

**AN EVOLUTION OF AGRARIAN
POLICIES IN USSR (1917 - 1935)
A REVIEW OF SELECTED LITERATURE**

**A DISSERTATION SUBMITTED TO THE
UNIVERSITY OF POONA
IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE DEGREE
OF MASTER OF PHILOSOPHY [IN ECONOMICS]**

**BY : BHASKER P. MUJUMDAR
JULY 1992**

**AN EVOLUTION OF AGRARIAN POLICIES
IN USSR (1917 - 1935): A REVIEW OF
*SELECTED LITERATURE***

A DISSERTATION SUBMITTED TO THE
UNIVERSITY OF POONA
IN PARTIAL FULFILMENT OF THE REQUIREMENT
FOR THE DEGREE OF
**MASTER OF PHILOSOPHY
(IN ECONOMICS)**

**BY
BHASKER P. MUJUMDAR**

**GOKHALE INSTITUTE OF POLITICS AND ECONOMICS
PUNE - 411 004**

JULY 1992

ACKNOWLEDGEMENTS

It gives me immense pleasure to express my deep gratitude towards all those who have extended their kind guidance and cooperation to me in the completion of the present work. This thesis would not have materialized without the expert guidance and help that I received from my guide Dr. Ramnath Narayanswamy. I must also thank Mr. Pradip Apte for his valuable suggestions.

The thesis has taken a presentable shape only because of efficient and neat typing done by Ms. K.R. Ghatge. The required computer time and expertise was provided by M/s. Kalpak Computer Services, Pune. I owe a lot to all my friends, relatives and well wishers for their sustained encouragement. Needless to say, I am greatly indebted to all my teachers, and other staff members of the Gokhale Institute of Politics and Economics, Pune.

Bhaskar P. Mujumdar

Gokhale Institute of
Politics & Economics,
Pune

TABLE OF CONTENTS

ACKNOWLEDGEMENTS _____	(I)
LIST OF TABLES _____	(IV)
INTRODUCTION _____	(V) - (XI)
1. <u>MARX AND LENIN ON THE ROLE OF PEASANTRY</u> _____	1-27
Introduction of Chapter-I _____	1
1.1. Role of peasantry in the Marxian Scheme-----	2
1.2. Leninist interpretation of Marxian Scheme-----	10
1.3. Impact of the "October Revolution" on USSR and Eastern Europe.-----	18
Conclusion of Chapter-I _____	22-23
2. <u>AGRARIAN POLICY DURING WAR COMMUNISM AND NEP</u> _____	28-73
Introduction of Chapter-II _____	28
11.1. Soviet agriculture during War Communism-----	29
11.1.1. First six months-----	29
11.1.2. War Communism-----	33
11.1.3. Reasons behind the extremeties-----	39
11.2 Soviet agriculture during the NEP-----	42
11.2.1. Different views about NEP-----	42
11.2.2. Adoption of NEP-----	44
11.2.3 Exchange relations with the industrial sector-----	48
11.2.4. Problems of grain marketing-----	52
11.2.5. Attempts of improving marketed share of grains-----	56
Conclusion of Chapter-II _____	67-69

TABLE OF CONTENTS

ACKNOWLEDGEMENTS _____	(I)
LIST OF TABLES _____	(IV)
INTRODUCTION _____	(V)-(XI)
1. <u>MARX AND LENIN ON THE ROLE OF PEASANTRY</u> _____	1-27
Introduction of Chapter-I _____	1
1.1. Role of peasantry in the Marxian Scheme-----	2
1.2. Leninist interpretation of Marxian Scheme-----	10
1.3. Impact of the "October Revolution" on USSR and Eastern Europe.-----	18
Conclusion of Chapter-I _____	22-23
2. <u>AGRARIAN POLICY DURING WAR COMMUNISM AND NEP</u> _____	28-73
Introduction of Chapter-II _____	28
11.1. Soviet agriculture during War Communism-----	29
11.1.1. First six months-----	29
11.1.2. War Communism-----	33
11.1.3. Reasons behind the extremeties-----	39
11.2 Soviet agriculture during the NEP-----	42
11.2.1. Different views about NEP-----	42
11.2.2. Adoption of NEP-----	44
11.2.3 Exchange relations with the industrial sector-----	48
11.2.4. Problems of grain marketing-----	52
11.2.5. Attempts of improving marketed share of grains-----	56
Conclusion of Chapter-II _____	67-69

3. <u>INDUSTRIALIZATION DEBATE AND PEASANTRY</u>	74-102
Introduction of Chapter-III	74-75
III.1 Origins of the debate-----	76
III.2 Leftists' view-----	81
III.3 Rightists' view-----	90
III.4 Some inferences-----	96
Conclusion of Chapter-3	98-99
4. <u>AGRARIAN POLICIES BEFORE AND DURING-</u>	
<u>THE INDUSTRIALIZATION PHASE</u>	103-141
Introduction of Chapter -IV	103-104
IV.1. Grain procurement crisis from 1927-28 onwards-----	105
IV.2. Elements of compulsion-----	112
IV.3. Dekulakization campaign-----	117
IV.4. Objectives of collectivization-----	128
Conclusion of Chapter-4	137-138
CONCLUSION	142-145
BIBLIOGRAPHY	146-150

LIST OF TABLES

1.	Share of various categories in the total land ownership. _____	32
2.	Percentage of peasants according to the size of land holdings. _____	36
3.	Difference between the procurement prices and the cost of production. _____	61
4.	Grain exports. _____	106
5.	Trends in net grain balance. _____	108
6.	Share of grain procurements. _____	112
7.	Position of kulaks in the ownership of means of production. _____	121
8.	Share of kulaks in the total harvest. _____	122

Introduction

The two major events of the twentieth century are "October Revolution" of the USSR in 1917, and "disintegration of the USSR" in the late 80's and early 90's. The October Revolution marked the advent of socialism in Russia. On the other hand, "glasnost" and "Pereostroika"⁽¹⁾ introduced by Gorbachev⁽²⁾ leading to the disintegration of USSR, marked the end of socialism (which was synonymous with one party system in the USSR.) and rise of democratic set up in the USSR and other provinces of the former USSR. Hence, the total time span of about eighty years, which separated these two events becomes a focus of interest for the analysts in the various fields of social sciences.

There were many causes behind the collapse of the Soviet System. One of the major cause was the role played by the ideological dogmas. Role of the bolshevist ideological dogmas in the evolution of various irrational and contradictory state policies is undisputed. Agrarian Policy of the USSR was one of the main aspect, which suffered most due to the ideological dogmas of bolsheviks. Impact of such agrarian policies on the agrarian sector was so deep and longlasting that even in 1980's Gorbachev's reforms started with the agrarian measures adopted to gear up the production level (by increasing the labour productivity) in the agrarian sector.⁽³⁾

Infact, Karcz in differnt context⁽⁴⁾ says that "It is therefore not surprising that problems of agricultural production and those related to farm organization have always been closely linked to major economic policy decisions at crucial junctures of Soviet history",⁽⁵⁾ which has been true for all years in the past.

Even though, it is true that agrarian policy in the USSR was always the controversial issue over the past eighty years, period from 1917 to 1930's is relatively more important for analyzing the evolution of agrarian policy in USSR. This is so because of the fact that the concerned period marked the evolution of the Soviet System, which lasted for the next fifty years, and also because of the very fact that the famous "industrialization" phase in the USSR marked the concerned period. Dobb (in 1947) says "When we contemplate the economic and social changes which have taken place during the past thirty years over the area which used to be called the Russian Empire, novelty and magnitude compete for our attention. It is doubtful in any previous age so profound a change, affecting so large an area of the world's surface, has ever occurred within such a narrow span of time".⁽⁶⁾

One important angle of the industrialization phase in USSR was the role of the agrarian sector. In Karcz's opinion, role of peasantry in the industrialization process of USSR can be summarized as "When the leaders of the Soviet Russia

launched an extremely ambitious industrialization drive in the fall of 1928, they had to come to grips with the problem of extracting the surplus produce of the countryside in terms of either farm products or of human labour".⁽⁷⁾

In our present study, we focus our attention on the evolution of the agrarian policies in USSR during the period starting from October Revolution and ending with the industrialization phase in the USSR (i.e. from 1917 to mid 30's). In our first chapter, we will begin with the brief review of the peasantry's role in the Marxian scheme of historical materialism. This will help us to grasp the Leninist interpretation, and implementation of Marxian Scheme in the USSR. Ultimately all this will help us in understanding the ideology behind the October Revolution in 1917, and peasantry's role in it as envisaged by bolsheviks.

A critical review of the agrarian policy measures adopted during the seven years immediately after the revolution (i.e. from 1916 to 1925) is attempted in our Chapter-2. Within this short period (from 1916 to 1925) of seven years two phases of the agrarian policy measures namely War Communism (from 1918 till 1921) and new economic policy (from 1921 onwards) were adopted by the bolsheviks. These two types of the agrarian measures were representing the two diagonally opposite extremes. We will also try to identify the causes

for such a drastic shift in the bolshevik's agrarian policy. and it's implications. This would enable us to focus our attention upon the ideological dogmas, which hampered the implementation of rational agrarian measures.

A brief account of the various arguments concerning famous "industrialization debate" is given in the third chapter. This debate (in 20's and early 30's) was regarding the path of industrialization to be followed in the USSR. A review of these arguments would help us to view the peasantry's role in the industrialization process as envisaged by various groups amongst bolsheviks. Such an analysis becomes more important for us, if we notice that Stalin's agrarian policy after 1928 was similar to the measures suggested by Preobrazensky, who was one amongst those involved in the debate.

In our last chapter (chapter-4), we have furthered the review of subsequent agrarian measures adopted during late 20's and early 30's. During this period (after 1925), compulsory grain procurements, dekulakization campaign, and ultimately collectivization campaign caused a great deal of sufferings for the peasantry in USSR. A review of the agrarian policy during this period would help us to throw light upon the role of bolshevist ideological prenotions in shaping the irrational and suppressive agrarian measures during this period. Thus, a present study attempts to review an evolution of agrarian

policies during the period of 1917 to 1930's, which gave rise to the emergence of a typical agrarian structure in USSR which lasted for the next fifty years. (8)

Notes and References (Introduction)

- (1) "Pereostroika" means restructuring, and "glassnost" means openness and freedom.
- (2) Gorbachev was the last president of the former USSR, who introduced the democratic elements in USSR for the first time since its advent of socialism in 1917.
- (3) Gorbachev introduced the concept of "brigades" which was a sort of contract system to give more incentives to the agricultural labour in order to increase their productivity.
- (4) In the context of the surplus extraction for the sake of industrialization.
- (5) Karcz J.F. (edi) (1967): Soviet and East European Agriculture : University of California Press, Berkeley and Los Angles, PP= viii-ix.
- (6) Dobb.M. (1953): Soviet Economic Development since 1917: Routledge and Kegan Paul Ltd, London, P-I.
- (7) Karcz J.F. : (1967) : OP.cit, P= ix
- (8) At this juncture, it is necessary to mention that this period in the USSR was marked by the use of falsified statistical data (by the rulers) as a measure of propaganda. Hence, the analysis based on this data has considerable limitations. In this context Nove says "The events of 1929-34 constitute one of the great dramas of history. They need much more space than they possibly receive here, and a more eloquent pen than the author's

to describe them. They need also a sounder base in reliable data than is available at present to any historian, in East or West" [Nove.A. (1969): An Economic History of the USSR, Allen Lane, The Penguin Press, London, P=160]. But this should not be viewed as an impossibility of the analysis of the concerned period. Infact, Dobb [Dobb.M.(1953):OP.cit, P-33] says "To describe them in an atmosphere uncharged with controversy is impossible. But one can hope at least to approach an objective study of these historic years by endeavouring to see facts as they were and to present issues of policy as they appeared to the eyes of the participators".

Chapter 1

MARX AND LENIN ON THE ROLE OF PEASANTRY

Introduction:

We begin this study by focusing our attention upon the role of peasantry in the Marxist-Leninist tradition. The traditional neglect of the agrarian sector, in the centrally planned economies of the Soviet Union and the Eastern Europe is partially explicable by the secondary role accorded to the peasantry in the Marxian scheme of social and historical progress. Equally responsible for this neglect is the Leninist interpretation of Marxist doctrine in the specific conditions of Russia. We therefore, begin this study with an examination of the role of peasantry in the Marxian explanation of historical transformation. We shall then review the Leninist interpretation of the application of Marx's theory in Russia and its subsequent effects upon the evolution of agrarian policy in the USSR.

Section - I: ROLE OF PEASANTRY IN THE MARXIAN SCHEME

1.1.(1): Marx & Hegel on the Historical Evolution of Society

Despite the fact that Marx took recourse to the Hegelian dialectical method to explain the historical evolution of human society, there was a basic difference in their respective approaches to the problem⁽¹⁾. Hegel gave prime importance to the superstructure (i.e.State), which in his view, not only remained above the plane⁽²⁾ of the material conditions of life, but also helped to change the latter. Marx, on the other hand accorded prime importance to the economic factors. According to him, the network of rules, regulations, and institutions which govern social and political life are an essential reflection of the material conditions of society.

Though Marx believed that it was ultimately the economic base which determined the political and legal super-structure, the method used by him for explaining the evolution of society was very similar to that of Hegel. Like Hegel, he too set about explaining the historical evolution of society within the format of a linear progression of successive transitional stages. Marx wrote in the Preface to the Contribution of Critique of Political Economy "Intrinsically, it is not a question of the higher or lower degree of development of social antagonisms that result from the natural laws of capitalist production. It is a question of these laws

themselves, of these tendencies working with iron necessity towards inevitable results. The country that is more developed industrially only shows, to the less developed the image of its own future".⁽²⁾ In other words, the dictates of the theory of historical materialism demanded that all societies move along a predetermined trajectory from primitive communism and slavery to feudalism, capitalism and finally communism. This materialistic interpretation of history was deterministic because Marx did not allow for societies to follow a path different from that outlined in the Preface. While he did make exceptions in the case of Russia, it seemed contradictory to his own materialistic interpretation of the history.⁽³⁾ While we shall return to this subject shortly what must be noted here is the fact that as far as the peasantry was concerned, both Marx and Engels were firmly convinced in their belief that the peasantry as a class was inevitably doomed to perish with the advance of capitalist industrialization.

I.1.(ii) : The Peasantry in the Marxian scheme of Historical Materialism

The peasantry in the Marxian scheme was therefore viewed as a transitory residue which would be rectified with the advent of the socialist revolution. It is for this reason that neither Marx nor Engels cared to enlist the support of the peasantry in their programme for a socialist revolution. They preferred to believe that the peasantry on its own accord would be attracted to the side of the proletariat once it

understood the supposed potential benefits of large scale farming. They also believed that the process of concentration of the means of production would proceed along lines similar to that prevailing in industry and further that this would result in the disappearance of the peasantry as a class. Marx gave key importance to modern industry in the propelling of the destruction of old ties in the agricultural sector. According to Marx: "In the sphere of agriculture, modern industry has a more revolutionary effect than elsewhere, for this reason, that it annihilates the peasant, that bulwark of old society, and replaces him by the wage labourer. Thus the desire for social change and class antagonism are brought to the same level in the country as in the towns. The irrational old fashioned methods of agriculture are replaced by scientific ones." (4)

According to the Marxian theory of historical materialism, the peasantry was therefore viewed as a class that was inevitably doomed to perish. This theoretical neglect of the peasantry had adverse implications in their programme for a socialist revolution. The peasantry had no role other than falling in line with the proletariat irrespective of either what the empirical peasantry actually thought its interests were or the manner in which its interests were defined.

1.1(iii): The Presumption of the Superiority of the Larger-scale Farming

On the basis of the remarks outlined above, we are in a position to judge the implicit presumption of the superiority of large scale farming operations in Marx's analysis. Despite the fact that Marx and his followers believed that this superiority was implied in their analysis, they were however never clear about the distinction between organisational forms of production and the ownership of the means of production in the agricultural sector. When they argued in favour of the superiority and advantages of large scale socialized state farming, they invariably presumed a direct one to one correspondence between the organization of production and the ownership of the means of production. According to Wadekins : "Neither any Marxist writers nor party declarations drew a consistent distinction between the form of ownership in agriculture (private or social) and the organization of production (small or large farms)".⁽⁵⁾ In reality, it is possible for large scale ownership of the means of production to coexist with production on a small scale, especially at an operational level (i.e. fragmentation of large scale plots into smaller plots at an operational level). Though there is an ambiguity in Marx's analysis in the distinction between the organization and ownership of the means of production, it is not difficult to recognize a sometimes implicit and sometimes explicit presumption of the superiority of large scale farming

operations in Marx's analysis. we now focus our attention on the few arguments advanced both in favour of and against this hypothesis.

1.1(iv):Evidence of the Superiority of Large-scale Farming

Marx took the example of nineteenth century Britain only as an illustration of his historical scheme.⁽⁶⁾ During the nineteenth century, there was a decline in the number of small farmers which coexisted with an increase in large scale farming in Britain. This tendency helped to support Marx's argument in favour of the superiority of large scale farming and further helped him to conclude that increasing concentration of the means of production was inevitable even in the case of the agricultural sector. But while this was true in the case of Britain, the same was not necessarily true elsewhere. For example, while peasants were a majority in Germany, agrarian growth was not characterized by increasing concentration of the means of production. While this did lead Marx (and later Engels) to consider a different approach to the historical role of the peasantry in the revolution, they never abandoned their belief in the inherent superiority of large scale farming. But this belief was doubtful from the very outset, as it was not firmly supported by actual (historical) experience.⁽⁷⁾

This did not however prevent the emergence of several arguments in support of the hypothesis of the concentration of the means of production in agriculture, despite the fact that

there was no empirical evidence to support the hypothesis in each case. For example, according to Karl Kautsky, even though there was no concentration of land ownership in the sphere of production, an increasing dominance over large number of farmers by fewer moneylenders in Russia and Eastern Europe, suggested an increasing concentration of power.⁽⁸⁾ According to Hary Laidler, rather than a concentration in the ownership of land, there was a tendency towards concentration in other related sectors in the form of large scale agrobased industries.⁽⁹⁾

Peasant's uprisings during interwar period in Eastern Europe, (commonly known as the "Green Rising"), gave rise to innumerable small peasants. This change was accompanied by a fall in agricultural production in Eastern Europe. According to Mitrany, this was not solely due to the effect of a shift from large scale farming to small scale farming, and therefore could not be said to be a proof of the superiority of large scale farming.⁽¹⁰⁾ The same author argues that there were many other causes for the decline in agricultural production. One cannot therefore necessarily attribute this fall in production to organizational changes. After the Green rising in Eastern Europe as result of which feudal links were weakened, the forced extraction of the peasants' produce came to an end. This gave rise to several consequences. First of all, it reduced exports which were brought about by forced extraction prior to the revolution.⁽¹¹⁾ Secondly, it helped to

increase self consumption of the peasantry because they could now avail themselves of their own produce. This raised living standards of the peasantry. Another important effect was the change in cropping patterns because peasants were now free to determine their sown area and crops according to their preference for self consumption, leisure etc.. These factors, further, might have decreased production as well as exports of agricultural goods from Eastern Europe. We may, therefore, conclude that there was no fall in agricultural production to the extent visualized at first sight. More importantly, there were no considerable organizational changes that could be attributed to the decline in agricultural production.⁽¹²⁾ Further, the possibility of fall in agricultural production in Eastern Europe after the revolution was due to several factors, which taken together do not provide a proof of the superiority of large scale farming.

Despite the evidence given to support the hypothesis of superiority of large scale farming peasantry continued to exist. Many explanations were put forward to account for their existence. Their continued existence clearly indicated that the eminent onslaught of large scale farming over small scale farming as visualized by Marx was in no sense inevitable.

I.1.(V) : Solution to the Controversy over the Superiority of Large-scale Farming.

