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(1)

**SUPPLY AND TRADE IN
THE U.S.S.R.**

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PUBLISHER'S ADVERTISEMENT

A GREAT NUMBER of books on Soviet Russia have come from the press during recent years—but mainly impressions of the Soviet régime by visitors to or residents in the Soviet Union. Indeed, the lack of really precise and definite information has been as noticeable as the plethora of impressions.

We accordingly requested prominent Soviet officials to prepare a series of books which would *describe* and *explain* the Soviet system and method in the various branches of economic, political, national, social, and artistic life. We have italicised the words *describe* and *explain*; for the intention is simply to tell us, for instance, *how* labour is organised, *how* the problem of nationalities is being dealt with, *how* a collective farm works, *how* commodities are distributed, *how* justice is administered, and so on.

V. G.

NOTE ON WOLF ABRAMOVICH NODEL

WOLF ABRAMOVICH NODEL, thirty-six years of age, is now editor of the newspaper *Supply, Co-operation, Trade*—the organ of the People's Commissariat of Supply in the U.S.S.R., the All-Union Co-operative Association, and the Central Committee of the Union of Co-operative and Trade Workers.

Nodel's social activity began in 1914, when he organised and directed an illegal union of trade workers in Dvinsk.

During the years of the Revolution he carried on active social and political work in White Russia, Turkmenia, Uzbekistan and Moscow. In White Russia he was People's Commissar of Labour, a member of the Presidium of the Central Executive Committee of the White Russian Socialist Soviet Republic, editor of the newspaper *Star*, and president of the Union of Educational Workers.

In Turkmenia and Uzbekistan he was editor of various newspapers and director of a number of publications, simultaneously carrying on important Soviet work as a member of the Government.

At the present time he is a member of the Presidium of the All-Union Co-operative Association and head of the All-Union Institute of Journalism.

He was the editor and part author of the text-book *The Economics of Soviet Trade*, and author of a large number of works on questions of agriculture, supply, trade and the Press. He is a member of the editorial board of the journal *Soviet Trade* and of a magazine devoted to the work of the Press.

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(I)

**SUPPLY AND TRADE IN
THE U.S.S.R.**

by

W. NODEL

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CONTENTS

- Chapter I. Growth of Incomes and Consumption among Soviet Workers** *page* 11
Economic growth and the rising standard of living—increased incomes from large-scale farming—the continuous spur to production—the problem of organising distribution
- Chapter II. Who Organises Supply and Trade in the U.S.S.R. ?** 23
The special character of Soviet trade—the regulation of trade—trading organisations—diminishing rôle of private trade—relative importance of trading organisations
- Chapter III. Wholesale and Retail Trade** 33
Organised planning of trade—advantages of organised trade—concentration of wholesale trade—retail trade—elimination of the private trader—growth of the distributive network—house-shops and home deliveries
- Chapter IV. How the Present System of Supply is Organised** 53
The supply system in the early period—the principle of selective distribution—the reasons for selective distribution—temporary character of rationing—the transition to unrestricted supply
- Chapter V. The Consumers' Co-operative Movement and its Work** 66
Gigantic growth of the movement—larger trade in food products—the network of consumers' co-operatives—control by the membership and factory workers
- Chapter VI. The Workers' Supply Departments and why they were Created** 79
Supply as a part of labour organisation—supply and labour discipline—workers' supply departments and co-operatives—privileges for factory workers

CONTENTS

<i>Chapter VII. Consumers' Co-operatives in the Village</i>	92
The growth of collective farming—improved position of collective farmers—the functions of village co-operatives—productive work of village co-operatives	
<i>Chapter VIII. The System of State Collections and their Scope</i>	108
How supplies are obtained—State planning and control of supplies—compulsory deliveries and mutual contracts—decentralised collections—collective farm trading—price variations and their limits	
<i>Chapter IX. Communal Feeding and Bread-baking</i>	135
The elimination of needless labour—the rapid growth of communal feeding—"closed" and "open" restaurants—bread-baking in old conditions—mechanised bakeries and their results	
<i>Chapter X. Vegetable Gardens and their Importance in the Workers' Supplies</i>	153
Activities of consumers' co-operatives—co-operative and factory gardens—importance of local supplies—transport economies	
<i>Chapter XI. Conclusion</i>	164
Problems created by increasing demand—supply estimates in the second Five-Year Plan	

PUBLISHER'S NOTE

IN THE U.S.S.R. all industrial production is now in the hands of the State and co-operative organisations, while the greater part of agricultural production is carried on by State and collective farms. Wholesale trade is trade between State, co-operative and collective units ; retail trade is between these units and the individual. The function of trade, wholesale and retail, is therefore not the making of profit but the distribution of products.

This distribution is, in the main, conducted according to a central plan, drawn up by a special committee under the Government. But the plan itself is drawn up on the basis of plans submitted by the actual trading organisations, on the basis of the general plan of production. The trading organisations are : special State bodies, controlled by the People's Commissariat of Supply ; the trade departments of the (State-owned) industrial trusts ; various co-operative organisations ; the collective farms, and the " workers' supply departments " in large factories.

The main purpose of centralising the control of trade is to ensure that the distribution of

PUBLISHER'S NOTE

What is produced helps forward industrial production and the general social aims of the Soviet Government. But there is also a "decentralised" field, in which the initiative is left to the local bodies.

The forms of distribution are intimately linked with the general social plan—communal feeding, for example, is organised because it is a step towards the liberation of women. The constant interweaving of distribution with production and with a general social plan gives trade in the U.S.S.R. its special interest.

CHAPTER I

GROWTH OF INCOMES AND CONSUMPTION AMONG SOVIET WORKERS AND PEASANTS

ECONOMIC GROWTH AND THE RISING STANDARD OF LIVING

THE NEW YORK *Nation* of November 23, 1932, described the situation in the U.S.S.R. as follows :

“ The four years of the Five-Year Plan have witnessed truly remarkable developments. . . . The face of the country is being changed literally beyond recognition. This is true of Moscow, with hundreds of streets and squares paved . . . with new suburbs, new buildings, and a cordon of new factories on its outskirts, and it is true of smaller and less important cities. New towns have sprung out of the steppe, the wilderness and the desert—not just a few towns, but at least 50 of them with populations of from 50,000 to 250,000. . . .

“ The guiding landmark on the Soviet countryside is no longer the dome of a rich church . . . but the grain elevator and the silo. Collectives are building piggeries, barns and

SUPPLY AND TRADE IN THE U.S.S.R.

houses. Electricity is penetrating the illiterate village, and radio and newspaper have conquered it. Workers are learning to operate the world's most modern machines, peasant youths make and use agricultural machinery bigger and more complicated than even America has ever seen."

This description on the whole truly reflects the enormous growth of the national economy of the U.S.S.R. This economic growth is accompanied by a rise in the standard of living of the workers. Out of each rouble (1 rouble=100 kopeks) of national revenue, workers and office employees, at the beginning of the Five-Year Plan, received 35.6 kopeks. At the end of the Plan they received 55.7 kopeks. The share of the capitalist elements (merchants in the city, large producers in the village) is limited to fractions of one per cent.¹ Nine-tenths of all the incomes of the country are the incomes of the socialist factories, mills, State and collective farms and of those working there.

This is one of the most important economic features of the U.S.S.R. Nobody in the Soviet Union lives on income from investment or profit. Everything produced in the country, with the

¹ In the United States, according to the Hoover Commission, rentals, interest on capital and employer's profit amounted to 42 per cent of the national revenue.

GROWTH OF INCOMES AND CONSUMPTION

exception of what goes to the further extension of production, is used to improve the standards of living, which are rising steadily and rapidly.

The speedy expansion of industry naturally involved a rapid growth of industrial employment, a growth of the old cities and the rise of new.

In the course of the first Five-Year Plan, the number of industrial workers and office employees was doubled. In 1928 they totalled 11.59 million, and by 1932 their number had reached 22.8 million. Among this mass of new workers and employees, there are 8.5 million peasants, who had not previously been employed in city industry although they lived in towns.

While the number of workers has grown, their wages have also been on the up-grade. In the past four years, average wages in the country have been more than doubled. But this figure does not in itself give an adequate idea of the full growth of the incomes of the workers and employees. In the U.S.S.R. a worker's income is not limited to his wages. The Soviet Government provides for a number of other needs of the workers without charge : the worker and his family receive free medical treatment ; in case of illness, he receives his wages from the social-insurance funds. Workers and employees are sent to

SUPPLY AND TRADE IN THE U.S.S.R.

health resorts and holiday homes without any cost to themselves. School tuition is free and the children are not only taught, but fed and frequently also clothed. The scale on which free Government assistance is afforded to the workers and employees has been extensive, as may be seen from the following figures: in 1931, wages amounted to 18.5 milliard (thousand million) roubles, while additional expenditure by the State in assisting the same workers and employees amounted to 9.7 milliard roubles. This means that the State spends an additional 50 kopeks for each rouble paid in wages. In other words, the wages are, in reality, 50 per cent higher than the sum paid out to the workers in cash.

Such has been the growth of the incomes of the city population. Incomes in the villages have grown with similar speed.

INCREASED INCOMES FROM LARGE-SCALE FARMING

The change from individual to collective farming has had the effect of substantially increasing the incomes of the peasants. This is eloquently testified by the fact that during the course of the Five-Year Plan the area under cultivation increased by 21.4 million hectares

GROWTH OF INCOMES AND CONSUMPTION

(over 52 million acres). The peasantry was enabled to sell to the State twice as much grain and a still larger proportion of cotton, sugar beet, vegetables and other crops.

The organisation of State farms ("sovkhoses") and collective farms ("kolkhoses") brought into the village thousands of technically trained workers such as agronomists, veterinary surgeons, engineers and mechanics : people naturally accustomed to a higher standard of living than the peasantry. They brought with them a demand for city goods. At the same time, they taught the collective farmer to appreciate the same class of goods. Ten years ago, the only musical instrument the village knew was the accordion ; to-day, there are many "kolkhoz" families showing a desire for, and actually acquiring, pianos.

A higher demand is displayed also by the workers of the "sovkhoses." In a few years over 5,000 sovkhoses have been established in the U.S.S.R. They employ about two million workers, whose standard of living is naturally above that of the former individual farmer. They are anxious to lead a cultured life ; they dress cleanly, live better and seek to obtain the standard of city life.

The collective farmers follow the lead of the

SUPPLY AND TRADE IN THE U.S.S.R.

sovkhoz workers. The "kolkhoznik" (collective farmer) is becoming well-to-do. At the present time, the winter of 1933-34, there are, in many parts of the country, kolkhoz families with many hundreds of poods of grain (1 pood = 36lbs. ; 62 poods = 1 ton) received for their work which they are preparing to sell. They will have plenty of money. In the old days, they invested their incomes in their farms. The individual farmer sought to save every penny in the hope of acquiring a new piece of land. In the old days he paid rent to the landlord and high taxes to the Government. To-day, the farm is the concern, not of the individual, but of the entire collective. The income received by the member of the collective represents net income. This income can be used to supply personal wants, to buy the necessary goods in the city or in the local co-operative.

There is a great deal more money now among the collective farmers, whose incomes have greatly increased. It has recently been shown that in the Middle Volga Provinces, for instance, about one-third of the kolkhoz members will be able to live this year as only well-to-do peasants did in the past. It should be remembered that before the Revolution more than half of the peasants of the Middle Volga

GROWTH OF INCOMES AND CONSUMPTION

region were estimated to be "poor," and were short of grain by the spring. In the Dniepropetrovsk Province, the kolkhozes this year had 100 million poods (over $1\frac{1}{2}$ million tons) of grain more than last year.

THE CONTINUOUS SPUR TO PRODUCTION

The growth of incomes, the increase of the number of employed in each family, the abolition of unemployment, the rise in the standards of culture, the elimination of illiteracy, all contribute towards the growth of the demand for industrial products and food-stuffs both in the cities and villages.

But, it may be argued, granted that the demand grows, that the purchasing power increases and that the character of the demand itself changes, not only in the city, but even in the village, can this demand be met, is the Soviet Government able to meet the growing demand?

In the course of the Five-Year Plan, not only was heavy industry developed, not only were giant machine-construction plants erected, but many light industry plants were built and extended—plants working for the consumer, plants supplying the demands of the individual. It will suffice to state that the gross output of the light and food industries in 1932 amounted

SUPPLY AND TRADE IN THE U.S.S.R.

to 16.3 milliard roubles, compared with 8.7 milliard roubles in 1928 and 5.96 milliard in 1913. At the end of the first Five-Year Plan, the production of food and consumers' goods by large-scale State industry had increased 2.7 times compared with 1913, and 87.3 per cent compared with 1928 (the output of textiles rose by 143.7 per cent, leather footwear by 259 per cent, rubber shoes 209 per cent). A number of new industries have been created, including the canning and fishing industries, besides huge bakeries, dining-rooms, etc.

The growth of the food industry deserves special mention. The food industry completed its Five-Year Plan and fulfilled the programme of production for the last year of the Plan to the extent of 108.9 per cent. The sugar, fishing and tobacco industries made enormous technical progress. While formerly only small fisheries existed, a great fishing industry with a large number of mechanised implements of production has now been created. A meat-packing industry has been created anew, and in the years 1933 and 1934 four huge packing-houses are scheduled to open operations in Moscow, Leningrad, Semipalatinsk and Baku. A new margarine industry has also been established.

The canning industry has been practically

GROWTH OF INCOMES AND CONSUMPTION

built anew. At the beginning of the Five-Year Plan there were some 22 small canneries in the country, with an aggregate capacity of between 130 million and 150 million cans a year. At the beginning of the second Five-Year Plan there were 48 canneries, with a capacity of over a 1,000 million cans a year. During 1933, another seven canneries were scheduled to start working.

This industrial expansion is to a large extent due to the growth in the production and the creation of new sources of raw materials. The textile industry particularly has benefited by this growth in raw material resources; thanks to the successes of the movement for collectivisation and the rapid expansion of the area under cotton and other industrial crops.

Without exaggeration it may be asserted that no country has ever increased the production of primary necessities as rapidly as the Soviet Union did in the period of the first Five-Year Plan. The average annual increase in the production of general consumers' goods in the five years 1925-30 amounted to 1.4 per cent in the United States and 3.1 per cent in Germany, while in England there was even a reduction in the output of consumers' goods by 1.9 per cent (according to the data of the Berlin Konjunktur Institute, Sonderheft No. 31, 1933).

SUPPLY AND TRADE IN THE U.S.S.R.

Not only industry, but agriculture also, increased its output during the first Five-Year Plan. The Government collections of grain were doubled (from 12.1 million tons to 23 million, the State and collective farms supplying 75 per cent of all collections made in 1931-32). The meat collections went up by 58.5 per cent.

THE PROBLEM OF ORGANISING DISTRIBUTION

The growth of production in industry and agriculture led to a sharp increase of trade. If we take only the products sold to individual consumers, the increase during the Five-Year Plan amounted to 88.5 per cent (in unchanging prices). It should be remembered that at the end of the Five-Year Plan nearly 15 million persons took their meals in dining-rooms organised by factories and other State enterprises, and nearly half the goods produced went to meet social wants (industry, schools, children's institutions, hospitals, etc.), which means that the amount of products consumed by each Soviet citizen was much larger than appears on the surface.

The problem of organising the supply was rendered exceedingly complex not only by the enormous increase in the quantity of products

GROWTH OF INCOMES AND CONSUMPTION

to be distributed, but also by the fact that towards the end of the Five-Year Plan all industrial production and the overwhelming bulk of agricultural production were controlled by the State. At the end of 1932, private trade from shops was practically non-existent and the private merchant had been dislodged from the market. It followed that the responsibility for the reorganisation of the entire system of supply both in the city and village devolved upon the State and co-operative bodies.

Efficient organisation of supply consists not only in distributing properly, and in due time, what the State factories and mills produce, and the collective and State farms supply to the Government. One of the functions of efficient trade is to help to increase the amount of goods available, to help to create new commodities.

So far, we have dealt with large-scale industry alone. But the Soviet Union also has numerous industries organised in producers' co-operatives with a membership of about two million handicraftsmen. In 1933, these co-operatives planned to turn out goods to the value of nearly seven milliard roubles. The producers' co-operatives have every facility for substantially increasing their output, especially of goods in demand among the peasantry. The

SUPPLY AND TRADE IN THE U.S.S.R.

local industries are also of great importance. In the drive for more consumers' goods, the heavy industry plants have established special departments for the production of consumers' goods out of scrap.

Co-operative trade in the Soviet Union is based upon the principle of centralised supplies augmented by supplies purchased by the co-operative organisation itself. In the plans of *Centrosoyuz* (the Central Union of Consumers' Co-operatives) for 1933, these independent purchases amounted to 30 per cent of the total. Particular attention is given to the purchase of farm products and goods produced by the handicraft co-operatives. There are indeed various opportunities for decentralised purchases in the country, over and above those included in the plan. Much depends upon the efficiency and skill of the trading organisations.

The Soviet Union possesses all the necessary conditions for supplying the demand of the workers and peasants. The full use of these conditions depends primarily on the efficiency of the commercial organisations. This is the reason why the Soviet Government and the Communist Party pay so much attention to the organisation of supply and development of trade.

CHAPTER II

WHO ORGANISES SUPPLY AND TRADE IN THE U.S.S.R. ?

THE SPECIAL CHARACTER OF SOVIET TRADE

TRAD*E* in every country, with the exception of the Soviet Union, is controlled by individual merchants or merchant-associations. Side by side with small retail merchants there are big commercial firms, department stores, chain stores, one-price stores, etc. The small retailers are gradually driven out of the market or made totally dependent upon the wholesalers. The State plays a very insignificant part in regulating trade. Its rôle is virtually restricted to regulating imports (curtailing imports in order to raise prices in the country and safeguard national industries against foreign competition ; these privileges are of special importance to the big landowners).

The system in the U.S.S.R. differs sharply from that in other countries.

This distinction is shown first by the fact that nearly all goods produced within the country

SUPPLY AND TRADE IN THE U.S.S.R.

and imported from abroad are owned either by State or co-operative organisations.

The second distinction lies in the fact that practically all trade, even if conducted by other than State and co-operative organisations, is under State direction and control.

The third distinction consists in that there are no private merchants in the country, all Soviet trade being conducted by State and co-operative organisations.

The fourth distinction is that trade in the Soviet Union is conducted, not for the sake of profit, but to supply the demands of the various groups of the population.

Finally, there is this distinction : that supply and trade in the U.S.S.R. are closely linked up with the organisation of production, the work of the factories, mills and State and collective farms.

Of course, the present system of trade was not created overnight. Under the Soviet power there have been different systems of supply and trade, beginning with a prevalence of private trade and ending with the present system. The system of supply and the organisation of trade has changed in accordance with the general development of the country, with the development of industry and agriculture, with the

WHO ORGANISES SUPPLY AND TRADE?

consolidation of the socialist factories, with the consolidation of the power of the Soviets.

How is the plan of supply drawn up and what organisations deal with supplies?

THE REGULATION OF TRADE

The Government approves yearly and quarterly the plans of supply. In view of the enormous importance attached by the Soviet Government to the organisation of trade and the daily direction of the trading and supplying bodies, a special committee has been created in charge of commodity stocks and trade regulation, headed by the chairman of the Council of People's Commissars of the U.S.S.R. This committee adopts the general plan of trade for each quarter, providing for the scope of activity of each organisation and the retail prices of all staple commodities, and supervises the work of industry and producers' co-operatives, directs the efforts for an improvement of the quality of goods produced, etc.

TRADING ORGANISATIONS

Those directly in charge of trade are the consumers' co-operatives, the State trading organisations controlled by the commercial

SUPPLY AND TRADE IN THE U.S.S.R.

administration of the People's Commissariat of Supply, the trade departments of the various industrial trusts, the handicraft co-operatives, the collective farms, and the workers' supply departments of the big factories, railroads and large State farms. There are thus almost a dozen organisations engaged in trade. These organisations have their own shops and acquire goods by signing contracts with the different industries and trusts, specifying quality and quantity.

Is there need for such a large number of organisations, and, if so, what has necessitated them?

These organisations did not originate spontaneously, but have been built up under a plan approved by the Government. The suggestion has frequently been made, both in the U.S.S.R. and abroad, that it would be better to reduce the number of trading organisations and concentrate all trade in the hands of the consumers' co-operative movement alone. This, however, is an erroneous idea, for, even if it were merely a question of distribution, no single organisation could perform this task successfully. It must be remembered that this is a country of 160 million people. In addition, however, it is necessary to bear in mind that

WHO ORGANISES SUPPLY AND TRADE?

the trading organisations are confronted also with the problem of securing goods and adapting the trade to the needs of different classes of consumers. For the present, at least, it is impossible for a single body to handle the supply of all the cities as well as of the whole of the country population.

