

8 SEP 1952

G. I. P. E.			
S.			Lib.
1	2	3	4

26199

**Dhananjayrao Gadgil Library**



**GIPE-PUNE-026197**

Publications of the  
Carnegie Endowment for International Peace  
Division of Economics and History  
John Bates Clark, Director

24197

## NOTE BY THE DIRECTOR

At a conference held by the members of the Committee of Research of the Carnegie Endowment in Paris in September 1919 it was decided that a series of short monographs on the economic effects of the war in the countries that were directly engaged in it should be published in advance of larger works which had been planned. The present volume contains three of these monographs, which will be followed by others, the completed series constituting a highly useful compend of information concerning the economic effects of the great struggle. The three treatises now issued are so short and their subjects have so much kinship that it seems best to combine them in a single cover.

JOHN BATES CLARK,  
*Director.*

# Recent Economic Developments in Russia

BY  
K. LEITES

EDITED BY  
HARALD WESTERGAARD  
PROFESSOR AT THE UNIVERSITY OF COPENHAGEN

OXFORD: AT THE CLARENDON PRESS  
London, Edinburgh, New York, Toronto, Melbourne and Bombay  
HUMPHREY MILFORD

PRINTED IN ENGLAND 1922

## PREFACE

THE author of the present publication on the economic condition of Russia during and after the World War has for a number of years carefully studied the economic development of his country and treated it in various investigations in Russian periodicals—thus in the weekly journal of the Russian Ministry of Finance—and in independent monographs. On the occasion of the revision of the Germano-Russian commercial treaty he was in 1912 sent to Berlin by the Government and after the outbreak of the War he moved to Denmark where he stayed for several years.

Even for a native of Russia it is not easy, of course, to form an objective opinion on the present happenings in Russia and especially when the investigations can not be carried on within the frontiers of that country. But the author's method contains in itself a guarantee of the correctness of the picture as he has founded his writing on public documents and drawn his information from the statistical reports in the official press of the Soviet Government. It is therefore to be hoped that the present publication will serve its purpose and contribute towards the understanding of the development in Russia.

HARALD WESTERGAARD.

*June 11, 1922.*

X .58.N2

F2  
26197

## CONTENTS

### PART I

#### GENERAL EFFECT OF THE WORLD WAR ON THE ECONOMIC LIFE OF RUSSIA PRIOR TO THE BOLSHEVIK REVOLUTION

	PAGE
INTRODUCTION . . . . .	9
FINANCIAL EFFECTS . . . . .	11
CREDIT OPERATIONS . . . . .	17
INTERIOR AND FOREIGN LOANS . . . . .	20
INDUSTRY . . . . .	25
THE AGRARIAN QUESTION . . . . .	41
THE FOOD SCARCITY AND THE MEASURES ADOPTED TO OVERCOME IT . . . . .	46
THE DISORGANIZATION OF TRANSPORT . . . . .	51
THE RÔLE OF THE CO-OPERATIVE MOVEMENT DURING THE WAR . . . . .	53

### PART II

#### RESULTS OF THE ECONOMIC POLICY OF THE BOLSHEVIKS

INTRODUCTION . . . . .	63
STATE OF FINANCES . . . . .	66
STATE OF INDUSTRY . . . . .	80
THE LABOUR QUESTION . . . . .	103
THE AGRARIAN QUESTION . . . . .	114
TRANSPORT . . . . .	121
FOOD SUPPLY . . . . .	124
SUMMARY . . . . .	128

## PART III

## ECONOMIC LIFE IN SOVIET RUSSIA IN 1920

	PAGE
INTRODUCTION . . . . .	131
THE FINANCIAL SITUATION . . . . .	132
THE INDUSTRIAL SITUATION . . . . .	135
FUEL . . . . .	174
TRANSPORT . . . . .	185
THE LABOUR QUESTION . . . . .	193
ECONOMIC RURAL CONDITIONS . . . . .	207
THE FOOD QUESTION . . . . .	216
FOREIGN TRADE . . . . .	223
INDEX . . . . .	235