It has been observed that many of the developments in technology of agriculture has been biased towards labour

intensive technique, which explain why small scale farming has had an edge over large scale farming. On the other hand, the evidences suggest the superiority of large scale farming in the case of food grain crops (like corn) with the advancement of technology like mechanization etc.. These two illustrations show that the superiority of large scale over small scale and vice-versa differs from crop to crop, region to region etc., "All experience" David Mitranly writes "would seem to suggest that adaptation to particular conditions is the only possible approach to 'Scientific' production in the agrarian field".⁽¹³⁾ Thus large scale operations are not necessarily superior to small scale operations in all circumstances. Its advantages may not therefore be stretched too far. However, all these arguments for, and against the continued existence of the peasantry cannot underestimate the main reason for the continued existence of the peasantry which lay in their great attachment to land. This passion for land explains the sustenance of the peasantry even under the most adverse conditions. The superhuman labour, and subhuman life of the peasants enabled them to exist in the most hostile socio-economic circumstances.

Against this background, we proceed to examine evolution of agrarian policies and their impact on the agrarian sector in the Soviet Union and Eastern Europe after the Bolshevik Revolution of 1917.

Section 1-2: LENINIST INTERPRETATION OF MARXIAN SCHEME

1.2.(i) Scio-economic Scenarios in Russia during eighteenth century.

During the middle of the eighteenth century, Marxism was by no means a popular doctrine in either Russia or Eastern Europe. This was not surprising given the fact that in these countries, feudal structure for all practical purposes was virtually intact. As a result there was little or no industrialization. The proletariat as a class was negligible in size, while on the other hand, the peasantry continued to remain in the majority even while it was being continually subjugated by feudal means of domination and oppression. Amongst these countries, Russia was a special case because here semifeudal links found themselves existing with more advanced forms of organization e.g. the "mir", and "Obshchina". But these advanced forms did not help the peasantry to overcome feudal suppression because prevailing feudal links proved to be stronger. As a result, there was a strong passion to own land not only among peasants but even among nonagricultural workers, who continued to retain strong links with the villages in the countryside.

1.2.(ii): Populism

In Russia, sway of absolutism had been the rule since the very distant past. As Blum says "The Lord was bound to state services and the peasant was bound to the Lord, in order

to provide him with the means to perform his services to the state.

To this extent the story of the relationship between Lord and peasant and of the enserferment is the story of the subjection of both Lord and peasant to the will of the state" (15). Though the peasantry was emancipated by a decree in 1864, in reality they continued to be tied down to the "mir". In other words, the communal form was hardly regenerative. Against the background of neoserfdom arose the famous doctrine of populism. Populism, when became popular in Eastern Europe as a consequence of a reaction to the Marxist Socialist agrarian programmé, was the first group of activists to spearhead the cause of the peasant in Russia and Eastern Europe. According to some of them, it was not desirable to allow the development of capitalism in Russia. Instead, they wanted to avoid the capitalist phase altogether and effect a direct transition to socialism by making use of old traditional organizations. Thus while the populists strongly supported certain aspects of Marx's doctrine (especially those that condemned capitalism) they were opposed to those aspects which postulated the inevitability of the capitalist phase. The notion of communal ownership, for example, as a superior stage in the historical evolution of the mankind was acceptable, but the idea of capitalism as an inevitable advance over feudalism was not. To the question as to how to effect the transition to socialism directly i.e. without going through the capitalist phase, a number of populist thinkers advanced widely varying responses. As a result, the populists were never a properly

organized group of activists, but were a group of thinkers who shared certain common premises. Nevertheless pressure from the populist was not very substantial as it was not a unified movement.⁽¹⁶⁾ But, the populists were the group of thinkers who defended the interests of peasantry by recognizing the latter's potential as a catalyst of the social and economic transformation under conditions of socio-economic backwardness.

1.2.(iii): The Emergence of Bolshevism

Many of the origins of the Bolshevik interpretation of Marx's theory can be traced to the writings of the major populist thinkers like George Plekhanov, commonly known as the father of Russian Marxism.⁽¹⁷⁾ However, it was Lenin who was the real architect of October Revolution. While arguing against the populist thinkers Lenin proceeded to articulate an entirely new programme for the revolution in Russia. Though the programme for revolution was based upon an idea originally stated by Plekhanov, Lenin lent it a more practical approach with which, he was able to furnish theoretical arguments in support of his contention by originally interpreting much of Marx's own writings on the subject.⁽¹⁸⁾

1.2.(iv) : Lenin's Interpretation of Marxism and it's Application in Russia.

According to Plekhanov, the failure of the 1905 revolution in Russia suggested that the Russian bourgeoisie was not strong enough by itself to lead it's own revolution. Plekhanov therefore argued that the Proletariat should be the

leader of the democratic revolution as a step towards the establishment of the socialist state. In reality however the proletariat was weak. On the other hand the peasantry was in the majority. According to Lenin, Russia was pregnant with two revolutions the bourgeois democratic, and the Proletarian socialist. Against this background, Lenin argued that the proletariat was the real possessor of knowledge by virtue of which it was the only class which could rule over the rest of society once the bourgeois democratic revolution was completed. The proletariat was however negligible in number and was not yet conscious of its historical role. Lenin therefore argued that a group of professional revolutionaries (known as the "party") should lead the bourgeois - democratic revolution in the name of proletariat. This party was supposed to rule until the socialist revolution had been completed. This led Lenin to conclude that even while the peasantry would benefit from the first phase of bourgeois democratic revolution (in the form of the ownership of land), it would cease to be a beneficiary once the bourgeois democratic revolution was completed, that is to say, once the proletariat inaugurated the next important phase of destroying private ownership of land to advance the socialist revolution.

1.2.(v) : Implications of Lenin's Interpretation for the Peasant's Role

During this period, Lenin believed that it was possible to secure peasant support by demonstrating the advantages of large scale socialist farming to attract the peasantry to

collective methods of farming. Thus, in practice Lenin was able to gain the support of the peasantry by promising them ownership rights during the first democratic phase of revolution, but he took care not to depart from socialist doctrine by emphasizing the inevitable advance of socialist farming with the advance of the socialist phase of the revolution.

The problem here lay in the fact that even while Lenin never advocated the use of force in the overcoming and persuading the peasantry to win them over to the socialist cause, the grounds for the subsequent suppression of the peasantry had been partially laid by the bias against the peasantry inherent in Lenin's Marxism. First of all, there was no specific reason provided which could explain why the peasantry should be necessarily attracted by the potential advantages of the collective farming (assuming for the moment that there were tangible advantages to be secured from such methods of farming) especially when this is considered against their strong attachment to land. Secondly, neither Marx nor Engels nor Lenin had clearly dealt with the possibility that the peasantry may not be attracted by the advantages of collective farming. The alternative solution to overcome this possible indifference was not spelt out. Thirdly, Lenin's insistence that the proletariat is the real possessor of knowledge resulted in a situation in which party acted in the name of proletariat and assumed absolute power. Fourthly, the party was not constituted on the basis of a democratic set up.

It was infact a closed group of professional revolutionaries. All these factors taken together resulted in a situation in which monopoly power was conferred in the hands of the communist party, which later resulted in a dramatic suppression of the peasantry by force in subsequent years.

Lenin therefore, stretched the deterministic character of Marx's theories to their maximum limit, resulting in an absolutization of monopoly power in the hands of the party. As far as, the peasantry was concerned, Lenin's programme for revolution promised them a few gains which were only to be taken away from them at a later stage. This neglect of the peasantry alongwith other aspects of the Lenin's Marxism were partially responsible for the subsequent suppression of the peasantry between 1929-1936.

1.2.(vi) : Common Line of Argument amongst Marx,Engles and Lenin

It will be useful, at this stage, to consider some criticisms directed against Lenin's policy in the Soviet Union, but before we do that the parallel between Lenin's views and the kind of problems Marx and Engles faced may be noted. As stated earlier, in Germany peasants were in a majority, while the proletariat was in a minority. Initially, Marx insisted upon a possibility of a revolution led by the proletariat but the disastrous failure of the movement in Germany made him change his opinion. He later insisted upon the primacy of economic conditions for the success of the political

revolution, and that a political revolution could not succeed until an appropriate degree of maturity in the material conditions had been reached. Engles in his later years advocated a temporary alliance with the peasantry, but he took care to emphasize the prime importance of material conditions. According to Engles (and later according to Lenin) it was possible to win over and persuade the peasants by demonstrating the advantages of large scale collective farming. This same argument was stretched to an extreme by Lenin by taking recourse to the more deterministic aspects of Marx's writings, which enabled him to argue that since large scale farming was in any case historically inevitable, it was necessary that a section of professional revolutionaries (with the help of peasantry) lead the revolutionary process and guide it to its historical conclusion.

1.2.(vii) : Criticisms of Lenin's Interpretation

Mitrany points out that many regard the Russian Revolution as a purely political revolution.⁽¹⁹⁾ According to these critics, material conditions in Russia were not yet ripe for the commencement of the socialist revolution. The argument can best be summarized in Bredyanov's words "The Bolshevik Revolution had brought to pass the Utopian side of Marxism but discarded its scientific aspect"⁽²⁰⁾ In fact, Lenin himself realized during later years (after the introduction of the NEP in 1921) that the gap between the two revolutions was longer than he expected. Soon after the revolution, in 1917, it did not take long for Lenin to realize the long time required to

advance the revolution to the socialist stage. This perhaps explains why Lenin during last year of his life emphasized the importance of education, cultural changes among the peasantry, and its different layers before inaugurating the second stage of the revolution. He even believed that these educational and cultural changes were the necessary preconditions for the successful completion of the second phase.

For the transformation to take place, there were two options available. The first consisted of taking power by a party which acted in the name of the proletariat, and consciously directing its efforts towards a socialist revolution. The second consisted of allowing capitalism to develop on its own, without any conscious efforts to push forward the socialist revolution. Of these two options, former was the obvious choice for Bolsheviks.

**Section I-3 IMPACT OF THE OCTOBER REVOLUTION ON USSR AND
EASTERN EUROPE**

**I-3.(i): Marx on the possibility of Socialist Revolution
in Russia.**

When asked about the possibility of success of the socialist revolution in Russia, Marx was caught in a dilemma. When Vera Sassoulitch, a well known Marxist in Russia, asked Marx to comment on the prospects of revolution in Russia, Marx prepared many conflicting drafts by way of an answer, but finally argued, that Russia's socialist revolution will be successful only, if it acts as a stimulant for successive proletarian revolution in Western Europe. Marx further argued that this uprising by a unified European proletarian, would help Russia to sustain the success of her own socialist revolution. (21)

**I-3(ii): Changed rural scenario after the October Revolution
(in Russia and Eastern Europe)**

In contrast to the expectation of Marx and Engles, the October Revolution of 1917 was followed by peasant uprising all over Eastern Europe. We have earlier noted that absolutism had been the rule in Eastern Europe since time immemorial. In Russia and other parts of Eastern Europe despite the emancipation of Serfs in 1864, feudal conditions of oppression continued. The existence of this nonserfdome in Russia and Eastern Europe had an accumulated effect on peasant psychology

by strengthening their passion for becoming free independent owners of land. Evidence of the strong desire to own land can be seen in the major part played by the agrarian programme of the Socialist Revolutionaries (which Bolsheviks finally implemented) in the wake of the first phase of the October Revolution. Not surprisingly, the October Revolution was followed by peasant uprisings in Eastern Europe. This chapter of peasant uprisings came to be known in history as the "Green Rising", which resembled a bourgeois democratic revolution in Eastern Europe.

In Marxian terms the French Revolution of 1789 was a bourgeois democratic revolution, which helped to break feudalism, and facilitate the growth of capitalism. One of the necessary preconditions for the growth of capitalism lies in the creation of a class of free wage labourers which is what happened in the wake of the French Revolution. The October Revolution resulted in the creation of a vast ocean of small peasants all over Russia and Eastern Europe. In Eastern Europe, this did not facilitate the growth of capitalism mainly due to the following two reasons. First of all the initial level of industrialization (i.e. the primary growth of capitalism) was negligible. Secondly, neither the October Revolution, nor the Green Rising helped to create a class of free wage labourer in the classical sense, which is a necessary precondition for the development of capitalism. While comparing the French Revolution, and the October Revolution, Mitrany observes "The old worlds which the two of them demolished were alike

but there was little in common between the new worlds to which each gave birth". (22)

There are many reasons for the difference in the impact of these two revolutions. The most important of these was the time factor which separated the two events during which the material conditions and motives behind the revolutions caused each to be fundamentally different from the other. The French Revolution was the result of initiatives taken by the urban middle class intellegentia who alongwith the growing capitalist class were bent on the destruction of the old order. In case of the Green Rising, the initiative was taken by land hungry peasants stemming from their passion for land. Therefore, the rising helped to create a large number of small peasants, rather than a class of free wage labourers.

I-3 (iii) : Failure of Socialists in taking the advantage of Peasants' Unrest in Eastern Europe

Land reforms in Eastern Europe, after the October Revolution, and the peasant uprisings resulted in the loss of the means by which privileged class had concentrated power in their hands. In most of the East European countries, this privileged class reacted by resorting to political interference to maintain the status quo.

These emerging peasant parties were a real threat to these conservative groups. Though, these parties strongly supported the doctrine of the use of property by the owner, this concept of private ownership was different from the

concept of private ownership according to the conservatives. The peasants, however, wanted land to go to tiller, but they did not want capitalist intermediaries like private bankers etc.. Infact, the key factor in their concept of gradual development was cooperatives, which were to gradually replace other capitalist intermediaries. It is only in this restricted sense that the peasant movement can be called socialist. This bias for the socialist pattern can also be explained by the fact that the growth of large masses of the middle and large peasants was restricted by social and economic obstacles. Thus the peasant movement was composed of mainly by a mass of small peasants.

As the threat from the peasantry to the old privileged class intensified, there were even stronger backlashes. As a result in most parts of Eastern Europe, peasant parties were crushed either by force or corruption. The conservatives retained power giving rise to extreme right reaction in most of the East European countries.

Though, peasant unrest was quite substantial in Eastern Europe, the socialists failed to take advantage of it mainly due to their strict adherence to doctrinal considerations, which refused to acknowledge the very existence of the peasantry. In sharp contrast to Eastern Europe the Leninist programme of revolution was more practical because it recognized the need to alleviate peasant problem even if this was not fully endorsed by all the Bolsheviks.

Conclusion of Chapter I

The theoretical indifference displayed towards the peasantry in the Soviet Union, and Eastern Europe has its roots in Marxian theory of social, and historical explanation. This theory saw the peasantry as an awkward class that had no particular role to play in historical progress other than, accepting the fate that was destined to it by the so called immutable historical laws.

Marx's argument concerning the inevitability of concentration of means of production in agriculture stemmed from his determinist conception of historical progress. But actual experience over a period does not lend itself to such generalizations as the process of both concentration as well as effectiveness of large scale farming depend on a wide variety of factors.

In Russia, the traditional neglect of peasantry was reinforced by the Leninist interpretation and adaptation of Marx's doctrine. Being a predominantly agrarian country, the triumph of the Bolshevik Revolution resulted in the subjugation of the peasantry to the dictates of the party, which claimed to act in the name of the proletariat.

The events which followed the October Revolution in Russia were very different from the expectations of Marx and Engels. The revolution succeeded in creating an ocean of small peasants in Eastern Europe and Russia instead of preparing a background for the progress of capitalism. In the ultimate

analysis neither the peasants' representative parties, nor socialists were able to take advantage of the unrest amongst the peasantry, which culminated in a situation in which extreme rightist regimes prevailed during the interwar period in Eastern Europe.

Notes and References

(1) Hegel was the main propounder of the German idealist philosophy. German idealist philosophy was one of the element which Marx used for his materialist conception of history. Before Hegel, Kant, and Fichte talked about the concepts of "progress to free and peaceful society", interpretation of the human history as a "rational development". Hegel was the first to present these concepts in a most complete and systematic form.

Hegel considered history as a development and conflict between abstract principles, cultures, religions and philosophies. According to Hegel, development process takes place because of the power of the negative "thinking". Tension always prevails between the present stage and the next potential stage. Out of this conflict emerges the new higher stage which has its roots in the past stage and thus contains some elements of the past. Hegel called this process "dialectic" which Marx used for his explanation of materialistic interpretation of the history.

(2) Karl Marx "Capital" A critique of Political Economy: English edition of 1887, published in 1954, reprinted in 1978, Page No.19.

(3) This point is focused by David McLellan in his book. " The thought of Karl Marx " published in 1971, by The Macmillan Press Ltd. London and Basingstock. He refers to the letters written by Marx to Mikhailovskey a Russian populist and vera

sassoulitch (rough draft of the letter), preface to the second edition of "Communist Manifesto" See page Nos.100 and 101.

(4) Karl Marx 'Capital' A critique of Political Economy. opcit. page No.474.

(5) Karl Eugen Wadekin :Agrarian policies in Communist Europe- A Critical Introduction,edited by E.M.Jacobs, published in 1982 by Allanheld,Osmun, publishers, Page No.6

(6) Cited in Karl Marx "Capital"- A critique of Political Economy opcit, page No.19.

(7) Cited in David Mitraný : " Marx against peasants" A study in social Dogmatism published in 1951 by George Weidenfeld and Niclson Ltd.(2).

(8) Cited in David Mitraný,ibid, page No.26.

(9) Cited in David Mitraný,ibid,page No,26

(10) Cited in David Mitraný,ibid, page No.117,118 and 119

(11) Thus agricultural exports before revolution never represented the real agricultural surplus. Hence it is wrong to associate a fall in agricultural exports after revolution with the fall in agricultural production after revolution.

(12) David Mitraný explains, that reforms after the rising were limited only to the extent of redistributing the land, but they were not inclusive of the improvement measures such as rectifying the fragmented strip cultivation system etc.,these

aspects remained as they were in the past. Thus organizational changes and other measures were negligible. Page No.119 & 120, Opcit, David Mitrany.

(13) David Mitrany, Opcit, Page No.228.

(14) Mir :The old traditional peasant communes which survived over a period " Mir" term was used by Slavophiles for the peasant communes.

Obshchina : was used for indicating the same meaning of the peasant communes in the agrarian discussions at the beginning of this century.

(15) Jerome Blum, Lord and peasant in Russia from 19th century, published by Prinenton University Press in 1971, Page No.606.

(16) Cited in David Mitrany Opcit, Page No. 41 & 42.

(17) For example, See page Nos. 279,280 of 'Selected philosophical works' by George Plekhanov ,Volume I, published in 1960,1974,1977 (third edition) by Progress publishers i.e. English translation.

(18) Refer to V.I.Lenin, collected works, Vol. I, Foreign Languages, Publishing House, Moscow, 1960, Page Nos.504 to 506.

(19) In this specific sense that it allowed Stalinist leadership to initiate a ruthless programme of forced collectivization in Soviet agriculture in the name of Leninist Principles.

(20) Cited in "Thought of Karl Marx" by David McLellan Opcit, Page No.200.

(21) Refer to the letters to Vera Sassoulitch and (also rough draft) and Mikhailovsky quoted by David McLellan Opcit Page 100 and 101.

(22) Cited in David Mitrany ibid,Page 77.

CHAPTER - 2

AGRARIAN POLICIES DURING WAR COMMUNISM AND NEP

INTRODUCTION :

In our last chapter, we have argued that both Marxist doctrine, and Lenin's interpretation of the former were equally responsible for the inadequacies and failures of agrarian policy in USSR, and Eastern Europe. In this chapter, we will examine the evolution of agrarian policy in USSR from 1917 to 1929. Such an analysis will help us to test our earlier argument of the neglect of the agrarian sector (peasantry) due to the Bolshevik ideological predilections stemming from the Marxist doctrine and its Leninist interpretation. This period was marked by two distinct economic policy regimes. These two regimes are known as the period of war communism (1917 to 1920), and the new economic policy (NEP) (1921 to 1927-28). A critical review and summary of these agrarian policies of the Bolsheviks may be found in sections I and II.

SECTION I : Soviet Agriculture during War Communism

The period immediately after the October Revolution in the USSR can be divided into two phases, viz. the first six months following the October Revolution, and the period of War Communism (June 1918 to the middle of 1921). A review of these two periods would serve to bring out the differences in tasks which confronted the Bolshevik government as well as the policies followed by them. We begin by reviewing Bolshevik agrarian policy during these two periods in subsections II.1.1 and II.1.2 respectively. In the last subsection II.1.3, we will summarise the Bolshevik's (i.e. Lenin's) view (after 1920) of the extreme measures adopted, during the war Communism period, all of which provide us with a background of the measures and events that followed later.