It is, moreover, necessary to realise that there is a substantial difference between the trading organisations existing in the U.S.S.R. and those of other countries. Under capitalist conditions fierce competition prevails among merchants, each trying to dislodge the others. In the U.S.S.R. no such competition exists, since every trading organisation is of a socialist nature. There is work for all, and the different trading organisations taken together cannot yet cope with the vast stream of goods coming from the factories, mills and farms. This does not mean that the trading organisations have no contact with each other. They come into contact and compete with each other for the best method of procuring goods, the best method of selling (at the lowest rather than the highest price), the best quality of goods, the best treatment of the customers. Those organising the work most efficiently, and solving the problems with which they are faced to the best

SUPPLY AND TRADE IN THE U.S.S.R.

advantage, are given special privileges by the State, such as more goods, priority in the receipt of goods, etc.

DIMINISHING RÔLE OF PRIVATE TRADE

It has already been stated above that no privately organised trade now exists in the country. When in 1921, after the civil war and the period of "war communism," Soviet Russia adopted the "New Economic Policy" (under which private trade was sanctioned), the private merchants were still very strong; in fact, they practically controlled all trade. Two years after the adoption of the New Economic Policy, when co-operative and State trade had already developed on a considerable scale, private merchants still controlled 57·7 per cent of the total turnover (61 per cent of turnover in the city, and 42·7 per cent of turnover in the village). In 1923-24 private merchants controlled the overwhelming majority of retail shops (324,697 out of a total of 369,923, or 87·7 per cent, the share of private shops in the city amounting to 91 per cent and in the village to 79·4 per cent). By 1928, however, the overwhelming bulk of trade was controlled by co-operative and State organisations, although private merchants still held a

WHO ORGANISES SUPPLY AND TRADE?

considerable part of it (20 per cent). In 1930, private trade had been reduced to 5.6 per cent of the total, while at the end of 1932 it had dwindled to a fraction of one per cent.

The idea that private trade was abolished by purely administrative measures, by the mere suppression of the private merchants, is wrong. The whole policy of the Soviet Government gradually brought about its extinction. The Soviet Government gave every assistance and encouragement to co-operative and State trade; they were given privileges in the acquisition of goods, subjected to lower taxes, allowed better premises and given bigger credits. The very nature of the Soviet State made for the granting of these advantages. In capitalist countries the State gives preference to the big commercial firms, to commercial syndicates, and withholds all privileges from co-operative organisations. In the U.S.S.R. the Government granted privileges to the co-operative organisations and helped them in their struggle against the private merchant. This struggle continued for a complete decade.

Had it been merely a question of administrative pressure, private trade could have been abolished long before. Why was it not abolished? Because the Soviet Government realised

SUPPLY AND TRADE IN THE U.S.S.R.

that the existence of private trade was closely linked up with that of small-scale individual farming. While small-scale production prevailed in the village, private trade was inevitable. Only with the organisation in collective farms of the small producers in the country, and of artels of the handicraftsmen, were the conditions reached for the final suppression and abolition of private trade, for its replacement by State and co-operative trade.

The final abolition of private trade was a result of the decisive success of collectivisation, of the abolition of kulak (kulak=rich peasant, employing labour) farming. At the present time, trade is controlled by organisations under the direction of the Soviet authorities and making it their aim to supply the consumer with more goods at the lowest possible price.

RELATIVE IMPORTANCE OF TRADING ORGANISATIONS

What is the position occupied by the different trading systems in the general organisation of trade in the U.S.S.R. ?

The first place belongs to the consumers' co-operatives. In 1932 its commercial system distributed 55 per cent of all goods—49·3 per cent in the city and 65·2 per cent in the village.

WHO ORGANISES SUPPLY AND TRADE?

The turnover of the consumers' co-operative movement during the Five-Year Plan was more than doubled, rising from 7,536 million roubles to 18,914 million roubles (exclusive of proceeds from dining-rooms in factories and Government institutions).

The second place belongs to Government trade. This trade is organised by the People's Commissariat of Supply and the different industrial syndicates. Government trade has grown particularly during the last few years. During the two years 1931 and 1932 the Government commercial system was extended almost five times (from 14,700 shops on January 1, 1931, to 70,700 on January 1, 1933).

The third place is held by the workers' supply departments of the factories, railways, lumber mills and large State farms. These are followed by the handicraft co-operatives, the collective farms and other organisations.

All of these organisations not only work under the direction of the State, but receive much assistance from it. It is enough to say that the consumers' co-operatives enjoy permanent State credit to an amount exceeding a milliard roubles, in addition to temporary credits for the purchase of goods, organisation of supplies, etc.

SUPPLY AND TRADE IN THE U.S.S.R.

The Soviet Government limits itself to fixing the principles governing the organisation of supply, approving the distribution of goods by districts and groups of consumers, allocating the percentage of goods to be given to the different trade organisations, and the quantities which they must procure over and above that supplied by State industry. The direct organisation of supply, the allotment of the goods, their selection, the organisation of retail trade, all constitute functions of the trading organisations themselves, which are performed in accordance with the specific conditions of each factory, city and village.

CHAPTER III

WHOLESALE AND RETAIL TRADE

ORGANISED PLANNING OF TRADE

ACCORDING to plans approved by the Government, 49 milliard roubles' worth of goods were to be sold in 1933, or 22.5 per cent more than in 1932. This sum does not include sales by collective farms and their members, State farms, individual handicraftsmen or a large amount of local products which are not recorded by the State and go direct to the consumer.

In approving the commercial plans the State fixes with precision the part of the plan which must be covered by goods produced and procured by the State through its central departments, and the part to be procured in addition by the trading organisations themselves. The plan also provides for the regulation of purchases, i.e., which goods are to be given greater preference. In 1933 additional purchases by the consumers' co-operative movement provided over 30 per cent of the total volume of goods handled by it.

The Government plan of trade is based upon

SUPPLY AND TRADE IN THE U.S.S.R.

the plans of the individual trading organisations and the plans which have already been approved by the Government for the various industries. The Government plan is binding upon each trading organisation. All Government departments render the necessary assistance to those organisations which are prepared to exceed their plans and wish to buy more, to procure more, by giving them credit, etc.

When it is said that Soviet trade must be organised trade, it is meant that the actual movement of goods must be more rational and cheap; the goods must move the shortest possible distance and reach the consumer as quickly as possible.

The defects existing in a capitalist economy can easily be eliminated in the U.S.S.R. What defects are these? F. Engels, in his *Eberfeld Speeches*, described them very ably in the following terms :

“Just think of the number of people who handle each product before it reaches the actual consumer, think of the number of speculative and superfluous middlemen that spring up between the producer and consumer. Take as an example a bale of cotton produced in North America. The bale passes from the hands of the planter to the hands of

WHOLESALE AND RETAIL TRADE

the broker at some Mississippi station ; it goes down the river to New Orleans ; here it is sold for a second time . . . say to a speculator who again sells it to an exporter. The bale goes, let us say, to Liverpool, where another greedy speculator grasps it and pulls it towards him. The latter again sells it to a broker who buys, let us say, for a German business house. Thus the bale travels to Rotterdam and then up the Rhine, passing through another dozen hands of shippers, is loaded and discharged another dozen times, only to fall into the hands, not of the consumer, but of the manufacturer who first converts the cotton into a consumable form ; his yarn goes perhaps to a weaver, who later turns it over to a printer ; it then goes to the wholesaler, who sells it to the retailer who finally supplies the goods to the consumer” (vol. iii., p. 275, Russian edition).

Engels then pointed out that “in a wisely organised society such complicated transference would be inconceivable.” In an organised society “it is easy . . . to determine beforehand what quantity of each particular commodity will be required to meet the demands of the people. An ever-growing quantity of it will be ordered on the spot ; this will be obtainable directly, without middlemen, without

SUPPLY AND TRADE IN THE U.S.S.R.

unnecessary reshipment and cost, apart from such as arise out of the very nature of communication, making a great saving of labour power."

It is this task which the Soviet Government seeks to solve and has already solved to a considerable extent by the organisation of its wholesale trade. The State is the owner of practically all commodities ; the State controls the bulk of agricultural production ; and under these conditions the reduction of the cost of circulation depends upon the efficiency with which the trading organisations arrange the distribution of commodities, the connections between the factories and the region where their products are consumed.

ADVANTAGES OF ORGANISED TRADE

The advantages which planned organisation of trade offers may be gauged from a comparison of the cost of trade in the U.S.S.R. and in capitalist countries.

In 1922-23 the consumer in the U.S.S.R. paid, out of every rouble which he spent for the purchase of commodities, 24 kopeks for the maintenance of trading organisations. In 1932 this was reduced to only 9.1 kopeks, or less than half. This reduction was due firstly

WHOLESALE AND RETAIL TRADE

to the elimination of the private trader, whose motive was greater profit, and secondly, to the improved organisation of co-operative and State trade itself.

Professor J. Hirsch, head of the Berlin Institute of Commerce, published, at the beginning of 1933, figures showing the cost of trade in Germany. The figures are as follows : in 1925, expenditure amounted to 20·3 per cent of the turnover ; in 1930, to 26·6 per cent ; in 1932, to 30 per cent. This means that in Germany, out of each rouble spent on goods, 30 kopeks go to the traders.

The difference between 9 per cent and 30 per cent is a substantial difference. Why such a difference ? What causes it ? The answer to these questions is clearly indicated in the works of commercial students in capitalist countries. Stewart Chase correctly points out that American trading organisations employ two million people more than they need. E. Failin says that reserve stocks exceed the "necessary norms" from two to five times and that out of every three shops two are superfluous. G. Greenbaum has figured out that commercial labour is employed less than 50 per cent of its time, that trading establishments use only 22 per cent of their floor space,

SUPPLY AND TRADE IN THE U.S.S.R.

and that only 28 per cent of the capital invested in commerce is usefully employed.

The anarchical character of capitalist trade leads to enormous waste which grows constantly. Germany is no exception. The United States shows an ever bigger growth of unproductive expenditure. According to Stewart Chase, the American cost of trade increased from 19.8 per cent in 1850 to 50.4 per cent, or half the total cost of the goods, in 1920. The data showing the tremendous growth of employment in trade, a growth far exceeding the general growth of population, constitutes one very important indication of the waste involved in capitalist trade. Here are the figures :

Country	Years	Growth of population : percentages	Growth of employment in trade : percentages
Germany	1895-1925	35	136
Australia	1890-1900	2.7	23.2
Italy	1882-1901	23.6	184.7
Russia	1885-1912	65	103
America	1910-1920	9	17.4
England	1900-1921	40	140

The most conservative estimates show that in consequence of the planned organisation of

WHOLESALE AND RETAIL TRADE

trade in the U.S.S.R., an additional 2.5 milliard roubles were made available in 1929 for industrial and agricultural development. In subsequent years this sum has grown still larger. However, even the present level of expenditure in Soviet trade is not the lowest limit, and very far from all possibilities for reducing the cost of the trading system have as yet been utilised. The work of both the Government and the trading bodies is directed towards the utmost simplification of the distribution of commodities, and the lowering of their cost.

CONCENTRATION OF WHOLESALE TRADE

How is wholesale trade organised in the Soviet Union? In the organisation of wholesale trade, the principle that each commodity must pass through the minimum number of organisations is strictly enforced. The general rule is that each commodity, before reaching the shop, must be allowed to pass through no more than two commercial warehouses. These two are the maximum, for commodities which require special sorting and cannot be sent directly to the retailer.

Commodities such as matches, salt, sugar,

SUPPLY AND TRADE IN THE U.S.S.R.

flour, tinned foods, galoshes, go as a rule direct from the factory to the retail or small wholesale organisations. Cloth, ready-made clothes and haberdashery require different treatment. Where production is specialised and each factory produces only definite grades of commodities, it is impossible to transport the goods direct from the factory to the retail organisation. These commodities are sent first to the regional industrial warehouse or special warehouse of the consumers' co-operatives and State trading organisation ; here they are sorted, and then forwarded to the retailer.

The industrial and co-operative warehouses deal with retail sellers only, with individual city and village co-operatives, and from there the goods, as a rule, go direct to the shop. In this way the road travelled by goods is reduced to a minimum and the possibility of excessive expenditure on transport is eliminated. It is necessary to bear in mind that each factory is attached to a definite region ; in allocating factories, consideration is given to the particular needs of each region and to the importance of keeping the distance between the factory and the consumers of its goods as short as possible.

A large part of the wholesale warehouses is

WHOLESALE AND RETAIL TRADE

organised by the industrial trusts. Each industrial corporation has a special marketing organisation which controls the warehouses and sells goods to the State and wholesale co-operative organisations both from its factories and from its warehouses. The textile trade is in the hands of the textile trust, which consigns the finished goods from the textile mills to its warehouses as well as to those of the co-operative and State trading organisations; the wholesale trade in ready-made clothing is controlled by the clothing trust.

What has caused this system to be adopted? Is it proper for industry to attend to the organisation of wholesale trade?

The system is unquestionably right. To begin with, industry, by organising wholesale trade and daily meeting the retail sellers, is easily able to appreciate changes in the demand and adapt itself to them without delay. Secondly, the transfer of a large part of the wholesale trade to the industrial concerns has enabled the co-operative and State trading organisations to give more attention to retail trade, to the sale of goods directly to the consumer.

There is a very definite division of activity between the wholesale industrial corporations and the wholesale co-operative organisations.

SUPPLY AND TRADE IN THE U.S.S.R.

In those cities where the textile trust, for instance, has a central warehouse, the co-operative warehouse does not, as a rule, deal in textiles, and all co-operatives receive textile goods from the industrial warehouse. Many lines in the wholesale trade are completely controlled by the co-operative organisations. These include haberdashery, knitted goods, handicraft products, furniture, etc.

The local co-operative warehouses are distinguished from the industrial by their universal character. While the industrial warehouses specialise in one or two articles, the co-operative warehouses, as a rule, have a large assortment of goods which they supply to both village and city co-operative shops. The question of where the particular warehouses are to be located is decided by the trading organisations under the control of the Government. The Government is guided by the best interests of the trade, including those of the retail trading organisations.

The wholesale warehouses are not limited to the distribution of goods received from factories or agricultural products supplied by the State warehouses. It is their duty also to procure goods locally, particularly the products of the handicraft co-operatives and local industry.

WHOLESALE AND RETAIL TRADE

The quantity of goods delivered to this or that warehouse is determined by the plan of turnover for the given district and the given article. This plan is based upon orders received from the retail organisations and upon local demands. This makes it possible to avoid bringing in surplus goods, to reduce the stocks kept in the warehouse and supply the consumer with the goods he needs.

Local demand is considered by the Government when approving plans. The importance of the particular district or factory to the country is also taken into consideration. There is no uniformity in regard to the distribution of goods, industrial districts receiving more goods than agricultural, regions of industrial crops receiving more than grain-growing regions, wheat regions again receiving more than rye regions, etc.

The retail and the wholesale warehouse make contracts specifying the kind of goods bought, their quantity and quality, the dates of delivery, etc. Failure to abide by the contract involves a fine on the defaulting organisation. Some people wonder what the sense of such contracts and fines is when all enterprises belong to the State. It looks to them like putting money from one pocket into another.

SUPPLY AND TRADE IN THE U.S.S.R.

It is true that every factory in the U.S.S.R. belongs to the State, and that all goods produced by these factories are delivered in accordance with State directions. But at the same time each enterprise is self-contained. It receives from the State a certain amount of money with which it is obliged to organise its work, and carry out its plans within precisely fixed periods. If any enterprise fails to fulfil its obligations to other enterprises it bears the responsibility, in the first place, financially. This is the basic principle of cost accounting. The Government sees to it strictly that the relations between the different industrial enterprises are based upon true cost-accounting principles, upon special contracts, and makes it the duty of both parties to observe these contracts strictly.

The contracts between wholesale and retail organisations provide for fines for late delivery, inferior quality, or failure to provide the assortment specified in the contract. These contracts make the heads of each warehouse keep a check on their own work, see to it that the factories keep them supplied with goods and fulfil all their obligations in due time.

We have described the method of organisation of wholesale trade in the U.S.S.R.

WHOLESALE AND RETAIL TRADE

RETAIL TRADE: ELIMINATION OF THE PRIVATE TRADER

We shall now turn to retail trade. In 1927-28 private merchants still dominated the retail market. Out of the 481,435 retail shops, 322,824 belonged to private owners, although their share of the turnover was limited to 24·8 per cent. These two figures in themselves adequately speak of the character, structure and volume of trade done by the co-operative shops as compared with the private shops; on the average a private shop did business amounting to only one-fourth of that done by a co-operative shop. The private merchant was driven out with least difficulty from those fields in which the State had a monopoly of goods. In the textile trade the question of the utilisation of the private merchant was decided by the speed with which co-operative and State trade could capture this market and develop their commercial network. As the co-operative movement extended its chain of shops the need for private merchants disappeared and they received no more merchandise from the State warehouses. That is why private trade disappeared first in the field of industrial goods. As the opportunities in the market for industrial

SUPPLY AND TRADE IN THE U.S.S.R.

goods vanished, private trade concentrated more and more upon food products, seeking to profit by the various difficulties with which the State was here confronted and to enrich itself by speculation. Out of every 100 food shops, private merchants owned 59·8 in 1925-26 and 66·8 in 1928-29.

It was in the years 1929-31 that the private merchants were practically expelled from the market. On January 1, 1929, there were 163,900 private shops; a year later their number had been reduced to 47,100, and by January 1, 1931, to 17,700. By the beginning of 1932 there were no regular shops owned by private capitalists. Former private traders still continue in business here and there, speculating on the resale of various products or selling goods stolen from the State, but their rôle is entirely insignificant, and the need for the existence of these middlemen has completely disappeared in the U.S.S.R. Efficient exchange of goods between the city and village, efficient distribution of agricultural and industrial goods, can now be successfully organised by co-operative and State trade without the aid of private merchants. On May 20, 1932, the Government therefore decreed: "Private merchants must not be allowed to open shops

WHOLESALE AND RETAIL TRADE

and stores, and every endeavour must be made to ferret out speculators attempting to enrich themselves at the expense of the workers and peasants."

The Government of the U.S.S.R. allowed a certain amount of freedom to the development of private trade at the beginning of the period of the New Economic Policy, i.e., when co-operative and State trade was still extremely weak and could not provide for the needs of the village, could not supply the peasants with the goods they required. For ten years a bitter fight was waged for the capture of positions on the market, and the co-operative and State trade, with the support of the Government, gradually drove out the private merchants and assumed full control of the entire turnover in the country.

GROWTH OF THE DISTRIBUTIVE NETWORK

During the first Five-Year Plan, 155,700 new units were opened by co-operative and State trading organisations. At the end of the Five-Year Plan there was a total of 312,400 shops in the country. The village system of shops was augmented by 91,300 units, and reached 179,300. Thus the village system was

SUPPLY AND TRADE IN THE U.S.S.R.

more than doubled, which was in accordance with the growing importance of the village in the economic life of the country and with the principle that goods must be made as accessible as possible to the village consumers.

The trading establishments built during the first Five-Year Plan differ greatly from the private shops which existed previously. Several hundred big department stores and thousands of specialised stores were built. And, what is of particular importance, a large part of these stores was built in the workers' quarters of the big cities and in workers' settlements, i.e., where they had been particularly scarce in the old days and where the need for well-organised trade was especially great. Thus the development of the new commercial system between 1928 and 1932 resulted in a more uniform distribution of trade, improved service for the workers' districts, the enlargement of the shops and the creation of facilities for giving city and village consumers more varied service.

While the State trading organisations and industrial trusts have greatly developed their systems, the majority of the shops still belong to co-operatives. Out of 303,936 shops and stalls registered on October 1, 1932, the co-operatives owned 206,728, including 70,460

WHOLESALE AND RETAIL TRADE

in cities and 136,268 in villages. Co-operative shops represent 51.6 per cent of the total in cities and 68 per cent in villages.

How is the commercial system being developed? The Government fixes a minimum annual plan for each trading organisation, giving due consideration to the needs of the most important provinces and regions. Special attention is given to the new industrial centres. Both in 1931 and 1932 these plans were exceeded. The organisation of the commercial system in each city and workers' settlement is decided with the participation of the members of the co-operative and representatives of the different factories. As a rule the plan for the development of the commercial system is discussed by the city Soviet and the local trades council. These discussions of the plans result in a uniform organisation of the system, a reliable record of the particular conditions of each district, and they bring to light the needs of the workers of the various factories and plants.