## INDEX

- Agrarian committees, object, 42-3.
- Agriculture: effect of stoppage of exports on, 26; comparison of productivity of peasant holdings and private estates, 44-5; effect of mobilization of horses on, 48; societies, 56; condition, in 1918 and 1919, 119; in 1920, 121, 207-8; need of machinery for, 161; need of electrification in, 171.
- All-Russian Central Council of Workmen's, Soldiers' and Peasants' Deputies, 44; legislative power of, 65, 108.
- All-Russian Communist Party, 112, 128.
- All-Russian Executive Committee of Railway Officers and Workmen, 121.
- All-Russian Manufacturers' Association, statement of, 94.
- All-Russian Zemstvo Union, work of, 81.
- Archangel: difficulty of importation of goods via, 26, 31; decrease in population of, 194.
- Astrakhan, 181.
- Audit Commissioner, statement of, 17.
- Bagayev, M., 227.
- 'Bagman' institution, operation of, 50-1.
- Baku district, 31; fall of petroleum production in, 40, 88; naphtha supply from, 152; condition of naphtha production in, 180 *et seq.*
- Balakhovich, 181.
- Baltic Sea, closing of, 11.
- Bank-notes, increased issue of, 18, 132 *et seq.*
- Banks: increased deposits due to prohibition, 15; increase in note issue of State Bank, 18; depression due to war, 23; later development and condition, 23-4; seizure by Bolsheviks, 24-5; nationalization of, 25, 70.
- Bark, Minister of Finance, 17; effort to control note issue, 19.
- Batum, naphtha conduit to, 181.
- Berkenheim, delegate of Russian co-operative societies, 224.
- Berlin, trade delegation in, 225.
- Black Sea, closing of, 11.
- Bogoslovsky mines, 82, 101, 176.
- Bokhara, cotton crop in, 138.
- Brest-Litovsk Peace, signing of, 9, 11, 51; terms of, 21, 41, 116.
- Briukhanov, Commissary for Food, 216-17.
- Budget: military, 12; deficit in 1914, 18; in 1915, 14; in 1916, 14-15; in 1917, 16; in 1918, 17; in 1919, 17-18; in 1920, 182 *et seq.*; difficulty of drawing up, 69.
- Building industry, conditions in, 166-7.
- Bukharin, 112.
- Butter: monopoly of, 58; production of artificial, 147; expected production of, 1921, 218.
- 'Cabinet estates', 41-2; distribution of, 44.
- Central Committee of the Metal Workers' Union, system of premiums, 106.
- Central Economic Council, object of, 84.
- Central Executive Committee of Workmen's and Peasants' Deputies, 65; annulment of loans, 68; special control committee, 69; executive power of, 103; Kalinin as president of, 118; report on harvest, 120.
- Central War Industries Committee: in Petrograd, 30; value of, 82-3, 35.
- Centrosoyuz: of Moscow, 56; growth and operation of, 57.
- Coal: substitution of oil, 26; effect of stoppage of import of, 26-7; decline in production of, 35, 38, 40, 101; production, 1918-20, 141, 144-5; import of, 153; condition of, industry, 174 *et seq.*
- Coal Committee, 35, 178.
- Coke, increased production of, 36.
- Communism: in villages, 43-4; abolition of money under, 79;