II.1.1: First six months

During the first phase, the main objective of the Bolshevik government was ensuring its survival. For the Bolsheviks to retain power it was necessary to destroy all the then existing political and economic networks of the previous regime, and at the same time gain popular mass support. As seen earlier (in the first chapter), Lenin adopted the agrarian programme of the Socialist Revolutionaries, which helped the Bolsheviks gain support in the country side. The origin of the policy of supporting uprisings of poor and landless peasants against landed classes lies here. Also, the

fact that the response of the peasantry was as spontaneous as it was forceful, certainly helped the Bolsheviki to gain a foothold in the countryside. Before, we proceed to examine the measures undertaken to legalize these spontaneous uprisings, a brief review of the development of peasant psychology prior to the October Revolution will help us appreciate the spontaneity of peasant reaction and the helplessness of the Bolshevik government to control it.

II.1.1.(1):History of Peasant psychology

The institution of the "mir" in the Russian villages was an old type of organization, which emphasized equality based on a system of three strip cultivation, and rotating the share outs of the land after every twelve years (since 1850). As Bettlheim⁽¹⁾ argues, rotation of land in the "mir" was dominated by the rich peasants leading to inequalities amongst the peasantry in the "mir". This was acting against the basic objective of equality within the "mir". Thus, peasants were not happy with the then existing rural set up. According to Westwood,⁽²⁾ in 1861, increasing unrest amongst the peasantry was suppressed by the Tsars⁽³⁾ Even though, the Tsars allowed serfs to takeover lands through means like redemption bonds, serfs were made to pay for them. Serfs were therefore reluctant to takeover lands, since these would have been liabilities instead of assets. Peasant unrest therefore continued.

By 1906, the "mir" was not only a cause for

inequalities, but was also identified as a hindrance to the implementation of new farming technology. Thus came Stolypin⁽⁴⁾ reforms. According to Westwood,⁽⁵⁾ the objectives of these reforms were to free the peasants from their traditional organizational ties to the institutions like "mir" as well as enable them to adopt new farming techniques. Many incentives like scraping of due redemption payments, provisions of rearranging the land of all others remaining in the "mir", when even a single individual was willing to leave the "mir" etc. were given to peasants to leave the "mir". But, the response of the peasantry was lukewarm. Very few peasants were enterprising enough to leave the "mir".⁽⁶⁾ Even though, the Stolypin reforms might have failed in achieving their desired results, the situation arising out of their implementation further increased the tension amongst the peasantry and strengthened their desire to own land.

II.1.1.(ii): Change in land holding patterns

Accordingly, the long-lasting desire of the peasants to own land resulted in a takeover of land by the peasants during first six months following the revolution. According to Bettlheim,⁽⁷⁾ prior to the October Revolution, fifty percent of the total land holding was under the village ownership (i.e. "mir"), and remaining land was held by the religious institutions and peasants who had separated from the institutions like "mir". During the first six months after the revolution, the peasantry took over substantial portion of land from the other land owning classes described above. Bettlheim,

further argues that a quantitative estimate of this transformation was possible only in 1919. The pattern of landholdings during 1919 gives us an extent of change.

Table No.1 : Share of various categories in the total land ownership.

No.	Categories	Land Ownership (%)
1.	Peasants	96.8%
2.	Agricultural Cooperative	5%
3.	State Farms	2.7%

[Source : Bettlheim. C. (1976), pp = 219 - 220]

II.1.1.(iii): Legalization of land Seizures

Lenin's policy of supporting the peasantry's spontaneous actions coupled with very weak support to Bolsheviks in the rural areas resulting in their inability to control the situation. This led to the eventual legalization of these land seizures by the peasants in the countryside. In other words, the Bolsheviks had no option other than legalizing these seizures though this also coincided with their policy of giving land to the tiller. The decree on land passed on October 26, 1917, was to legalize precisely these seizures. The contents of this decree were similar to the All Russian Peasants Congress's decree passed in August 1917, and were mainly based on the agrarian programme of Socialist

Revolutionary. The law on socialization of land was also promulgated on February 19, 1918 to assure the peasants that in spite of the aim of collectivization of land, no force will be applied to achieve it.

Accordingly, the agrarian policy of the state during the first phase was marked by measures to legalize the spontaneous reaction of the peasantry. The changed land holding pattern that resulted under these circumstances, had its impact on policy measures during the next phase (June 1918. to middle of 1921).

II.1.2:War Communism

During the period of first world war in order to tackle the shortages and to sustain the supply of food to the army and towns, Kerensky's provisional government used the system of requisitioning of peasants' produce. During the second phase after the October Revolution, the Bolsheviks were faced with a similar situation. They too resorted to the hated system of requisitioning.

II.1.2 (i):Impact on food supplies

The chaos after the revolution was primarily due to the civil war, which started in late 1917, and later the war with Poland in 1920. Because of the war, which led to the loss of crucial areas, and was coupled with the transport crisis, food supplies to the towns and armies fell short of what was required.

In addition to the war a combination of yet other factors aggravated food shortages. These other aspects included spontaneous land seizures by the peasantry. (encouraged by Bolsheviks). All these factors created an uncontrollable scenario in the rural area. Peasant reaction was not only limited to land seizures, but also caused considerable damage to the productive assets of landed classes. Destruction of assets like buildings, machinery and so on, was large enough to affect production level. Secondly land seizures had substantially changed the landholding patterns. This new pattern of landholdings was characterized by a larger share of small and medium peasants in the ownership of total agricultural land. According to Bettlheim,⁽⁸⁾ these small and medium peasants were petty bourgeois producers. Hence, lower production was further accompanied by lower supplies of produce to the market (i.e. towns). Finally, as Bettlheim points out, rapid inflation was making the payments of taxes easier for the peasantry, which reduced one of the forces for marketing peasants produces. Short supplies of manufactured goods to the rural areas, giving nothing to exchange with the peasantry also contributed to the weakened grain supplies to towns.

II.1.2.(ii) : Ideological Overtones

Even though requisitioning of agricultural produce was prompted by the exigencies of that time their adoption was also justified from ideological point of view by the Bolsheviks. In accordance with their Marxist Principles

Bolsheviks had certain fixed notions regarding the different layers of the peasantry and the class struggles amongst them. As Bettlheim⁽⁹⁾ observes, according to Lenin, even prior to the revolution, a trend of emerging capitalism was visible within the peasantry's different layers coexisting in communities like "mir". According to Lenin, after the revolution, the "mir" was still dominating the rural scenario, because there was no control of the Bolshevik Party in the rural areas. Since rich peasants were often dominating the "mirs", Lenin inferred that, a majority of poor peasants were leasing out their land and were working as agriculture labourers.⁽¹⁰⁾

On 11 June 1918, a decree setting up poor peasants committees, was passed. The main tasks of these poor peasants committees was to assist the government in seizing extra grain surpluses held by the rich peasants. Thus, requisitioning measures were combined with measures to accelerate the class struggle.

11.1.2(iii): Wrong Conception of class struggle

The Bolsheviks believed that the resulting polarization due to the class struggle had reached such an extent where the number of poor peasants was large enough, and they were willing to fight collectively against the exploiting class of rich peasants. However, the Bolsheviks interpretation of class differentiation amongst the peasantry was wrong. As Bettlheim⁽¹¹⁾ shows redistribution of land instead of increasing the polarization between the poor peasants and the rich peasantry, strengthened the middle

peasantry. He provides figures of landholdings of the peasantry in 1905 and 1922, which clearly show the increased percentage of the middle peasantry after the revolution.

Table No.2 : Percentage of peasants according to the size of land holdings.

Land holdings (in desyanties)	Percentage of peasants	
	Year 1905	Year 1922
0 - 2.7	15.8	15.1
2.7 - 5.4	34.7	35.2
5.4 - 13.1	40.0	45.8
Over 13.1	10.5	3.9

[Source : Bettlheim. C. (1976) pp = 239]

II.1.2(iv): Attempt towards an alliance with the middle peasantry

After having realized the key importance of the middle peasantry at the end of 1918, a policy of an alliance with the middle peasantry substituted the earlier policy of using poor peasants committees for increasing the (grain) food supplies.⁽¹²⁾ Thus, by the end of 1918 attempts to organize poor peasants committees were given up, and in January 1919 these committees were merged with the village Soviets. Assistance to the middle peasantry was yet to

assume material form. This assistance was to be in terms of assuring their security and their existence in the future. For example, a decree passed in the summer of 1920, assured them, that no action will be taken against them even if, their landholdings crossed regional norms on condition that they tilled the land with their own labour. But, such modifications were hardly effective in stimulating the supply of agriculture produce in the market.

As Nove⁽¹³⁾ argues, such a reluctance of the peasantry to bring their products to the market, was due to then prevailing adverse terms of trade. Agricultural products were classified into three categories as given below.

1. Compulsorily requisitioned products with very low administered prices.
2. Those products, which were allowed to be sold only to the state organs.
3. All the remaining products were with no regulation at all.

In contrast to astronomically rising industrial prices, administered prices of agricultural products were forcibly kept low. This explained why peasants substituted the production of first category crops by other crops which induced the government to extend the list of first category crops. According to Dobb,⁽¹⁴⁾ the terms of trade deteriorated for agriculture between 1919 and 1920. According to his estimates towns received one third of their prewar supplies of

agricultural goods, and villages received not more than 20% of their prewar supplies of manufactured goods during 1917 to 1920.

The adverse terms of trade ultimately reduced the areas and production of grains in 1919 and 1920. This, resulted in still more severe shortages of grains supplied to the towns (i.e. markets). In the face of civil war, the Bolsheviks once again' relied heavily upon the system of requisitionings.⁽¹⁵⁾ Hence, inspite of the proclaimed alliance with the middle peasantry a majority of peasants were antagonized.

II.1.2(v):Reason for the failure of an attempted alliance

The measures adopted during war communism can be classified into two categories. The first category included the measures adopted due to exigencies of the war, and the second category included measures adopted in accordance with ideological notions prevalent amongst the Bolsheviks. In the case of the former, it is clear that the emergency situation resulting from the condition of civil war and the war with Poland, necessiated the policy of requisitioning. But, according to Bettlheim⁽¹⁶⁾ if the Bolsheviks had correctly grasped the class struggle amongst the peasantry, then, they could have adopted an alternative superior to requisitioning.

By the end of 1920, when civil war ended, the peasantry was completely antagonized. The crisis of grain shortages persisted in the towns. By 1921, peasant uprisings started all over the countryside, which led to the Bolsheviks to

reconsider their attitude towards the peasantry.

II.1.3: Reasons behind the extremeties

Before we proceed to review the changes in economic policy in the 1920's, we will examine various causes identified by Lenin and others, for the extremeties of agrarian policies adopted during the period of war communism period. This will also help us to understand the Bolshevik perception of the required changes in agrarian policy during 1920's.

II.1.3(i): Incomplete work of Lenin

Which were the mistakes of the war communism period?, did the Bolsheviks learn any lessons from their mistakes?. During the last years of his life (from 1921 to 1923) Lenin attempted to analyze some of these mistakes committed during this period. According to Bettlheim,⁽¹⁷⁾ this analysis by Lenin is an incomplete one. But, he claims that a logical reasoning of Lenin in this work, if extended leads to a conclusion, which does not support the course followed during 1920's. Bettlheim's argument gives us an idea of the mistakes of war communism as identified along Lenin's incomplete assessment.

II.1.3(ii): Bettlheim's interpretation of Lenin's work

Bettlheim's interpretation may be summarized as follows.

Lenin, as is well known, was of the view that Russia

was pregnant with two revolutions, the Proletarian-Socialist and the Buorgeois - Democratic. Against this background Lenin divided period until 1921 in three phases.

1. The first phase was from October 1917 to the spring of 1918, during which the main political tasks of establishing proletarian dictatorship and the adoption of measures required for the democratic revolution were accomplished.

2. The second phase was from spring of 1918 to the spring of 1921 (i.e. War Communism period). During this period the state was engaged in the task of solving economic problems and problems regarding defence.

3. The third phase began in the spring of 1921, which was to accomplish the task of creating an economic base required for the socialist transformation.

Thus, according to Bettlheim, Lenin viewed introduction of the new economic policy (NEP) to be synonymous with the third phase, which was necessary for the socialist transformation. According to Bettlheim the objective of the NEP lay in strengthening the economic base and state capitalism for a larger period so as to prepare the conditions for the Proletarian Socialist Revolution.

11.1.3(iii): Misconceptions during War Communism

In retrospect, it is clear that Lenin believed in the extension of state control over the economy to overcome what he believed were crisis situations such as the period of war

communism. This led to a transformation of production relations of the previous regime by a predominance of state control over the productive apparatus. The fact that this statistised apparatus resembled Marxist description of the initial advance towards communism helped the Bolsheviks to justify the measures initiated during war communism. But there was infact a profound difference between the two cases. As Day⁽¹⁸⁾ points out, when Marx described the replacement of old production relations by state apparatus as a step towards communism he assumed a situation where economic abundance would exist as a result of highly developed economic base. This stood in sharp contrast to the shortages of food and goods during the war communism period. Thus, Lenin was right in identifying the ambitious takeover of production and distribution by the state as representing an advance towards communism as a major mistake of war communism period. Lenin viewed the NEP as means of correcting these mistakes. In his views ,it was now necessary to strengthen the economic base through a recourse to a state capitalism before advancing to communism.

Section 11.2 : Soviet Agriculture during the NEP

During war communism, the peasantry was antagonized as a result of coercive state control. The autumn of 1920, and the winter of 1921 were marked by peasant revolts all over the central Russia. According to Nove,⁽¹⁹⁾ by the autumn of 1920, grain supplies to the towns declined considerably. After the Kronstadt⁽²⁰⁾ uprising of February 1921, it had become clear that a change in the agrarian policies of war communism was necessary. The collection and requisitioning of grains in thirteen provinces were abandoned. The policy of requisitioning and other coercive measures of war communism were substituted by new measures, which loosened the state control and allowed more freedom to market forces.

In this section we will review the main features of the New Economic Policy (NEP). We will first review the Bolshevik conception of the new measures adopted after 1920, and will, later, examine the manner in which the NEP was adopted and gauge the extent of its usefulness. We will then attempt to analyze the causes behind the failure of the NEP, and will conclude by examining the failure of the Bolshevik government in overcoming the shortages in the grain marketings after 1925.

11.2.1: Different views about NEP

First of all, it is important to point out that there was no unanimity amongst the Bolsheviks regarding the introduction and subsequent role of the NEP, which was adopted

in March 1921. These differences stemmed from their conflicting perceptions of the application of Marxist theory to the Socio-economic conditions then prevailing in Soviet Russia.

II.2.1(1): Contradictory Socio-economic Scenarios

Marx had foreseen revolutions in those advanced capitalist countries, where the highest degree of industrialization had been achieved.⁽²¹⁾ Russia in 1917, and in 1920 was an industrially backward economy, with predominant peasant agriculture. In spite of this contrast between the Socio-economic conditions, which Marx expected and those existed in Soviet Russia, the Bolsheviks (Lenin, Trotsky, and others) believed that successful transition to socialism in Soviet Russia was possible with an assistance from the Western Proletarian regimes.

During war communism, revolutionary zeal had led the Bolsheviks to adopt extreme measures, which they falsely believed to be an indication of a planned economy.⁽²²⁾ After realizing these mistakes, NEP was adopted in March 1921. Despite the fact that the absence of Proletarian uprising in the Western capitalist countries had destroyed Bolshevik hopes of immediate assistance from the West, a number of Bolsheviks (as Preobrazensky) believed that the adoption of the NEP in 1921 was only a temporary compromise till proletarian uprisings resume in the West.

Lenin, however, argued against this line of thought.

According to Lenin, a direct transition to the natural (planned) economy was not feasible. Instead he expected a long term mutual coexistence and interaction of the planing and market as a necessary intermediary stage in the transition to socialism.

II.2.1(ii): Interpretation of Lenin's Last Writings

Such a view is attributed to Lenin on the basis of an analysis of his last writings by Bettlheim.⁽²³⁾ Bettlheim argues that Lenin's last efforts (from 1921 to 1923) to draw a balance sheet of the first five years of the revolution were essentially incomplete. It was this incompleteness that gave rise to several misleading interpretations of the Leninist conception of the NEP. As noted in section I, according to Bettlheim, Lenin wanted stable exchange relations with the peasantry for a longer time in order to strengthen state capitalism. For Lenin, state capitalism was an instrument to achieve socialism, but it was not to be confused as a step towards socialism.

II.2.2 : Adoption of NEP

II.2.2(i): Required Change

The combination of extreme measures (like requisitioning of agricultural produce), and false notions concerning the achievement of a "moneyless" society during war communism, resulted in the distortion of exchange relations between agriculture and industry (i.e. villages and towns). The distorted exchange relations between agriculture and

industry, by the end of 1920, started threatening grain supplies to the towns. Thus short supply of grains to the urban areas resulted in considerable outmigration from urban areas to the rural areas.⁽²⁴⁾ By the end of 1920, peasant revolts in protest against compulsory requisitions started all over the Central Russia. The immediate need was to restore "stable" and "just" exchange relations with the peasantry. This was necessary to win back their support, and also to ensure increased food supplies to the towns.

II.2.2(ii): The Bolshevik Perception of the Situation

The first variant of the NEP accorded prime importance to the restoration of the disturbed exchange relations between towns and countryside. Accordingly Lenin wanted to strengthen the link between the peasantry and the workers by establishing socialistic exchange relationships between them. But Lenin was also at the same time critical of the "petty bourgeois" attitude of the peasantry, which, according to him, was hampering the efforts of constructing a stable and stronger economic link between the peasantry and workers. The fight against "petty bourgeois" attitudes of the peasantry, was still on the agenda of the Bolshevik government after 1920. But Lenin's notion of combating these attitudes in 1920's, was altogether different from the harsh methods of subduing landlords and other oppressing classes adopted earlier. As Nove⁽²⁵⁾ points out, Lenin wanted to bring socialism and capitalism together to overcome the problem of the "petty bourgeois" attitudes of the peasantry. In other words, Lenin

wanted capitalism to develop in order to channalize its benefits to socialism through the means of state capitalism.

II.2.2(iii): Role of Cooperatives

Lenin accorded a key role to peasants' cooperatives in his projected vision of a transition to socialism.

Since the nineteenth century, social democrats (from Kautsky to Plekhanov to Lenin) believed that agricultural cooperative organizations, amongst the petty bourgeois peasantry did not have any socialist tendencies, but were actually an obstacle to the progress of capitalism in the rural areas.⁽²⁶⁾ However, in 1921, Lenin changed his opinion regarding the role of agriculture cooperatives. In Lenin's new scheme of state capitalism as a means to progress towards socialism, peasant's cooperatives were expected to play the role of transforming the petty bourgeois nature of the peasantry into large scale socialized production units. Lenin in his article "On Cooperation", written in 1923, emphasized the role of cooperatives in facilitating the transition to socialism. But, he did not draw a clear cut outline of the exact path by which cooperatives were to transform the individualistic peasant production structures. According to Miller⁽²⁷⁾ Carr correctly pointed out that, Lenin's views on peasants' cooperatives, even though seemed to be confusing, were not confused.

II.2.2(iv):New Measures

A decree passed on 21st March 1921 substituted the policy of requisitioning agricultural products by an agricultural tax in kind. As Nove⁽²⁸⁾ points out that the imposition of tax, in 1921, was so moderate that the estimated tax collection for that year was half than that of the total collections (through requisitions) during 1920. The imposition of a moderate tax in advance was to give enough freedom and incentive to the peasantry to produce over and above their subsistence level and bring it to the market.

The fact that the state and cooperative trade network was not developed enough to cater to an increased volume of agricultural goods in the free market, made the operations of free traders necessary. Thus a decree of 28th March 1921 allowed private traders to operate in the free market.

Even though, the Bolsheviks after 1921, began to relax state control and allow more freedom to market forces in the agrarian sector, for many of them the NEP was an instrument to transform the peasantry from individualistic proprietors to large scale socialized sector. A decree passed on 22nd March 1922 referred to land associations and land societies.

