collectivization of agriculture from above. To mention international situations as a reason, is, according to Lewin, a justification by hindsight.²²⁾ Also it is well-known to us now that CPSU was not very cautious against the rising Nazis in Germany until 1934. Thus, Lewin’s argument seems to be well-ground. A further examination will be required on this point.

b) The Growth of Kulaks

An argument is widespread that kulaks, who had grown up by this time, were reluctant to sell grain, and therefore changed into an obstacle for industrialization. But, on the contrary, we may be allowed to say that an error in price policy became one of the causes of the procurement crisis. For example, the state procurement price of grain was fixed at a low level,

and a gap between the procurement price and the private market price was widening (75 percent in 1927/28, 134 percent in 1928/29).²³⁾ And that, rich peasants in the USSR were relatively small by the criteria of Western Europe. It seems doubtful to emphasize the menace of the restoration of capitalism directly from the existences of kulaks.

c) The Problem of Replacement of Fixed Capital

Professor Kamijima (Osaka College of Economics, Japan), for example, states: "Grain procurement crisis was not mere shortage of procurement, nor mere crisis in countryside (the rise of kulaks), but it was, in fact, a consequence of synthetic synergy of contradictions inherent in NEP."²⁴⁾ He attaches the importance to the replacement of fixed capital, as follows: "At this point of time, at last, state industry was entering a period of full-scale construction, and this induced demands for new investment, first of all, in wide sphere of heavy industry. Therefore, neither to follow former method of accumulation, nor to preserve moderate growth rate, in actualities, became almost possible physically. Neither the shortage of procurement and the corresponding raise of procurement price, nor the reduction in prices of manufactured goods — tolerable in the past — were no longer possible economically and physically."²⁵⁾ Professor Kamijima asserts that NEP was in an impasse at that time and that it became inevitable to turn to a new policy beyond the framework of NEP. So, he does not agree with Roy Medvedev's opinion that though still effective, NEP was abolished before the time set.²⁶⁾ (However, he does not forget to add: This turn was done by Stalin in the most clumsy way.)

It is sure that NEP got into a serious difficulty at that time. But in what degree was the "turn" inevitable? Didn't he overestimate the problem of replacement of fixed capital? On this point, an American economist D. Granick, who had studied Soviet metal-fabricating industry in detail, argued that the fear of a replacement bulge, which a delay of the replacement of fixed capital might intensify, had been grossly exaggerated.²⁷⁾

d) The Construction of Heavy Industry — the Reinforcement of the Defence Power

It is often said that the industrialization with priority to heavy industry under the leadership of Stalin somehow created heavy industry and reinforced the defence power, which in turn led the USSR to victory in World War II, whereas Bukharin's course might not have created heavy industry and, consequently, not led to victory. But such an argument is quite doubtful. Indeed some merits were involved in Stalin's course, but much more demerits were involved too. Bukharin opposed Stalin for the reason that Stalin's policy would invite a catastrophic result, and fell from power in 1929. When we reexamined the results of the performance of the first five-year plan with a cool mind, we could say that Bukharin's anxiety and forecast unfortunately proved true. It is sure that heavy industry took a leap forward owing to the performance of the plan, but light industry showed stagnation and agricultural production inversely declined. As to heavy industry, notwithstanding the great investment with considerable sacrifices, the result corresponding to the sacrifices could not be obtained.