The development of the new commercial system has been one of the most important tasks of recent years. The expulsion of the private merchant from the market resulted in a slight reduction of the commercial system.

SUPPLY AND TRADE IN THE U.S.S.R.

True, if the turnover is to be taken into consideration, the average co-operative shop could easily take the place of four private shops. But the Soviet Government did not want to limit itself to these considerations, being guided chiefly by the desire to supply all consumers with the necessary goods under the conditions most favourable to them. This meant that the commercial system had to be brought nearer to the homes of the workers, that new ways of catering for the Soviet consumer had to be found. The establishment of many tens of thousands of new shops had an additional object, namely, with the aid of the new commercial system to develop the work of securing supplementary goods, increasing the supplies. In the U.S.S.R. every shop draws up its plan so as to get only a part of its goods from headquarters and procures the rest by its own efforts, the latter portion amounting in some cases to 60 or 70 per cent. Thus the development of the new commercial system simultaneously achieved two ends : better service to the consumer and an increase of the amount of goods available for sale.

WHOLESALE AND RETAIL TRADE

HOUSE-SHOPS AND HOME DELIVERIES

While building up a permanent commercial system, vigorous efforts have been made, in recent years, to establish so-called house-shops in the big workers' apartment houses. The house-shops aim at organising the supply of food products and other necessities to the tenants of the house.

These shops, as a rule, are open only a few hours a day and the tenants themselves help in the work (the salesmen generally work only part of their time in the shop and are elected from among the tenants of the house).

Delivery of goods to the home has been developed on a large scale in recent years. In Leningrad over 200,000 persons have their orders delivered to their homes ; in Moscow there is a similar number ; at Dnieprostroi 16,000 families or 50,000 persons have theirs delivered ; at Kuznetskstroi 16,000 persons, and so on.

Delivery orders are executed by special warehouses or branches of the big retail shops. All calculations show that efficient organisation of the work of these warehouses makes it possible to organise trade more cheaply than in the open stores, as smaller reserve stocks are

SUPPLY AND TRADE IN THE U.S.S.R.

required, the productivity of labour is doubled and a number of other expenses inevitable in the open store are reduced.

The system of subscription books for the purchase of staple commodities such as bread, milk, vegetables, etc., has lately become quite popular in the country. In Leningrad since the middle of 1933 nearly half the bread has been sold on monthly subscription books purchased at the beginning of each month. The subscription book covers the quantity of bread required for the month ; its use eliminates daily cash payments, and speeds up the sale of the bread to each customer ; this is extremely convenient to the buyer, as it reduces, by about half, the daily expenditure of time.

We have pointed out only part of the measures introduced in the U.S.S.R. to improve the service to the consumer. Improvement of the service is a constant concern of the Soviet distributors, who seek to reduce to a minimum the time spent by customers in buying goods.

CHAPTER IV

HOW THE PRESENT SYSTEM OF SUPPLY IS ORGANISED

THE SUPPLY SYSTEM IN THE EARLY PERIOD

THE SYSTEM OF SUPPLY existing in the U.S.S.R. is organically linked up with the general tasks of socialist construction. Since the tasks of economic construction have not been the same in the various periods of the Soviet power, it is therefore natural that the organisation of supply has also undergone a series of changes.

During the period of the civil war the system of supply was based upon the principle that Russia was a besieged fortress with very limited resources at its disposal. The problem of supply during that period resolved itself into the problem of maintaining the Soviet State by one means or another, of preventing the population of the cities from dying of starvation. During this period there was practically no trade; there was merely a system of rationing the city population, all of whom received the same starvation ration.

SUPPLY AND TRADE IN THE U.S.S.R.

The end of the civil war made it possible to reorganise the system of supply. The State granted a certain amount of freedom for trade, which then began to develop. During this period the task of the Government consisted in protecting the interests of the workers of the basic industrial centres, of making it possible for them to obtain the necessary products at normal prices. During the first few years following upon the civil war the State possessed only limited resources (in 1921-22 the State collected only about 200 million poods—3¼ million tons—of grain). These products were therefore allotted to a very limited circle of consumers, namely, to the most important factories, to children, etc. In order to improve the situation of the workers and facilitate the supply of the necessary products to them, the factories were allowed to exchange part of their output for bread and other food products.

Gradually, with the strengthening of agriculture, the increase of Government collections and of the peasant deliveries in kind, the resources of the State increased, while the co-operative organisations also obtained larger quantities of products. This made it possible greatly to improve the supply, to abandon the rationing system and to organise the supply

PRESENT SYSTEM OF SUPPLY

of necessities to the workers on the basis of the development of co-operative and State trade.

However, even in the years 1924-28, when supplies were not rationed, the State continued to plan the work of the supply organisations. The industrial centres were allowed more goods, and goods of a higher quality, than other parts of the country. This was done by the trading organisations themselves. Thus the Urals, the Donbas, Moscow and Leningrad always received more goods and food products per inhabitant than the other regions. The basic principle by which supply was governed during this period was the size of the population and its purchasing power.

This principle proved to be inadequate, and when the period of economic restoration made room for the period of socialist construction, it became fundamentally wrong.

THE PRINCIPLE OF SELECTIVE DISTRIBUTION

The Five-Year Plan created a series of new, and tremendously important, economic problems. The part played by different regions in the fulfilment of the new rational economic plan was far from identical. To distribute the

SUPPLY AND TRADE IN THE U.S.S.R.

State resources on the basis of equality would have been tantamount to refusing to supply the important new regions, to withholding privileges from the most important construction jobs. A change had to be made in the old system of planning ; the rôle of the State in the distribution of goods had to be strengthened.

This strengthening of the rôle of the State was necessitated firstly by the need for utilising the State resources more suitably (inasmuch as, by this time, the bulk of goods and food products was in the hands of the State) ; secondly, by the necessity of preventing the private capitalist elements from disrupting the supply. The wrecking elements (as a number of trials have shown) built their plan of frustrating the Five-Year Plan upon the disruption of supply, the creation of artificial famine in the most important regions.

What were the principles upon which the system of supply was reorganised with the adoption of the first Five-Year Plan ?

There were three principles : (1) To single out particularly the main industrial regions, the new construction jobs and the most important factories, creating a number of privileges for them through the system of supply ; (2) in the factories themselves, to single out

PRESIDENT SYSTEM OF SUPPLY

the skilled workers and offer them better conditions as regards supply, compared with other workers ; (3) to send large quantities of industrial goods destined for the village to those regions where the peasants had larger stocks to sell to the State and co-operative organisations, where they had more money earned honestly rather than by speculation. (The State did not merely consider the purchasing power of this or that region, but also how the money came there, and by its system of supply gave encouragement to those peasants who worked honestly and sold their products at normal prices for the supply of the cities.)

This reorganisation of the supply system manifested itself primarily in the establishment of a system of lists, all cities and factories being classified and placed on separate lists. The workers and employees included in each list were given definite rations by the State. The next step was the organisation of closed co-operative shops in each factory, followed by the introduction of a system of cards for the control and proper distribution of the products allowed each co-operative.

This system was adopted as a temporary measure.

SUPPLY AND TRADE IN THE U.S.S.R.

THE REASONS FOR SELECTIVE DISTRIBUTION

The plan of socialist construction provided for the simultaneous development of both industry and agriculture. But agriculture lagged behind industry, since small-scale peasant husbandry failed to supply a quantity of products corresponding to the growth of the cities and new industrial centres. The demand for food products outstripped the growth of agriculture. The only solution was to help the peasantry to develop the system of collective farming. But this task required a number of years before it could be fulfilled. Yet it was impossible to wait; the entire economic life of the country had to be rebuilt. This gave rise to the natural demand that the State organise the distribution of available resources in such a way as to facilitate a speedy industrial development; the State had to concentrate upon the biggest cities, allowing the local Soviets to organise the supply of the smaller towns which had no industrial importance.

At the time when the supply of products in the hands of the State was insufficient to allow free trade to exist, the adoption of rationing and a special system of supply through closed

PRESENT SYSTEM OF SUPPLY

co-operatives was only natural. Such co-operatives were established in every big and medium-sized factory and institution. Their task consisted, not only of distributing properly the products supplied by the State, but of procuring additional supplies and organising their own farms.

The State plan of supply provides for the supply of the overwhelming majority of the workers and employees in the cities. Over forty million persons are supplied under a plan approved by the Government. This plan does not cover the small towns, the district centres and the outlying districts. These points are supplied by the local Soviets out of food stocks left at their disposal by the State as well as what they themselves procure. These stocks are quite considerable, especially as regards bread and certain other food products.

It is often stated that the system of differential rationing is in conflict with Bolshevist principles, that "Bolsheviks are for equality," while here we see different groups being allowed different rations. Only people who do not know the works of the leaders of Bolshevism, the principles of Marxism, can make this mistake. In his conversation with the German author Emil Ludwig, J. V. Stalin, the recognised

SUPPLY AND TRADE IN THE U.S.S.R.

leader of the Bolshevik Party, replied to the question of what communists think of equal distribution and supply, as follows :

“Marxism does not know of any socialism under which all people are paid the same, receive the same amount of meat, the same amount of bread, wear the same clothing, receive the same products and in equal quantities. Marxism merely says one thing : ‘As long as the classes have not been finally destroyed, as long as labour has not become converted from a means of subsistence into an essential of life, into voluntary work for society, people will be paid for their work in accordance with the amount of labour given.’ ‘From each according to his ability, to each according to his work’ : such is the Marxian formula of socialism, i.e., the formula of the first stage of communism, of the first period of communist society. Only at a later stage of communism, only at a higher phase of communism will each one, contributing work in accordance with his abilities, receive for his work in accordance with his needs. ‘From each according to his ability, to each according to his needs.’”

To distribute equally while there is a shortage of products would be to discriminate in favour of people whose work is poor, people

PRESENT SYSTEM OF SUPPLY

who are of little use to society. To distribute equally is to render more difficult the struggle for raising the skill of the unskilled workers, to retard the influx of new workers to the newly built factories. To have discarded the rationing system and the closed stores during the years 1929-31 would have given the enemies of the Soviet power an opportunity to disrupt, by means of speculation, the supply of the workers, and thereby to frustrate the entire plan of industrial development.

TEMPORARY CHARACTER OF RATIONING

The system of rationing is a temporary system. It has already been largely abolished. With the exception of bread and a few other products, rationing has been practically discontinued. Even now there are both closed and open bread-shops, and while bread is generally sold at fixed nominal prices, there are stores selling bread to all citizens without limitations, although at considerably higher prices. The sale of unrationed bread exists in all big cities and industrial settlements. The same applies to milk, meat and other products. The closed co-operatives supply the workers with fixed amounts of products at low prices, while the open shops sell unlimited quantities

SUPPLY AND TRADE IN THE U.S.S.R.

at higher prices. The existence of open and closed shops is a temporary matter, however. Within the next year or two, thanks to the enormous growth of the quantity of products in the country, it will be quite possible to abandon the system of rationing and of closed shops. Already in 1933 the number of open stores has increased many times, and since the shortage of certain classes of goods has disappeared and their rationing is no longer required, practically the whole of the trade in industrial products is now carried on through open stores.

The speed with which the change from rationing to open trade will be effected largely depends upon the organisation of trade itself. All the decisions of the Soviet Government adopted during the past few years have stressed the need for the trading organisations to increase their supplies to the utmost, since the country has plenty of products and it is merely a question of procuring them in time, by placing orders among the collective farms, getting the products to the cities at once and storing them properly.

That the proper organisation of supply represents a complex task may be seen from the fact that in 1932 the State supplied over forty

P R E S E N T S Y S T E M O F S U P P L Y

million persons with the necessary products and saw to it that these products should be forwarded and distributed properly and punctually.

Centralised distribution is gradually losing its predominance (this is the deliberate aim of the Communist Party and the Soviet Government). But the adoption of the system of open trade does not mean that the State will pay less attention to the organisation of supply in the future. Even open trade is organised by the State, which approves the plans of all the trading organisations, allocates the districts in which they are to obtain goods, fixes prices, etc.

T H E T R A N S I T I O N T O U N R E S T R I C T E D S U P P L Y

Under conditions of open trade no limitations will be placed upon the amount of goods purchased by the consumer. This will be due both to the fact that the quantity of goods and products will be sufficient to meet all requirements, as well as to the fact that unearned incomes will not exist. At the present time, though some goods are still sold only in closed shops, this is not always due to the fact that there is a shortage of such goods. One of the reasons is that there still exists a group among the population living on unearned incomes,

SUPPLY AND TRADE IN THE U.S.S.R.

living by speculation in goods. The Soviet State has no intention of selling products to these speculators at low prices. The best goods are sent to the closed shops so that they may be sold to those who, by their work, merit better supplies.

The capitalist groups of the population are gradually disappearing. With time the number of unearned incomes will steadily decrease; in a year or two there will be no people with unearned incomes and the amount of money possessed by each citizen will determine the share of his participation in the economic life of the country. When this time arrives the need for establishing special restrictions, the need for various systems of prices, etc., will disappear.

The State system of supplies brings the products to the place of work. But even within the place of work different groups are differently supplied. There are products (bread, meat, potatoes, vegetables, etc.) which are rationed out equally to all workers. But other products, particularly those obtained by the co-operatives themselves, are not sold on a basis of equality. They are sold primarily to the best workers, the shock brigaders—i.e., workers who display initiative and set an example to others. The supplies for specialists (engineers, etc.) in

PRESENT SYSTEM OF SUPPLY

factories and institutions are organised separately, these groups enjoying special privileges in regard both to general supplies and restaurant food. There is a separate system of shops for specialists both in the factories and in the cities. In the big factories there are separate dining-rooms for the engineers, while in the smaller factories they receive better meals, though still at low prices.

From the foregoing it should be clear that the system of supply in the U.S.S.R. rests upon two fundamental principles : (1) the distribution of available resources to the best advantage from the point of view of the national economy as a whole ; (2) the stimulation, by the system of supplies, of a higher productivity of labour, and of the fulfilment of the plans of production of the different factories and departments.

The technique of supply itself (centralised distribution, rationing, cards, etc.) is determined by the amount of products available and the development of the class struggle. With the growth of the quantity of products and the elimination of the capitalist elements, the need for rationing disappears, the card lose their importance, and closed trade makes room for open trade without any limitations.

THE CONSUMERS' CO-OPERATIVE MOVEMENT AND ITS WORK

GIGANTIC GROWTH OF THE MOVEMENT

THE REPRESENTATIVES of the British Co-operative Wholesale Society who attended a meeting of the Committee of the Central Union of Consumers' Co-operatives (Centrosyuz) on August 4, 1933, spoke of the work of the Soviet co-operatives for 1932 as follows :

" I should be happy, as chairman of a conference in Manchester, to present a balance sheet similar to yours " (Mr. Robinson, representative of the Finance Committee).

" The figures speak for themselves. The figures which we have analysed show your enormous growth and enormous successes " (Mr. MacFadden, representative of the Groceries Committee).

This was an estimation of the work of the consumers' co-operatives for the last year of the Five-Year Plan, when the results of the fulfilment of the plan by the entire co-operative movement were summed up. Indeed, during these years the co-operative movement grew

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CONSUMERS' CO-OPERATIVE MOVEMENT

gigantically, developing into the biggest co-operative organisation in the world. What were the results of the co-operative activities during the Five-Year Plan?

First of all let us notice how large a membership the Soviet co-operatives have.

On January 1, 1929, the co-operative movement had 24,733,300 members (9,863,100 in the cities and 14,870,200 in the villages). Four and a quarter years afterwards the membership of the co-operatives had been trebled, and on January 1, 1933, the co-operatives included 73 million workers, peasants and office-employees, or two-thirds of the total adult population of the country (23,500,000 in the cities, and 49,500,000 in the villages).

This growth of the co-operative membership (membership being voluntary, of course) was a direct result of the general growth of the economic activities of the co-operatives, and of their importance in the organisation of the workers' supply. During these years the co-operative movement penetrated the remotest regions, covering every enterprise. The number of co-operative societies increased from 27,160 to 45,362. The bulk of the new co-operative societies are to be found in the village (the increase here was from 25,757 to 42,058). This

SUPPLY AND TRADE IN THE U.S.S.R.

growth in the number of village co-operatives was due to the need to bring the co-operatives nearer to the various groups of consumers, to cover all villages and to organise the work of each co-operative on the basis of the initiative of the working peasantry themselves.

In the cities the number of co-operative societies grew from 1,403 to 3,304, or 209.6 per cent. This growth was due to the development of the system of factory co-operatives in place of the city or district co-operatives, and the creation of a large number of specialised co-operatives (at the peat-fields, fisheries, on the waterways, railways, etc.). This extensive network of new co-operative societies made it possible to improve the utilisation of food products, and to ensure that they were supplied first to the workers of the most important industries.

The distributive system grew during the Five-Year Plan by 211.7 per cent in the cities and 212.9 per cent in the villages, totalling 200,134 units on January 1, 1933, against 94,913 on January 1, 1929 (at the beginning of 1933 the city had 66,726 units and the village 133,408). This growth of the distributive system was necessitated by the need to replace the private merchant, who had been dislodged

CONSUMERS' CO-OPERATIVE MOVEMENT

from the market, and to sell quickly the great mass of commodities produced. The turnover of the consumers' co-operative movement during these years increased from 9,909.7 million roubles to 20,962.1 million roubles, or 211 per cent. Such a growth of turnover naturally required an increase of working capital. Part of the necessary funds was received from the membership itself; during these years the share capital of the consumers' co-operative movement grew from 183.3 million roubles to 2,006.5 million roubles, or 1,094 per cent. The size of the average share went up from 8.72 roubles to 27.70 roubles. Thus, in four and a half years, the workers contributed 1,823.2 million roubles towards the extension of their co-operatives. This is an enormous growth of share capital, hitherto unknown in the history of the world co-operative movement. However, these funds were not sufficient for the development of co-operative trade and production, and the State had to render assistance in the shape both of special taxation exemptions and considerable credits. On January 1, 1933, the State had lent 1,742 million roubles to the co-operative system, apart from large funds granted by the State Bank for the organisation of the increase of

SUPPLY AND TRADE IN THE U.S.S.R.

supplies and other short-term credits. Thus the growth of the activity of the co-operative movement is a result of two decisive factors : the enormous growth of the co-operative membership and its activity, and the very great help given by the Soviet Government.

LARGER TRADE IN FOOD PRODUCTS

Of special importance in the co-operative trade of the past few years has been the growth of the trade in food products, as it was here that the private merchant was particularly strong (in 1927-28, the private merchants controlled 77·9 out of every 100 food shops ; in 1928-29, this figure was reduced to 66·8 and by January 1, 1930, to 31·4). This growth of the trade in food products manifested itself both in an expansion of the distributive system engaged in selling food and in an increase of turnover in these commodities. The proportion of the trade in food products to the total turnover went up in the cities from 35·4 per cent in 1929 to 64·7 per cent in 1932. In the villages a similar process was observable, although it did not develop quite so speedily (from 42·7 per cent to 44·1 per cent in these years). The growth of the proportion of food products to the total turnover in the village indicates a

CONSUMERS' CO-OPERATIVE MOVEMENT

change in the demand itself, a growing demand on the part of the village consumer for such products as tinned goods, confectionery, etc.

The proportion of food products to the total turnover differs not only in the city and village, but also in the different co-operative organisations. In the city it is the workers' co-operatives which do the biggest trade in food. Among the goods sold by them, food products constitute 70 per cent, while in the smaller town co-operatives their proportion is only 54·4 per cent. These figures alone show the importance of the workers' co-operatives at the time when the food supply presented the greatest difficulties. They supplied the workers of the most important undertakings with the most necessary products in sufficient quantity and at low prices, organising the proper distribution of the State supplies and developing their own.

In the turnover of the village co-operatives catering for the workers of the State farms, food products form the main part. This is quite natural. The workers of the State farms display a demand similar to that of the city consumers. Moreover, during the first years of the existence of the State farms they did not have their own subsidiary farms, such as dairies and vegetable gardens, and were dependent

SUPPLY AND TRADE IN THE U.S.S.R.

largely on outside products. At the present time, the State farms are being organised in such a way as to produce their own food.

The fundamental object of the Soviet Government is gradually to abolish the difference between the living conditions in the city and the village by raising the living standard of the village to that of the city. This policy has naturally found a reflection in the work of the distributive organisations, particularly of the consumers' co-operative movement, which embraces two-thirds of the total turnover of the village. The change from individual farming to collective farming has raised the purchasing power of the village population and has resulted in a steady rise of the share of the village in the total turnover of the consumers' co-operatives. While, in 1928, out of every 100 roubles taken by the co-operatives, the village supplied 38.6 roubles, in 1932 the share of the village was 41.3 roubles. It must not be forgotten that the total turnover during this period was more than doubled.