II.2.2(v): Targets of the New Measures

The decree of 22nd March 1922 and the land code of 15th November 1922 were directed towards achieving two ends. The first aim was to create conditions in which an individual

peasant's production (which was under the influence of "mir") could be increased. Such measures as bringing the "mir" under the control of the Soviets, legalization of "skhods", which was a representative body of the peasants with all peasants having equal voting rights, restrictions on the miniparcelization, and fragmentation of land, and permitting the leasing of the land on condition that no substantial employment of wage labour was effected etc., were undertaken to facilitate individual peasant production. The second aim lay in transforming what was considered to be "petty bourgeois" production structures of the peasantry into large scale socialized production units, by attracting the peasantry to cooperatives. A precise foundation for the constitution of agricultural communes was established by the Land Code of fifteenth November nineteen twenty two for precisely this purpose. (29)

II.2.3: Exchange relations with the industrial sector

An opening of a free market to the peasantry was expected to help increase the supply of agricultural products to the market. In this context, it is necessary to take a brief review of the position of the agrarian sector in relation to the industrial sector during the 1920s.

II.2.3(i): Impact of the Famine of Nineteen Twenty One

Despite the NEP, during 1921, the performance of the agrarian sector was dismal, as a result of the famines in Central Russia and the Volga basin. There was no significant

change in sown area in 1921 and overall agriculture production, during the same year was not even half of the prewar average harvest. Prices of agricultural products increased due to their short supply.

On the other hand, a sudden transformation of centrally controlled industrial units into autonomous industrial units created many problems in the industrial sector. Newly formed autonomous industrial units (known as trusts) were confronted with several problems in their management and organization. The major problem facing these trusts was the lack of working capital. To overcome the shortages of working capital, trusts dumped their products in the market. According to Nove⁽³⁰⁾, such a desperate action by the trusts was also induced by the lack of demand from the peasantry, which was in part caused by the famine of 1921. Excess supplies of manufactured goods in the market contributed to reduce their prices.

The terms of trade thus seemed to be favourable for the peasantry during 1921. These favourable terms were a result of lower agriculture production and the dumping of industrial goods in the market. But despite the fact that the terms of trade were favourable to the peasantry, their income in fact declined.⁽³¹⁾

II.2.3(ii): The Scissors Crisis

From 1920 onwards conditions in the agrarian sector, however began to register a marked improvement. In 1921, total harvested area reached the level of ninety (90%) percent of the

prewar average harvested area.⁽³²⁾ By 1923, gross production of grains reached the level of more than seventy percent of the 1916 level. Increase in the marketed output of agriculture in 1922 (as compared to the same in 1921) rectified the situation by lessening severe food shortages in the urban areas. The impact of NEP on the agrarian sector was not only visible, but positive.

Simultaneously the situation in the industrial sector also began to change by the end of 1923. To overcome problems in the industrial sector a monopoly organization comprising of many trusts, known as Syndicates was formed. These syndicates were a kind of monopoly cartels, which were meant to help trusts to avoid competition amongst themselves and to restrict a fall in the prices of industrial goods. The formation of syndicates in the autumn of 1923, resulted in restricting the supply of and thereby increasing the prices of industrial goods. But this change in industrial units was not accompanied by an overall increase in the level of industrial production .

The pace of recovery remained slower in the industrial sector as compared to the agrarian sector. By 1923, in contrast to the restoration of agrarian production upto the prewar level, industrial production was merely one third that of the prewar industrial production level.⁽³³⁾

The formation of monopoly cartels "Syndicates", and a disproportionate recovery of the agrarian sector as compared to the industrial sector, resulted into adverse terms of trade for

the agrarian sector by the end of 1923. According to Dobb, (34) the changed ratio of the industrial prices and agricultural prices was 3:1, which was much more than the earlier ratio, that was favourable to the peasantry during the 1920-21 famine. This phenomenon of extremely adverse terms of trade for the peasantry came to be known as "Scissor's crisis", and became a serious problem by the autumn of 1923.

A seventeen member committee was appointed by the Central Committee to find out possible solutions to the scissor's problem. A report submitted by the committee suggested a policy of checks on selective retail prices of manufactured goods, curbing liberal credits given to the manufacturing sector, and an encouragement to agricultural marketing through more liberal finance to the grain purchasing organs coupled with finance for exporting grains.

The implementation of these measures by the government, closed the scissors from 3:1 to 2:1 by the end of 1923. The terms for the agrarian sector also gradually became less unfavourable, as the ratio of industrial prices to agricultural prices became 1.5:1 by October 1924.

II.2.3(iii): Lower Volume of Marketed Output

Even though, the pace of recovery of the agrarian, and industrial sectors was uneven, the beginning of 1924 was marked by growing confidence regarding the recovery of the production level of both the sectors. By 1924, the process of implementation of the NEP that was initiated since 1921, was

accomplished in almost all sectors of the economy. But despite these improvements the volume of marketed agricultural output (especially grains) did not improve.

Even though agricultural production recovered during 1924-25, the increase in production was not matched by a higher level of marketings of these products (especially grains). A reintroduction of requisitioning on a limited scale, became necessary during 1925. As compared to the year 1925, the next year (1926) registered an exceptionally good harvest, and helped to overcome most of the difficulties, in procurement, faced earlier. But, the harvest level of 1927, (unlike the exceptionally good harvest of 1926) was normal, and once again high expectations concerning grain procurement levels collapsed. During the autumn of 1927, grain procurement was half of the volume as against the same in 1926.

Accordingly, even though the overall crisis caused by declining supplies of grain to the towns was resolved within the framework of NEP, the recurring problem of a lower share of marketed agricultural produce remained unresolved (with the exception of 1926's good harvest.). We, therefore, proceed to examine the causes behind the lower share of marketed agricultural output.

II.2.4: Problems of grain marketings

In order to examine the causes behind the lower share of marketed agricultural output, in the first instance it is first of all necessary to identify major suppliers to the

market. The second step is to identify the reasons because of which suppliers were discouraged to bring their produce in the market. We begin by examining the validity of the Bolshevik belief that rich peasants, (known as "Kulaks") were the main suppliers (and thus hoarders) of grains to the market.

11.2.4(i) : Changed Scenario during the Twenties

The post-revolutionary changes in the agrarian structure posed a dilemma for the Bolshevik government because of their ideology and the economic exigencies that time. According to Bettlheim,⁽³⁵⁾ the level of marketed agricultural output (especially grains) during the twenties was determined by the combined effect of the following two factors:

1. Land redistribution during the October revolution.
2. Particular Socio-economic conditions of the small and medium peasantry during the twenties.

As far as the first factor is concerned, the disappearance of large estates and landlords after 1917 (who had been the main suppliers of agricultural produce to the market) reduced their importance as main suppliers. During the twenties the main suppliers of agriculture products in the market were middle and small peasants. The Socio-economic conditions emerging as a result of the NEP and the social stratification of the peasantry compelled middle and small peasants to sell their produce in the market. The factors responsible for the sale of grains by the small and middle peasantry included: (a) payment of taxes in Monetary form, (b)

Repayment of debts, and (c) a desire to acquire small instruments of production, for which otherwise they depended upon large farmers.

11.2.4(ii) : Misinterpretation of Market trends

Actually, it was not the rich peasantry, but the middle and small peasantry that were the main sellers of grain in the market. This was especially true of the earlier phase (July to September) after the harvest. On the other hand, the rich peasantry used to bring their produce to the market only in the later phase (autumn), because in comparison to depressed prices (due to large supplies) in the earlier phase, prices used to be higher during autumn. Based on this trend, Kamanev⁽³⁶⁾ (wrongly) concluded that, the rich peasantry was the main hoarders of surplus grains, which by hoarding grains to fetch a better prices, reduced supplies to the market. According to his estimates 62 percent of grain surpluses were held by the Kulaks. But, contrary to Kamanev's hypothesis, Bettlheim⁽³⁷⁾ argues that, even though, overall Kulak influence on the peasantry was substantial, Kamanev's hypothesis was an oversimplification of the reality. According to him, the main suppliers to the market were the small and medium peasants, who accounted for a share of 75 percent of a total marketed grains. Bettlheim, therefore, argued that, holding Kulaks (whose share in total marketed output was negligible) responsible for lower supplies of marketed agricultural produce was a mistake.

One question that then naturally arises is: What discouraged the small and medium peasants from bringing their produce to the market? To get a clear picture it is necessary to distinguish between the trends of net and gross marketed shares⁽³⁸⁾ during the twenties.

II.2.4(iii) : Trends in net and gross marketed output

The post revolutionary period was not marked by subsistence farming.⁽³⁹⁾ In 1923-24, gross marketed share of total agriculture produce was 25 percent larger than the same in 1923-24, and this trend continued even after 1924. Even Karcz⁽⁴⁰⁾ argues that a wrong comparison of net marketings in twenties with gross marketings of 1913, have misled many specialists. According to Karcz's estimates, gross output of agriculture increased by 36.6 percent from 1913 to 1926, and the share of gross marketings of that output increased by 59.7 percent. Thus, the share of gross marketings of agriculture produce during 1926-27 was 96.7 percent of the same during 1909-1913 (average).

If the share of net marketed agricultural produce was considered, then, as Karcz points out situation was not similar as was in case of the share of gross marketed output. Bettlheim also claims that, the share of net marketed agricultural produce during the twenties was increasing only slightly faster than the increase in the overall agriculture production, while the same for grains was actually declining.

11.2.4(iv) : Typical exchange relations

The type of exchange relations which developed after 1920, were responsible for lower net marketed share of overall agricultural produce in general and grains output in particular. According to Bettlheim⁽⁴¹⁾, these marketings of the small and medium peasantry did not represent their surplus production. Instead, these marketings were representing various obligations of the small and medium peasantry.⁽⁴²⁾ During the second phase of marketings, these peasants were the buyers of agricultural produce (especially of grains), which they required for not only self-consumption but also for sowing in the next season. Therefore despite the fact that exchange relations between towns and countryside increased the share of gross marketed output back to the prewar level, they lowered the share of net marketed output (especially of grains).

11.2.5 : Attempts of improving grains marketed share

In this subsection, we will review possible alternatives which could have increased net marketed output during the twenties. We will then attempt to analyze the failure of the Bolsheviks in implementing these alternative measures which ultimately led to a persistently lower share of net marketed grains.

11.2.5(i) : Untapped Potential

To be able to speak of these alternatives, it is

necessary to identify ways in which, it was possible to increase the volume of net marketed grains of the peasantry. This could have been done in two ways. First, by increasing the peasantry's production (of grains), and second by inducing the share of marketed produce of the output of the peasantry.

In retrospect, it is clear that Bolshevik government underestimated the potential role of a rational (sale inducing) pricing policy, and supplies of the small equipments in promoting agricultural production of the small and middle peasants. In this respect, they ignored the possibility of increasing the volume of net marketed output. Bettlheim⁽⁴³⁾ cites Ognovsky, whose estimates show that a large potential of increasing agrarian production existed throughout the twenties. Even Karcz also argues that, peasants' productive capacity (in the existing set up) was not saturated in the twenties. Karcz⁽⁴⁴⁾ cites Lyschenkov's paper, in which he dealt with the technicalities of the peasantry's productive potential during the twenties. Lyschenkov in his paper argued that a vast potential to increase peasant yields existed during the twenties. According to Karcz, measures like substitution of wooden ploughs by steel ploughs and the use of better seeds could have increased yields (by 15 to 20 percent) by 1930-31. According to him, the importance of these measures becomes apparent, when we take into account that such an increase was achieved only as late as 1966. According to Karcz, the use of cooperatives for the mechanization of agriculture, could have radically changed the situation. Karcz further argues that his

contentions of a possible increase in production by the small and middle peasantry during the twenties is not to be taken as a proof of the superiority of small scale farming. According to him, the possibility of an increase in production lay in the given pattern of landholdings, (which was not necessarily an optimum or desirable).

As far as, increasing the share of marketed produce was concerned the picture was as follows:

According to both Karoz, and Bettlheim, the Bolsheviki were not only wrong in understanding the productive capacity of the small and middle peasantry, but they even failed to acknowledge the evidence of peasant's positive response to increased prices. The peasant's share of marketed output was always responsive to increased prices except during the scissor's crisis in 1923, when the terms of trade were extremely unfavourable for the peasantry. We must, therefore, allow the argument that an inducement to the share of net marketed produce of grains by the peasantry was both possible and feasible in the twenties. Hence we now proceed to review the agricultural pricing policies, and the effects it made on the productive capacity of agrarian sector in the same period

11.2.5(ii): The Structure of the Procurement Prices

The corner stone of the new agrarian policy implemented after 1921, lay in the abandonment of compulsory obligations on the peasants. Accordingly no agricultural product was compulsorily procured. All of them were partly procured by the

state and cooperative trading agencies, at prices, which were not fixed, and were determined in accordance with prevailing market prices. State procurement organs were given the freedom to bargain with the peasantry to fix procurement prices. Such prices determined after bargaining were known as "conventional" prices. These conventional prices differed even from region to region. But, there was an upper and lower limit within which these conventional prices could vary. These limits were related to basic prices for each crop, which were determined by the central trade organ, in accordance with various objectives differing from crop to crop.

Basic prices for commercial crops were generally higher than market prices, because of the following two objectives: (a) to encourage higher production and (b) to avoid diversion of their produce to the rural craft industries via private traders.

On the other hand, objectives for fixation of the basic price of grains were too many and some of them were even contradictory. Some of these objectives included :

(a) To avoid an increase in the real wage rate. (grains being a wage good prices were to be kept lower).

(b) Stimulating peasants' production of grains and its marketed share.

(c) To maintain a balance between grain prices and prices of other farm products .

(d) To avoid seasonal fluctuations in grain prices.

According to Karcz,⁽⁴⁵⁾ though many more objectives of the pricing policy of grains were listed, in reality, two aspects dominated actual price fixation. The first dominating aspect lay in the precaution for not allowing the scissor's to open in the reverse direction. In other words, not allowing extremely advantageous terms to the peasantry. The second important aspect lay in an anti-inflationary precaution, which was a reaction to the galloping inflation prior to 1924. According to Karcz, a reduction in grain prices was looked upon as the best anti-inflationary measure available, because it has no adverse effects on the production and supply of raw materials required for the growth of the industrial sector. Procurement prices for commercial crops were therefore kept relatively higher in comparison to their market prices, and the reverse was the case for the procurement prices of grains.

In a situation of artificially lowered grain procurement prices, a different problem arose in relation to the procurement prices of animal products. Demand for animal products during the twenties, was increasing more as compared to the same for grains. Thus market prices of animal products were increasing faster than that of grains. Accordingly, procurement prices of animal products were increased in 1926. As a result, procurement prices of grains were not only lower in comparison to the procurement prices of commercial crops, but even compared to the procurement prices of animal products they were lower. Hence, a significant imbalance was created

between procurement prices of grains and other farm products.

The imbalance between grain procurement prices and other farm product prices resulted in the following consequences. First of all, peasants substituted grain crops by commercial crops. Secondly peasants used grains as livestock feed instead of selling it to the market.

Grain procurement prices were lowered to such an extent that grains cost of production inclusive of the cost of transportation and marketings was high enough to result in a financial loss to peasants. (This is reflected in the following table)

Table No.3: Difference between the procurement prices and the cost of production.

Years	Percentage difference between procurement prices of four major grains & their cost of production
1925-26	2%
1926-27	1%
1927-28	.4%

[Source : Compiled from Bettlheim.C. (1978) p = 135 - 162]

In the beginning of the twenties, the problem of lower net marketed output was only a problem of the lower share of

net marketed output in the total production of grains. But, by 1927-28, lower net marketed output was also because of the lower production of grains, which was due to the irrational price structure, and depressed level of the grain procurement prices. Therefore it follows that, a policy of procurement pricing, during the twenties, was itself enough to reduce the amount of net marketed grains and its production.

11.2.5(iii): Trends of the "income terms of trade"

We will now review the terms for the peasantry during the twenties. For this we will take Bettlheim's estimates of the terms during the twenties, which he derived from the data available to him. ⁽⁴⁶⁾ Based on his estimates Bettlheim makes four broad observations.

1. From 1913 to 1923-24, the purchasing power of the agrarian sector declined by one third.
2. From 1923-24 to 1927-28, the purchasing power of the agrarian sector multiplied 2.3 times.
3. The purchasing power of the agrarian sector was at its peak in 1927-28, which was on parity with the purchasing power during 1913.
4. From 1929-30 onwards, once again the purchasing power of the agrarian sector was on decline.

It is, therefore, evident that, after the measures to close the scissor's were adopted in 1923, the terms for the agrarian sector improved. The improvement in the terms of trade for agrarian sector was mainly an outcome of the check on

industrial prices by controlling the action of the syndicates. But in reality terms of trade for the peasantry during 1923 to 28 were not favourable to the peasantry (especially the small and middle peasantry) as is often presented to be the case. According to Bettlheim, there were certain limitations due to which the peasantry was not in a better position as it appeared from their comparative price position. These limitations included -

1. Conventional price for grains gradually turned into a fixed price for all practical purposes. This was caused by efforts to keep it lower artificially. At the same time, increasing restrictions were imposed on private traders, so as to increase the state and cooperative's share in trade. This closed apart from procurement agencies other channels of sale for the peasantry. Artificially lowered grain procurement prices, if compared with the industrial prices show less favourable terms for the peasantry.

In addition, the fact that the small and middle peasantry were the main suppliers of grains to the market shows that the terms for those two stratas of the peasantry had not improved to the extent shown earlier.

2. Recovery of industrial production was less, as compared to the agrarian sector's performance in the twenties. Thus, a lower production level, and short supplies of the manufactured goods as compared to increased agrarian production

and higher demand for manufactured goods by the peasantry resulted in the goods' famine⁽⁴⁷⁾ in the countryside. This also indicates that the situation was not favourable to the peasantry.

3. A policy of restricting private traders for increasing the share of state and cooperatives trading was not accompanied by the spreading of a cooperative trade network in the rural areas. Infact, these networks were so inadequate in the rural areas that the peasantry(already facing a goods'famine) was dependent on private traders for supplies of manufactured goods. The fact that private traders were charging higher prices (compared to prices quoted by state) the benefits of a check on industrial prices was neutralized for the peasantry.

Therefore, we can conclude that, even though, an improvement in overall terms (income terms of trade) for the peasantry implied a relatively better position for the peasantry, in reality peasants position did not improve.

11.2.5(iv): Supply of small equipments

As far as the supply of small, improvised equipments to the peasantry was concerned, the picture was not encouraging. According to Bettlheim, equipments needed by the small and middle peasantry were traditional type of equipments the producers of which were small scale rural industries. Despite more freedom given to the cottage and small scale industries, supplies of small equipments failed to increase.

Infact, increased supplies of these equipments were necessary to satisfy the increasing demand for these by the peasantry.

According to the Bettlheim, the share of expenditure on small scale and cottage industries was a meagre 8 percent in total budget expenditure of the state in the twenties. Increased expenditure on this item could not have created any negative effect on the GNP because it was very negligible in relation to total budget expenditure.

The Bolsheviks, therefore, ignored the untapped potential to increase the productive capacity of the small and middle peasantry by not supplying them the equipments they needed badly. In Bettlheim's opinion, such a neglect of the productive capacity of small and middle peasantry was partly due to the Bolsheviks ideological bias in favour of large scale farming.

Apart from the ideological factor, the Bolshebiks were confronted with three obstacles in encouraging the production of small equipments by rural cottage industries.

1. These cottage industries were in competitions with the state industrial sector for both raw materials and final products. They were therefore indirectly drawing a boundary for prices of state industrial products. (49)

2. The absence of exchange relations between these cottage industries and the urban sector, was because of the production process and selling activities of these industries, which were confined to the rural

areas. As these industries had no links with the urban sector, which towns could not afford (as they were dependent on the rural areas for their food supplies), increased activity of these industries was not desirable.

3. An inadequate trading network existed in the countryside during the twenties. In this period, the main components of the trading network were the state trading agencies, the cooperative trading network, and private traders. Of these three components, private traders were the link between village cottage industries and the peasantry. Due to their ideological notions and other economic considerations⁽⁵⁰⁾ Bolsheviks curbed the activities of private traders. As a result the exchange link between the rural crafts industries and peasantry was weakened.