A. A. Barsov points out the bad influence which extraordinarily high investment rate exerts on industrial development, that is: in spite of the yearly rise in the accumulation rate

during the first five-year plan, growth rate of national income was adversely decreasing year after year, and especially in 1933, when industrial output increased by only 5 percent, compared to 1932 when the accumulation rate boomed to 44.2 percent. According to Barsov, the shortage of the consumption goods, which intensified in 1931 and 1932, was negatively reflected in the material interest of the working people, and this could not help to exert influence on the efficiency of production.²⁸⁾ Moreover, Barsov explained without mentioning the name of Bukharin: "We can not help supposing that the accumulation rates in 1931 and 1932 were, in all probability, extremely too high and scarcely corresponded the optimum condition for the task of the most speedy industrialization of the country when we take into account, first of all, the decline of agricultural production level. It seems that the approximately same effect in increasing industrial output and growth of heavy industry could have been obtained, even if somewhat small part of national income was assigned to accumulation, increasing consumption funds and creating better condition for material stimulation and rise in social labour productivity."²⁹⁾

Similarly Roy Medvedev says: "The years 1932 and 1933 were a time of crisis for the national economy. Agricultural production had reached its lowest point, famine was beginning in many rural areas, and the industrial working class had also suffered a sharp deterioration in its standard of living."³⁰⁾

For this reason, the party and the government were obliged to adopt a sort of adjustment policy from 1933 to 1934. That is why the second five-year plan, which was adopted by the 17th Party Congress in January 1934, predetermined that the average growth rate of light industry should be 18.5 percent while that of heavy industry should be 14.5 percent (However, these targets were neglected later.). Consequently there are no grounds for the argument that heavy industry would not be constructed timely if Bukharin's course was adopted. Therefore, the author has a fundamental doubt about "the inevitability of turn".

VIII. The Consequences of "Great Turn"

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 the 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. Non-Bolsheviki specialists were made victims of, to begin with, the Shakhty trial (May 1928), the trial of Industrial Party (November to December 1930), the Mensheviki trial (March 1931) and the trial of Vickers engineers (April 1933).³¹⁾ With the Kirov affair (December 1934) as a start, the

same process proceeded even within the Communist Party of Soviet Union in the second half of the 1930's.

"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.

As to socialist reorganization of agriculture, the percentage of collectivization was raised to 77.7 percent (in terms of sown area) in 1932, and to 99.1 percent in 1937. In this connection, it is formally explained that socialism had gained a triumph and consequently the transitional period from capitalism to socialism had terminated ("socialism as the first phase of communism had been basically realized.") in the USSR at this point of time, for reasons that socialist ownership had been completed in nearly 100 percent of the national economy including agriculture. And there are many researchers on socialist economy who believe and repeat this formal explanation in Japan. But it must be said that this explanation is too formal. The collectivization of agriculture could not have been carried out based on the result of sufficient industrialization. On the contrary, the collectivization of agriculture was, in practice, carried out in an extremely short time, because the leadership of the Party regarded it as most important to solve the procurement crisis in order to promote industrialization. Therefore, the kolkhozy which had been created in such a way lacked the material foundations adequate to "socialized agriculture". Although large-sized agricultural machines such as tractors, combines and trucks were supplied to agriculture later, the damage from mass slaughter of livestock was so severe that the 1929 peak of total horsepower utilized on the farms was not regained by 1938.³²⁾ We previously saw that agriculture was utilized as a source of accumulation for industrialization. Now look again Table 4 which Barsov drew up. In 1931, for example, the equivalent coefficient of exchange between agriculture and non-agricultural sphere equals 2.31. From the items of the same table, we can perceive that the equivalent coefficient of exchange between socialized economy of kolkhozy and non-agricultural sphere equals 7.75 (this means that socialized economy of kolkhozy delivered 7.75 units of agricultural products to non-agricultural sphere in exchange for every 1 unit of product from the latter). Moreover, the balance of material exchange between agriculture and the state (Table 5), which also Barsov drew up, shows that the equivalent coefficient of exchange between socialized economy of kolkhozy and the state was a tremendously high figure of 8.66. State procurement prices were pegged at an extremely low level during the 1930's, so that the prices of many sorts of agricultural products, such as grains and potatoes, did not compensate for production costs. Kolkhoz peasantry could barely reproduced their own labour power by virtue of subsidiary work on household plots. Such a relation between the state and peasantry basically remained unchanged until the appearance of Khrushchev's agricultural policy after World War II.³³⁾ This was the substance of the so-called "socialized agriculture" which had been created coercively from above in the 1930's. The author hesitates to assert that this was not a socialized agriculture. However, a question remains, that is: in what degree was this agricul-