What is the present organisation of the consumers' co-operative movement?

CONSUMERS' CO-OPERATIVE MOVEMENT

THE NETWORK OF CONSUMERS' CO-OPERATIVES

The smallest organisation in the city is the factory co-operative or (in small towns) the town co-operative. Independent co-operatives are organised in those factories, offices and schools where there is enough work for at least one shop. In 1933 the rule was adopted that a co-operative can be organised where there are at least 400 workers. In such a co-operative the manager of the shop must act as the chairman of the board ; in fact the staff employed by the co-operative and by its shop are practically identical.

In the village, the smallest co-operative is the village consumers' society or the workers' co-operative on the State farm. The village co-operative society requires a minimum of 250 members and as a rule serves a district within a radius of not more than three to four kilometres. The village co-operative society generally has a shop in each village.

The city workers' co-operatives are organised under city co-operative societies or other organisations fulfilling the part of city societies. The big workers' co-operatives are served directly by the regional co-operative societies

SUPPLY AND TRADE IN THE U.S.S.R.

and supplied from the industrial warehouses or the factories direct. This effects a saving in expense and ensures the best possible service for the most important undertaking.

The village co-operative societies are served by the district societies and managed by them. The district societies approve the trading plan of each village society, see to its fulfilment and help them to develop their trade, purchasing and productive activities.

There are also provincial and regional societies which control the work of all the co-operative societies of the given province or region. These societies handle all the wholesale operations of the consumers' co-operatives of the province, sign contracts with various industries for the supply of different goods, see to the fulfilment of the contracts, carry on independent wholesale transactions through their regional and provincial warehouses and supervise all the organisations within the province or region.

At the head of all the consumers' co-operatives in the U.S.S.R. stands the Centrosoyuz. In turnover and volume of business this is the largest co-operative organisation in the world. The Centrosoyuz covers more than three-quarters of the total turnover of the

CONSUMERS' CO-OPERATIVE MOVEMENT

International Co-operative Alliance. The same is true of its membership. The Centrosoyuz attends not only to trade but to communal feeding, vegetable-gardening and bread-baking, and also purchases very large quantities of goods (more details on this aspect of its work will be found further on).

In addition to co-operatives built along territorial lines, there is a special network of co-operatives serving certain industries from top to bottom. We are referring to the system of specialised co-operatives serving the needs of the workers of the fisheries, peat-fields, waterways, State farms, etc. These co-operatives are built along the same lines as the ordinary workers' co-operatives, but their organisation is based upon the same principles as the organisation of the respective industries. Thus the waterways co-operatives are built along the lines of individual river-basins; all co-operatives serving the workers of a given basin are united under a special society represented by a corresponding department in Centrosoyuz. This system of specialised co-operatives makes it possible to adapt the supply to the special needs of the workers of the given industry and link up their supply with the best organisation of the industry itself.

SUPPLY AND TRADE IN THE U.S.S.R.

The co-operatives which serve the State-farm workers are united under special societies in the province, region and central base. The organisation of a special base of consumers' co-operatives catering for the State farms and the machine-tractor stations has been necessitated by the special conditions of work in the State farms and the need of bringing the supply of these workers into conformity with the important rôle played by them in the reorganisation of agriculture as a whole.

On what principles is the work of each co-operative organised ?

CONTROL BY THE MEMBERSHIP AND FACTORY WORKERS

In order that a new co-operative society may be organised, it is necessary for the consumers themselves to decide upon it. Such a decision, however, is subject to approval from the higher co-operative organisations. The fundamental questions of co-operative work are decided by the general meeting of shareholders, and, in those co-operatives which have a membership of several thousand, by special meetings of co-operative representatives held at least once in three months. The current business of the co-operative is attended to by a board of

CONSUMERS' CO-OPERATIVE MOVEMENT

managers consisting of from seven to nine members, who are elected for a year.

Each co-operative has a special committee which sees to the enforcement of the members' decisions by the board, supervises the work of the co-operative, checks up the expenditure of funds, looks after the system of sales, etc. This committee is assisted by special shop committees elected by the members and supervising the work of each shop. The shop-control committees play an important part in improving the work of the shops and their service to the consumers, and fighting against theft and embezzlement. These committees are elected from among the members attached to the particular shop, or from among the workers of the factory which has "patronage" over the shop. This patronage may be described as follows: special agreements are drawn up between the shop and the factory, under which the latter undertakes to render the shop constant assistance by organising workers' control, regularly checking up the work of the shop, seeing to it that the shop trades in a proper manner, that it has all the necessary goods, etc. Such patronage usually takes the form of mutual agreements for socialist competition, the shop making a number

SUPPLY AND TRADE IN THE U.S.S.R.

of pledges to the workers, and the workers in turn undertaking not only to control the work of the shop, but to improve their own work in the factories.

Foreign visitors are surprised at the numerous control bodies in our co-operatives, and the view has been expressed that the organisation of special control committees in each shop is inexpedient. Experience has shown, however, that these organisations are of vital importance. The control committees act not only as auditors but render much assistance to the workers of the shop in the organisation of their work ; and, what is of special importance, the participation of factory workers in these committees serves as a school in which they learn the co-operative business. A large number of present heads of workers' co-operatives began their work in the shop control committees. Here they got their first insight into co-operative work and learned the essentials of co-operative trade.

The Executive Committees of the district, provincial and regional societies, of the specialised societies and the Centrosoyuz, are elected at congresses of representatives of the respective organisations and work on the basis of constitutions and decisions adopted at the congresses.

CHAPTER VI

THE WORKERS' SUPPLY DEPARTMENTS AND WHY THEY WERE CREATED

SUPPLY AS A PART OF LABOUR ORGANISATION

WAGES in the U.S.S.R. are based upon the principle of remuneration according to labour rendered. A skilled worker, whose work is more productive than that of an unskilled worker, receives more pay. In general, a worker producing more is paid more than a worker producing less. The system of supply is very closely linked up with the system of pay. A sound system of supply makes for better organisation of labour and creates advantages for those who work more efficiently.

In the U.S.S.R. a factory is not merely a place where a certain number of workers are employed for a certain number of hours a day and receive so much in wages. Every factory in the Soviet Union is gradually developing into a base serving the different needs of the various groups of workers and their families. The factories build schools, kindergartens, clubs, dining-rooms,

SUPPLY AND TRADE IN THE U.S.S.R.

shops for the workers, establish their own farms to increase supplies for the workers, improve their skill, attend to their leisure, provide them with proper housing conditions, etc.

It is only natural that, among these activities of the factories, the improvement of the supply of the workers' requirements occupies an important place. The special importance of supply was emphasised by Joseph Stalin when he stressed the duty of the factory manager to attend to all the living needs of the workers. Stalin said :

“ The present worker, our Soviet worker, wants to live so as to have all his material and cultural needs met both as regards food and housing, and as regards his cultural and all other needs. He is entitled to this, and it is our duty to ensure these conditions for him ” (speech at the Conference of Industrial Delegates delivered on June 23, 1931).

The organisation of supply in the biggest factories in the country is a very complex task : it involves tens of thousands of workers, together with their families. It must be organised in such a way that the skilled workers enjoy better conditions than the unskilled, the efficient workers better conditions than the inefficient. This means that the work of supply cannot be divorced from the other activities of the factory,

WORKERS' SUPPLY DEPARTMENTS

that the organisation of supply must be linked up with the organisation of production itself.

There thus arises one more task which never existed before. In the U.S.S.R. there is no unemployment, and everyone desiring to work can do so. Only people who do not want to work, only enemies of the Soviet system, do not work. But in the present situation, when the entire working population supports the Soviet power, there are few people who openly refuse to work. Some people seek to penetrate the factories in order to interfere with the work there. During the past year, many cases have been brought to light of kulaks, who had been expelled from their village by their fellow-villagers, attempting to find employment in the factories for the purposes of "wrecking."

In addition to these subversive elements who are definitely opposed to the Soviet power, there are small groups of workers who work badly or loaf, through lack of class consciousness. In the Soviet Union, wilful absenteeism on the part of a worker cannot be regarded as anything but a crime against his own class, against his own State. For this reason, numerous groups of workers last year began to send demands to the Government for the issue of a decree combating absenteeism.

SUPPLY AND TRADE IN THE U.S.S.R.

SUPPLY AND LABOUR DISCIPLINE

The decree published by the Government helped to strengthen discipline in the factories—to expel from the factories those who did not want to work, who went into the factories only to interfere with the work, to injure the working class.

Work in a Soviet factory brings with it a number of privileges. The factory provides the workers with rooms and improved supplies. It is only natural that a man, on quitting the factory, loses the privileges connected with employment in it.

This does not mean that such workers are deprived of all supplies. They are merely placed in the same class as all ordinary citizens receiving smaller rations. The same applies to rooms. If the worker lives in a factory dwelling, it is only because he is employed in that particular factory. When he leaves his job, someone else is put in his place and it is only natural that he should have to vacate the factory dwelling. Those evicted from the factory houses have to obtain rooms in the usual manner—through the general housing organisation.

The struggle against absenteeism is closely linked up with a number of other measures

WORKERS' SUPPLY DEPARTMENTS

taken recently, particularly the organisation of workers' supply departments in the biggest factories and plants. The French co-operative magazine, the *Revue des Etudes Co-operatives*, recently published a special article devoted to the organisation of the workers' supply departments. The magazine maintains that the creation of these departments indicates the liquidation of the consumers' co-operative society. It is not difficult to refute this statement. In the U.S.S.R. the co-operatives, the trade unions and the industrial organisations all work under the direction of the Bolshevik Party. This work is based upon accurate division of labour. Even after the creation of the workers' supply departments over 70 million people still continue to be served by the consumers' co-operatives. There is no country in the world with as powerful a co-operative movement as that of the U.S.S.R. The workers' supply departments have been created not in order to abolish the co-operatives but because the task of supply presents a problem with which the co-operative organisation alone is no longer able to cope. The problems of supply themselves have become differentiated, and this has made necessary the creation of several organisations.

We have already pointed out that the

SUPPLY AND TRADE IN THE U.S.S.R.

extensive development of trade has made it essential for it to be handled by a number of organisations, such as State trading companies, producers' co-operatives and industrial trusts, in addition to the consumers' co-operatives. This network has proved to be inadequate, and it has now become necessary for the factories themselves to take a hand in the supply of the workers' needs.

The reorganisation of the workers' supply in the factories had as its direct aim the improvement of supply, the prevention of distribution of supplies to loafers and drifters who do not really work in the factories, and the enforcement of the principle, "He who does not work, neither shall he eat."

Why was this task raised as a practical problem only at the end of 1932? Is not the principle, "He who does not work, neither shall he eat," one of the fundamental principles of socialism? From the very first day of the capture of power by the Soviets, this was made the object of the Government, but it is only now, when everyone desiring to work is able to do so, when unemployment has been abolished and the country is experiencing a considerable shortage of labour, that the conditions for the realisation of this objective have become more

WORKERS' SUPPLY DEPARTMENTS

or less ripe. He who does not work at present is a true parasite, and naturally cannot enjoy the advantages given to honest workers.

What changes have the latest decisions made in the organisation of supply ?

WORKERS' SUPPLY DEPARTMENTS AND CO-OPERATIVES

The decision of the Council of People's Commissars of the U.S.S.R. and Central Committee of the Communist Party of December 4 and 18, 1932, established two methods of supplying the factories. In some of the factories, the closed workers' co-operatives have been replaced by workers' supply departments, while in others the closed co-operatives remain. The latter are subordinated both to the manager of the plant and the higher co-operative society. We shall cite a few figures illustrating the change. At the end of 1932, there were 1,243 closed workers' co-operatives. Out of this number, 350, or 28 per cent, have been liquidated ; the business done by these co-operatives amounted to 15.3 per cent of the total co-operative turnover in the cities. The newly organised workers' supply departments have taken over 10,134 shops.

The Government decree of December 18,

SUPPLY AND TRADE IN THE U.S.S.R.

1932, provides for strictly closed forms of supply in the factories. Only workers employed in the particular factory, together with their families, are attached to the shops run by the workers' supply departments. What this means has been shown by a scrutiny of the persons formerly supplied through these shops, which established the fact that out of two million persons supplied by them, 273,000 persons had no connection with the 74 factories concerned and no right to be supplied with factory rations.

In order to make the factory the real distributor of the products assigned to its workers, it was decided to hand over the function of issuing cards to the factory managements themselves. Cards are now issued through the departmental administration. This facilitates control and brings supply into closer touch with production.

Workers employed in the factories are entitled to receive products for themselves and their families in the factory shop during their entire period of employment. When leaving the factory the workers must return their cards to the administration.

Who is in charge of supplies in those factories where workers' supply departments have been set up? At every factory an assistant manager is appointed and placed in charge of the

WORKERS' SUPPLY DEPARTMENTS

workers' supply department. He has control of all the trading enterprises, vegetable gardens, dairies, kitchens and dining-rooms, which were formerly managed by the co-operatives. The chief of the workers' supply department is subordinated to the factory director and controlled by a special workers' supply council consisting of representatives of the different departments. This council meets regularly to discuss the problems of supply, hear reports and outline measures for the further improvement of the workers' supply.

In all the factories where the closed workers' co-operatives were left intact (and these constitute a majority) the position of the factory director in regulating the utilisation of the products assigned by the State for the workers of the particular factory has been considerably strengthened. The factory administration provides transport facilities for the closed workers' co-operative, helps to organise vegetable gardens and invests considerable sums in the co-operative. The form in which the factory administration participates in the work of the co-operatives, and the financial aid given by it, are laid down in special agreements concluded between the Centrosoyuz and the People's Commissariats of each industry.

SUPPLY AND TRADE IN THE U.S.S.R.

PRIVILEGES FOR FACTORY WORKERS

It may be asked : Why is it necessary to have strictly closed shops ; why does the Government demand that the factory shops supply only their own workers if the same products can be bought in unlimited quantities on the open market without cards ?

The answer is as follows. The closed shops, the shops run by the factories, have a special system of reduced prices. The closed shops charge much lower prices than the open shops. This is an advantage accorded by the Soviet State to workers and employees, and reflects the class character of supply. Since prices in the closed shops are much lower than those in open shops, there is a natural tendency among people who have no connection with the factory to try to attach themselves to the factory shop in order to secure products at low prices. For this reason these shops are made strictly closed, and admit no one except the workers of the given factory, since any increase of the number of persons allowed to buy in the factory shop can only have the effect of worsening the supply of the regular workers, for the State assigns products to the factory shops in accordance with the number of workers provided for in the programme of production.

WORKERS' SUPPLY DEPARTMENTS

Will the present system of supply through closed shops and different prices continue to exist long? No, it will not. With the improvement of the whole system of supply, with the final elimination of the shortage of certain classes of goods, we shall come to a system of uniform prices which will naturally lead to the abandonment of the closed shops. It is naturally impossible at present to give any precise date for the abandonment of this system, but it is quite certain that this will take place within a maximum of one and a half to two years. The development of the State and collective farms and their consolidation should enable us, within this period, to solve all difficulties in the supply of meat and dairy products, greatly to increase the production of agricultural raw materials and meet the demand of all workers for food-stuffs and industrial products.

The workers' supply departments and the closed workers' co-operatives receive their supplies not only from the State but from their own farms and by local purchases.

The products received from the State by way of centralised supply must naturally be distributed among all the workers in accordance with the rations fixed by the State (these rations differ in the various factories). The

SUPPLY AND TRADE IN THE U.S.S.R.

products procured by the workers' supply department itself or by the closed workers' co-operative are another matter. They constitute a fund of supplementary supply and are used at the discretion of the factory organisations themselves. These products are used, as a rule, to improve the supply of the workers in the leading departments, the shock brigaders, the engineers and specialists. Every factory gives special attention to improving the supply of the shock brigaders, of those workers and specialists who take an active part in socialist competition and set the example of a conscientious attitude towards their work.

Socialist competition is a mass movement of the progressive workers which has drawn in more than two-thirds of all workers in the fight for the best organisation of production, for exceeding the plans of production, lowering costs and improving quality. Such a movement is possible only in the U.S.S.R., where the working class governs the country, where it works for itself, where everything produced is used to meet the needs of the working class. J. Stalin described the shock brigade movement as the most significant movement of our era. For those who take part in socialist competition, labour has been transformed from a

WORKERS' SUPPLY DEPARTMENTS

“shameful and heavy burden, as it was formerly regarded, into a matter of honour, a matter of glory, a matter of valiance and heroism” (J. Stalin).

The overwhelming majority of the workers now look upon work in a Soviet undertaking in an entirely new light; they realise what distinguishes it from one belonging to a private employer, and it is natural for the heads of each undertaking to give every encouragement to the shock brigade movement and stimulate its development. This explains the system of privileged supply for shock brigaders (why they are given additional supplies, premiums, etc.).

Where shock workers are taken better care of, where they are better supplied, the movement itself naturally grows more speedily, and frequently the workers who are not yet completely class conscious also begin to improve their work, to get rid of the old attitude towards labour which characterises the workers under capitalism.

In the fight for a socialist attitude towards the socialist discipline of labour, the organisation of supply supports an organisation of work which ensures a higher productivity of labour and improves the worker's attitude towards his task.

CHAPTER VII

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

THE GROWTH OF COLLECTIVE FARMING

THE PRESENT WORK of the consumers' co-operatives in the village differs greatly from that of the early years of the New Economic Policy, i.e., prior to the period when the collective farms became the predominant form of agriculture. The consumers' co-operative movement has itself greatly contributed to the victory of collectivisation. Beginning with the simplest thing—uniting the peasants for the purchase of necessary commodities, and for the fight against the private merchant and the speculator—the Communist Party gradually lifted the peasantry stage by stage until they reached the present form of organisation in collective farms.

The creation of collective farms has brought the village co-operatives under new conditions. Firstly, the demands of the peasantry have greatly increased ; secondly, the proportion of peasant output going to the cities by way of co-operative purchases has also increased ;

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

thirdly, the village co-operative is able to rely upon the collective farms in the organisation of its work, receiving regular assistance from the collective farms in transport facilities, etc.

In 1933 the Communist Party formulated the slogan of making all collective farmers well-to-do. The meaning of this slogan was explained by J. Stalin. At the congress of collective farm shock brigaders held on February 19, 1933, he said :

“ We have succeeded in bringing about a situation whereby the millions of poor peasants who formerly lived in semi-starvation have now become middle peasants, people with a feeling of security. We have brought about a situation whereby the differentiation of the peasants into poor and kulaks has been undermined. The kulaks have been routed and the poor peasants enabled to become masters of their labour within the collective farms, to become middle peasants.

“ . . . And what does this mean ? It means that no less than twenty million peasants, no less than twenty million poor peasants have been saved from poverty and ruin, have been saved from kulak slavery and converted, through the collective farm, into people who are well provided for.

SUPPLY AND TRADE IN THE U.S.S.R.

“ . . . It would be wrong to think that we must be content with this first step, this first achievement. No, comrades, we cannot be content with this achievement. In order to move forward and definitely consolidate the collective farms we must make another step, we must secure another achievement. In what does this second step consist? It consists in lifting the collective farmers, both the former poor and the former middle peasants, still higher. It consists of making all collective farmers well-to-do. Yes, comrades, well-to-do.”

Do the conditions necessary for the realisation of this slogan exist? They certainly do. “ It is only necessary to improve the tilling of the land in order to double and treble the quantity of products raised by us. And this is in every way sufficient to make every collective farmer a well-to-do worker in the collective fields ” (Stalin).

There is, of course, a fundamental difference between the well-to-do peasants of former days, when farming was conducted on an individual basis, and the well-to-do peasants of to-day, under the collective system. In the old days a peasant could become well-to-do by the exploitation of the village poor, at the expense of other people's labour. Under the old conditions the well-to-do peasant frequently

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

became a kulak. To-day the situation has changed. Private ownership of the means of production has been replaced by public, collective ownership. The possibility of the exploitation of others no longer exists. The income of each collective farmer is determined by the amount and quality of labour given by him to the collective farm. At the present time peasants become well-to-do through an improvement of the collective farm and of that part of the farm which the collective farmer still retains individually—the development of which is encouraged by the Soviet Government and the management of the collective.

IMPROVED POSITION OF COLLECTIVE FARMERS

What are the results of the struggle for the realisation of the slogan calling for the conversion of all collective farms into Bolshevik collectives and of all members of the collectives into well-to-do farmers?