Thus, a stable link with towns for a steady supply of grain to the industrial sector, and restricting private traders were given priority in the formulation of the policy. Along with this inability to acknowledge importance of small equipments for increasing the productive capacity of the small and medium peasantry resulted in a deficient supply of essential equipments to the small and middle peasantry.

Conclusion of Chapter 2

A review of the agrarian policies adopted under war communism, and the NEP reveals significant failures on the part of the Bolshevik leadership to improve performance of the agrarian sector. A detailed examination clearly indicates that the persistent dominance of dogmas caused the introduction of irrational policies which proved to be inefficient in improving the conditions of the peasantry.

During the first four years, after the revolution agrarian policy adopted by the Bolsheviks was a mixture of various intentions though often overpowered by ideological notions. These ideological notions initially gave rise to misconceptions regarding the process of class struggles within the peasantry. While the Bolsheviks came to realize the differentiated nature of the peasantry (by understanding the importance of the middle peasantry) instead of implementing a rational pricing policy, they heavily relied upon requisitionings for ensuring a steady supply of grains to the market. Such an attitude of the state was an outcome of a wrong notion of an advance to communism, where the replacement of production by the state was mistaken for an advance to communism.

The elements of coercion and its drastic use in the countryside, during war communism was partly caused by the exigencies of the civil war in the wake of the October Revolution. Nevertheless, there is no doubt that the

overenthusiasm of Bolsheviks in implementing ideologically inspired policies worsened the situation.

On the other hand, during the early years of the "NEP" (1921 to 26) the Bolsheviks implemented rational agrarian measures which however contradicted their own ideological dogmas.

After 1920, the need of the hour lay in re-establishing disturbed exchange links between the peasantry and other sections of the economy. Among the Bolsheviks, there were no differences regarding this immediate requirement. But due to their different perceptions of the application of Marxist doctrine in Russian conditions, the Bolsheviks were not united on the role of the NEP adopted in March 1921.

The NEP did help to overcome the crisis of the low agrarian supplies to the towns. But the problem of lower net marketed grains continued to plague the procurements. The lower volume of unmarketed grains was due to the combined effect of the postrevolutionary landholding pattern and the Socio-economic conditions, which emerged as a result of the NEP.

Rational measures, which would have rectified the situation, and were feasible were not implemented. On both crucial fronts the terms of trade (income as well as prices) for the peasantry, and supplies of small equipments to the peasantry, actual performance was hardly conducive to increasing the share of net marketed grains. Such an

irrational policy stemmed from ideological conflicts concerning the role of the NEP. In addition to these ideological notions, some of the economic issues were also involved in shaping of the agrarian strategy after 1925. In our next chapter we will attempt to analyze these issues in detail.

Notes and References (Chapter-2)

- (1) Bettlheim C (1976) : Class Struggles in the USSR : First period : 1917-23 : Monthly Review Press, London: PP=380- 394
- (2) Westwood J.N. (1981) : Endurance and Endeavour Russian History 1812-1980 : Oxford University Press, New york, PP=
- (3) Tsars were the rulers of the old Russia (prior to the October Revolution) in 19th century.
- (4) During the first decade of the 20th century, Stolypin was one of the important policy makers in the then existing Govt. of Russia. He was instrumental in the implementation of the new measures, which were designed to change the socio- economic circumstances for the peasantry.
- (5) Westwood J.N. (1981): Op,cit,PP = 277-300
- (6) That is to say very few peasants were enterprising to take up the risks of private ownership of land.
- (7) Bettlheim.C. (1976): Op,cit, PP = 380 - 394
- (8) ibid, PP = 394 - 436
- (9) ibid, PP = 394 - 436
- (10) This belief was again stemming from the bolshevist prenotions of the class struggle amongst the peasantry in Russia.
- (11) Bettlheim.C.: OP.cit,PP = 394 - 436
- (12) More Stress was on the grain supplies.
- (13) Nove.A.(1969): An Economic History of the USSR : Allen Lane The Penguin Press, London, PP=59-63
- (14) Dobb.M. (1953): Soviet Economic Development since 1917 :

- RKP Ltd., London, PP= 117-118.
- (15) System of requisitioning was not new for Russia when earlier provisional government was in power (i.e. just before the October Revolution) the system of compulsory procurements was adopted to cope with the chaotic condition of the war.
- (16) Bettlheim.C (1976): OP,cit, PP = 437 - 506
- (17) ibid, PP = 437 - 506
- (18) Day R.B. (1975) : Preobrazenly and the theory of transition period, Journal of Soviet Studies, Volume XXVII, PP = 196 - 219
- (19) Nove A.(1969): OP.cit. PP=53-85
- (20) Kronstdat is a name of a port in North West Russia where sailor's revolt against the state matched the ending of the war communism measures. These risings are known as "Kronstdat" risings.
- (21) Day R.B. (1975): Op.cit, PP = 196 - 219
- (22) Here "planned economy" is the concept which Marx refers to the certain stage of society's development. According to Marx, just before arriving at communism stage a stage of planned economy will emerge, where capitalist institutions like money will be weither away.
- (23) Bettlheim. C.(1976): OP.cit.PP = 437 - 506
- (24) Nove A (1959): Op.cit. PP=86, where he refers to the outmigration from one province to another one.
- (25) Bettlheim.C. (1976) : OP.cit, PP = 437 - 506
- (26) In a way they all argued that these social organizations amongst the small peasants were nothing but an instrument

for rich peasants to dominate the small peasants. This according to them hampered the progress of capitalism in the rural areas.

- (27) Millar R.F. (1975) : Soviet Agricultural Policy in the twenties the failure of cooperation, Journal of Soviet Studies, Volume no.XXVIII, PP=244
- (28) Nove.A. (1959) : Op.cit, PP=83-84.
- (29) Bettlheim C. (1978): Op,cit, PP = 83 - 162
- (30) Nove.A.(1959):Op.cit, PP=93-99
- (31) Irrespective of the fact that terms of trade were favourable to the peasantry, their income couldn't increase because of the proportionately much lower production levels. In other words, their income-price elasticity was lower than one.
- (32) Nove.A. (1959) : Op,cit, PP= 93-97.
- (33) Dobb.M. (1953): Op.cit, PP= 150-175
- (34) *ibid*, PP= 161-164
- (35) Bettlheim.C. (1978): Class Struggles in the USSR :Second period :1923-1930 : Monthly Review Press, New york, PP= 83-162.
- (36) *ibid*, PP = 83-162
- (37) *ibid*, PP = 83-162
- (38) These two terms of Net and Gross marketed shares in the context of USSR are often referred by the analysts. These represent net share marketed by the peasantry out of the rural areas and total share which is just marketed (i.e. inclusive of marketing in the rural areas) by the peasantry respectively.

- (39) Subsistence farming here refers to the situation where no produce on the farm is marketed. In other words, all of the farm production is only for the sake of domestic consumption.
- (40) Karcz J.F. (1967) : Thoughts on the Grain Problems, Journal of Soviet Studies, Volume no.XVIII, PP= 399-434.
- (41) Bettlheim. C. (1978) : Op.cit, PP= 83-162
- (42) These obligations were in the disguise of tax payment, peasantry's requirement of cash for the short term working capital etc..
- (43) Bettlheim. C. (1978) : Op.cit, PP= 83-162
- (44) Karcz J.F. (1967): Op,cit, PP=399-434
- (45) ibid., PP= 399-434
- (46) Bettlheim.C. (1978): OP.cit, PP= 83-162
- (47) Goods famine is the term used by the analysts to refer to the peculiar phenomenon of non availability of consumer goods in the rural areas of USSR during the concerned period.
- (48) Bettlheim.C. (1978) : Op.cit, PP= 93-150
- (49) This boundary was mostly in the context of the higher level. That is the extent to which prices of statized industrial produce would be higher was determined by them.
- (50) Other economic considerations were mainly regarding the goal of industrialization by giving utmost favourable position to the statized industrial sector.

Chapter 3

INDUSTRIALIZATION DEBATE AND PEASANTRY

INTRODUCTION:

The period of "NEP" was alternately marked by the dominance of either NEP measures, or sometimes non-NEP measures. ⁽¹⁾ Due to ideological predilections, and erroneous perceptions agrarian policies followed by the Bolsheviks were a failure under late NEP (and war communism). Political struggles within the Bolshevik party, and military considerations were also responsible for the decline of the "NEP". Apart from these factors, the decline of the "NEP" and the subsequent campaign for forced collectivization that followed in 1928-29 was also related to the strategies pursued by the Bolsheviks in their pursuit of industrialization.

Despite the fact that most of the Bolsheviks considered industrialization a necessary prerequisite for the attainment of socialism, they had different views concerning the means to achieve this goal. Amongst Bolsheviks, there was no consensus regarding the peasantry's role in the industrialization campaign. To be precise, these differences were regarding the relationship between peasantry and the urban sector (mainly comprising of statized industrial sector). Concerned views of the various groups amongst Bolsheviks constitutes the famous " Soviet Industrialization Debate".

In this chapter we will examine the fate of the

peasantry in the context of the famous industrialization debate. This chapter further contains a review of various political and ideological views about the role of the peasantry in Soviet industrialization. This would serve as a useful prelude to our discussion on the collectivization of Soviet agriculture in the following chapter.

In section III.1, we attempt to identify the origins of this debate. In section III.2, and III.3, we will elaborate, the point of view of the both (so called) the "leftists" and the "rightists" respectively. In section III.4, we will emphasize the role of the peasantry in the two respective lines of arguments.

Section III.1 : Origins of the debate

We may start our discussion with the question "What were the basic intentions of the Bolsheviks in the late twenties?".

III.1.1 : Priority to Industrialization

The Bolsheviks, and before that, the Socialist Revolutionaries (SR's) believed that the attainment of socialism was both possible and necessary in the USSR. Industrialization was considered to be an essential requirement towards the attainment of such an objective.

According to Nove,⁽²⁾ force and coercion, which was used to collect grains, followed by the collectivization campaign (after 1928) was to ensure the supplies of agriculture produce required for the industrialization. Even Lenin's argument in the twenties indicates the utmost priority for the industrialization.⁽³⁾ Bettlheim⁽⁴⁾ also concludes that, Stalin (in late twenties), in line with Lenin, gave an utmost priority to the process of industrialization. Stalin and other Bolsheviks believed that, industrialization will enhance material supplies to the peasantry, and thus will facilitate the exchange relations between the peasantry and urban sectors. Thus, as Karcz⁽⁵⁾ points out, a pressure on the internal grain procurement organs, in the late twenties, was due to the rapid industrialization. In addition to all this, a considerable share of the industrial sector in the final version of the first five year plan further indicates a clear

priority to industrialization.⁽⁶⁾ Hence, we can say that all Bolsheviks (from Lenin to Stalin) were firm regarding the target of industrialization.

III.1.2 : Consensus for other aspects

Alongwith unanimously accepted goal of industrialization, Bolsheviks were also united on many aspects related to the industrialization.

First of all, they all believed in a one party system. For the Bolsheviks, attainment of socialism was possible within the confinements of one party system in the backward economy like Russia. -

Secondly, all the Bolsheviks were convinced of the superiority of large scale socialized farming. For them, the process of industrialization was to be accompanied by simultaneous transformation of petty bourgeoisie peasantry into the socialized large scale farming sector. But, none of the Bolsheviks had foreseen a sudden forced transformation of the peasantry (at least till 1928). All of them agreed upon a strategy of transforming peasantry by attracting them towards the advantageous collective farming.

Third point on which all the Bolsheviks were one was regarding assistance from the West. Bettlheim⁽⁷⁾ points out that SR's and Narodniks, right from the beginning (i.e. Nineteenth century), believed that a Western proletarian uprisings were inevitable, and necessary for assisting the

achievement of socialism in a backward economy like Russia. Later, Lenin and other Bolsheviks also believed this same hypothesis.

III.1.3 : Resource Constraints

After the completion of reconstruction activities in the industrial sector by 1925, next task in front of the Bolsheviks was the accomplishment of their predetermined goal of industrialization. Main requirements of the industrial expansion were as Dobb⁽⁸⁾ points out, increased supplies of the heavy machinery, and construction of the basic industries.

According to Dobb, surplus labour due to the population pressure in the rural areas was available for these construction activities. But, there were two unresolved aspects of the concerned problem. One aspect was the material means required to maintain the expanding industrial army,⁽⁹⁾ and second aspect was the higher imports of the heavy machinery.

According to Dobb, USSR in the twenties, was without any traditional sources of accumulation.⁽¹⁰⁾ Industrial sector on its own was incapable of generating the surplus in the immediate future, and the agrarian sector was plagued by the backward technology, and deficient organization. Even a possibility of an assistance from abroad was narrowed because of the military considerations. Thus, we conclude that the USSR in the twenties was facing a question of "how to accumulate?"

III.1.4: Beginning of the Debate

Against the background of a common goal of industrialization and a vicious circle of resource constraints debate regarding the path of industrialization started. Main focus of the discussion was on the role of the peasantry (i.e. exchange relations/terms with peasantry), and a role of the foreign trade (assistance/aid). In other words, the debate centered around the terms of trade (price) in between the peasantry and industry, and the extent of reliance on the foreign aid (i.e. Western aid).

The scissor's crisis in 1923 triggered off the debate. The remedy suggested (as mentioned earlier in chapter 2) by the committee appointed for resolving the scissor's crisis was regarding the monopoly power of the syndicates. Implementation of the measures reduced the advantageous position of the state industrial sector, and favoured peasantry.

Trotsky and his supporters opposed this policy. According to them, reducing disparity between the industrial, and the agricultural prices was not a correct policy. They believed that, the real problem was a disparity in the development of agrarian and industrial sectors. Hence, they wanted an encouragement to the industrial sector for its further growth. According to Trotsky and his supporters, liberal credit to the industrial sector was the correct policy to resolve the concerned (long run) crisis.

Trotsky and his supporters criticized even the policy

of more liberal attitude towards the "Kulaks" and "nepmen". According to them, such a policy (during the twenties), was ignoring the increased danger of fast developing private capital in the shape of Kulaks (and nepmen). On the other hand, policy makers and, Bukharin opposed Trotsky's this stand.

Section III.2 : Leftist's View

Stalin for his personal power games, and military considerations supported (and implemented) Trotsky's and his supporters' (commonly termed as the "Leftists") policy implications in the late twenties. But, prior to that, in the early twenties, Stalin implemented Bukharin's and his supporters (commonly termed as the "Rightists") policy implications. For our convenience, we will review these policies in order in which they were pitted against the measures of the state (i.e. Stalin's policy implementations). We will examine the "leftist's" argument in this subsection, and the "rightist's" argument in later subsection. This will help us to examine the evolution of the debate.

III.2.1 : Trotsky's argument

When differences between the "leftists" and the "rightists" surfaced for the first time in 1923, Trotsky opposed the policy of restrictive credit supply to the industrial sector. Infact, as both Bettlheim⁽¹¹⁾ and Nove⁽¹²⁾ point out, Trotsky's argument for the expansion of credit to the industrial sector represented non NEP influence, one of the two ideological factions differing on the role of the "NEP". Trotsky opposed Lenin's policy of long term role of the "NEP" measures, and accordingly was not happy with the policy measures supporting all stratas of the peasantry. Trotsky criticized Stalin's soft attitude towards Kulaks in the mid twenties. Instead, he prescribed more repressive measures

against Kulaks. Such a view by Trotsky was an obvious outcome of the importance given to the danger of developing private capital.

Trotsky's abovedescribed views regarding peasantry and state industrial sector were against the backdrop of his following hypothesis regarding the Western proletarian uprisings. Trotsky believed that Western proletarian uprisings in the West were inevitable.⁽¹³⁾ For him, only the proletarian uprisings in the West could bring about a socialism in the USSR. According to him, Western assistance was a must. But Trotsky was critical of Stalin's foreign policy in the early twenties when Stalin attempted to seek a Western aid. In Trotsky's opinion, all these attempts by Stalin were futile because this was too early than the expected proletarian uprisings in the West.

III.2.2 : Preobrazensky's Stand

In addition to Trotsky's arguments a brief review of Preobrazensky's theories would provide us with a better appreciation of the position of the "leftists".

(1) Preobrazensky's Earlier Stand

Before 1923, Preobrazensky was in favour of the complete elimination of the market mechanism. Accordingly, in the overenthusiasm of war communism, he, alongwith Trotsky, was for the substitution of monetary wage system by the distribution of goods (which means a coupon system). To avoid

initial difficulties in distributional norms, he advocated the use of old relative prices, and allowed for minimum wage differentials to prevail.

(2) Preobrazensky's Stand after War Communism

After the realization that Socio-economic conditions in the USSR were too backward for the rapid transformation to socialism, the Bolsheviks were forced to delete their Marxist Principles. For hardliners like Preobrazansky, and Trotsky compromise was in the shape of a continued role of money as far as petty commodity production persisted.⁽¹⁴⁾ But, Preobrazensky wanted only a limited role of money. Argument in the context of the limited role of money was consistent with his hypothesis of (late in the twenties) "Primitive Socialist accumulation",⁽¹⁵⁾ but was against the Lenin's view of the "NEP".

(3) Opposition to the Policy of Balanced Budget

Preobrazensky (for that matter all leftists) was especially against the measure of a balanced budget in the early twenties. Preobrazensky, argued that relative terms (income) for the industries were declining since 1917. Hence, he was against the stricter control of credits to the industrial sector, which meant opposing the measure of balanced budget.

**(4) Views (before 1922) regarding the exchange relations
with the peasantry**

Preobrazensky accepted that an attempt to extract a surplus from agriculture during war communism, had failed. He attributed such a failure to the false expectations of an immediate returns to the agrarian sector (i.e. to the peasantry) in the form of increased material supplies from the industrial sector. Hence, Preobrazensky in 1922, and before 1922, opted for a middle way. He advocated a policy of extending loans by the agrarian and the industrial sectors to each other. According to him, loans given to the deserving stratas of the peasantry could be also used as a means to establish control over the nonsocialized sector, and thus represented a step towards an abolishment of money. ⁽¹⁶⁾

Despite Preobrazensky's this policy of augmenting capital in the agrarian sector, he was not convinced that a solution to the problem of deficient capital investment was possible without Western aid. Preobrazensky was convinced that the policy of extending mutual loans was only a temporary solution and a Western proletarian revolution was the only way to resolve the problem of capital accumulation in the USSR.

(5) Expectations about Western Proletarian Uprisings

Preobrazensky was not only convinced about the inevitability of Proletarian Uprisings in the West, but had even chalked out a time table for it. Like Trotsky, Preobrazensky did not expect any substantial trade with Europe

for a decade. This implied that he expected a proletarian uprising within a fixed time limit (i.e. by the end of the decade 1930).

According to Day, ⁽¹⁷⁾ Preobrazensky was not only correct in anticipating dim prospects of substantial foreign aid in the near future, but was also correct in his analysis of the world crisis. His prediction concerning the timing of Proletarian Uprisings in Western Europe and the Great Depression of 1932 matched each other.

Preobrazensky by using Marx's arguments identified two major reasons for Proletarian unrest in the West. The first lay in the overexpansion of industrial production as compared to social consumption power in West. According to him, a loss of markets in America and the USSR worsened this situation in the West. The second reason was specified as the possibility of higher rent in the agrarian sector (comprising of small plots) of the European economies. Also increasing restrictions on an emigration in America was bound to increase pressure on small holdings of Europe.

(6) Views on the Relationship with the West

In contrast to his (above-described) views about the Western Proletarian Uprisings, Preobrazensky was convinced of the USSR's advantageous position in comparison to the West. According to him, USSR had a vast resource base accompanied by a vast potential to consume (because of socialist system of distribution). Preobrazensky argued that

the USSR not being dependent on the external market had a better capacity to avoid crisis. Hence he opposed attempts to opt for foreign aid. In this regard accepting German capital, necessary for the cultivation of large vergin lands was the only exception made by Preobrazensky.

(7) Primitive Socialist Accumulation

According to Day⁽¹⁸⁾ the good harvest of 1922, and policy makers' (i.e. Sokholnikov) inclination (by 1925) to allow a depletion of capital in the industrial sector for the sake of the peasantry changed Preobrazensky's earlier stand of equal exchange between the peasantry and industry. In contrast to his earlier policy of extending mutual loans between industry and peasantry for required investment, Preobrazensky advocated the policy of extracting the required surplus from the agrarian sector.