- obligatory work, 114, 197-8; on farms, 120-1.
- Concessions, rules for granting of, 280 *et seq.*
- Congress of the Economic Councils: abolition of money by, 76, 79; compulsory labour, 78.
- Constitutional Assembly: dispersal of, 65, 80; agitation for, 104; elections for, 115.
- Consumers' societies, growth and functions of, 55.
- Coolies: importation of, 27; inferiority of labour of, 85.
- Co-operative movement: growth and development of, 53 *et seq.*; consolidation of, 57; in Siberia, 58; disorganization of, 214.
- Copenhagen, 223; Society for the Investigation of the Social Consequences of the War, its estimation of cost of war to Russia, 17; trade delegation in, 225.
- Copper, fall in production of, 41, 88.
- Corn: supply of, in Petrograd, 119-20; supply of, 1920, 185, 217; increase of, 219-20, 222.
- Cotton: effect of cutting off of importation of, 27-8; condition of industry, 28, 137-8, 153 *et seq.*; amount purchased, 1918-20, 189; militarization of, industry, 189; production, 1918-20, 141; anticipated production, 1921, 145.
- Cotton Committee, 138.
- Council of Ministers, 18.
- Council of People's Commissioners: taxes imposed by, 69; nationalization of banks by, 70; rationing by, 89; position of, 108; approval of Working Army, 118.
- Credit: societies, 54-5; need of foreign, 229.
- Crimea, 131.
- Declaration of Rights of the Toiling and Exploited People: principles of, 80-1; publication of, 104.
- Denikin, defeat of, 66, 78, 97, 131, 174.
- Don region: increased production of coal in, 26; foreign labourers in, 34; fall in coal production, 40, 88, 158; effect of civil war on, 95-6; condition of coal mines, 101, 128; supplying of, 222.
- Donetz region: blast furnaces in, 145; proposed electrification of, 171; division of mine districts of, 174; condition of coal fields in, 175-6, 179-80, 188-9.
- Duma: expelling of first, 9; increase of revenue by, 12; protest against system of taxation by, 14, 17; issue of notes, 18-19; aiding production of coal, 36.
- Dyestuffs, effect of stoppage of imports of, 27.
- Economitcheskaja Shian*, 75, 97 *et seq.*, 132 *et seq.*
- Electricity: introduction of, 143; anticipated extension of use of, 145, 170 *et seq.*; condition of industry, 162-3.
- Eleventh Congress of the Representatives of Industry and Commerce, 30.
- Estates: distribution of, 41 *et seq.*; proposed seizure of, 131.
- Estonia, 112; imports from, 226.
- Expenses, of government, 1920, 132-3.
- Extraordinary Commission to Combat Counter-Revolution and Speculation: establishment of, 65; limitation of powers of, 66; further activities of, 95.
- Factories: conditions of labour in, 152; production of, 1920, 157; conditions in electrical, 162-3; 'storm', 163, 167-8; conditions in tobacco, 165-6; fuel supply of, 188-4; general conditions in, 204-5.
- Faingold, 202.
- Finland, 26; separation of, 100, 112.
- Fish, supply of, 218-19.
- 'Fists', 43.
- Flax, condition of, industry, 139-40, 207.
- Food: scarcity of, 46-7, 216; government measures to improve situation, 47, 134; condition in 1919, 119; in 1920, 120; free food for children, 127; speculation in, 127; comparative prices of, in Moscow, 127-8; premiums for, 202-3.
- Forest industries: effect of war on, 26; condition of, 1920, 141, 163 *et seq.*; obligatory work in, 185.
- Franco-Russian coalition, 20.
- Furnaces: blast, increased number of, 145.
- Galoshes, production of, 100, 135.