Here are some examples, taken from the actual results on the Shubrikov collective farm (in the Ulianov district of the Central Volga Province). The payment to each member per day worked was as under :

SUPPLY AND TRADE IN THE U.S.S.R.

	1931	1932	1933
Grain	2,300 grams	6,300 grams	10,270 grams ¹
Money	26 kopeks	81 kopeks	3.36 roubles
Potatoes	0	2,300 grams	44,400 grams

What does this mean to the individual member of the collective farm? Ivan Sergeyev, a member of the farm, has 343 workdays to his credit (together with his family). He received this year 212 poods (nearly 3½ tons) of grain, 920 poods (nearly 15 tons) of potatoes and 1,496 roubles in money.

Take Vasilli Gurianov, another collective farmer. He worked a total of 120 days. He is a young member of the farm who joined it only this year. During this period he earned 82 poods of grain, 319 poods of potatoes and 403.8 roubles in money.

There is a third member of the farm, Alexander Grigoriev. He and his wife had 270 workdays to their credit. They received 166 poods of grain, 718 poods of potatoes and 907.20 roubles in money. The family consists of three members. Thus the share of each member amounts to 924 kilograms of grain and 3,992 kilograms of potatoes.

¹ The amount in this case is the average pay per working day. When distributed, the quality of work is taken into consideration. In that way one collective farm member may receive more, another less, per working day.

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

Take Alexey Krivenkov, another member of the farm. Together with his family he has 484 workdays to his credit. He received 300 poods of grain, 1,608 poods of potatoes and 1,634.45 roubles in cash.

This is what the collective farmer receives after paying all taxes, settling all accounts with the machine-tractor station and storing all necessary seeds and fodder for the current needs and further extension of the farm. Each member of the collective farm is able to dispose of what he receives in any manner he chooses. Of course, no member of a collective farm requires so much food for himself and his family, and he is able to sell most of it to the co-operatives or at the collective farmers' market. If these products are worked out at the prices paid by the co-operatives, it means that this year (1934) there will already be in the U.S.S.R. several million collective farmers whose income will amount to many thousands of roubles, i.e., many times more than the income not only of a former poor, but of a middle, peasant. It is this growth of the income of the collective farmers which shows the results of the struggle to make the collective farmers well-to-do, conducted under the leadership of the Communist Party and Soviet power.

SUPPLY AND TRADE IN THE U.S.S.R.

THE FUNCTIONS OF VILLAGE CO-OPERATIVES

This growth of wealth among the collective farmers naturally confronts the co-operative movement with very serious problems. The collective farmers are able greatly to increase their purchases and demand various new commodities from the co-operatives. Goods formerly unknown in the villages are now in demand there, as the collective farmer has become well to do, has plenty of money, and has developed a new interest in things. The collective farmers want to live like city folk and are showing a demand for various cultural goods, musical instruments, radio sets, etc. All this changes the character of the work of the village co-operative.

But it is not only this that affects the work of the village co-operatives. The Soviet co-operatives are not ordinary trading organisations. The ordinary trading organisation has but one aim—to buy cheaply and sell dear. Not so the Soviet co-operatives. In contrast with capitalist countries, in the Soviet Union those making excessive profits are prosecuted. By a decision of the Centrosoyuz the normal profit of a village co-operative shop is limited

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

to from $1\frac{1}{2}$ to 2 per cent. The State and the higher co-operative bodies see to it that the retail prices are not raised, that the Soviet co-operatives trade honestly and keep their prices low by reducing their expenses and improving their work.

The Soviet co-operatives in the village are faced with one more task which does not exist abroad, namely, they must help to consolidate the system of collective farming. They do this by the organisation of the trade itself. This is what the chairman of the Bogdanovski village co-operative of the Kolarovski district, in the Dniepropetrovsk province, has to say on the matter :

“ We have five brigades in our collective farm. The third brigade, headed by Afanasi Kurtsev, is the best. It has already completed reaping its 220 hectares and is helping the other brigades. During the first fifteen days of July we sold to members of this advanced brigade 150 roubles' worth of confectionery, 75 roubles' worth of tobacco, 75 roubles' worth of enamel-ware, over 200 roubles' worth of material, knitted goods, etc. The fourth brigade works the poorest ; we sold them much less : 60 roubles' worth of confectionery, 35 roubles' worth of tobacco and no enamel-ware at all.

SUPPLY AND TRADE IN THE U.S.S.R.

“ All the salesmen in the shops and stalls, and the other workers of the co-operative, know the shock brigaders just as they know the loafers. If a shock brigader visits the shop he gets two or three packets of tobacco. If an ordinary member of the farm comes he gets one packet, and if a loafer comes to buy tobacco he gets none.”

This is how a village co-operative trades in the U.S.S.R. Its aim is not merely to sell goods, but to sell them in a way which will strengthen the collective farm, help to complete the sowing, harvesting, threshing as speedily as possible, help to carry out all agricultural operations in the best possible manner. That is why, in the spring, all co-operatives carried part of their work into the field ; that is why, during reaping and threshing, tens of thousands of stalls are opened in the fields so that the collective farmer does not have to go to the village for goods, but can get them on the spot where he is working.

How does a village co-operative organise its work ? We shall again let the chairman of the Bogdanovski village co-operative speak :

“ We have in our village one collective farm named the Third Decisive Year. We have two shops which contain a full assortment of goods.

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

But, apart from these shops, goods are brought to the collective farmers out in the fields, where we have some stalls, and are sold on the market as well. We go to the markets regularly five or six times a month ; each time our receipts amount to about 500 roubles.

“ Reaping on the collective farm began on July 13. During the first few days the different brigades reaped isolated sections where the grain had already ripened. In those days there was no need for putting up regular stalls in the fields, and we served the workers in the fields by bringing goods to them by horse and cart and by hand-barrows. Mass reaping began on July 17, and a field camp was established. The same day we fixed up our stall on the threshing-floor, within the camp, some twenty paces from the thresher. The stall was really a van with shelves inside and diagrams showing the work of the different brigades ; lists of shock brigaders as well as of loafers, etc., were posted outside. It was kept open for an hour before work, during the dinner interval and after work hours. During work hours the van was closed.

“ We sold a great variety of goods. Our stock consisted not only of tobacco, matches, and newspapers, but of various materials,

SUPPLY AND TRADE IN THE U.S.S.R.

ready-made clothing, haberdashery, perfumery and other goods. Comrade Dymkov, a member of the Board of the co-operative, was appointed salesman. When the van was closed, Dymkov worked in the threshing barn and gained the reputation of one of the best shock brigaders."

We have quoted extensively from a report of the chairman of a village co-operative, published in the organ of the Centrosoyuz, *Supply, Co-operatives and Trade*, of August 6, in order to illustrate the peculiarities of co-operative trade in the U.S.S.R. to-day as distinct from the distributive trade in capitalist countries, as well as from co-operative trade in the U.S.S.R. itself as conducted seven or ten years ago. At the present time the Soviet co-operatives are closely connected with the collective farms, actively help them in their work, and see to it that each collective farmer improves his work, learns to adopt a conscientious attitude towards his job.

A new element introduced into the work of the village co-operatives during the past two years is the socialist agreement between the co-operative and some collective farm or collective farm brigade. This agreement is concluded for the period of field-work. Under

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

this agreement the village co-operative undertakes to sell to the collective farmers a definite quantity of goods, provided they carry out their work on the farm according to plan. If the period necessary for some operation is cut down, the quantity of goods sold is increased ; if any particular task is not fulfilled, the quantity of goods is reduced. These agreements have played an important part in promoting the sowing and harvesting campaigns.

Close connections between the collective farms and the village co-operatives benefit the farm and the co-operatives as well. The collective farms lend their transport to the co-operatives, advance money for the purchase of goods, provide shop premises, help to organise purchasing and other operations.

The practical work of a village co-operative best reveals the distinction of Soviet co-operative trade from trade abroad, including co-operative trade. The Soviet co-operative represents a new type of commercial organisation which does not exist anywhere else in the world ; it is trade without capitalists, without speculators, whether small or large, trade the object of which is not profit but service—to the individual as well as to the national economy as a whole—and which aims

SUPPLY AND TRADE IN THE U.S.S.R.

at giving the fullest satisfaction to each individual consumer.

Every village co-operative works according to a plan. This plan is prepared by the Board of the co-operative itself and approved by the district co-operative society. The village co-operative has the right to buy goods at all warehouses, both co-operative and industrial, provided its prices do not exceed those fixed by the State. As a rule the village co-operatives buy most of their goods from the warehouses of the district society or from the provincial and regional society of consumers' co-operatives. The biggest village co-operatives buy their goods from the industrial warehouses.

The village co-operative plan not only provides for the assortment and quantity of goods to be bought, but also for the different items of expenditure and the probable profits. As stated above, normal profit is limited to $1\frac{1}{2}$ or 2 per cent. This profit is secured by the policy of prices and expenditure pursued by the village co-operatives. As distinct from capitalist enterprises, the Soviet co-operatives are not encouraged to make high profits, and in many cases where profits were not made by the improvement in service the guilty co-operatives have

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

been prosecuted. This is only right, as excessive profits can be made only by charging excessive prices, or by unfair methods of trade, and people employing such methods are not allowed to work in Soviet co-operative organisations.

PRODUCTIVE WORK OF VILLAGE CO-OPERATIVES

The village consumers' co-operatives are not limited to trading alone but organise the acquisition of all agricultural products, establish their own farms (vegetable gardens, dairies, piggeries, chicken farms, rabbit farms, fisheries, etc.), and maintain dining-rooms and sometimes bakeries.

The goods acquired will be described in the next chapter. Here we shall deal with the farms, dining-rooms and bakeries maintained by the co-operatives.

In 1933 village co-operatives sowed 280,000 hectares (690,000 acres) of land, including 215,000 hectares of grain crops. Many village co-operatives sowed large stretches of land. The Tamanski village co-operative society in Kuban this year sowed 71 hectares (175 acres). There are hundreds of such village co-operatives in the North Caucasus, Ukraine, Lower Volga, etc. The co-operatives use their own

SUPPLY AND TRADE IN THE U.S.S.R.

crops for breeding livestock, for supplies to their own workers and for sale. The State renders every possible assistance in the development of this type of co-operative farm, as may be seen from the fact, for instance, that the tax in kind on co-operative farms amounts to only half of that paid by collective farms.

Communal feeding has been developed on a large scale during the past few years. On January 1, 1933, there were 21,730 co-operative dining-rooms serving 7,757,000 meals daily. In addition to these, a large number of dining-rooms were opened during field-work. Field kitchens have been organised by the collective farms with the aid of the village co-operatives. The co-operative provides dishes, kettles, etc., and organises the cooking of the food, which is supplied by the collective farm itself. There are also numerous cases where the village co-operative organises the whole of the feeding of the farmers in the fields. Some of the more advanced village co-operatives this year set up buffets (lunch-counters) and kitchens in the fields, striving to meet all the needs of the collective farmers.

In conclusion we give a few figures on the volume of activity of the village co-operatives.

Proceeds from the sale of goods increased from

CONSUMERS' CO-OPERATIVES IN THE VILLAGE

2,908,000,000 roubles in 1928 to 7,799,000,000 roubles in 1932. The proportion of industrial products sold also greatly increased; while in 1928 industrial products accounted for 53.6 kopeks out of each rouble, in 1932 their share rose to 65.4 kopeks.

The total share capital of the village co-operatives rose from 94,800,000 in 1928 to 1,176,000,000 roubles on January 1, 1933.

The consumers' co-operative turnover in 1932 amounted to 65.2 per cent of the total trade done in the villages.

CHAPTER VIII

THE SYSTEM OF STATE COLLECTIONS AND THEIR SCOPE

HOW SUPPLIES ARE OBTAINED

THE OBTAINING of supplies in the U.S.S.R. is at present carried out either directly by Government bodies or under direct Government control in accordance with plans approved by the Government or set by it. But the obtaining of different products is carried out in different ways ; in the system of collections¹ due attention is paid to the economic importance of each product, and the method used varies accordingly. At the present time there are three basic forms of collections : collections resulting from the delivery by collective farms and individual farmers of fixed amounts of produce by way of tax ; supplies obtained through contracts ; decentralised collections obtained by individual trading and consumers' organisations on the basis of agreements with collective farms or by some form of ordinary purchase.

The existence of three distinct methods

¹ " Collections " as used in this chapter covers the ways and means used by the State and its agencies for obtaining supplies.

THE SYSTEM OF STATE COLLECTIONS

indicates that the Soviet Government makes a thorough study of the best ways of acquiring products from the peasantry with a view to solving simultaneously two tasks : the consolidation of the collective farm movement, the increase of that portion of its yield which goes to the market, and the creation of an adequate supply for the cities.

The work of collecting products is highly complex, since Soviet collections, as distinct from the obtaining of supplies in capitalist countries, are not merely a question of buying and selling. The collections are linked up with a complete system of organisation of agricultural production, of stimulation of collective farming and promotion of its further development.

The complexity of the work of collections is due also to its tremendous scale. This may be seen, for instance, from the size of the collections of 1931 (in 1932, and particularly in 1933, they were increased still further). In that year collections of grain amounted to 21,219,000 tons (236 per cent more than in 1928-29), of cotton to 1,270,000 tons (an increase of 161 per cent), of meat and cattle to 2,813,000 tons (an increase of 158 per cent), of fish to 1,426,000 tons (an increase of 191 per cent).

The growth of collections and the gradual

SUPPLY AND TRADE IN THE U.S.S.R.

rise of the rôle of the State clearly appears from the following figures: in 1921-22 the total amount of grain collected did not exceed 3,184,000 tons, and was thus only one-sixth of the amount collected in 1931-32; cotton collections in that year amounted to 34,400 tons, or one thirty-seventh part of those of 1931-32; meat collections amounted to 535,000 tons, or less than one-fifth of those in 1931-32; fish collections amounted to 210,000 tons, or one-seventh of those in 1931-32.

Naturally the enormous growth of State collections is most closely connected with the entire reorganisation of agriculture, the creation of State and collective farms which have taken the place of the scattered small peasant farms. Individual peasant farming yields few products for the market. In 1926-27, 74 per cent of the entire grain was in the hands of the poor and middle peasants, but they supplied only 11.2 per cent of marketable grain, i.e., they were able to sell to the State only a tenth of the grain they produced. It was this fact that was essentially responsible for the grain difficulties of 1928-31. Not until the small farms were replaced by large ones could the quantity of grain supplied by the village meet the demand of the rapidly growing cities.

THE SYSTEM OF STATE COLLECTIONS

The whole question was how to bring about the system of large-scale farming. There were people in the Soviet Union who recommended the Government to adopt the policy of supporting the kulaks, the big farmers whose marketable yield was twice as high as that of the middle farmers. The Soviet Government and the Communist Party rejected this course, as it would have meant the strengthening of those capitalistic elements which were hostile to the Soviets. The Soviet Government adopted the policy of building up State farms and giving every aid and encouragement to the development of collective farms. The results were as follows : in 1930-31 the State and collective farms delivered 40.1 per cent of the entire grain, 28.9 per cent of the entire cotton and 59.3 per cent of the entire sugar-beet collected by the Government. In 1931-32 we had a further growth, the share of the State and collective farms rising to 74.7 per cent of the total grain deliveries, 72.3 per cent of the cotton deliveries, and 79.5 per cent of the sugar-beet deliveries. The year 1932-33 gave a further increase of the share of social farms in the total collections.

The doubling of the grain deliveries during the past five years is a result of the growth of

SUPPLY AND TRADE IN THE U.S.S.R.

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SUPPLY AND TRADE IN THE U.S.S.R.

State and collective farms. The cultivated area during the first Five-Year Plan was extended by 21.4 per cent. The marketable portion of the yield also greatly increased (in 1931 the collective farms delivered more than a third of the total grain produced by them). In 1933 the marketable yield of the collective farms in most regions exceeded that of the old landlord estates. Here it is necessary to remember that in old Russia at least one-third of the peasantry did not grow enough grain to last the year round, while at the present time all collective farmers have sufficient grain, far exceeding the amount possessed by the average peasant before collectivisation.

“The collective farm peasantry has already developed into the central figure in agriculture, the collective farmers have become the basic producers, not only of grain, but of the most important agricultural raw materials, such as cotton, sugar-beet, sunflower seeds, etc. The rôle of the individual poor and middle peasant in agriculture has become of secondary importance.”

It was precisely as a result of the victory of the collective and State farm that “we have overcome the grain difficulties and have not only overcome them but have exported such an amount of grain as has not yet been exported

THE SYSTEM OF STATE COLLECTIONS

throughout the existence of the Soviet power” (Stalin, in speech at the conference of industrial delegates in 1931). It was precisely as a result of the consolidation of the collective farms that the Soviet Union was able in 1933 to organise open trade in bread without any limitations.

How is the State control of collections organised?

STATE PLANNING AND CONTROL OF SUPPLIES

All the purchasing plans are approved by the Government. The Council of People's Commissars of the U.S.S.R. has a special collections committee under it. The rights of this committee were defined in a special decree of the Council of People's Commissars of the U.S.S.R. published on February 13, 1933. This committee is charged with directing the entire work of organising collections within the country. Its decisions are binding upon all the local authorities and can be rescinded only by the Council of People's Commissars of the U.S.S.R.

The committee carries on its work through representatives in the republics, regions and provinces, as well as through district representatives.

SUPPLY AND TRADE IN THE U.S.S.R.

The committee fixes the plan of collections for each agricultural product and decides which organisation is to devote itself to collecting any particular product. Grain is collected directly by the consumers' co-operatives, working under the committee's instructions. Meat is collected by a special organisation under the People's Commissariat of Supply, as well as by the consumers' co-operatives. Cotton is collected by a special organisation subordinated to the committee, and so on.¹

In regard to basic food products (grain, meat, butter, potatoes) in 1933 the law called for the delivery of a fixed amount of these by the peasants and collective farms. The adoption of the system of compulsory delivery of a fixed amount of products is in the interests

¹ The rôle of the consumers' co-operatives in the collections is indicated by the following figures. The share of the co-operatives in the total collections was :

	1932	1929
	(per cent of total)	
Eggs	68·8	38·3
Butter	16	6·1
Poultry	58·8	22·7
Wool	49·5	11
Fur	13	15
Skins	22	5·2
Large hides	44·1	16·5
Small hides	40·3	15·1

These figures show the enormous growth of the co-operative share in the total collections.

THE SYSTEM OF STATE COLLECTIONS

both of the collective farms and of the State. The collective farm knows, even before sowing begins, just what its obligations to the State will be, what quantity of grain, meat, butter, potatoes, rice, it must deliver, and this naturally creates a further stimulus to an increase of production. The State benefits by the system of compulsory deliveries, as this system makes it quite clear for every collective farmer exactly how he stands in relation to the State.

The amount due to the State is very small in itself, ranging between half a centner and 3.3 centners per hectare (approximately 20 lbs. to 130 lbs. per acre, or between 2 and 10 per cent of the normal yield), depending upon the natural conditions of the region and upon whether the collective farm is served by a machine-tractor station or not. The deliveries of other products are more or less on the same basis.

The law calling for the obligatory delivery of products specifies exact dates for the fulfilment of obligations to the State by each collective farm and individual peasant. The State has decreed that fulfilment of the fixed obligations for the delivery of grain to the State represents a primary duty of each collective farm and individual peasant, and

SUPPLY AND TRADE IN THE U.S.S.R.

must be carried out from the first grain threshed.

The collective farms which do not fulfil their obligations to the State in regard to delivery of grain by the dates fixed are subject to a fine in money, imposed by the village Soviet, equal to the market value of the part of the obligations remaining unfulfilled, in addition to which they must carry out their entire yearly obligation ahead of time without protest.

The grain deliveries to the State, according to the Government plan, were to be completed on January 1, 1934. In 1932-33 the delivery plan was fulfilled at the beginning of February. This year (1933-34) the plan was practically completed by November 20. Every province, region and republic fulfilled its quota. This applies to both collective and individual farmers and to the State farms.

This year, thanks to the progress made in consolidating the collective farms, the plan was fulfilled two or three months earlier than last year. Here are some examples : the Crimea completed its deliveries in 1932 on December 20 and in 1933 on September 1, three months and twenty days earlier. The Ukraine and the Middle Volga province also came in three months and twenty days ahead of last year.

THE SYSTEM OF STATE COLLECTIONS

The Ivanovo province improved on last year by two months and five days, and the North Caucasus by one month and five days.

In 1933, grain collections exceeded the previous year's by 21.2 per cent. The increase in some provinces was particularly large. The Western Province delivered 148.4 per cent more than last year, and White Russia 168.4 per cent. Wheat collections exceeded those of last year by 49.3 per cent, oats by 63.7 per cent. The State farms delivered 13.7 per cent more grain than last year.