On the lines of Marxian concept of "Primitive Capitalist Accumulation",⁽¹⁹⁾ Preobrazensky in his book "Novaya Ekonomika" developed a new concept, which was later termed as "Primitive Socialist Accumulation". For Preobrazensky, out of three possible sources of accumulation only one was feasible, and ideal. According to him, foreign borrowings, and inherent capacity to generate surplus in the industrial sector were impossible in the near future. Thus, Preobrazensky advocated third and the last source of exploitation of private sector. For him, existence of these private "colonies"⁽²⁰⁾ was not desirable when advancing towards socialism. Hence, he advocated

a policy of exploitation of these colonies till they were transformed into socialized sectors. In this sense, Preobrazensky prescribed the policy of exploiting private colonies (which mainly comprised of the peasantry) for achieving two objectives of accumulation of surplus, and transformation of colonies into the socialism.

Dobb⁽²¹⁾ points out that, Preobrazensky was aware of the adverse effects of the excessive taxation on the peasantry, which were experienced during the war communism period. Hence, Preobrazensky prescribed use of unfavourable terms instead of taxing the peasantry. Preobrazensky's scheme of unfavourable terms to the peasantry comprised of two consecutive stages. The first stage involved transfer of surplus values from the colonies (i.e. peasants) to the alien state industrial sector. Thus, during this stage agrarian sector was bound to suffer because of the unequal exchange. The second stage also involved unequal exchange. A peasantry was bound to face unfair terms even during the second stage. But, during the second stage, surplus generation within the industrial sector was expected to improve peasantry's position by supplying them more of the industrial goods. Despite peasantry's improved position, after the completion of the first stage, unequal exchange was to continue till colonies got transformed into the socialized sector. Preobrazensky prescribed only one limitation for this unequal exchange. According to him, unfavourable terms to the colonies could not be stretched to the point where private colonies would not

exist. This limit was to be followed till the desired level of accumulation was attained.

III.2.3 :Implications for the Peasantry's Role

From Trotsky's and Preobrazensky's above described arguments, it is possible to draw same inferences. For leftists, a harsh treatment to the peasantry, in the shape of unequal exchange was necessary. Especially, they wanted government to take stern attitude in checking the increasing activities of "Kulaks".

To prove their hypothesis of increasing danger from the fast developing private capital, leftists furnished data regarding the increasing dominance of Kulaks in the agrarian sector. According to them, Kulaks dominated many spheres of the rural life in the twenties. Leftist's statistical data indicated Kulak dominance in the shape of cultivated area, machinery owned etc..⁽²²⁾ They further argued that freedom of leasing in and out of land during the twenties, was mostly benefiting the Kulaks. Another criticism against Kulaks was in the context of their grain hoardings. Kamanev's data and his hypothesis based on it supported the leftist view of holding Kulaks responsible for the grain hoardings.⁽²³⁾

III.2.4: Implied Role of the Cooperatives

Leftists argued that exploitation of the peasantry was necessary to maintain a higher tempo of industrialization. In keeping with this line of argument regarding the highest

possible tempo of industrialization, leftists prescribed certain role for the agriculture cooperatives. Millar⁽²⁴⁾ points out that leftists were against the genetic approach to the development of cooperatives. Instead of, developing the chain of consumer cooperatives, and then gradually shifting towards production cooperatives they wanted to start straight with development of the production cooperatives. According to the leftists, consumer cooperatives were helping Kulaks to dominate other stratas of peasantry. On the other hand, for them, production cooperatives based on state owned means of production were nearer to the socialism and hence, preferable.

III.2.5 : Implications for the Foreign Trade

As far as foreign trade was concerned, leftists were against any substantial trade relations with the West for a decade. Infact, according to them, such prospects were dim because of the delayed expected Proletarian Uprisings in the West. But, leftists believed that, Proletarian uprisings in the West were inevitable, and will come to rescue USSR's deficit capital accumulation in the agrarian sector. They believed that at a point of time when agrarian sector's performance will be just on the brinks of collapse, an assistance from the West will help overcome the crisis.

Section III.3 : Rightist's View

In this section we will review the rightists view on the Soviet Industrialization Campaign in the late twenties. After describing evolution of the rightists arguments, we will review their arguments, and its implications.

III.3.1: Emergence of the argument

Unlike leftists, rightists influenced the policy decisions of Stalin during 1921 to 1926-27. Dobb⁽²⁵⁾ points out that a post revolutionary economic policy was influenced by the bureaucrats of the old regime, who relied more on the foreign borrowings, and market instruments (like monetary policy) for monitoring economic activities. This group became more active after the introduction of the "NEP" in 1921. Day⁽²⁶⁾ points out that Sokholnikov was one of those, who were the policy makers of the early twenties. Some of Sokolnikov's views were supported by Bukharin and other rightists.

Views of Sokolnikov and other rightists were expressed by their arguments in the context of scissor's crisis in 1923.⁽²⁷⁾ To tackle with the short run problems like mounting industrial inventories, and their rising prices a policy of stricter credit control was implemented by them. This measure, as Day points out, was continued even after the problem of excessive industrial prices was solved. Such an approach towards the peasantry and industry by Sokolnikov was also reflected in his readiness for allowing depleted capital stock in the industrial sector to supply industrial goods demanded by

the peasantry. Infact, Day points out that, Sokolnikov was in favour of importing these goods which peasantry demanded, and were in short supply.

III.3.2 :Change in Bukharin's Position

During 1920, Bukharin alongwith Trotsky criticized Lenin's soft attitude towards the danger of fast developing pockets of the private capital in the economy (especially in the agrarian sector). But, later during the early twenties (of Stalin's rule), he alongwith his supporters like Rykov, supported Sokolnikov's measures. Infact, Bukharin during this period, and later supported the role of the "NEP" as envisaged by Lenin. Bukharin's and for that matter rightist's stand in contrast to the leftist argument became more apparent, and vocal after 1927. After 1928, Stalin for his self political interests turned in favour of leftist's policy measures. In a reply to Stalin's criticism, Bukharin published his arguments in "notes of an economist" during September 1928. Thus, rightist's arguments were against the policy implemented by Stalin after 1927.

III.3.3 :Criticism of Leftists Arguments

Bukharin and Rykov, who were the main policy makers in the early twenties criticized leftist's arguments. A brief review of these criticisms will help us to grasp the essence of rightist's argument. Main criticisms of the leftists were as follows:

- (1) According to Bukharin, Preobrazensky's theory of

Primitive Socialist Accumulation, which envisaged an unequal exchange with the peasantry, ignored the possibility of peasantry's unwillingness to exchange at a predetermined exchange rate. Bukharin argued that such unwillingness on peasantry's part would once again lead to requisitionings of grains and this would ultimately destroy exchange links between the peasantry and the working class. Narckiwicz⁽²⁸⁾ describes the same in a different style. According to him, Stalin (after 1928), who was implementing leftist's policy, was confident about the controlling power of the state machinery, but on the other hand, Bukharin and other rightists were awed by the tremendous strength and resistance power of the peasantry. Because of this possibility of antagonizing peasantry rightists suggested alternative which would not antagonize the peasantry.

Rightists were of the opinion that unwillingness of the peasantry to exchange, if resulted in the elements of compulsion, then peasants might reduce their sown area. This was experienced during the period of war communism. Hence, rightists argued that a policy of extremely unfavourable terms to the peasantry, instead of enhancing the surplus extraction from the peasantry will reduce it in the long run.

(2) Another criticism of leftists was regarding an underestimation of the industries' (even internal) surplus generating capacity. Accordingly rightists adopted measures like stricter credit control and more freedom to industrial units during 1920 to 25. By adopting these measures, rightists

tried to increase the efficiency of the industrial units by increasing intensive use of labour, rationalizing production, and enhancing organizational efficiency.

(3) One more criticism of leftists by Bukharin⁽²⁹⁾ was in the context of a market for the industrial produce. Bukharin after 1926, differed from his earlier stand regarding the role of the foreign aid. After 1926, he believed that a more reliance on the foreign aid for the industrialization was not practical. Thus, during later half of the twenties (i.e. 1920 onwards), Bukharin accepted leftist's stand regarding the necessity of internal surplus generation, and peasantry as a main source for it. But for him, a balance between the agrarian sector and other sectors was necessary while generating surplus from the agrarian sector. According to him if this is not done, then it would disturb the required balance by destroying the required market for the industrial goods. Bukharin viewed this as a "parasitic decay" of the industrial sector. Bukharin accepted that investment in the heavy industries was necessary, but he also considered that the production of consumer goods (simultaneously) was essential.

Thus, Bukharin and Rykov criticized leftist's support to the policy of unfavourable terms to the peasantry. Instead of unequal exchange with the peasantry, rightists supported the policy of enhancing peasantry's income which was necessary for generating the demand for the industrial produce.

Rightists accorded prime role to the agriculture cooperatives in promoting the financial position of the middle peasantry, and gradually winning them over to the socialist mode of production. Furthermore rightists not only denied leftist's claim of Kulak's dominance, but also argued that (for example Bukharin) a supreme control of the state can restrict Kulak's dominance growing out of proportion.

III.3.4 : Implications of Rightists Stand

(1) In the context of peasantry's role

Rightists believed that an encouragement to the peasantry to produce more, and to improve their financial position was essential to keep up the tempo of industrialization in the long run.⁽³⁰⁾ Instead of restrictive measures to curb Kulak dominance they advocated policy of an overall encouragement and freedom to the middle peasantry. According to them, a threat of Kulak dominance was not credible.

(2) In the context of agriculture cooperative's role

Rightists accorded a prime role to the agriculture cooperatives. For them, there were two crucial functions of the agriculture cooperatives. One was regarding an assistance to the middle peasantry in improving their production level, and financial condition. Second function was the gradual transformation of the peasantry towards the socialism by winning them over to the collective form of production.

In accordance with their abovesaid motivations, rightists wanted gradual transformation of peasantry (into the socialized large scale farming sector). As Miller⁽³¹⁾ points out rightists favoured the genetic approach for the development of cooperatives in the agrarian sector. For them development of a consumers' cooperative network was the first step. They advocated a policy of attracting peasantry to the advantages of consumers' cooperatives and then gradually developing credit, market, supply and service cooperatives. They were against the direct implementation of the production cooperatives.

(3) In the context of Foreign Trade's Role

Rightists represented by the old bureaucrats were in favour of the borrowings from the West during the early part of the "NEP (i.e. 1920 to 1925). But Bukharin, latest in 1926, changed his side and supported the leftist's stand of not relying on the foreign borrowings. But there was one crucial difference between these similar looking arguments of the rightist and leftist. Leftists were against the foreign trade with the West in the nearest future, but they believed that inevitable "Western" Proletarian uprisings will bring about necessary assistance from the West in a distant future. On the other hand, rightists (e.g. Bukharin) were convinced about the feasibility of socialism in the isolation (i.e. in the backward country like USSR). For Bukharin a transformation towards socialism, if done gradually (that is by maintaining a balance between the agrarian and industrial sector), then was possible in an isolated backward country like the USSR.

Section III.5 : Some Inferences

After examining all the arguments in the context of the industrialization debate, we can say that an issue at stake did not give rise to the two diagonally opposite lines of argument. Even though, they differed on some issues, they also had similar views regarding many others. This same view can be emphasized, if we notice that within the "rightists", as well as "leftists", arguments differed from individual to individual. But the rightist's and leftist's arguments appeared as if they were diagonally opposite when Stalin implemented their policy implications one after another.

According to Bettlheim,⁽³²⁾ Bukharin and his supporters wanted the development of the private capital in the agrarian sector. Measures like no restrictions on the leasing of land (adopted in 1925) were the clear indication of rightists intentions. They wanted to help evolve a prosperous peasant's class (i.e. better off section amongst the middle peasants) to increase peasantry's accumulation levels, and thus to generate the surplus. But, this policy did not produce an immediate result, hence to cope up with the highest possible tempo of industrialization "non NEP" measures like compulsion were implemented. These measures, as seen earlier (in section II), further worsened the situation. For Preobrazensky and Trotsky (i.e. leftists) an excessive demand by the peasantry was responsible for this crisis. But in Bettlheim's opinion, such a criticism by the leftists was wrong because there was no increase in the demand for urban goods by

the peasantry. Infact, Bettlheim shows that peasantry's demand for the urban goods had declined from 1912-13 to 1925-26. Thus Bettlheim concludes that problems behind the crisis in the late twenties were internal to the industrial sector, and had nothing to blame the peasantry.

From our above discussion one question arises whether a potential to accumulate did not exist with the peasantry, or an ideological and other considerations limited the scope to test this possibility. Nove's argument in his book "Stalinism and after"⁽³³⁾ indicates that other aspects (like personal power struggles within the party, ideological adherences and, military considerations) were dominant enough to limit the scope of the first alternative before it was given a serious try. Infact, Nove argues that, Stalin's policies to accomplish fixed target of industrialization were rational only in the already narrowed limits. Day⁽³⁴⁾ further argues that, if Preobrazensky could have seen impossibility of Western Proletarian uprisings, then a logical implications of his theory could have led him to the inevitability of collectivization campaign.

Conclusion of Chapter 3

There were no differences amongst Bolsheviks regarding the goal of industrialization. But, by the mid twenties, when reconstruction activities were accomplished, differences regarding the tempo of industrialization surfaced.

Rightist's influence on Stalin's policies was prominent in the early twenties (i.e. 1925-26). Rightists believed that, the process of industrialization was not feasible and desirable, if it is done at the cost of the agrarian sector. In accordance with this line of argument, they suggested (and Stalin adopted in the early twenties) a support to the "NEP" measures in the long run. Hence, rightists wanted to support all the stratas of the peasantry.

Stalin adopted leftist's policy implications in the later phase. For leftists an exploitation of the peasantry was must and desirable (but leftists failed to foresee a possibility of the elements of compulsion). In accordance with this argument, leftists advocated policies of more liberal credit facility for the industrial sector, and dekulakization for the agrarian sector. Leftists wanted to attain the highest possible tempo of industrialization.

Thus, we can conclude that leftists suggested, path for the industrialization in the sense that they were clear regarding the highest possible tempo of industrialization. But leftists had no concrete plan of how to transform agrarian sector into the large scale socialized production sector

without using the elements of force and compulsion. In contrast to the leftists, rightists had a plan for the gradual transformation of the peasantry without using elements of the compulsions. But, rightists claim of the rapid tempo of industrialization does not fit in their policy of balance between the agrarian sector and industrial sector. Rightists proclaimed a goal of rapid industrialization but their line of argument suggested a moderate rate of industrialization. Hence, we can say that rightists had a plan for the peasantry but did not explain the programme based on which rapid industrialization was feasible.

Thus the debate had no two diagonally opposite sides. But, Stalin's tilt towards the leftists in the later twenties, and his extreme interpretations of leftist's arguments made two sides look as if they were diagonally opposed to each other. Stalin's tilt on leftists side in the late twenties sealed the fate of the peasantry in the future course of time.

Notes and References (Chapter-3)

- (1) Non-nep measures reflected those tendencies of bolsheviks which were in line with the belief of nep as a temporary phase.
- (2) Novo.Alec (1975): Stalinism and after :George Allen and Union Ltd., London, PP= 1-78
- (3) Lenin V.I.: Collected Works, Volume no. 32, Progress Publishers, Moscow, (1972), PP= 366-
- (4) Bettlheim.C. (1978): Class Struggles in the USSR: Second period :1923-1930 :Monthly Review Press, New york, PP= 355-500
- (5) Karcz J.F.(1967): Thoughts on the grain problems, Journal of Soviet Studies, Volume no.XVIII, PP=399-434.
- (6) Dobb.M. (1953): Soviet Economic Development since 1917, RKP, London, PP-237-241.
- (7) Bettlheim C. (1978) Op.cit, PP= 355-500.
- (8) Dobb.M. (1953) : OP.cit, PP=231-241
- (9) The term "Industrial army" is in reference to the Marxian concept of emancipated labour turning towards industrial sector who for the sake of their livelihood sale their own labour.
- (10) Dobb refers these traditional sources of accumulation as sources like abundant vergin land (which was the case of U.S.A.) existence of the colonies to extract surplus from them (which was in case of the many West European countries).
- (11) Bettlheim.C.(1978):Class Struggles in the USSR :Second period: 1923-1930, Monthly Press, New york, PP= 355-500

- (12) Nove.A. (1969): An Economic History of the USSR: Allen Lane. The Penguin Press, London, PP=140-142
- (13) Trotsky's this belief was in line with Marx's comments on the possibility of revolution in Russia.
- (14) Petty commodity production is a Marxian terminology, which means a rude forms of the initial level of capitalism.
- (15) "Primitive Socialist accumulation" is the term which is often referred for indicating Prebrazensky's hypothesis regarding exchange relations with the peasantry. Infact, this term is defined on the same basis as Marxian term of "Primitive capitalist accumulation" is defined.
- (16) Thus, for Preobrazensky, such type of transactions will be a mere form of a book entry. This he considers a step towards an abolishment of money.
- (17) Day R.B. (1975): Preobrazensky and the theory of the transition period, Journal of Soviet Studies, Volume XXVII, PP= 196-219
- (18) *ibid*, PP= 196-219
- (19) As explained in (15).
- (20) "Colonies" is the term which Preobrazensky uses to refer to the pvt. sector which is still existing and is to be exploited.
- (21) Dobb.M. (1953): *Op.cit*, PP= 191-199
- (22) Karcz J.F. (1967): *Op.cit*, PP= 399-434
- (23) Bettlheim.C. (1978): *OP.cit*, PP= 83-140
- (24) Millar J.R. (1970) : Soviet Rapid Development and the

Agricultural Surplus Hypothesis, Journal of Soviet Studies,
1970, PP= 77-93

- (25) Dobb.M. (1953). OP.cit, PP= 177-185
- (26) Day R.B. (1980) : OP.cit, PP= 196-219
- (27) Dobb.M. (1953) : OP.cit, PP=149-156
- (28) Narkiewicz O.A. (1968): Stalin War Communism, and
Collectivization, Journal of Soviet Studies, Volume XVIII,
PP=20-37
- (30) In a sense, such an argument by rightists (and
particularly by Bukharin) implied the generation of
demand for the industrial produce by the peasantry.
- (31) Miller R.F. (1975): Soviet Agricultural Policy in the
twenties the failure of cooperation, Journal of Soviet
Studies, Vol.XXVIII, PP= 220-244.
- (32) Bettlheim.C. (1978): OP.cit, PP= 355-500
- (33) Nove.A. (1975) : Op.cit, PP= 140-142
- (34) Day R.B. (1982) : OP.cit, PP=196-219

Chapter 4

AGRARIAN POLICIES BEFORE AND DURING THE INDUSTRIALIZATION PHASE.

Introduction

In 1926, problems regarding the procurements of the agrarian products were resolved because of an exceptional harvest. Even industrial production level had reached the prewar (1913) level by 1926. Thus, efforts for further expansion of the industrial sector were on the agenda. But, as seen in the earlier chapter (section III), two factions amongst the Bolsheviks did not agree upon the path of industrialization. Consequently, Stalin switched over to the leftist's measures in the late 20's. Infact, submission of the first five year plan to the union congress in May 1929, virtually sealed the debate over industrialization. But, Stalin's intentions for such a shift in his policy measures cannot be viewed only in terms of economics. Nove (1) points out that, political issues, personal power struggles and economic difficulties all three were playing their respective roles in Stalin's policy formulations during the late twenties. According to him, these issues interpenetrated each other to give rise to certain tragic results.

Before, we proceed to examine, whether whatever followed was inevitable or any other alternatives were ignored, we will take a brief review of the circumstances

leading to the collectivization crusade in the late 20's and the early 30's.

We will describe the grain procurement crisis from 1927-28 onwards in section IV.1, and how it resulted in the compulsions (once again) and, ultimately collectivization crusade in our subsections IV.2 and IV.3. In our section IV.4, we will briefly touch upon the controversial issue of whether the mass collectivization in the late 20's was useful for the Soviet industrialization in the twenties and thirties.