- Georgian Republic, independence of, 159.
- Glavbourn (Central Paper Committee), 164.
- Glavkomtrood (Chief Committee of Labour), 198.
- Gold: reserve of, compared with other countries, 12; decline of, 18; production of, 1920-1, 145; comparison of war and peace time production of, 146; from Oural, 158.
- Goukovski, Commission of Finance, 17, 71-2.
- Grachev, electric station at, 174.
- Graftio, Director of the Electrification Section, 171.
- Gubprodkom (County Supply Committee), 212.
- Horses: mobilization of, 48; decrease of, 209-10.
- Imperial Council: work of, 9; control of war expenditures, 12.
- Income: of government, 1920, 182-3.
- India-rubber, fall of production of, 99-100.
- Industry: condition after revolution of 1905, 11; after February revolution, 19; at outbreak of World War, 25-6; in 1917, 86-7; in 1920, 102, 138, 140-1; development, 24; movements to protect, 28-9; decline, 29, 39, 95; nationalization of, 30; effect of Bolshevism, 117; in Moscow, 1920, 148-9.
- Insurance: unemployment, 104; sickness, 104.
- International trade companies, object, 86.
- Iron and steel: effect of war on, industry, 28, 97-8; production of pig-iron, wrought iron, 34-5; fall of production of, 40, 87; production, 1918-20, 142, 145; comparison of war and peace time production of, 146; reports on general status of, industry, 158-9.
- Ivanovo-Voznesensk, 89, 94.
- Kalinin, 44; report on agrarian question, 118.
- Kerensky government: decline of ruble after fall of, 20; land problem of, 42; food problem of, 50; fall of, 64; efforts to repair finances, 66; paper money issued by, 74; value of ruble under, 78; railway situation under, 121.
- Kerosene, scarcity of, 86.
- Kharkov, 161.
- Khima, cotton situation in, 138.
- Kolchak, defeat of, 66, 78, 97, 177.
- Kolegaiev, Bolshevik agent, report on iron industry, 158.
- Kooznetzk, fall in coal production in, 177, 231.
- Korniloff, 20, 24; conspiracy of, 64.
- Krassin, Commissioner of Industry and Traffic, 100-11, 223-4.
- Krivoshein, leader of Wrangel's government, 131.
- Kroomin, Bolshevik publicist, 135.
- Kursk: tobacco factories in, 166; decrease in corn sowing in, 220.
- Larin, G., advocate of nationalization, 81, 86, 112; statement of, on Soviet production, 146, 168.
- Leather, fall of production of, 99.
- Lenine, 41; inciting of civil wars by, 43-4; on universal disarmament, 63; first revolt of, 64; programme of, 71-2, 91; advocate of nationalization, 81; plan for consolidation of enterprises, 84; President of People's Commissioners, 108; on agrarian question, 114; speech before All-Russian Communist Party, 128; plan for electrification, 171-2; on food question, 216-17; statement on granting concessions, 232-3.
- Lensky, Mrs., delegate of Russian co-operative societies, 224.
- Litvinoff, 112; member of Russian Commercial Delegation, 223.
- Lloyd George, raising of Russian blockade by, 66.
- Loans: lack of arrangements for foreign, 20; interior and foreign, of 1914-15, 21; failure of Liberty Loan, 22; cancellation of interior and foreign, 25; repudiation of all government, 68; question of renewing validity of, 79.
- Lomov, A., statement on condition of railways, 188.
- London, 223; trade delegations in, 225.
- Ludendorff, 63.
- Lunatcharsky, Commissioner of Instruction, 127.
- Matches, fall in production of, 100; comparison of war and peace time production of, 146.

- Materials, raw, lack of, 186-7.  
 Meschersky, 84, 86.  
 Melenki, electric station at, 174.  
 Mikhailov, statement on navigation conditions, 190-1.  
 Militarization, of industries, 194-5.  
 Miliukoff, 41, 64.  
 Miliutin, Vice-President of Supreme Council of National Economy: 92, 161; outline of nationalized and non-nationalized enterprises, 168-9; report on agricultural conditions, 212.  
 Miners, improvements in conditions of, 86, 178, 180.  
 Molotoff, President of Petrograd Economic Council, 98.  
 Moscow: fuel supply in, 88-9, 184; food situation in, 50; effect of civil war on, 96; on cotton industry, 99; Committee for the Campaign against Mass Shirking, 108; division of population into classes, 126; comparative food prices in, 127-8; tobacco production in, 144, 166; general industrial situation in, 148 *et seq.*; condition of electric industry in, 161-2; condition of coal industry in, 178-9; decrease of population of, 194; premium system in, 208.  
*Moskovski Narodni Bank*, growth of, 57.  
 Mouralov, report on horse breeding, 209-10.  
 Naphtha: 177; fall in production of, 86, 141; anticipated production of, 1921, 145; condition of industry, 180 *et seq.*  
 Narkomprod (National Commissariat of Food Supply), 164, 218-19, 221-2.  
 Narkomtrod (National Committee of Labour), 195.  
 Nationalization: demand for, 88; of large enterprises, 40, 81-2; failure of, 84; of foreign trade, 85-8; increase of, 94; of vessels and steamers, 124; results of, 168 *et seq.*  
 Navigation, conditions of, 190-1.  
 Nicholas II: manifesto of, 9; yielding of, 10; fall of, 24, 37, 44.  
 Nijni-Novgorod: increase in production in, 82; closing of shipyards in, 94-5; effect of civil war on, 96, 124; decrease in population of, 194.  
 Nikopol, iron mines at, 159-60.  
 Noguin, V.: statement of, on economic situation, 186-7; member of Russian Commercial Delegation, 228.  
 Oil seed, production of, 120, 217.  
 'Organization of the rear', 29.  
 Ossinski, statement on agricultural situation, 215.  
 Oural, 281; metal working in, 142, 159; blast furnaces in, 145; products obtained from, 157-8; proposed electrification of, 171; condition of coal industry, 176.  
 Oust-Syssolsk, electric station at, 174.  
 Paper industry: fall of production in, 100; anticipated production of, 1921, 145; condition of, 164-5; nationalization of, 169.  
 Paper money: issue of, 16-17, 67; amount in circulation, 19, 74, 184; depreciation of, 75.  
 Peat, production of, 1919-20, 144, 164.  
 Pensions, old-age, 104.  
 Petlura, 'Ukrainian Regent', 182.  
 Petrograd: fuel supply of, 88, 184; food situation in, 50; prices of food in, 89-90; effect of civil war on, 96; on iron industry in, 98; on cotton industry in, 99; Working Army of, 112; corn supply, 119; tobacco production in, 144; general industrial conditions in, 151 *et seq.*; cotton situation in, 154; condition of electric industry in, 161-2; decrease in population of, 194; recruiting of workers for, 197.  
 Petrograd Council of Workmen's Deputies, 128.  
 Petroleum: effect of war on export of, 26; decrease in production of, 86, 40, 88.  
 Pokrovsky, 85.  
 Poland, 98, 100; victory of, 131-2.  
 Population, decrease of, in towns, 194.  
 Prague, trade delegation in, 225.  
 Premiums, system of, in factories, 106-7; fund for, 201-2.  
 Prices: rise in, of necessities, 39-40, 86; fixing of, 47, 115-16, 126; of food products in Petrograd, 89-90; of pig-iron, 90.  
 Prince Lvoff: food problem of, 49-50; efforts to stop economic decay, 64; agricultural policy of, 115; railway situation, 121.