COMPULSORY DELIVERIES AND MUTUAL CONTRACTS

State collections are carried out, as stated above, in the form of obligatory deliveries (tantamount to a tax) and by means of contracts. What is the difference between the contracts and the obligatory deliveries? The contract which is signed between the Government organisations and collective farms or individual peasants provides for the production of a fixed quantity of products of a definite quality and at fixed periods. This is a bilateral contract, the producer of farm products undertaking to produce cotton or flax or vegetables, for instance, while the State or co-operative

SUPPLY AND TRADE IN THE U.S.S.R.

organisations undertake to supply the collective farm or the individual peasant with a fixed quantity of food products (bread, butter, etc.) as well as the means of production. This contract has a voluntary character and is now applied to collections of agricultural raw materials and vegetables, i.e., to those crops which are raised almost completely for the market, for the needs of the city and industry.

The decision to introduce the tax method for grain, dairy and meat deliveries was made in order to enable the collective farmers to know what they had available for sale to the Government, kolkhoz and consumer markets.

This does not apply to cotton, flax, hemp, as there are no private manufacturers and the only buyer of raw materials is the State or handicraft industry ; here the collective farm finds it of advantage to sell the entire marketable produce to the State, being guaranteed that the State organisation is obliged to buy its entire output.

On the State farms, which are Government enterprises, a different system of collections naturally exists. The State farms are obliged to deliver their entire produce, with the exception of what is required by the farm itself, to the State collecting organisations at fixed prices and at fixed dates. Each State farm enters into

THE SYSTEM OF STATE COLLECTIONS

a special agreement with the respective organisation specifying the dates and quantities of delivery. Failure to fulfil the agreement involves the director of the farm in difficulties with the law.

The rapid growth of production of agricultural produce resulting from the consolidation of the State and collective farms has necessitated a broad development of co-operative collections, collections by the Government trading organisations and by the restaurant trusts in addition to the State collections.

What is the difference between centralised and decentralised State collections?

The centralised collections are carried out by State organisations or co-operatives acting under instructions from the State, in fixed quantities, at fixed dates and at fixed prices. The plan of centralised collections for each particular product in each region is carried out by a single organisation, State or co-operative. All the conditions governing the collection of each individual product are fixed for a year and sometimes for a longer period ahead. In these collections everything is determined at headquarters.

SUPPLY AND TRADE IN THE U.S.S.R.

DECENTRALISED COLLECTIONS

The situation with decentralised collections is quite different. The very term itself explains the character of these collections, which are carried out in a decentralised manner, i.e., without a fixed Government plan, by a large number of organisations and at varying prices. This does not mean that the collections are carried out chaotically, that the decentralised collections are not based upon a plan. A plan does exist, there is a definite system, but it is adapted to the special character of these collections.

The system of decentralised collections is based upon the following principles :

(1) The State fixes the maximum prices which may be paid for any given product by purchasers in any given region. The prices themselves are not the same throughout the country, but vary with the different conditions, but the maximum prices for each region are fixed at headquarters, by a special contracts bureau attached to the Collections Committee. These prices may be differentiated within the region or republic, depending upon local conditions.

Thus, as regards prices, the difference between

THE SYSTEM OF STATE COLLECTIONS

decentralised and centralised collections consists in that in the former case only maximum prices are fixed, while in the latter there is only one price, and the task of the purchasing organisation in decentralised collections consists of buying at prices below the maximum if possible.

(2) The decentralised collections of grain, potatoes, meat and butter can be carried out only after each region has fulfilled its obligations to the State. In regard to all other products, purchases may be carried out simultaneously, both centralised and decentralised.

(3) Not more than three purchasing organisations are allowed to operate in any one region. This is done in order to organise the collections in the best possible manner, prevent competition and the running up of prices, and establish a permanent connection between the purchasers and the producers.

(4) All co-operative, Government and other supplying organisations and communal feeding enterprises (restaurants, factory kitchens) are allowed to engage in decentralised collections. Within their own region no limitations are placed upon them. As regards other regions, only the bigger organisations possessing special licences from the central contracts

SUPPLY AND TRADE IN THE U.S.S.R.

bureau are allowed to operate. These limitations have the object of ensuring organised collections and preventing the different regions from being overrun by a large number of purchasers.

(5) The consumers' co-operatives and other trading organisations are not allowed to purchase products on the city markets. Products brought by the collective farms and their members to the city markets must be sold directly to the consumers without any middlemen.

(6) The system of decentralised collections is based upon special agreements with the collective farms and individual groups of collective farmers. These are not ordinary agreements, nor are they ordinary commercial transactions. These are commercial-productive agreements. The collective farm undertakes to sell to the particular co-operative or workers' supply department a definite quantity of products at an agreed price. The co-operative, in addition to paying the price agreed upon, undertakes to render productive aid to the collective farm or to the various groups of collective farmers (to help build a mill equipment, introduce a lighting system, help the collective farm to acquire the necessary machinery, etc.).

THE SYSTEM OF STATE COLLECTIONS

(7) The decentralised collections are carried out under the direction and supervision of the State. As regards those organisations which violate the rules, particularly regarding maximum prices, various penalising measures are applied, down to withdrawal of the purchasing licence and confiscation of products purchased.

What results have the decentralised collections yielded? Here are some figures for 1932, showing the percentage of decentralised collections for the latter half of 1932 :

Potatoes	8.7
Cucumbers	33.8
Cabbages	19.8
Butter	51.5
Poultry	23.8
Eggs	22.0
Meat	16.9

The importance of the decentralised supply naturally differs with the different organisations. There are a good many organisations which are managing the work in exemplary fashion, and there are also many co-operatives which have not yet done anything, which continue to supply the workers only with those products which they receive from the State. Here is what well-organised, decentralised collections mean :

SUPPLY AND TRADE IN THE U.S.S.R.

For each kilogram issued to the workers out of the centralised fund, the following amounts were issued by different factories out of their own collections :

The Stalin Auto Factory of Moscow :

Meat, poultry and sausage	0·8 kilograms
Fats	0·9 ”
Fish products	1·6 ”

The Hammer and Sickle Factory :

Meat, poultry and sausage	0·4 ”
Milk and milk products	5·3 ”
Potatoes	0·5 ”
Fish products	4·0 ”

COLLECTIVE FARM TRADING

The development of decentralised collections is most closely linked up with the development of trade by the collective farms, their members and the individual peasants. What is the significance of the development of collective farm trade ?

In the bourgeois Press one frequently meets with the assertion that the introduction of collective farm trade represents a return to the situation which existed in the early years of the New Economic Policy, that this is a restoration of private trade. This can be asserted, however,

THE SYSTEM OF STATE COLLECTIONS

only by persons who have no idea of what is taking place in the U.S.S.R.

Both collective farms and their members always had the right to sell their surpluses on the market and to the co-operatives at prices fixed by themselves. As far back as March 10, 1930, the Central Committee of the Communist Party in one of its decisions said: "While signing contracts for the purchase of agricultural products markets must not be closed, those which have been closed must be reopened, sales must not be restricted, this applying particularly to the sale of products by collective farmers on the market."

What has changed, however, in recent years, making it necessary to issue special decrees about collective farm trade?

What has changed is the situation of the collective farms and the collective farmers themselves. The quantity of products owned by them has increased, the resources available for sale on the market have increased. It was these new possibilities that were taken into consideration by the Government when, in the spring of 1932, it published its decrees facilitating the development of trade by collective farms, collective farmers and individual working peasants.

SUPPLY AND TRADE IN THE U.S.S.R.

Does the danger exist that collective farm trade may lead to the restoration of private trade, that it may result in a growth of capitalist elements, as some of the enemies of the Soviet power maintain? No such danger exists. It does not exist because the capitalist farms have been abolished; the possibility of the exploitation of one by another has been abolished since the means of production have been socialised and the farms collectivised.

How has collective farm trade developed? One necessary condition for the development of collective farm trade is the fulfilment of obligations to the State. The trade in grain is permitted only after the region or province in question has delivered its full quota of grain to the State, stored seeds and put aside other reserves. Why have these limitations been imposed? These limitations were imposed in the interests of the collective farm system itself. The capitalist elements still enjoy some influence, and try to induce the backward members of the collective farm to begin to sell their grain before delivering their quotas to the State and storing seeds, since at the market higher prices can be obtained. Last year some farms followed this course with very lamentable results. The members of these farms were

THE SYSTEM OF STATE COLLECTIONS

concerned not with harvesting the entire crop as quickly as possible, but with going out to the market. These farms did not take in even one-third of their harvest and they naturally lost a great deal.

In 1933 the collective farm trade in grain began considerably earlier than originally planned, as many provinces delivered their quotas to the State and stored their supply of seed before the scheduled dates. By December 20, collective farm trade in grain had been opened in ten republics, regions and provinces, including the Crimea, the Tartar Republic, Dniepropetrovsk, Odessa, Middle Volga, Moscow and many other provinces.

Collective farms, collective and individual farmers are able to sell their grain either on the market or to the consumers' co-operatives. On the market the grain is sold at the prices existing there. The co-operatives buy grain at prices fixed by the State, which are somewhat above those paid for the Government collections.

Is it of advantage to the farmers to sell their grain to the co-operatives at lower than market prices? Yes, it is. It is advantageous because, in selling their grain at fixed prices, they are entitled to buy goods of which there is a shortage, at fixed Government prices and in any

SUPPLY AND TRADE IN THE U.S.S.R.

amounts. The Government has allotted to the co-operatives, for sale to farmers selling their grain to them, 450 million roubles' worth of manufactured goods. In 1934, ten times as much grain as was purchased the previous year will be bought by the co-operatives. This figure speaks for itself. There can be no doubt that this plan will be carried out in full, as the collective farmers have large grain surpluses and the conditions offered to them are very favourable.

Collective farm trade is developed by the sale of the surpluses in the possession of the collective farmers after fulfilment of the obligations under the centralised plan of collections and after meeting their own needs. What the collective farmer receives when the crop is distributed he can dispose of as he chooses, and a large proportion of his products goes to the market for sale, or is sold to the co-operative.

Apart from the products received by the collective farmer from the collective farm, each member of the collective farm has an additional quantity of products, as he possesses a cow, pigs, poultry or rabbits, and sometimes even a small vegetable garden. Part of these products is sold to the co-operative or at the market.

THE SYSTEM OF STATE COLLECTIONS

PRICE VARIATIONS AND THEIR LIMITS

The collective farmers sell most of their products on the city markets at prices prevailing on the market. The Government does not fix the market prices and each collective farmer is free to sell at whatever price he can get, no limitations being imposed upon him.

This does not mean that no attempt is being made to reduce market prices, to make the market prices accessible to the mass of the consumers. The methods used to achieve this aim, however, differ from those applying to the co-operatives and to State purchasers. How are prices kept down on the market?

Firstly, by making it possible for a large quantity of products to go to the market. The distinction between the situation of the U.S.S.R. and that of any capitalist country consists in that while in the latter countries millions of people are in need of products but cannot buy them although they exist in plenty, in the U.S.S.R. the growth of consumption exceeds the growth of production. Everything must be done, therefore, to increase the supply. Every city market has a special committee which maintains connections with the collective farms, concludes agreements with them

SUPPLY AND TRADE IN THE U.S.S.R.

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THE SYSTEM OF STATE COLLECTIONS

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SUPPLY AND TRADE IN THE U.S.S.R.

for the development of trade, for an increase of the quantity of products brought by them to the market. The market committee in turn renders assistance to the collective farm and its members in acquiring the necessary industrial products, machinery, etc.

Secondly, by the organisation of State and co-operative trade on the markets. Under capitalist conditions it is difficult to imagine a situation under which a merchant would not take advantage of a general rise of prices or of high prices in order to pocket a few extra hundreds of pounds. In the U.S.S.R. any State or co-operative organisation raising prices beyond the fixed limits is immediately brought to account and suffers the severest penalties of the law. The State and co-operative trade at the markets is carried on at fixed prices and naturally affects the general price-level.

Thirdly, by strengthening collections in remote regions. The decentralised collections in remote regions, carried out at "conventional" prices (see below), make it possible for the co-operatives to sell products much cheaper than the collective farmers can sell at the markets.

Fourthly, by the organisation of work in the collective farms themselves. The most

THE SYSTEM OF STATE COLLECTIONS

progressive collective farmers within each farm do everything possible to induce the farm and its members to sell products at low prices. There are hundreds and thousands of collective farms which open up their own shops on the market and sell at prices far below the average. They not only sell cheaply themselves, but challenge their neighbours to competition in an attempt to secure a general reduction of prices. As a rule the collective farm sells from 20 to 30 per cent cheaper than the collective farmers, and the latter 10 to 15 per cent cheaper than the individual peasants.

Fifthly, by the organisation of village co-operative trade at the city markets. The village co-operative purchases products from its members at stipulated prices and is able to sell considerably below the market prices.

Collective farm products are thus sold at three sets of prices.

(1) *Government prices*, i.e., prices paid by the State for products delivered by way of a tax or on the basis of contracts. These are the lowest prices. The peasants sell to the State a definite quantity of products at fixed prices, just as the State sells to the collective farmers and farms Government products at fixed prices.

(2) *Conventional prices*. These prices are not

SUPPLY AND TRADE IN THE U.S.S.R.

obligatory on the collective farms. The collective farms and their members do not have to sell their products at these prices. These prices are obligatory for those State and co-operative organisations which engage in purchasing products. They are considerably above the Government prices, but much below the market prices. The decentralised collections, the wholesale purchases from the collective farms and their members, are carried out at conventional prices which are mutually beneficial. There may be cases, of course, when prices in some individual region are considerably above the conventional prices; in this case no large-scale wholesale purchases are made in that region.

Conventional prices generally obtain in regions far removed from big industrial centres, where the conventional prices are very close to the local market prices, especially on big market days. It is in these regions that products may be purchased in the markets at conventional prices.

(3) *Prices existing at the collective farmers' markets in the cities and big industrial centres.* These are the highest prices. It is usually the individual peasants and collective farmers who charge them for their products. The collective

THE SYSTEM OF STATE COLLECTIONS

farms sell at the market at prices nearer to the conventional prices than the average market prices.

These three sets of prices are due to the peculiar condition of collective-farm production in the U.S.S.R. A collective farm is a social and not a State enterprise. The State farms are State enterprises, and they must accept all Government orders without question. The collective farm is in a different category. It is the property of the collective farmers, and its relations with the State are built along different lines. The collective farm is obliged to sell part of its products to the Government, since the latter actively helps to organise the collective farm itself by providing machine-tractor stations, advancing credits to the collective farms, giving them agricultural experts, etc. The rest of the products can be disposed of by the collective farm and its members in any way they choose ; in regard to these products, the State sees to it that all the consumers' organisations co-ordinate their actions so as to influence the collective farms and their prices.

Will these three sets of prices become a permanent feature ? Of course not. The existence of three sets of prices is a result of the present

SUPPLY AND TRADE IN THE U.S.S.R.

situation when there is still a shortage of certain products. As this shortage is overcome, all prices will approximate more and more closely to the Government prices. Already vegetable prices are more or less uniform, and there are even some regions where the market prices are below the conventional prices. The whole policy of the Soviet Government is aimed at accelerating this process so that the reduction of prices may exceed even the growth of production. Therein the organising hand of the State is felt on the market, making it possible for the different purchasing organisations to agree upon a single policy. It must be remembered that the character of this agreed policy sharply differs from that of the united grain merchants on the world market. The distinction of the Soviet organisation lies precisely in the fact that, despite the tremendous decline of agricultural prices in every country, prices in the U.S.S.R. during the past five years have never gone down, and in some cases have even gone up. This is why the peasantry of the U.S.S.R. have been growing richer every year under the collective farm system, while the peasantry in other countries have been ruined.

CHAPTER IX

COMMUNAL FEEDING AND BREAD-BAKING

THE ELIMINATION OF NEEDLESS LABOUR

THERE IS NO NEED to emphasise the enormous importance of communal feeding and bread-baking in the U.S.S.R. In planned economy the proper and economical utilisation of labour, the creation of the best possible conditions for every worker, is of paramount importance. The Soviet State cannot allow the waste of the tremendous amount of labour inherent in private housekeeping to go on. The efficient organisation of public life demands that the State should do everything to socialise those branches of labour which lend themselves to socialisation, and the socialisation of which is welcomed by the population itself.

The socialisation of feeding and bread-baking, as well as the State organisation of the care of children, is of decisive importance in the achievement of true equality for women. Under the laws of the U.S.S.R., women are equal to men in every respect, and all

SUPPLY AND TRADE IN THE U.S.S.R.

discrimination has been abolished. There is not a single industry from which women are debarred. But this is not enough to enable every woman to profit by the rights granted to her ; it is necessary to create the proper conditions for their realisation. The creation of these conditions involves the organisation of child education (nurseries, kindergartens, schools with special dining-rooms for the children, children's clubs, etc.), socialisation of feeding, bread-baking, reconstruction of heating systems, construction of public laundries, installation of gas in all the workers' houses, etc.

How great is the importance of communal feeding and bread-baking may be seen from the figures computed by Professor Strumilin ; while bread-baking in a private household takes sixty hours a year per head for an average family, it takes only three hours in a mechanised bakery ; the figures for the cooking of dinners are 365 and 53.5 respectively. The latter figure applies to factory-kitchens with inadequate mechanisation. If the more highly mechanised kitchens are taken into consideration (and it is this type of kitchen that has been built during the last few years), the results are even more striking : a factory-kitchen uses only one-twelfth as much labour in cooking a

COMMUNAL FEEDING AND BREAD-BAKING

dinner as is spent in a private household. The provision of meals, including both production and the least mechanised service in the dining-room, takes only one-sixth as much labour time as it does in the household. In preparation of food, care of children, and laundry-work, at the beginning of the Five-Year Plan the industrial population spent 37 milliard hours a year, while the preparation of food and bread-baking alone took 3.61 milliard hours. The organisation of communal feeding and bread-baking in the cities has released between three and four million persons, chiefly women, for employment in industry. The very fact that, during the first Five-Year Plan, 1,400,000 women in the cities took up employment in industrial plants, indicates the tremendous scale of the work already accomplished in regard to communal feeding and bread-baking.

What are the quantitative results of the socialisation of feeding?

THE RAPID GROWTH OF COMMUNAL FEEDING

The Central Committee of the Communist Party of the Soviet Union, in its resolution of August 19, 1931, summed up the development of communal feeding as follows :

SUPPLY AND TRADE IN THE U.S.S.R.

“During the years of the Revolution communal feeding has made considerable progress ; five million workers and 3·8 million other employees in the cities receive their meals in public dining-rooms ; three million children in schools are given hot meals ; the network of public dining-rooms and restaurants has grown to 13,300 units.”

The doubling of the number of workers, employees and their families served by communal feeding establishments was made the chief aim in this field for the next two years. This was done by the end of the Five-Year Plan. During the last four years the number of communal feeding undertakings has gone up from 1,500 to 13,983, the increase in the number of “kitchen-factories” (completely mechanised kitchens) being from 3 to 106. The number of persons receiving meals in communal feeding-places went up from 750,000 in 1928 to 14,800,000 at the end of 1932, or twenty times. The output went up from 2,200,000 dishes to 29,000,000 dishes daily.

The Five-Year Plan of communal feeding provided for an increase in the number of persons served from 750,000 to 2,300,000. Thus the plan was exceeded six times. The same plan provided for 20 per cent of the factory

COMMUNAL FEEDING AND BREAD-BAKING

workers being served with meals in communal feeding establishments ; actually on January 1, 1933, between 65 and 75 per cent of all the workers in the most important industries were served by communal feeding-places, including 75 per cent of metal workers, 74 per cent of building workers, 68 per cent of transport workers and 72 per cent of miners. Among schoolchildren, 71·2 per cent, and among university students 75·5 per cent, take their meals in communal dining-rooms.

This gigantic growth of communal feeding was made possible by the rapid development of industry, by the rise of new industrial centres. In many new construction jobs, factory-kitchens were built first. It was the duty of every head of a new factory under construction to see that a good dining-room was built first of all, in order that there should be a sufficient amount of food for the workers. Every industrial enterprise, not to speak of the co-operatives, was obliged to provide for the speediest possible construction of "kitchen-factories" and bakeries, primarily from the point of view of the efficient organisation of the productivity and employment of labour.

Communal feeding has grown not only in the cities, but in the villages as well. In 1932 there

SUPPLY AND TRADE IN THE U.S.S.R.

were 12,500 communal dining-rooms in State farms, machine-tractor stations, lumber camps and collective farms. They served an average of 5,240,000 meals a day, thus serving the needs of between 85 and 90 per cent of the workers for whom they catered.