Table 5. The Balance of Material Exchange between Agriculture and the State in Social Sectors in 1931
(in million rubles at calculation prices)

	All agriculture	Sovkhozy	Kolkhoz-cooperative sector		Private* sector
			Kolkhozy and MTS	soc. eco. of kolkhozy	
1. Marketed output of agriculture delivered to the state	4,320.9	253.9	2,178.3	2,178.3	1,879.5
2. Industrial goods delivered from the state to agriculture	1,313.0	424.5	420.5	249.9	468.0
3. Balance (2-1)	-3,007.9	+170.6	-1,766.8	-1,937.4	-1,411.5
4. Equivalent coefficient (1:2)	3.29	0.59	5.15	8.66	3.96

* Private sector includes subsidiary work of kolkhoz peasantry in this table.

Source: A. A. Barsov, *Balans Stoimostnykh Obmenov mezhdu Gorodom i Derevnei*, Moscow: Nauka, 1969. pp. 148-149.

ture socialistic ?

The construction of socialism after "the great turn" 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 Soviet Union itself. The author can not characterize this metamorphosis appropriately. According to M. Lewin's formulation, the Stalin model that emerged in the 1930's on the ruins of NEP exhibited the following traits:³⁴⁾

- 1) a high degree of centralization of economic decision making and planning
- 2) comprehensive character of planning
- 3) preference for physical units as instruments in accounting
- 4) the use of "material balances" for obtaining internal consistency of the plans
- 5) a centralized administration for material supplies, which operated as a rationing system
- 6) the imperative and detailed character of plans
- 7) a hierarchically organized administration within factories
- 8) the relegation of market categories and mechanisms to a secondary role, mainly the sphere, albeit important, of personal consumption and to labor
- 9) coercion by the state, as direct organizer of the economy with its ubiquitous controls and etatization not only of the economy but of the other spheres of life as well

In addition to that, we can say that 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.³⁵⁾ The Soviet society which had been remolded in the 1930's is an unique socialism carved out of the above-mentioned traits.

Note

1. Roy Medvedev, *Let History Judge*, Japanese version translated from Russian by Seirin Ishido, Tokyo: San'ichi Shobo, 1973, Part 1, p. 148. The cited sentence is omitted in the

English version. The corresponding paragraph which must include the sentence is on page 360 of English version.