- Production : 1919-21, 145 ; comparison of war and peace time, 146-7.
- Prohibition, 12-18 ; effect on efficiency of people, 15.
- Provisional government, system of monopolies, 19.
- Rabinovitch, A., 198.
- Railways : decay of system of, 52 ; condition of, 122-3, 185 *et seq.* ; proposed electrification of, 171 ; fuel supply of, 183 ; anticipated income and expense of, 190.
- Rationing : according to classes, 50 ; fixed by Council of People's Commissioners, 89 ; in Moscow, 126.
- Regulations, for improving labour conditions, 205-6.
- Reval, trade delegation in, 225.
- Revolutions : of 1905, 9-10 ; reaction after, 12 ; of February, 19, 115 ; of July, 24 ; of October, 24-5, 68.
- Riga : armistice of, 181, 228 ; trade delegation in, 225.
- Rittikh, Minister of Agriculture, 47.
- Roukhloff, Minister of Commerce and Industry, policy of, 37.
- Rozovski, member of Russian Commercial Delegation, 223.
- Russian Poland : German invasion of, 11 ; effect of invasion, 26-7.
- Russo-Japanese War, 9.
- Rykoff, President of the Supreme Council of National Economy, 102-3, 122-3, 170 ; statements of, 186, 148, 152-3, 207.
- Sabotage : of railway workers, 38-9 ; of teachers, 127.
- Salt : production, 1920-1, 145 ; from Oural, 158 ; condition of industry, 165.
- San Remo, 223.
- Saratoff, 120.
- Savinkov, 181.
- Securities : rise in prices of, 83 ; resumption of trading in, 85.
- Sheep, decline in numbers of, 210.
- Shershov (Inspector of Rural Labour), 206.
- Shingareff, first Minister of Finance of revolutionary government, 16, 41.
- Shipping : disorganization of, 52-3 ; condition of, 123-4, 167, 191.
- Shiapiunikoff (Commissioner of Labour) : on attitude of workmen, 83 ; law on unemployment insurance, 104.
- Siberia : co-operative movement in, 58, 111, 128 ; food premiums in, 202-3 ; crop quota of, 217, 220.
- Silk, fall in production of, 142.
- Simons, Dr., report of, 226.
- Skobeieff (Minister of Labour), 89, 81.
- Soap, fall in importation of, 185 ; decreased production of, 189.
- Social Democratic party, programme of, 66.
- Social reforms, beginning of, 104 ; proposed by, Krivosheim, 131.
- Sokolnikov, statement on cotton situation, 137-8.
- Souchy, A., report on strikes, 196-7.
- Sovkhoz (Soviet farms), 137 ; conditions on, 206 *et seq.*, 211 *et seq.*
- Sovnarkhoz (Supreme Council of National Economy), 227 ; abolition of money by, 134 ; decree militarizing cotton industry, 139-40 ; report on metal output, 157-8.
- Sovnarkom (Council of the People's Commissariat), granting of concessions by, 230.
- Spoonday, conversion of paper money by, 73.
- Stockholm, trade delegation in, 225.
- Strikes, extent of, 195-6.
- Subsidies, to factories, 81.
- Sugar : effect of stoppage of export of, 26, 37 ; fall in production of, 41, 88, 185 ; effect of wars on, 48-9, 98 ; anticipated production of, 1921, 145 ; conditions of industry, 163-4, 213, 222.
- Supreme Economic Council : creation of, 73 ; control of nationalized industry, 76, 86 ; restoration of economic life, 96-7 ; regulation of production, 125.
- Sverdloff (President of the Central Executive Committee), 117.
- Svidersky, 119, 220.
- Tamboff, 120, 210 ; decrease in sowing in, 220.
- Taxes : on goods transported by rail, 13 ; increase in indirect, 13-14, 133-4 ; increase in direct, 14, 133 ; income, 14 ; Shingareff's system of, 16 ; new series of, 66-7 ; by Council of People's Commissioners, 69.
- Teodorovitch, report on rural conditions, 207-8.
- Timiriarezoff, 85.