Section IV.1 : Grain Procurement crisis from 1927-28 onwards

IV.1.1 : Increasing Importance of Grain Procurements

We have seen (in chapter 2) that, problem of marketing was not in the context of the gross marketings of the total agrarian produce. Problem of marketings were related to the lower volume of net marketed grains. We have also identified the supply side causes for such a crisis. Against this background Karcz ⁽²⁾ says, that once the decision to maintain a higher tempo of industrialization was taken, state had to deal with the problem of decreasing trend of the grains' net marketings. According to him agriculture plays a dominant role even in the modern growth theory and is crucially important in the programme of development. Karcz points out that government in the USSR was also aware of the concerned issue, especially after the Scissor's crisis in 1923. But Dobb ⁽³⁾ pointed out that concerned discussion was at a lofty theoretical level. Infact, Stalin was first to attempt quantifying the grains problem in May 1928. ⁽⁴⁾

According to Karcz, ⁽⁵⁾ specific problems regarding the net grain marketings were because of the difficulties on both the demand as well as supply side. In our last chapter, we have summarized the problems on the supply side, which were an outcome of a changed Socio-economic scenario as well as irrational government policies. Such a negligence on government's part regarding the measures affecting supply side of grain marketings was more agonizing if viewed against

the demand side of it. According to Karcz, demand for grains was increasing mainly in the context of states' internal dispositions of it. Due to rapid industrialization, a special class of consumers was created in the urban sector. State accorded a prime importance to the supplies of the food grains to this class. Hence, a pressure on the internal dispositions was increasing. As Nove,⁽⁶⁾ and Bettlheim⁽⁷⁾ point out, even an increasing pressure on the imports of the machinery was putting a pressure on the exports of food grains. Thus, a rapid process of industrialization resulted in an increased pressure on the procurement of grains. Infact, as Bettlheim points out, a heavy pressure on the grain requirement resulted in drawing upon the state emergency stocks of foodgrains (in 1926), and deficit of the foreign trade.

We can view this from his data which is as given below:

Table No.4 : Grain exports.

(1) Year	(2) Volume of grain exports (in m.m. ton)	(3) % of 1913's volume of grain export (%)	(4) Foreign Trade Supply/ Demand (m.t.)
1926-27	2,160,000	22.4	surplus
1928	89,000		Deficit (of 153.1 m.t.)

[Source : Compiled from Bettlheim.C. (1978) p = 113-114]

IV.1.2 : Declining trend of grain procurement Level

After an exceptionally good harvest of 1926, next year (1927), was an average harvest year. But production of the agrarian sector was satisfactory. Despite it, the optimistic hopes (of Bolsheviks) regarding the grain collections collapsed in 1927-28. In 1927's autumn grain collections were just about the half of the grain collections during the same period in 1926. As Bettlheim points out, in contrast to the 10.5 million metric tones (m.m.t.) of grain collections in 1926-27, same came down to 8.3. m.m.t in 1927-28 (see table No.4). In spite of the efforts to pull up the procurement level of the grains by increasing the procurement prices in 1926, a trend of lower procurement of grains continued even after 1927. Bettlheim⁽⁸⁾ indicates that, as compared to the level of grain procurements in first half of 1927-28, the level of grain procurements in the first half of 1928-29 was less than half (2.8 m.m.t).

Even Bettlheim's arguments in the context of net grain balance substantiate earlier picture. According to him, a net grain balance is that portion of marketed grains, which is marketed out of the village. For Bettlheim even a trend of net grain balance (n.g.b.) was declining over a period (see in the table No.5). In Bettlheim's opinion, net grain balance in between 1909-13⁽⁹⁾ and 1926-27 declined by 44%, which was in contrast to the 28% increase in the consumption by the towns for the same period. Thus, it was evident that, increasing demand by the fast expanding industrial labour was resulting in

the tremendous pressure on the internal disposition of the state. As a result, state procurement agencies were struggling to make both ends meet.

Table No.5 : Trends in net grain balance.

Year	Total grain production (in m.m.t.)	Total procurement (in m.m.t.)	Net grain balance (in m.m.t.)
1913	-	-	19
1926-27	76.4	10.5	10.5
1927-28	73.3	8.3	8.33
1928-29	71.7	-	8.33

[Source : Compiled from Bettlheim.C. (1978) p = 109-115]

IV.1.3: Bettlheim's explanation of the grain crisis in 1928

According to Bettlheim,⁽¹⁰⁾ development of grains procurement crisis from 1927-28 onwards was a peculiar phenomenon arising due to the certain government policies. Bettlheim points out that, during first quarter of 1927-28 (July to September of 1927) procurements of grains were even larger than the same quarter of an exceptionally good harvest year of 1926-27. In contrast to the general trend of the marketings (as described earlier in chapter 2, section II) major suppliers in the period of July to September 1927 were the richest strata of the peasantry. Bettlheim's analysis leads him to identify two reasons for such a behaviour of the richer strata of the peasantry. According to him big peasants

brought their grains in the market quickly because their past experience (during 1926-27) indicated no possibility of any price rise in the later phase due to the state intervention. Secondly, Bettlheim argues that, once past experience induced them to sell quickly, they hurried their actions because they wanted to sell, before small and middle peasantry could bring their produce in the market resulting in the usual depressing price level in the first phase.

In contrast to the speeding up of the procurement level in the first quarter of 1927-28, in the autumn of 1927, when generally small and medium peasants used to be the main suppliers, procurement target did not materialize. Again this was also because of some government measures, like reduction of tax burden, inadequate supply of the manufactured goods. As discussed earlier (in chapter 2), instead of adopting rational measures, which were feasible, emergency measures of coercion and force were used to fulfill the procurement targets.

IV.1.4: Other explanations of the grain crisis in 1928

According to Nacrkiwicz,⁽¹¹⁾ 1928's procurement crisis was basically due to a bad weather. Infact, he points out that, there is no unanimity regarding the bad weather as a main contributor to the procurement crisis of 1928. For example, Nacrkiwicz points out that Lewin is of the opinion that, Kulak's hoardings were basically responsible for the procurement crisis of 1928. But despite these different

opinions, as Nacrkiewicz points out crisis of grain procurement once started in 1927-28, continued afterwards even 'if the harvest level was normal, then onwards.

Similarly, Karcz⁽¹²⁾ argues that, grain procurement crisis of 1928 was the starting point of the chain of events, which eventually led to the collectivization campaign. According to Karcz, procurement crisis of grains was not a general crisis, but was only confined to the government sector. In addition to the earlier described causes for the 1928's crisis, Karcz points out some more (as given below).

1. First of all, according to Karcz, manufactured goods famine in the rural areas, which was worsening the procurement crisis, was due to the certain fiscal measures adopted during 1927-28.

2. Secondly, major change in the organizational set up of the procurement organs in 1927-28 reduced the procurement levels. In 1927-28, cooperatives were entrusted with the responsibility of procuring grains, which was, earlier, done by the state procurement organs. As compared to the state organs, Cooperative procurement organs were passive and hence further depressed the speed and level of the grain procurements.

3. Last of all, according to Karcz, even the state's forecasts of the grain harvest of 1927 were wrong (upto November 1927), thus leading to the wrong estimates of the marketable grains, (upto November 1927). As a result, passive cooperative procurement organs kept waiting for the expected grain supplies

in the market, which never materialized.

IV.1.5 : Continuation of grains crisis in 1929

Narckiwick⁽¹³⁾ shows that, grains procurement crisis continued even in 1929. Grain situation became alarmingly chaotic by the July 1929. According to Narckiwick, reasons for the procurement crisis in 1929 were same, as pointed out in Karcz's argument. Infact, he adds to these three more causes responsible for 1929's procurement crisis. Additional causes identified by him were, firstly a fear amongst peasantry of being termed as "Kulaks". secondly, consfocations of wheat, which reduced peasant's sown area as well as marketings in next season, and thirdly, grain procurement agency's inadequate transport and storage facilities, which added to the chaos.

Section IV.2 : Elements of Compulsions

IV.2.1 : Efforts to attain the monopoly power in the grain market

We noted that the decision to implement leftist's policy measures increased the importance of the grain procurements. But, on the other hand, government's measures alongwith the changed Socio-economic relations in the rural areas failed to fulfill the grain procurement's optimistic targets. Thus, once again, state reacted by implementing the coercive measures. This was the cause behind the Bolshevik's policy(right after 1925) of trying to gain the monopsony power in the grains market. It is true that Bolshevik ideological bias against the free traders (i.e. "NEPMEN") was also responsible for the measures like restricting the activities of the private traders. But an objective of gaining a monopsony power in the grains's market became crucial once the policy of industrialization even at the cost of peasantry (by means of an unequal exchange with peasantry) was decided upon. Karcz points out such a trend in his following data-

Table No.6 : Share of grain procurements.

Year	% share of the govt. purchase of all farm-products.	%share of grain purchased by government.
1924-25	55.7%	-
1926-27	63.3%	86%

[Source : Compiled from J.Karcz (1967), pp = 408-413]

As seen earlier, state was openly attacking free traders and thus trying to get a monopsony power in the market. According to Miller⁽¹⁴⁾, in contrast to Lewin's hypothesis of relating the Bolshevik policy of class struggles with the government measures like restricting private trader's role, these restrictive measures by the state were ultimately for not allowing peasants to sell their grains at the prices higher than procurement prices.

IV.2.2 : Compulsory grain procurement

1. Even though, NEP's main principle regarding voluntary nature of the procurements, was not violated by 1928, many other ways of compulsions were used for collecting the grains. We will very soon come to the nature of these indirect harsh measures. Infact, Karcz⁽¹⁵⁾ points out that, level of grain procurements (i.e.n.g.b.) in 1928-29 was maintained at the level of 1927-1928's grain procurements inspite of the relatively lower grain harvest in 1928-29. According to Karcz, such a result was an outcome of coercion measures used for the grain collections, which even deprived the peasants from their normal level of the grain consumptions. During 1928, keeping the procurement prices of grains artificially low (January to March) harsh measures were implemented for achieving the required targets of the procurement of grains. Intensity of these measures was enough to affect even the middle strata of the peasantry, which was in a majority. Such an impact resulted in a protest by Bukharin and other rightists.

Thus, by the autumn of 1928, implementation of the compulsory measures at a large scale yielded results. Rykov at this stage declared that these measures were abandoned because the war against Kulak tendencies was over. But the acceptance of this declaration was enough hint that compulsory measures were bound to be a recurring phenomenon. Bettlheim argues that, so called emergency measures to procure grains were continued during 1927-28 as well as 1928-29, hence they were no more an emergency measure. Infact, Stalin was himself leading these operations in the urals and siberian regions because of which these methods of confiscating the grains were often termed as "Ural and Siberian" method.

In November 1928 grain shortages culminated in issuing the ration cards in the towns. Even attempted change in the system, by giving more powers to the "Skhods",⁽¹⁶⁾ failed to increase the procurement levels. This failure was because of an excessive government interefence in the skhods's activities. In the spring of 1929 a new system of establishing a contract between procurement agencies and entire village as one unit was introduced. Amongst the villagers larger pressure was supposed to be on the Kulaks. But, Bettlheim⁽¹⁷⁾ points out, villages (as a unit) were often avoiding the fulfillment of the procurement targets set for them, which was an obvious result of the artificially lowered market prices for the grains. Such a phenomenon of villages evading the procurement was known as "Volyanka". In effect the hurdles in achieving the targets of the procurement

level persisted.

Till 1929, and through out 1929, two foundation stones of the "NEP" voluntary principle of the procurement and an assured long term existence of the "NEP" measures were not officially denounced, (despite the use of compulsions to procure the grains). But, by the end of 1929, abovementioned two basic principles of "NEP" were openly given up. There were two possible reasons for such an action by the state. First reason was the annual nightmare of shortfall in the grain procurements, and second reason was the mood of elation inspired due to the success of the industrialization process. Even Karcz⁽¹⁸⁾ argues that the increasing confidence in the success of the procurement campaigns was reflected in the action of the state.

In June 1929, an extension of the article 301 of the penal code, was a clear indication of the end of the new measures adopted in 1921. Measures implemented here onwards were obviously for helping state to Compulsorily procure the grains required. Hence followed the dekulakization campaign. According to Karcz, though an official dekulakization campaign started in February 1930, the first wave of it was much earlier during the procurement campaign in 1927-28 and 1929. Beerman⁽¹⁹⁾ in his comments on Lewin's article⁽²⁰⁾ points out that expropriation of Kulaks did not take place openly before 1929 but it existed at local levels and of which intensities differed from region to region.

According to Karcz,⁽²¹⁾ Moshkov was correct in pointing out that, the measures, like discriminatory powers to the Soviets to penalize peasants five times more than the procurement amount they failed to furnish, helped to legalize the compulsion and force used for the grain procurements.

Section IV.3 : Dekulakization Campaign

In November 1929 Stalin's article proclaiming a rapid growth of Kolkhoz and Sovkoz, had no mention of the policies regarding Kulaks. But in December 1929, when procurement crisis reached at its peak, and elements of compulsion were openly used to ensure grain supplies necessary for industrialization, Politburo appointed the commission to design a future policy towards the Kulaks. The commission was also asked to submit their report within two weeks. Examining this dekulakization campaign will help us to link the grain procurement crisis with that of elements of compulsion which ultimately led to the collectivization crusade. But, before we proceed to the actual measures of dekulakization, we shall briefly review the evolution of the term "Kulak" and changing weight of these kulaks in the agrarian sector.

IV.3.1: Origin of the Concept "Kulaks"

Origin of the term "Kulaks" is traceable to the controversy between the Populists and Marxists in the context of capitalism when Stolypin reforms were implemented in 1817. Then (i.e. in 1817) Kulaks were termed as those, who had some other occupations besides farming, due to which they were wealthy and dominated the communes. In accordance with this concept, as Lewin⁽²²⁾ points out, Lenin while analysing the development of capitalism, refused to term all the prosperous peasants as Kulaks. For Lenin, prosperous peasants were not the expropriators but were just the channel of rural

capitalism. Hence he termed them as the "peasant entrepreneurs". In fact, Lewin points out that there was no commonly accepted meaning of the term "Kulaks" in the prerevolution as well as the post revolution period.

IV.3.2: Various definitions of the term "Kulaks"

According to Lewin,⁽²³⁾ the October Revolution in 1917, almost wiped out the inequalities (in terms of land holding) amongst the peasantry, and picture after the revolution looked similar to the one which socialist revolutionaries aspired for. But, he points out that inequalities amongst peasants started surfacing once again after the new measures were adopted in 1921. By 1925, due to the unequal distribution of the implements (like draught cattle) and more importantly due to the liberal policies adopted in 1925, a better off peasantry class emerged. Party once again resorted to the old term of "Kulaks" to indicate these newly emerging better off peasants. But as said before, there was no unanimity amongst Bolsheviks regarding the definition of Kulaks class. In the postrevolutionary period some of these definitions were as follows:

- (a) RSFSR Commissioner Smirnov and Bukharin classified better off peasantry separately from that of the Kulaks.
- (b) Lenin classified Kulaks under four broad categories of (1) Kulak speculator, (2) Kulak Employer, (3) Kulak trader, and (4) Kulak Userer.

- (c) Zmestvo Statisticians⁽²⁴⁾ considered "sown areas" as an indicator to identify Kulaks. But a criticism against this stand was that, a case of large family size accompanying the large sown area could mislead to identify small or middle peasantry as Kulaks.
- (d) Another criterion suggested to identify Kulaks was the amount of labour hired. Limitation for this definition was a proportion of hidden (or camouflaged) employment was higher because of the restrictions on the labour employment. Further, it was also observed that regions wherever outside labour employment was higher, it was higher for all the stratas of the peasantry and was at its peak only for certain time interval in a year. Thus, one can say that hiring of labour was more of a seasonal necessity.
- (e) According to Khritsman⁽²⁵⁾ hiring out means of production was the correct criterion for identifying the Kulaks. But Sukhanov criticized that, this phenomenon in the USSR was just representing the simple antagonistic relationship that exists in between any buyers and sellers. Hence, for Sukhanov this way of identifying Kulaks was attaching too much of capitalism to the poverty stricken countryside. Dubovsky also agreed with Sukhanov's criticism but he suggested that, if only other criterions were satisfied then this indicator could have been used to identify Kulaks.

(f) Nemichnov⁽²⁶⁾ considered the value of the means of production as the correct criterion of identifying the kulaks. But, even in this context there were many criticisms.

(g) According to Yokovtevesky and Danilov,⁽²⁷⁾ hiring of land was mostly done by the kulaks, with the help of which they employed (and exploited) outside labour. But Lyashchenkov⁽²⁸⁾ maintains that regions which were marked by the phenomenon of renting of land were also marked with a lower degree of outside labour employment. Because of no single criterion of identifying Kulaks, statisticians and investigators used statistical series comprising of various indicators. and their respective weights (varying from individual to individual) to identify Kulaks.

Obviously there were many estimates of the Kulak's number, and their weightage in the various sections of the agrarian sector.

As far as Kulak's number was concerned, Sovnarkom commission in 1927 estimated it to be 3.9 percent of all (20 million households) the peasant households, and for Narkomfin, after 1927, the same was 4.2 percent. Stalin estimated it to be around 5% of all the peasant in 1928. But Gosplan puts the same estimate around 3.9 percent in 1929, and Danilov's estimate says that the same was 3.2 percent at the end of the NEP (i.e.1929). Lewin⁽²⁹⁾ points out that the range of difference between Stalin's estimate and Danilov's

estimate is more than one third, which itself shows the extent of the vagueness attached to the term 'Kulak'. Officially 1.2 to 1.3 million household were Kulaks against whom the action of dekulakization was launched. As Bettlheim⁽³⁰⁾ points out, according to Kamanev 12 percent of landholdings were with the Kulakas. Thus, in terms of their land holdings Kulaks were not dominating class. But, their over all dominance in the rural scenario was considerable. As Bettlheim and Lenin point out, Kulaks, being the sole owner of the means of production and upto date machinery in the rural area, were dominating the Socio-economic aspects of the rural economy.

Table No.7 : Position of Kulaks in ownership of means of production.

Item	Kulak's % of share in 1927
All means of production	16.1%
Agricultural machinery	21.7%

[Source : Compiled from Bettlheim.C.(1978):pp= 135-167]

As far as Kulak's share in total agrarian production was concerned, it also varied in accordance with the various definitions of Kulaks.

Table No. 8 : Share of Kulaks in total harvest.

Source	Kulaks % share, of the total agrarian harvest
*Nemchinov	13
Gaister	8
*Tritnous	15

[Source : Lewin.M. (1966), pp = 162 - 197]

Even in case of the grain stocks held by Kulaks there was no consensus amongst all Bolsheviks. Stalin used Nemichnov's data to prove that Kulaks were the main hoarders of grain. As noted earlier (chapter II, Section II), Nemchinov estimated Kulakaks' share in the total grain surplus held to be around 62 percent. But Bettlheim differs on this estimate of Nemichnov's. according to him, Stalin's estimates (in his speech of 28th May 1928, Sverthov University) of 20% was nearer to the reality. Lewin argues that, Leftist's claim of 400 to 500 poods of grains per Kulak family, was an exaggeration. According to him Sokolnikov's estimate of total stock of food grains with the peasantry was 1 milliard pods of grains, and Gaister says 10% of the total country's grain stocks held can be attributed to the Kulaks. Hence, concludes Lewin, that per Kulak household stocks of grains could have been 100 poods. According to him, even allowing a range of 100 poods to 200 poods of grain for the stocks held by

Kulaks does not support the hypothesis of hoarding by Kulaks, because this much of grain stocks was the bare necessity of the peasant (for the requirements like saving for the next season, animal fodder , and reserves).

According to Lewin irrespective of the outcome of the above described arguments regarding the grain stocks held by Kulaks, following implication of the concerned debate remains undisputed. According to him, lower quantity of marketed grains by Kulaks implies the lower level of Kulak's income. He also points out that in Kristman's opinion even a skilled worker's income was higher than the income of minor Kulaks, who were in the majority amongst Kulaks.

IV.3.3: Dekulakization Campaign

Dekulakization campaign officially started in 1929, and continued till 1932, which was the period when the enmass cultivization campaign was also launched simultaneously. From our earlier discussion it is quite clear that state prior to 1929, even though have not made any declarations about the war against Kulaks measures adopted to deal with the shortages in the grain procurements were becoming harsh for the peasantry and harsher for the (better sections) Kulaks amongst peasantry. BY 1929 an individual tax was imposed on Kulaks because of which, it became necessary to have certain officially approved criterion to identify the Kulaks.