In the collective farms also a large number of dining-rooms have been opened, providing on an average more than seven million meals a day. This figure is clearly underestimated, as it applies only to the dining-rooms organised by the co-operatives, while a large number of collective farms organised their own dining-rooms, particularly during field-work.

The number of workers in the communal feeding establishments increased from 25,700 in 1928 to 530,000 in 1932. The business done by them went up from 102 million roubles to 4,385,000,000 roubles a year.

Communal feeding is carried on by two organisations: Soyuznarpit,¹ a special trust subordinated to the People's Commissariat of Supply, and Vsekopit,² a trust subordinated to the Centrosoyuz. Soyuznarpit controls communal feeding establishments in Moscow, Leningrad, Donbas, Kharkov and the Urals.

¹ The Communal Feeding Association.

² All-Union Communal Feeding Trust.

COMMUNAL FEEDING AND BREAD-BAKING

In all other cities and in villages communal feeding is organised by Vsekopit. Soyuznarpit has provincial and city branches which are responsible directly to the headquarters of the trust in Moscow. The dining-rooms controlled by Vsekopit form part of the co-operatives operating in the given factory town or village.

The setting up of these two trusts aimed at increasing efficiency, as the consumers' co-operatives were unable, under the new conditions, to cope with the entire task of communal feeding, and it became necessary to introduce a certain division of labour and call in new organisations. At the present time, when there are two great organisations attending to communal feeding, all the necessary conditions exist for an even speedier growth of this industry, with real competition between these organisations for the highest efficiency and best quality of service.

The basic types of communal feeding enterprise in the country are the kitchen-factory and mechanised dining-room. The two differ from each other in the degree of mechanisation; in the mechanised dining-room only part of the processes are mechanised, while in the kitchen-factory nearly every operation is carried out by machinery.

SUPPLY AND TRADE IN THE U.S.S.R.

These types of enterprise no longer meet the demands of industry. Two tasks must be solved by the proper organisation of feeding : (1) the dining-room must be brought as close to production as possible ; (2) the highest quality of food must be served at the lowest possible prices. These tasks are solved by the construction of food-preparation factories and of departmental dining-rooms in every factory. Food-preparation factories produce semi-prepared food which is made up into meals in the factory dining-rooms. Such factories are already functioning in Leningrad, Moscow and Kharkov. The construction of these factories has been delayed somewhat as they are entirely novel institutions. This necessitates a series of experiments which naturally require considerable time.

Apart from the restaurants under the control of State and co-operative organisations, a large number of dining-rooms have been opened during the past few years by workers and office employees in the houses in which they live. These dining-rooms enjoy the support of the State and are run by the house co-operative.

COMMUNAL FEEDING AND BREAD-BAKING

“CLOSED” AND “OPEN” RESTAURANTS

The communal feeding establishments, like the food shops, are of two categories: closed and open. The closed dining-rooms are those existing in the factories, offices, schools, hospitals, etc. These dining-rooms serve only the workers of a particular factory or institution. In addition to these there are a large number of open dining-rooms, restaurants and refreshment-rooms which serve meals to the general public. This system of restaurants has been developed particularly in recent years in connection with the growing demand of the city population and the growing possibility of meeting this demand.

In communal feeding, as in trade, preference is given to workers and office employees working for the State. These preferences consist in the fact that the prices in the closed dining-rooms are considerably below those charged in the open restaurants.

Communal feeding developed, during the first Five-Year Plan, into a large independent and complex branch of industry. It is sufficient to state that in 1933, 2,250,200 citizens of Moscow took their meals in communal feeding establishments, this being an increase of 212

SUPPLY AND TRADE IN THE U.S.S.R.

per cent compared with October 1931. Most of the food served by the communal feeding establishments is supplied by the State, but the enormous scale of the business naturally demands an ever-growing development of the work of these establishments in increasing their own food resources. This increase of food resources is accomplished both through purchases of food and through the development of their own farms. Independent activities in obtaining supplies have enabled the factory-kitchens and dining-rooms to increase their staple supplies by from 15 to 25 per cent. The number of vegetable gardens, livestock farms and dairy farms owned by the kitchen-factories has also been steadily growing.

The public feeding establishments pursue the policy of supplying all the daily meals of the workers and office employees, serving breakfasts, dinners and suppers. In the Donbas, in the peat-fields and in the lumber camps, every single worker receives all of his meals in the restaurants. The same applies to the larger factories in the cities. Not only is the worker himself fed, but in many cases the family too is able to get its food in the factory restaurant.

Thus by the end of the first Five-Year Plan

COMMUNAL FEEDING AND BREAD-BAKING

communal feeding had become a most important factor in the rebuilding of the life of the workers in the city and village. This industry has made it possible to speed up the work of emancipating the women, whom, as Lenin wrote, "petty housekeeping oppresses, dulls, humiliates, chaining them to the kitchen and the nursery, wasting their labour by work which is savagely unproductive, petty, stupefying, nerve-wrecking, oppressive."

BREAD-BAKING IN OLD CONDITIONS

Communal bread-baking has grown with the same speed as communal feeding. Karl Marx in the first volume of *Capital*, describing the conditions of labour in the bread-baking industry in 1867, wrote that "no branch of industry in England . . . has preserved up to the present day a method of production so archaic, so—as we see from the poets of the Roman Empire—pre-Christian, as baking." (*Capital*, vol. I., Kerr edition, p. 273).

Here is a description of the working day of a London baker, quoted by Marx from the Report of a Royal Commission issued in 1862 :

"The work of a London journeyman baker begins, as a rule, at about eleven at night. At that hour he 'makes the dough'—a laborious

SUPPLY AND TRADE IN THE U.S.S.R.

process, which lasts from half an hour to three-quarters of an hour, according to the size of the batch or the labour bestowed upon it. He then lies down upon the kneading-board, which is also the covering of the trough in which the dough is 'made'; and with a sack under him, and another rolled up as a pillow, he sleeps for about a couple of hours. He is then engaged in a rapid and continuous labour for about five hours—throwing out the dough, 'scaling it off,' moulding it, putting it into the oven, preparing and baking rolls and fancy bread, taking the batch bread out of the oven, and up into the shop, etc., etc. The temperature of a bakehouse ranges from about 75 degrees to upwards of 90 degrees, and in the smaller bakehouses approximates usually to the higher rather than to the lower degree of heat. When the business of making the bread, rolls, etc., is over, that of its distribution begins, and a considerable proportion of the journeymen in the trade, after working hard in the manner described during the night, are upon their legs for many hours during the day, carrying baskets, or wheeling handcarts, and sometimes again in the bakehouse, leaving off work at various hours between 1 and 6 p.m. according to the season of the year, or the amount and

COMMUNAL FEEDING AND BREAD-BAKING

nature of their master's business ; while others are again engaged in the bakehouse in ' bringing out ' more batches until late in the afternoon. . . ."

The conditions of bread-baking in Tsarist Russia were even worse than those in London described in the Royal Commission's report. Maxim Gorki, in his novel *Twenty-six and One*, described working conditions in a bakery in which he had himself been employed, as follows :

" We used to get up at five in the morning after getting very little sleep, and at 6. a.m. would sit down, dull and indifferent, before the table to make pretzels from dough prepared for us by our comrades while we were still asleep. And the whole day, from morning till ten in the evening, some of us sat before the table twisting the dough with our hands and moving to and fro in order not to get stiff, while others mixed the flour with water. . . .

" Day in and day out, amidst clouds of flour dust, amidst the filth brought in on our feet from the yard, in a putrid atmosphere, we entwined dough and made pretzels. And moistening them with our sweat, we hated our work with an acute hate, we never ate the

SUPPLY AND TRADE IN THE U.S.S.R.

products of our hands, preferring black bread to pretzels.”

Only in the years of the imperialist war were some semi-mechanised bakeries built in Russia. Their construction was dictated by the exigency of the war, by the demands of the army. However, the scale on which this construction was effected was extremely limited. At the time of the capture of power by the proletariat, the general type of bread-baking establishment was a small handicraft bakery employing eight to ten workers and producing a few tons of bread a day.

The Soviet power, from the very first days of the Revolution, greatly improved the working conditions in the bread-baking industry, introducing a short working day and improving sanitary conditions. However, the type of bakery itself remained practically unchanged until the Five-Year Plan. Even in 1927 bread produced in mechanised bakeries constituted only 8.5 per cent of the total. All the rest was baked in small bakeries employing nothing but hand labour. From 1928, co-operative bread-baking began to grow, and mechanisation was rapidly introduced. The year 1928 showed a growth of mechanised bread-baking from 8.5 to 21 per cent. In 1929 work was begun on the

COMMUNAL FEEDING AND BREAD-BAKING

construction of 51 bakeries which, when completed in 1930, brought the amount of bread baked by machinery up to 30 per cent.

MECHANISED BAKERIES AND THEIR RESULTS

Machinery has been applied on a particularly large scale during the last three years. At the end of 1932 the daily capacity of the bread-baking factories owned by the consumers' co-operatives reached 15,696 tons, against 5,293 tons in 1929. The share of the automatic bakeries went up five times (from 3.6 per cent to 17.2 per cent), while the share of the semi-mechanised bakeries was reduced to half (from 36 to 18 per cent). By the end of 1932 fully 82 per cent of the bread baked in all Soviet cities was produced in mechanised bakeries built and equipped on modern lines of technique.

While in 1927 and 1928 the construction of new bakeries involved the importation of machinery from abroad, since 1931 all new bakeries built in the Soviet Union, including those entirely mechanised according to the system of the Soviet engineer Marsakov, are equipped with Soviet machinery. During the past few years a number of plants have been

SUPPLY AND TRADE IN THE U.S.S.R.

constructed for the special purpose of building machinery for the bread-baking industry.

The growth of co-operative baking (all bread-baking in the country is controlled by the consumers' co-operatives and managed by special bread-baking trusts set up in the different cities and provinces) has made possible a rapid increase in the number of persons supplied with bread. While in 1930 the co-operative bakeries served 33 per cent of the city population, at the end of 1932 this percentage rose to 85. In Moscow, Leningrad and the Donbas bread-baking in 1933 was completely mechanised, and the needs of the entire population are met by these modern bakeries.

We have already indicated the importance of the development of mechanised bakeries to the economic life of the country. The following figures will serve as an additional illustration : in the small bakeries a baker produced from 14 to 15 poods (about 500 lbs.) of bread a day, spending a tremendous amount of time and energy ; now the average output of bread in a mechanised bakery during a seven-hour day amounts to 69 poods (2,490 lbs.) per worker. During the first half of 1932 the output per worker in a handicraft bakery (much larger and better equipped than the pre-war bakeries)

COMMUNAL FEEDING AND BREAD-BAKING

amounted to 321 kilograms, in mechanised bakeries to 565 kilograms and in the bread factories (completely mechanised) to 1,105 kilograms. The bread-baking industry employs at present 42,000 people. Had the pre-war method of production been preserved in the industry at least half a million workers would be required. Thus the mechanisation of production and its organisation on a social scale helps to solve two problems at one and the same time : to improve the service of the workers and to reduce the expenditure involved in the production of bread.

The reconstruction of the entire bread-baking industry, its mechanisation and the improved organisation of its labour naturally resulted in a reduction of the cost of production. In Moscow the cost of labour power per kilogram of rye bread in a small bakery amounted to 1.61 kopeks ; in a bread factory it is 0.34 kopeks ; the cost of labour per kilogram of white bread was 3.06 ; now it is 0.41 kopeks—this despite a considerable rise in wages and the extensive expenditure on social and cultural services to the workers (construction of clubs, rest homes, sanatorium treatment, social insurance, etc.).

The central task confronting the Soviet

SUPPLY AND TRADE IN THE U.S.S.R.

bread-baking industry to-day consists of a further improvement of the quality of bread produced. This task is being solved by the very system of organisation of the work, by the development of socialist competition between the different bakeries and within each bakery, by the enforcement of a strict inspection of quality and the refusal of the bread shops to accept and sell bread of low quality.

The bread-baking industry is faced with the problem of supplying the demand of the entire city population within the next year or two and building bakeries in the villages. There are already dozens of large bakeries on the largest State farms and hundreds of mechanised bakeries on the collective farms. The growth of communal feeding in the collective farms naturally involves a further development of socialised bread-baking.

CHAPTER X

VEGETABLE GARDENS AND THEIR IMPORTANCE IN THE WORKERS' SUPPLIES

ACTIVITIES OF CONSUMERS' CO-OPERATIVES

IN THE DESCRIPTION of consumers' co-operatives in the U.S.S.R., reference is usually made only to their trading activities. Trade naturally constitutes the basic task of the co-operatives. But trade does not cover all the many-sided activities of the consumers' co-operatives in the U.S.S.R. We have already pointed out two fields of activity, namely, communal feeding and bread-baking. The third field, the co-operative gardens, is also of importance. An idea of the scale on which this branch has been developed may be gained from the following figures :

	1930	1932
Area planted with vegetables and potatoes (in thousands of hectares — 1,000 hectares = 2,471 acres)	44·6	466·8
Area planted with fodder (in thousands of hectares)	60·11	694·0

SUPPLY AND TRADE IN THE U.S.S.R.

	1930	1932
Vegetable crop (in thousands of tons)	145·8	1830·2
Potato crop (in thousands of tons)	122·5	700·0
Hot-houses (in thousands of frames)	300	2878·1
Preserved fruit and vegetables (in thousands of tons)	102·5	526·6

This branch has developed, in the short space of two and a half years, into an important industry supplying the needs of the cities. The consumers' co-operatives invested 526 million roubles in this branch during the first Five-Year Plan, including 188 million roubles in 1932 alone. This sum, however, does not represent the total investments in this section of industry. It is necessary to bear in mind, first of all, that the State has given, and still gives, a great deal of assistance to the co-operatives in this work. This assistance takes the form of the allotment to the co-operatives of the best land adjoining the cities and the workers' settlements, the handing over to them of a number of State farms, exemption from rent, the supply of seeds at specially reduced prices, and so on. It is also necessary to remember that the trade unions took a most active part in the development of the gardens, contributing nearly 100 million roubles of their own funds. Finally, it is necessary to mention

VEGETABLE GARDENS AND THEIR IMPORTANCE

the valuable assistance rendered by the workers themselves and their families, who contributed voluntary labour to the gardens and helped to organise them.

CO-OPERATIVE AND FACTORY GARDENS

The importance of the gardens maintained by the co-operatives and individual factories in the supply of the workers' needs at particular factories may be seen from the plan prepared at the end of 1932 by the workers of the Sickle and Hammer Plant. Under this plan the workers were to receive from gardens the following quantities of foods in 1933 (the plan in the main was carried out) :

Meat—200 grams to each worker individually per day and 100 grams in the dining-room.

Milk—half a litre a day to each worker individually and half a litre in the food served in the dining-room (in foundries).

Butter—400 grams a month to each worker individually and 400 grams in the dining-room.

Eggs—five eggs a month to each worker individually and 7·5 eggs served in meals, also 10 eggs each to workers' children.

Fish—100 grams a day individually and 100 grams in the dining-room.

Vegetables—300 grams a day individually and 600 grams in the dining-room.

Fruit—50 kilograms a year per worker.

SUPPLY AND TRADE IN THE U.S.S.R.

At the end of 1932 the factory gardens and farms had 1,286 pigs, over 2,000 rabbits (including 1,081 does), 435 hectares of garden land and a large number of hot-houses. At the beginning of 1933 the factory had a large State farm and widely developed its activities in dairy products.

The Sickle and Hammer is one of many factories which own gardens enabling them appreciably to improve the supplies of the workers. Thus the Moscow Electric Plant has a number of gardens totalling 8,120 hectares. The Stalin Plant, in the Donbas, has several gardens aggregating 19,760 hectares.

While widely developing their gardens, the consumers' co-operatives and the individual factories, as well as the State, give every assistance to the individual workers in developing their own gardens, in acquiring cows, pigs and poultry. In the spring of 1933 the individual workers of the Donbas alone planted over 50,000 hectares with vegetables, and 250,000 workers' families raised vegetables in their own gardens. The State and co-operatives rendered assistance by granting land free of taxation, selling seeds on credit, providing transport facilities and machines for cultivating the gardens.

VEGETABLE GARDENS AND THEIR IMPORTANCE

IMPORTANCE OF LOCAL SUPPLIES

The following figures show of what importance the gardens maintained by the co-operatives and the factories are to the cities :

In the city of Gorky the vegetables produced by the co-operative and factory gardens supply three-quarters of the population's demand for vegetables ; in Sverdlovsk, four-fifths ; in Chelyabinsk, almost a hundred per cent. On the average, more than half the demand for vegetables in the Soviet cities was covered by the gardens cultivated by the co-operatives and factories during the three years to 1932. In 1933 the gardens were further developed, 543,000 hectares having been planted with vegetables (including 309,000 by the consumers' co-operatives) and 984,000 hectares with fodder (including 625,000 hectares by the consumers' co-operatives). In 1933 the co-operatives turned over to the workers' supply departments of the heavy and light industries a large number of farms, aggregating 234,000 hectares of vegetable farms and 359,000 hectares of fodder fields. In addition to the extension of the area under cultivation, a systematic effort is being made to increase

SUPPLY AND TRADE IN THE U.S.S.R.

the yield per hectare. The average yield in 1933 was estimated to be at least 9 tons of vegetables and 11 tons of potatoes per hectare. This was not an over-estimation. Already in 1932 there were many co-operative farms which yielded an average of more than 20 tons. A yield of 15 to 16 tons per hectare (about 6 tons an acre) on an average is expected to be achieved in the U.S.S.R. within the next few years. This means that even with the present area the vegetable yield can easily be doubled. The yield of vegetables and potatoes for 1933 was estimated at 5 million tons, against $2\frac{1}{2}$ million tons in 1932.

An important task imposed by the Government on the consumers' co-operatives is an increase of the production of early vegetables and a general widening of the assortment. The plans for 1933 devoted special attention to the development of hot-houses, and this is to be further extended in the following years. Considerable work has been carried out in Moscow, Leningrad, the Urals and the Donbas to make it possible to use the waste steam of the factories for the development of hot-houses. During the next few years, the larger industrial centres will be

VEGETABLE GARDENS AND THEIR IMPORTANCE

supplied with fresh vegetables at low prices all the year round.

The development of hot-houses and the utilisation of waste steam is regarded in the U.S.S.R. as a measure capable of meeting the demands of millions of people rather than of isolated groups of privileged consumers. For this reason the importance of the question has been brought to the attention of the working masses, and it is being handled as a problem of production.

The development of the vegetable gardens has been accompanied by a growth of dairy and livestock farms. On January 1, 1933, the consumers' co-operative farms had 155,500 cows, 155,820 sows, 772,700 doe rabbits. During 1933 the consumers' co-operatives were to supply their members with 1,100,000 pigs. Industrial factories were estimated to supply their workers with 66,500 tons of meat from their own farms.

In the livestock and dairy farms, even more than in the gardens, a great effort is being made to increase the yield. The best dairy farms obtain a daily average of more than 10 litres (17½ pints) of milk per cow. The present number of cows owned by the consumers' co-operatives, if their milk yield were

SUPPLY AND TRADE IN THE U.S.S.R.

increased, would be sufficient fully to meet the demand of the workers of the big cities for milk.

It is this task of increasing the yield in the co-operative farms which is occupying the attention both of the farms themselves and of the factories. Special food conferences, attended by the best workers, have been held in the factories during the last year. These conferences drew up a concrete plan in each factory for the improvement of their farms, and outlined means for putting the plan into effect. Individual departments in the factories took under their supervision and control different sections of the gardens, giving them daily assistance in the effort to improve their organisation. Thus the director of the suburban farms has received the assistance of tens and hundreds of the best factory workers for the more efficient organisation of the farms, the elimination of defects and shortcomings. This mass assistance, given free by the workers on their own initiative, is one of the indications of the close connection existing between the farms and those whom they serve. The gardens run by the co-operatives and factories aim at supplementing the supplies provided by the State. Everything produced in these gardens

VEGETABLE GARDENS AND THEIR IMPORTANCE

is at the disposal of the co-operative of the given plant and is used at its discretion. The considerable growth of these gardens, the scale on which they have developed during recent years, shows what possibilities the workers and employees in the U.S.S.R. have for improving their supplies by increasing their food resources.