- Tobacco: production of, 1920, 144; anticipated production of, 1921, 145; condition of industry, 165-6.
- Tomsk, 177, 231.
- Tomsky, 109.
- Trade, foreign, 225-6.
- Transportation: disorganization of, 51; condition of, 121, 124, 144, 185 *et seq.*
- Trotsky: Commissioner of War, 41, 109 *et seq.*; report on railroad transport, 185-6; on concessions, 232.
- Tsar. *See* Nicholas II.
- Tshernoff, on distribution of estates, 42.
- Turkestan, cotton situation in, 137-8; coal mines in, 177-8.
- Ukraine, 17, 65, 75, 111, 128; salt industry in, 165; tobacco industry in, 166; corn production in, 217, 220.
- Union of Credit Associations, foundation of, 58.
- Union of Siberian Creamery Artels, foundation of, 59.
- Ural district: Chinese and Korean labourers, 34; use of wood as fuel, in, 38; depression in mines, 88; effect of civil war on, 95-6; on iron industry, 98; destruction of mines in, 101.
- Vashkov, report on electric industry, 162-3.
- Vladimir, 39.
- Volga, 124-5, 181; condition of industry in, region, 155; condition of transport, 190; increase in workmen in, region, 194.
- Wages: increase in, 80; uniform wage, 104; scale of, 126.
- War Industries Committee, 32; effect on coal situation, 36.
- Women, in factories, 205.
- Wood, scarcity as fuel, 38.
- Wool: scarcity of, 135; production, 1918-20, 142, 144; condition of, industry, 155-6.
- Working Army, establishment and duties of, 111-12.
- Workmen: improvement in conditions of, 104; indifference of, 105-6, 199; statistics, 126, 143, 151; decrease in, 148 *et seq.*, 194; average output of, 168; in mines, 176, 180, 189; recruiting of, 197; absence from work, 199; measures to prevent 'idle days', 200-1.
- Wrangel, General: government of, 181; defeat of, 143.
- Yemshanov, statement on condition of railways, 188-9.
- Youriev-Polski, electric station at, 174.
- Zakoopsbit: foundation of, 58; growth of capital of, 59.
- Zelheim, delegate of Russian Co-operative societies, 224.
- Zemstvo, 10, 45, 68, 131, 139.
- Zinovieff, 41, 112.

**CHECKED**  
**BC08-04**