2. As to the grain procurement crisis and the extraordinary measures, see E. H. Carr and R. W. Davies, *Foundations of a Planned Economy 1926-1929*, Vol. one-I, London: Macmillan, 1969, pp. 48-66.
 3. Moshe Lewin, *Political Undercurrents in Soviet Economic Debates: From Bukharin to the Modern Reformers*, Princeton University Press, 1974, p. 69.
 4. In description of paragraph II the author owed to *ibid.*, pp. 41-66.
 5. "A Note of an Economist", *The Collected Works of Bukharin*, Tom. 2, (Japanese version) p. 118.
 6. Moshe Lewin, *Russian Peasants and Soviet Power: A Study of Collectivization*, London: George Allen and Unwin Ltd., 1968, p. 346.
 7. *Loc. cit.*
 8. Takeshi Kamijima, *An Introduction of Soviet Economic History: Intra-Party Debates concerning NEP*, (in Japanese) Tokyo: Aoki Shoten, 1977, p. 162.
 9. See, for example, F. Seton, *Economic Development and Policy of the Soviet Union*, (in Japanese) Tokyo: Sobunsha, 1959, p. 123.
 10. A. A. Barsov, "Sel'skoe Khozyaistvo i Istochniki Sotsialisticheskogo Nakoplenie v Gody Pervoi Pyatiletki (1928-32)", *Istoriya SSSR*, no. 3. 1968.
 _____, *Balans Stoimostnykh Obmenov mezhdu Gorodom i Derevnei*, Moscow: Nauka, 1969.
 _____, "NEP i Vyravnivanie Ekonomicheskikh Otnoshenii mezhdu Gorodom i Derevnei", M. P. Kim (ed.), *Novaya Ekonomicheskaya Politika: Voprosy Teorii i Istorii*, Moscow: Nauka, 1974.
- Barsov criticizes in principle the western researcher's view that the industrialization during these years was carried out through "socialist primitive accumulation". However, a merit of Barsov's study consists in the point that he did not follow the stereotyped criticism and he made clear the extent of agriculture's contribution to the industrialization in quantity as a result of analysis by the balance of material exchange between rural and urban regions in terms of value.
11. Naum Jasny, *Soviet Industrialization, 1928-52*, Chicago, 1961, pp. 109-110.
 12. Roy Medvedev, *Let History Judge*, (English version), New York: Vintage books, 1973, p. 107.
 13. For example, a representative book on economic history which was published by Science Academy of the USSR says that the volume of consumption per capita gradually increased as follows:
- | year | 1928 | 1929 | 1930 | 1931 |
|------|------|-------|-------|-------|
| | 100 | 101.5 | 106.2 | 112.0 |
- I. A. Gladkov (ed.), *Postroenie Fundamenta Sotsialisticheskoi Ekonomiki v SSSR, 1926-1932 gg.*, Moscow, 1960, p. 102.
14. A. A. Barsov, *Balans Stoimostnykh Obmenov mezhdu Gorodom i Derevnei*, p. 95.
 15. I. A. Gladkov, *op. cit.*, p. 206.
 16. *ibid.*, p. 210.
 17. *ibid.*, p. 211.
 18. *ibid.*, p. 210.
 19. Naum Jasny, *Soviet Economists of the Twenties: Names to be Remembered*, Cambridge University Press, 1972, p. 9.
 20. *Soviet Studis*, Vol. 25, no. 1, p. 130.
 21. See Roy Medvedev, *op. cit.*, p. 101.
 22. Moshe Lewin, *op. cit.*, p. 492.
 23. Barsov, *op. cit.*, p. 30. See also Alec Nove, *An Economic History of the U. S. S. R.*,

- Pelican Book, 1976, pp. 139-142.
24. Takeshi Kamijima, "On the Methodology of Studying Economy of Transitional Period", *The Annals of Economic Theory Society* (in Japanese), no. 11, Tokyo: Aoki Shoten, 1974, p. 126.
 25. Takeshi Kamijima, *An Introduction of Soviet Economic History*, p. 126.
 26. Roy Medvedev, *Let History Judge*, (Japanese version), p. 225.
 27. David Granick, *Soviet Metal-Fabricating and Economic Development: Practice versus Policy*, The University of Wisconsin Press, 1967, pp. 135-136.
 28. Barsov, op. cit., p. 95.
 29. *ibid.*, p. 96.
 30. Roy Medvedev, *Let History Judge*, (English version), p. 106.
 31. See Naum Jasny, op. cit., pp. 61-71.
 32. David Granick, op. cit., p. 131.
 33. As to the relationship between socialized economy of kolkhozy and subsidiary work on household plots, the following book gives us detailed informations: Hiromasa Nakayama, *Contemporary Soviet Agriculture: Khrushchev's Agricultural Policy and Hierarchic Strata of Profession*, (in Japanese) The University of Tokyo Press, 1976.
 34. Moshe Lewin, *Political Undercurrents*, pp. 113-114.
 35. See Yuzuru Taniuchi, *A Reflection on Contemporary Socialism*, (in Japanese) Tokyo: Iwanami Shoten, 1978, p. 337.

(Manuscript received: September 29, 1978)

(Published March 16, 1979)