TRANSPORT ECONOMIES

The development of gardens by the co-operatives and factories is very closely linked up with the reconstruction of the entire suburban zone of the big cities and industrial centres. As early as 1930 the Government decided to rebuild the suburban zone within the next few years, surrounding all the industrial cities by a wide belt (about 18 miles) of gardens and orchards. Such a task can be undertaken only in the U.S.S.R., where private property in land does not exist, and where the question of what should be sown in this or that region can be and is decided with a view to the general interests of the State. This applies not only to the State farms but to the peasant farms as well. The system of contracts with the peasantry, the system of special exemptions given to those farms which plant

SUPPLY AND TRADE IN THE U.S.S.R.

crops necessary to a particular region, the possibility of improving the supply of industrial and food products to those regions—measures such as these have made it possible in a very brief space of time, without any compulsion, greatly to increase the area under cultivation of vegetables and potatoes and lessen the need for their transportation from other regions. During the first Five-Year Plan, Moscow increased the production of vegetables to such an extent that it was able in 1933 completely to dispense with vegetables from remote regions. What Moscow did in 1933 scores of big cities will do in 1934, thereby increasing to the utmost the cultivation of vegetables and potatoes, and supplying the demands of their population. Thus the planned organisation of gardens enables every city consumer to obtain more vegetables than he had in the past, and at lower prices (since the cost of transport and other expenses are saved). From the standpoint of national economy, the bringing of vegetable-growing nearer to the cities is also of considerable importance, inasmuch as the demand for transport facilities decreases and the total area under vegetables actually goes down (through a decrease in loss by transport, an increase in the yield resulting from the utilisation of town

VEGETABLE GARDENS AND THEIR IMPORTANCE

refuse as fertilisers). The amount of labour power required for the cultivation of vegetables also decreases, since the members of the co-operative themselves take an active part in the work of the production of vegetables.

CHAPTER XI

CONCLUSION

PROBLEMS CREATED BY INCREASING DEMAND

WE HAVE SHOWN how supply is organised in the U.S.S.R., how speedily the food resources are increasing, what immense possibilities exist in the country for the further improvement of the supply of necessaries to the workers in the city and the village. We may be asked : if the output of all products is growing at such a pace, how are the shortage of certain goods and the existence of a card system and rations to be accounted for? Readers living under capitalist conditions will find it difficult to understand the situation existing in the U.S.S.R. Indeed, in Western Europe and America the Governments are busy devising plans for reducing production, reducing existing supplies ; there a good crop is regarded as a calamity. Existing stocks are destroyed and production is curtailed owing to the sharp decline of purchasing power.

The U.S.S.R. is the only country where the

CONCLUSION

purchasing power of the population is growing—and with unprecedented speed—where the wealth of the country increases with each year, and the workers and peasants are therefore able to increase their purchases, to impose new demands upon the trading organisations. The example of footwear will best serve to illustrate the changes which have taken place in our country, to explain our present situation. Prior to the war Russia produced 8,400,000 pairs a year, i.e., from one-fifteenth to one-twentieth pairs of boots per person per year. The great majority of the village population did not wear boots, but plaited grass shoes. Only the well-to-do peasants possessed leather footwear. In 1932 the Soviet Union produced 74 million pairs—nine times as many as before the Revolution. Nevertheless, the demand for boots was not met. Of the 74 million pairs of boots and shoes produced, nearly 20 million went to supply children. Nearly all children of school age are supplied with boots through the schools. At the present time, production is at the rate of $\frac{1}{2}$ pair per year per inhabitant of the Soviet Union ; this is ten times as much as was produced before the war, but it is still insufficient. Not only the workers but even the peasants want to have (and many of them

SUPPLY AND TRADE IN THE U.S.S.R.

already have) several pairs of footwear for working, holidays, etc.

In the U.S.S.R. the demand for goods grows faster than anywhere else in the world. During the first Five-Year Plan this demand grew more speedily than the industries supplying the demand. During the first Five-Year Plan this was quite natural, as the whole country concentrated its efforts upon the creation of an industrial foundation of heavy industry, upon the reconstruction of agriculture. At the present time all the necessary conditions have been created for an exceptionally speedy growth of the industries producing articles of general consumption and food products. A machine-building industry and a number of new branches of the food industry have been built up. The creation of collective and State farms provides the necessary raw materials and supplies for light industry, and a speedy growth of agricultural production has been assured. It was precisely these conditions which enabled the Communist Party to make the utmost development of the most important branches of light industry and of the food industries one of the basic tasks of the second Five-Year Plan.

CONCLUSION

SUPPLY ESTIMATES IN THE SECOND FIVE-YEAR PLAN

The tasks of the second Five-Year Plan are formulated in the proposals submitted to the 17th Congress of the Communist Party in the reports of Molotov and Kuibishev. In essence these proposals are as follows :

(1) The production of consumers' goods to be trebled as compared with 1932.

(2) The trade turnover to increase from two and a half to three times.

(3) Prices to be reduced from 35 to 40 per cent.

(4) Communal feeding to serve two and a half times as many workers and peasants as served hitherto.

(5) Real wages to be increased 2.1 times.

(6) The network of the State and co-operative shops to be increased by 37 per cent.

These figures speak for themselves. They show how speedily the demands of the workers and peasants are being satisfied, and how fast the life of the toilers is improving. The figures embodied in the second Five-Year Plan are

SUPPLY AND TRADE IN THE U.S.S.R.

absolutely real figures. By 1933, as a result of the consolidation of State and collective farms, and the further improvement in the functioning of industry, the quantity of products put out on the market had already considerably increased. Grain collections alone exceeded those of 1932 by 1.2 milliard poods (nearly 20 million tons). The grain problem has been finally solved. The solution of this problem has created all the necessary conditions for the speedy solution of the meat and milk problems. The tremendous growth of agriculture manifested itself first in an increase of State collections in 1933 ; secondly, in a growth of collective farm trade ; and thirdly, in a sharp reduction of market prices. Here are some figures for 1933 :

During that year, Government collections as compared with 1932 went up by 32.8 per cent for grain, 10 per cent for cotton, 7 per cent for butter, 54 per cent for sunflower seeds, and 34 per cent for sugar beet. This growth took place simultaneously with the reorganisational period in agriculture, when the change from small- to large-scale farming had not yet been completed. This change was accompanied by a bitter class struggle, by the most vicious resistance on the part of the remnants of the

CONCLUSION

capitalist elements, particularly the kulaks—a resistance which expressed itself in the slaughter of cattle and various other acts of sabotage. It is sufficient to say that the number of horses in the country was reduced by half, that of sheep by three-fifths, and that of hogs by nearly half.

The year 1933 may be regarded as the last and final year of the re-organisation of agriculture. As regards hogs, the year already gave an increase of 600,000 head. There is every reason to hope that the year 1934 will mark a sharp turning-point, a great increase in livestock, both collectively and individually owned.

Despite the drastic reduction in the number of cattle, we still had a large increase in the amount of products supplied to the cities. The above figures testify to this. It is shown also by the following: the State and collective farms at the end of 1933 had 4.6 million cows. In 1926 the country had 29 million cows. The 4.6 million cows in State and collective farms produced in 1933 more butter for the market than the 29 million cows did in 1926.

A comparison of these figures best illustrates the gigantic effect of the change from small- to large-scale farming. A large-scale farm is a farm with a high percentage of commodities for

SUPPLY AND TRADE IN THE U.S.S.R.

the market. In the production of grain the collective farms yield between two and a half to three times as much for the market as did the individual middle peasant prior to collectivisation. In livestock breeding the proportion is still more favourable to large-scale farming.

This growth of the marketable portion of the produce has made it possible to make up for the sabotage of the kulaks and not only to maintain but to increase considerably the supply of food for the workers, despite the large decline in the number of cattle.

The trade turnover has grown by 9 milliard roubles or 22.5 per cent (from 40.3 milliard roubles to 49 milliard roubles, while the plan for 1934 provides for a further growth to 60 milliard roubles and a considerable reduction of prices). These figures show only the growth of State and co-operative retail trade. The trade in the open markets is not included in this sum.

Above we have given the figures relating to State collections alone. In addition to these collections there has been a great volume of so-called decentralised collections. The value of all agricultural products collected in 1933 along decentralised channels was close to a milliard roubles. In addition, many hundred

CONCLUSION

million roubles' worth of products were sold at the collective farm markets. It is sufficient to say that the turnover of the collective farm markets of Moscow in 1933 amounted to 508 million roubles, against 350 million roubles in 1932, despite steadily declining prices. If prices in March are taken as 100 per cent, then in November the market prices in Moscow would be reckoned at 59·1, in Magnitogorsk 63·1, in Stalingrad 54·5, in Kharkov 56, in Dniepropetrovsk 43·1 and in Shakhti 53·7. This means that the actual amount of products bought by the workers and office employees in the cities was at least twice as high as the year before.

These figures offer a sufficiently clear idea of the enormous growth in the quantity of products in the past year alone. The number of examples of this kind could be multiplied many times, but the examples cited should be sufficient to show that the rationing system is not a result of famine, as the enemies of the Soviet Union claim, but of an ever-growing increase in consumption.

The U.S.S.R. is becoming the richest land in the world. The U.S.S.R. is the only country in which the situation of the workers and peasants is improving from day to day, in which there is no unemployment; where

SUPPLY AND TRADE IN THE U.S.S.R.

poverty in the village has been abolished, where the slogan of a well-to-do life has become the slogan of tens of millions of collective farmer and individual peasants. How great is the importance of the plan for the further improvement of the standard of living of the masses in the U.S.S.R. hardly needs to be proven. This is understood not only in the U.S.S.R., but in other countries as well.

THE END

INDEX

- ABSENTEEISM**, combating of, 81, 82
Agriculture, growth of, 168 ff.
Army bakeries, 148
- BAKERIES**, co-operative, 105
 Berlin Konjunktur Institute, a
 Sonderheft of, *cited*, 19
Bread, open trade in, 113
Bread sales, subscription books for,
 52
Bread-baking, communal, 135,
 145, 153
 Labour-costs of, 151
 in Mechanised bakeries: re-
 sults, 148, 149 ff.; in old
 conditions, 145 ff.
- CANNING INDUSTRY**, the, 18
Capital (Marx), *cited*, 145 ff.
Cattle, slaughter of, 169
**Central Committee of the Com-
 munist Party of the Soviet
 Union**, the, *cited*, 137-8
Chase, Stewart, *cited*, 37, 98
Children, care of, socialisation of,
 135, 136, 145
Centrosoyuz, the, 22, 74, 75, 78,
 87, 92, 102
Collections, centralised, 118, 119
 Decentralised, 119, 120 ff.; con-
 ventional prices at, 130, 131,
 132; figures of, 170-1
 State, figures of, 168 ff.
 on State farms, 111, 118
 Three kinds of, 119
Collective farms, 14, 15, 111,
 166; consolidation of, 99,
 116; communal feeding on,
 152; growth of, 92; increased
 production of, 168-9, 170;
 increased incomes from, 14 ff.,
 72, 93-4, instances of, 95 ff.,
 134; sales by, to the State,
 118; shops of, 131; supplies
 from, 111; trading of, 118,
 124, 128
- Collectivisation**, victory of, 92, 93
Commercial system, development
 of, 49-50
Communal feeding, 20; develop-
 ment and advantages of, 105,
 106, 135, 137, ff. 143-4, 152,
 155, 167; organisations carry-
 ing on, 140-1; preference in,
 given to workers, 143
**Consumers' Co-operative Move-
 ment**, work of, and gigantic
 growth of, 66 ff.
Consumers' co-operatives, control
 of, 73-4, 76 ff.; network of,
 68, 73; rôle of, in collection
 of supplies, 114 ff.; societies
 controlling, 79-4; State
 credits to, 31; vegetable-
 growing by, 153 ff.; in vill-
 ages, *see* Village Co-operatives
Consumers' goods, increased pro-
 duction of, 167; relative out-
 put of, in U.S.S.R., Germany,
 and U.S.A., 19
Consumers' societies, 73
Consumption, growth of, 11 ff.;
 exceeding growth of produc-
 tion, 129
Contracts, 43; mutual, 117-18
Co-operative Congresses, Execu-
 tive Committees of, 78
 Trade, in U.S.S.R., basic prin-
 ciples of, 22
Co-operatives (*see also under names*),
 activities of, under the Five-
 Year Plan, 67 ff.
 Closed, 57, 61, 62, 65, 88, 89,
 why necessary, 88; and
 workers' supply depart-
 ments, 85 *sqq.*
 and Collective farms, socialist
 agreement between, 102-3
 Food trade of, increase in, 70-1
 Funds of, 69-70
 Goods allotted to, for sale to
 farmers, 128

INDEX

- Co-operatives, location of, 48
 Management of, 73
 Membership of, 67
 Multiplication of, 167
 Profits made by, control of, 98, 104-5
 Share of, in State collections, 114 & n.
 State loans and aid to, 69-70
 Cotton crops, 19
- DAIRY and livestock farms, 159
 Delivery, compulsory, of food products, 114; and mutual contracts, 117-18
 Dining-rooms, on collective farms, 140; departmental, 142; house, 142; mechanised, 141; of village co-operatives, 105, 106
 Distribution, centralised, 58, 63; organising of, problem of, 20; selective, principles of, and reasons for, 55, 56-7, 58
 Distributive network, the, growth of, 47, 68, 83-4
 Drudgery, domestic, abolition of, 135-6, 137, 145
- Eberfeld Speeches* (Engels), *cited*, 34
 Engels, F., *cited*, 34
- FACTORY, the, what it is, 79; wrecking in, 81, 82
 Factory co-operatives, 68, 73
 Gardens, importance and output of, 155, 156
 Kitchens, 136-7, 139
 Managers, duties of, 80, 86-7
 Workers, privileges for (*see also* Workers), 88
 Faillin, E., *cited*, 37
 Farm and factory collections, 120 ff.
 Farms, *see* Collective, Dairy, Individual, and State farms.
 Feeding, *see* Communal *do.*
 Field kitchens, 106
- Field-work of co-operatives, 100 *sqg.*
 Fines, 43, 116
 Fishing industry, the, 18
 Five-Year Plan, the first, achievements of, 12, 13, 14, 17, 18, 19, 20, 47, 48, 56, 66, 67, 112, 137, 138, 143, 144-5, 148, 162; the second, tasks of, 166 ff.
 Food-preparation factories, 142
 Food industry, growth of, 18
 Food products, co-operative trade in, growth of, 70
 Footwear, growth of demand for, 165-6
- GARDEN BELTS round cities, 161-2
 Gor'ki, Maxim, *cited*, 147
 Grain collections, increase in, 20, 109 ff., 114 ff., 168
 Export, 112
 Quotas, 116
 Greenbaum, G., *cited*, 37
 HIRSCH, Prof. J., *cited*, 37
 Hogs, increase of, 169
 Home deliveries, 51
 Hot-houses using waste steam, 158-9
 Hours saved by communal feeding, etc., 136-7
 House-shops, 51
 Housing of workers, 80
- INCOMES of capitalists, 12; of collective farm-workers, increase of, 14 ff., 72, 93 ff., 134; other workers', 11 ff.
 Individual farms, 14; yield and products of, 110
 Industrial co-operatives, 42
 Industries, local, importance of, 22
 Interest on capital, U.S.A., and U.S.S.R.; 12 & n.
- KITCHEN-FACTORIES, 138, 139, 141; supplies of, sources of, 144

INDEX

- Kuibishev, —, 167
 Kulaks, 81, 93, 95, 111, 169 *
- LABOUR, commercial, redundant, 37
 Socialisation of, 135-6, 137
 Labour discipline, supply and, 82
 Labour organisation, supply a part of, 79
 Labour-saving by communal measures, 135-6, 137, 145
 Lenin, N., *cited*, 145
 Livestock, and dairy output, 169
 Living, standards of, rise of, 13, 15, 172
 Local co-operatives, 42
 Local demand, supply of, and importance of, 43, 157
 London, bread-baking in, 145 *sqg.*
 Ludwig, Emil, 59
 McFADDEN, —, *cited*, 66
 Machine-tractor stations, co-operatives for, 76
 Markets, keeping open, 125; price variations at, 129
 Marsakov, —, and his bakery system, 149
 Marx, Karl, *cited*, 60, 145
 Meat collections, rise in, 20
 Meat-packing industry, the, 18
 Middlemen, elimination of, 84 *sqg.*, 122
 Molotov, —, 167
Nation, The (New York), *cited*, 11-12
 New Economic Policy, the, 28, 47, 92, 124
 "PATRONAGE" over shops, 77-8
 Pay on collective farms, 96 & n.; in relation to skill, 60, 79
 People's Commissariats of Supply, the, 26, 87, 140; council of, duties of, 25, 113 ff.
 Population of U.S.S.R., 26
 Prices at collective farmers' city markets, 132
 Prices, conventional, 130, 131-2
 Government, 131
 Levels of, 130
 Reductions of, 167, 171, State aim of, 134
 Retail, control of, 99
 Three sets of, 131 *sqg.*
 Uniform, anticipation of, 89
 Variations in, limits of, 129
 Private traders, elimination of, 21, 24, 26, 28, 29, 45, 49, 68
 Producers' co-operatives, 21, 25
 Production, the continuous spur to, 17
 Profit-making, limitation of, 98, 104-5
 Purchasing power, growth of in U.S.S.R., 164 ff., 171
 RATIONING system, the, 53, 171;
 temporary character of, 61
 Raw materials, sources of, new, 19
 Restaurants, State-controlled, 142;
 closed and open, 143 ff.
 Retail trade and elimination of the private trader, 45
Revue des Études Co-opératives, *cited*, 83
 Robinson, —, *cited*, 66
 Russia, Tsarist, bread-baking in, 147-8
 SALES by collective farmers, 97
 Shock brigaders, privileges of, 64-5, 90, 91, 100, 102
 Sickie and Hammer Plant, garden supplies secured by, 155-6
 Socialisation of labour, 135-6, 137
 Socialist competition, nature of, 90
 Soviet co-operatives, difference of, from those elsewhere, 103
 Soviet Government, fundamental object of, 72
 Soyuznarpit, 140, 141
 Specialised co-operatives, 68, 75
 Stalin, Joseph V., *cited*, 59-60, 80, 90, 91, 93-4, 112-13

INDEX

- State Collections, system and scope of, 108; growth of, 109 ff.; three forms of, 108-9
- State farm-workers, co-operatives of, 70
- State farms, 15; collections on, 111, 118-19, 166; food supplies for, 71
- State loans to co-operatives, 69
- State Planning and Control of supplies, 113 ff.
- State shops, to be multiplied, 167
- Strumilin, Prof., *cited*, 136
- Subscription books, for purchases of staple articles, 32
- Summary, 164 ff.
- Supplies, how obtained, 108; inequality in, 64-5; organisation of, 20; principles of, 63; State planning and control of, 113 ff.; technique of, 65; from vegetable gardens, 155
- Supply, Co-operatives and Trade, cited*, 102
- Supply system, the, early and existing, 53 ff., 65; reorganisation of, 56; transition from, to freedom in, 63
- Tax method, applications of, 118, 131
- Textiles, 19
- Town co-operatives, 73
- Trade, capitalist, waste in, 38; cost of, 37; efficient, a function of, 21; organised, planning of, and advantages of, 33, 36; preferences to, 29; private, *see* Private Traders; regulation of, 25; Soviet, special character of, 23-4; wholesale, 33 ff., concentration of, 39; and retail, 33 ff.; and the trusts, 41
- Trade turnover, increase of, 167
- Trading, by individual farmers, 108
- Trading Organisations, 25 ff., 47; relative importance of, 30
- Transport of goods, 34, 39, 40; 64; economies in, 161 ff.
- Twenty-six and One (Gorki), cited*, 147
- UNEMPLOYMENT, non-existent in U.S.S.R., 81, 82, 171
- VEGETABLE GARDENS, 105, 144; importance of, in workers' supplies, 153 ff.
- Village co-operatives, 70, 71, 73, 74, 92; dining-rooms of, 105, 106; farms of, 105-6; features of, 103-4; field-work of, 106; functions of, 98; goods sold by, whence procured, 104; productive work of, 105 ff.; profit-limitation of, 98-9, 104; sale values and share capital of, 106-7
- Vsekopit, 140, 141
- WAGES, real, increase of, 167
- Women, emancipation of, by communal feeding, etc., 135-6, 137, 145; equality of, with men, 135-6, 137; in industrial plants, 137
- Work as condition of getting food-supplies, 84
- Workers, living needs of, provision for, 80; mass assistance of, on farms, 160; privileges of, 13-14, 79, 80, 82, 88; specially privileged, *see* Shock brigaders
- Workers' co-operatives, 71
- Workers' supply departments and closed co-operatives, 85 ff.; control of, 86-7; object of, 79, 83; rationing of, 89
- Wrecking elements, and disruption of supply, 56; in factories, 81, 82