Lewin points out that, Norkomfin was the first authority to take some action in this direction. Due to

Norkomfin's initiative a commission which was set up to study the incidence of taxation on the population (appointed by Sovnorkom), estimated number of households, who employed outside worker for a certain period in a year. But task of identifying Kulaks amongst these households was given to the another commission of which Nemichnov, Dubovsky, and Larin were the members. This commission suggested that any one of the abovementioned six criterions was enough for indentifying a Kulak. The commission's recommendation was accepted by Norkomfin and Sovnorkom with few changes. They substituted the criterions of sown area and number of animals by other criterions of usuary, purchase and sale, hiring out means of production.

Lewin argues that, these indicators which became the basic document for orienting local authority's actions against Kulaks, were too vague. Thus, extreme interpretations of these criterions were possible, and extreme actions were taken. In Lewin's opinion, if we notice that the term "Pokulachnik", which meant anybody opposing the collectivization campaign, was added to the above criterions, then it becomes evident that the Marxist-Leninist analysis was kept aside for the sake of achieving some other objectives.

In December, 1929, eight subcommissions were set up to go into various aspects of the proposed collectivization campaign. One of the important aspects was the relationship with the Kulaks. Commission suggested that deporting all Kulaks was not a practical measure. Instead of it they

suggested policy of deporting only those Kulaks, who were actively supporting the counterrevolutionary activity, and admitting other kulaks to the Kolkhoz with some fines and conditions.

But, as Narckowicz⁽³²⁾ points out, Politburo implemented policy of deporting all Kulaks, which was demanded by the small faction of the concerned commission.

IV.3.4 : Was the dekulakization campaign an ideological necessity?

So far our reviews of the various circumstances concerning Kulaks suggests, no evidence of Kulaks posing danger to the Bolshevik or Bolshevik principles, in any shape. We have seen that the economic dominance of the Kulaks, had gone down after the October revolution. The main reason was obviously the land redistribution, which made the Kulak's class almost nonexistent. Also, we have seen that, despite the fact that the inequality in terms of the ownership of means of production was existing and NEP allowed a little bit of prosperity to the better of section amongst peasantry, this was not to be mistaken as an increasing economic dominance of Kulaks. As shown earlier, all the criterions suggested to identify Kulaks amongst the peasantry were either nonexistent or were not at a scale, which suggested economic dominance of Kulaks (i.e. better off sections of the peasantry). This is not to deny that after declaration of the NEP in 1921, a capitalist class was emerging among the peasantry. But as

pointed out they were not yet exploiters. As seen before, even a claim by the Bolsheviks that Kulaks were the main hoarders of grains was false. This further helps to infer that income of Kulaks was not very high because their quantity of marketed grains was lower.

One more possibility of Kulaks dominance was in the context of their increasing social influence. According to Lewin,⁽³³⁾ state exaggerated the number of Kulak peasants, which were infact negligible in numbers. Thus, he argues that, Bolshevik's insistence to see an overnight development of a capitalist class, when they were almost non existent resulted in the grave consequences. Infact, Lewin claims that already negligible number of Kulaks due to the harsh measures against them, became weaker socially as well as economically. According to Lewin Kulaks were always on defence because they were attacked by the state. Infact, according to Bettlheim,⁽³⁴⁾ coercive measures of the government were antagonising all stratas of the peasantry, which helped to create a sympathy wave for Kulaks. According to Lewin, Kulaks as a class was very negligible and insignificant, which were force only if supported by other sections (better of section of the middle peasantry) of the peasantry. Thus, Bettlheim claims that all stratas of peasantry were on Kulak's side (all through in the future) . But, at the same time he also claims that Kulaks were hardly organized due to their lack of political consciousness.

Finally we can say that the measures of dekulakization

may not be supported by reasons (which Bolshevik furnished) like a necessity due to their increasing economic and social dominance and even a claim of Kulak's grain hoardings seems to be wrong.

Next question in the context of dekulakization is whether a concerned measure was the sole alternative in front of Stalin? Lewin points out that, upto 1928 and 1929, it was evident that, despite most of Bolshevik's disliking for the better off peasantry, they considered a programme of dekulakization impractical. Lewin shows that Kalinin criticised those who were for the dekulakization programme, according to whom, Kulaks were to be combated on the economic front by state and cooperative economic organizations.

Till 1929 Kulaks were admitted to the Kolkhozy. According to Lewin there were two alternatives suggested to the problem of dekulakization. One was admitting Kulaks in the large Kolkhozy, which could have wiped out Kulak's class. Second alternative was allowing Kulakas to operate on the borders of the collectivized village. Infact, Lewin points out that anti Kulak policies adopted, helped continued existence of Kulaks as a separate class (till the second phase of the first five year plan).

Section IV.4: Objectives of Collectivization

Thus, by the end of 1929, dekulakization campaign accompanied by the rapid speed of collectivization campaign and open use of coercion for the grain procurements were interrelated with each other. These three aspects together marked the period of collectivization crusade which started around 1929 and continued till mid 30's. There is no dispute regarding the sufferings during this phase caused to the peasantry. History of this period is one of the most interesting and most debated aspects in various disciplines of social sciences. But, what we are concerned here is the economic implications of this phase.

IV.4.1: Scope for the economic analysis

As Nove⁽³⁵⁾ and Sirc⁽³⁶⁾ point out, it is true that motives behind the policy of collectivization (by Stalin) was influenced by manifold objectives, majority of which are out of the purview of economic history. But, both of them argue that an unbiased economic analysis of the concerned period surely gives us some useful directions in understanding the concerned phenomenon.

There are many studies accomplished in this regard. Even criticisms against these explanations are numerous. Some of the common grounds on which these studies are criticized are as follows:

1. Very often theoretical prenotions involved in the

analysis of the collectivization campaign prevented an unbiased appraisal of the concerned situation. These prenotions are stemming from various theoretical background starting from physiocrats, Marx to Keynesian frame work.

2. Confusions in the definition of the agrarian and non-agrarian sectors are numerous. Even, a clear cut definition of the intersectoral transfer of surplus is lacking.

3. No correct price weight for valuing the intersectoral transactions are used. Even availability of the appropriate price weights (for this purpose) for the concerned period is disputed.

Inspite of these many criticisms and no unanimous acceptability of these terms, there are some arguments put forth (for and against) regarding the hypothesis of an important role of collectivization in the industrialization of USSR (in 1930's).

IV.4.2: Argument against the hypothesis

According to J.M. Millar,⁽³⁸⁾ it is generally believed that rapid industrial growth in the USSR during 30's was due to the bad treatment received by peasantry. According to him, this is based on the general hypothesis of the net contribution made by the agrarian sector for the industrialization. Thus, Millar says that an opinion in this context is that the agrarian policy of 30's is a peculiar one but was a justified approach. According to him, most of the

writings in this context presume that the agrarian sector in USSR during 30's, was more or less selfsufficient and hence they adopt a sort of "neo-physiocratic" approach⁽³⁹⁾ to this problem. According to Millar, a correct approach for the concerned analysis will be correctly evaluating the intersectoral flows without any preconceived notions. This requires a precise definition of the sectors and the surplus or deficit originating from the sectors.

In order to overcome this problem Millar defines some of the following concepts.

- Sector 1 - Agrarian Sector.
- Sector 2 - Nonagrarian Sector.
- C11 - Agrarian consumption of agrarian goods.
- C12 - Nonagrarian consumption of agrarian goods.
- C21 - Agrarian consumption of non agrarian goods,
- I11 - Investment of agrarian sector in agrarian sector.
- I12 - Investment of agrarian sector in nonagrarian sector
- I21 - Investment of nonagrarian sector in agrarian sector.
- A₁ - Gross output in agrarian sector i.e.

$$A_1 = C_{11} + C_{12} + I_{11} + I_{12} \text{ -----(1)}$$
- U₁ - Unconsumed surplus of the agrarian sector. (means that surplus which is not consumed currently or used up in production of agrarian sector).

$$\text{i.e. } U_1 = C_{12} + I_{11} + I_{12} \text{ -----(2)}$$
- M₁ - Marketed surplus of the agrarian sector.

(means that part of the production, which is being transacted with nonagrarian sector),

$$\text{i.e. } M_1 = C_{12} + I_{12} \text{-----(3)}$$

From above, it follows that-

$$U_1 = M_1 + I_{11} \text{-----(4)}$$

$$M_1 = U_1 - I_{11} \text{-----(5)}$$

Thus, Millar argues that the agrarian sector's "net investment expenditure" is given by

$$I_{11} + (I_{12} - I_{21}) \text{-----(6)}$$

According to him, if only either

$$I_{21} = 0 \text{ or } I_{12} - I_{21} \text{-----(7)}$$

conditions are true then we can say that I_{11} which is a difference between M_1 and U_1 represents the agriculture's net investment expenditure.

Based on this terminology he further derives the conditions for identifying the positive surplus transfer from the agrarian sector to the nonagrarian sector. This may be explained as follows.

If we call a net marketed surplus of goods from agrarian sector to nonagrarian sector as P_1 , then we can derive it as,

$$P_1 = m_1 - m_2 \text{-----(8)}$$

where M_1 and M_2 are marketed surplus of the agrarian and non agrarian sectors separately.

Let us assume that m_1 and m_2 are marketed surplus at current prices whereas M_1 and M_2 at constant prices. Hence inflation rates in the following context are g_1 and g_2 .

$$g_1 = M_1 - m_1 \text{-----} (9)$$

$$g_2 = M_2 - m_2 \text{-----} (10)$$

Our P_1 is financed through two channels-

- (i) By net funds obtained or advanced through financial channels (Let us denote it by f_1),
- and (ii) By net transfer of funds paid out or received by agrarian sector directly (Let us denote it by t_1).

Now our identity No. (8) can be rewritten as-

$$M_1 = P_1 + M_2 \text{-----} (11)$$

by substituting (9) and (10) in (11) we can write

$$M_1 + g_1 = M_2 + g_2 + P_1 \text{-----} (12)$$

We have seen that $P_1 = f_1 + t_1$ hence, we can rewrite (12)

$$M_1 + g_1 = M_2 + g_2 + (f_1 + t_1)$$

$$P_1 = (g_2 - g_1) - (f_1 + t_1) \text{-----} (13)$$

Finally from equation No.(13) Millar infers that net product flow from agrarian to the nonagrarian sector can be classified into three components.

- (i) $(g_2 - g_1)$ - over a period changes in the interstructural terms of trade.
- (ii) t_1 - net transfers
- & (iii) f_1 - through financial channels.

Even though, Millar accepts that it is very difficult

to get the satisfactory and accurate (data) evidence for these three aspects, he claims that there are certain indications of a trend in these three measures during 30's. Millar accepts that no positive statement is possible which is based on these tentative trends. But, he further asserts a strong possibility of a very modest role of the agrarian sector in the process of USSR's industrialization. He even emphasizes the need for more valid statistical work to be accomplished in this field.

IV.4.3: Some other arguments for and against the hypothesis

Alec Nove⁽⁴⁰⁾ criticizes Millar by taking the stance that irrespective of the positive or negative net transfer of agricultural surplus, it is true that agrarian policies adopted in late 20's and 30's caused sufferings for the peasantry, Partially responsible for these policies were the measures necessary for industrialization. Some of these necessary measures which imposed a burden on the peasantry, were as follows-

1. Assured and increased grain supplies to the towns.
2. Compulsory procurements of various agricultural produce at an artificially lowered prices.
3. Good's famine in rural areas..

According to Nove, even certain generalised presumption about the terms of trade by Millar were misleading. Nove, for example, indicates that the price tags for many of consumer and producer goods of the industrial sector were available without any supply of these goods in the rural areas (in 30's).

Thus, he argues that in such circumstances a valid statistical evidence is very difficult to obtain. But, he finally accepts Millar's suggestion that the reconsidering of this aspect in a systematic manner is necessary to arrive at any concrete conclusion.

Contrary to Nove, but in line with Millar, Ellman argues against the hypothesis.⁽⁴¹⁾ Similar to Millar, Ellman emphasizes the importance of definition of the sectors and relative terms of trade. He defines the following three sectors of the economy.

1. Agrarian sector
2. State sector
3. Proletarian sector

Further, he defines three concepts of the agrarian surplus, which are-

1. Agricultural export surplus which is a viable export surplus from the agrarian sector.

$$\text{i.e. A.E.S.} = C_{12} + I_{12} - C_{21} - I_{21}.$$

2. Net agricultural surplus :- which is same as Millar's concept. i.e. N.A.S. = $C_{12} - C_{21} + I_{11} + I_{21}$.

3. Net agricultural industrialization surplus :- Which is agriculture's net contribution to the industrial sector for later to invest in the economy as whole.

$$\text{i.e. N.A.I.S} = C_{12} - C_{21} + I_{12}.$$

In his next step Ellman has tried to estimate trends

in these three types of surpluses. For the estimation of these surplus Ellman used Barsov's data. Barsov's data is based upon three price structures. First of all, Barsov estimated surplus based on 1913's World Market Prices. According to these estimates net agricultural surplus was positive for the period of 1929 to 32, but the average of 1929-32 was lower than the same in 1928. Secondly Barsov estimated surplus based on 1928's price structure. According to 1928's prices net agricultural surplus was declining for the period of 1929 to 1932. Lastly, Barsov has tried to convert 1928's prices into the prices proportionate to the labour embodied in the production process, which is based on Marxian concept of labour value.⁽⁴²⁾ Even based on these estimated prices, net agricultural surplus was positive for the period of 1929-32 but was lower than the same for 1928. Thus, finally Ellman concludes that, there was no significant rate of increase in the net agricultural surplus during the period of collectivization. This leads him to conclude that there is no concrete basis to say that the agricultural sector has financed the investment in the industrial sector through its increased agricultural surplus. Infact, he claims that real burden of industrialization was on the third proletarian sector.

But, similar to Nove and Millar, he also accepts that the agrarian policy designed for the assured grain supplies to the statized industrial sector surely helped to facilitate the growth of industry. Infact, all three Millar, Nove and Ellman have accepted that for the assured grain supplies to the towns

elements of coercion and collectivization campaign were not the only alternatives left for the policy makers. Instead all of them give illustrations which clearly indicated the existence of other alternatives, with no harsh treatment for peasantry.

CONCLUSION OF CHAPTER 4

After an exceptionally good harvest of 1926, next year onwards a recurring phenomenon of the deficient grain procurement levels emerged. Because of their ideological dogmas Bolsheviks failed to understand the trends of the grain marketings. Even though, Kulak's share in the marketed grains was not to the level bolsheviks expected, bolsheviks continued to blame Kulaks for their grain hoardings. With these dogmas dominating the Bolshevik's agrarian policies, rational measures, which would have helped in boosting the share and volume of net grain marketings were ignored.

In these circumstances of grain procurement crisis, a persistent need of an assured grain supplies to the state industrial sector resulted in the compulsory grain procurements. Once again, ideological prenotions regarding Kulaks and the superiority of socialized agrarian structure led to the policy of interlinking compulsory grain procurements, programme of antikulakization and collectivization campaign with each other.

This agrarian policy caused great sufferings for the peasantry. But regarding the usefulness of this agrarian policy for the process of industrialization in USSR, there is no unanimous inference drawn. Infact, both for and against arguments have been put forth. This might have been an outcome of the inadequate statistical data for this period. Irrespective of these arguments all agree upon one fact that

there were other alternative measures which could have been less harsh for the peasantry, and at the same time could have performed the same task performed by the USSR's agrarian policy in late 20's and early 30's.

Notes and References (chapter-4)

- (1) Nove A. (1975) : Stalinism and After, George Allen and Unwin Ltd., London, PP= 1-78
- (2) Karcz J.F. (1967) : Thought on the grain problems, Journal of Soviet Studies, Vol,XVIII, PP=399-434.
- (3) ibid, PP= 399
- (4) ibid, PP= 399-402
- (5) ibid, PP= 399-434
- (6) Nove.A. (1969): An Economic History of the USSR, Allen Lane The Penguin Press, London.
- (7) Bettlheim.C. (1978) : Class Struggles in the USSR: Second Period: 1923-1930, Monthly Review Press, New york, PP=83-162
- (8) ibid, PP= 83-162
- (9) ibid, PP= 83-162
- (10) ibid, PP= 83-162
- (11) Narkiewicz O.A. (1966): Stalin, War Communism and Collectivization, Journal of Soviet Studies, Volume no.XVIII, PP= 20-37
- (12) Karcz J.F. (1967): OP. cit, PP= 349-434
- (13) Narkiewicz O.A. (1966) : OP, cit, PP=20-27
- (14) Miller R.F. (1935): Soviet Agricultural Policy in the twenties the failure of cooperation, Journal of Soviet Studies, Vol.no.XXVIII, PP= 220-244
- (15) Karcz J.F. (1967) : Op. cit, PP= 410-414
- (16) "Skhods" were the peasant organizations with equal rights of votes to the individual peasants. But, excessive party interference in them prevented their effective working.

- (17)Bettlheim.C. (1978) : Class Struggles in the USSR, first period,1917=1923: MOnthly Review Press, New york, London, PP= 355-500
- (18)Karcz J.F. (1967) : Op.cit, PP= 349-434
- (19)Beeram R. (1966): Comment on "Who was the Soviet Kulak?", Journal of Soviet Studies, Vol.2,PP= 371-398
- (20)Moshe Lewin (1966) : Who was the Soviet Kulak ? Journal of Soviet Studies, Vol.no.XVII. PP= 189-212
- (21)Karcz J.F. (1967): Op. cit, PP= 399-434
- (22)Moshe Lewin (1960): OP. cit, PP= 189-212
- (23)ibid, PP= 189-212
- (24)cited in Moshe Lewin (1966): OP,cit, PP= 189-212
- (25)cited in Moshe Lewin : ibid, PP= 189-212
- (26)ibid, PP= 189-212
- (27)ibid, PP= 189-212
- (28)ibid, PP= 189-212
- (29)ibid, PP= 189-212
- (30)Bettlheim.C.(1978) : OP.cit, PP= 355-500
- (31)Moshe Lewin (1966) : OP. cit, PP= 189-212
- (32)Narkiewicz O.A.(1966) : PP= 20-37
- (33)Moshe Lewin (1966) : Op,cit, PP= 189-212
- (34)Bettlheim.C. (1978) : Op. cit, PP=83-162
- (35)Nove A. (1975) : OP.cit, PP= 1-78
- (36)Sirc Liubo (1967) : Economics of Collectivization, Journal of Soviet Studies, Vol.no. XVIII,PP= 362-370
- (37)For example many presume that agrarian sector in the USSR,was almost a self-sufficient sector. This leads them to consider the intersectoral transactions irrelevant in

their models. According to Millar (Millar J.R. (1970): Soviet Rapid Development and the Agricultural Surplus Hypothesis, Journal of Soviet Studies, Vol.no.XXII, PP= 77-93), such assumption was synonymous with the physiocrats, who considered agrarian sector as the only sector which is originator of the surplus.

(38) ibid, PP= 77-93

(39) In the context of the explanation (37), Millar terms their approach as "neo-physiocratic" approach.

(40) Nove.A. (1971) : A comment on the "Agricultural Surplus Hypothesis" by Millar J.R., Journal of Soviet Studies, Vol.no.XXII, PP= 394-401

(41) Ellman.M. (1975) : Did the Agricultural Surplus Provide the Resources for the Increase in Investment in the USSR during the First Five Year Plan?", The Economic Journal, Volume no.85, PP= 844-864

(42) Outline of the Marxian concept of labour value is the proportionate quantity of labour (which is measured in one homogeneous and simple basic units) embodied in each commodity produced.

CONCLUSION

In Marx's deterministic theory of historical materialism, all societies were to move along the predetermined path of primitive communism to communism. This deterministic nature of the Marxian scheme determined even the role peasantry plays at different stages of the society's development. In the Marxian scheme of historical materialism peasantry is bound to perish once the society starts advancing towards the advanced capitalism and ultimately to the communism. But, such an inference is not yet substantiated with the widespread statistical evidence, which rules out the possibility of generalization in this context.

Even, if we ignore the impossibility of generalization of the role of peasantry, socio-economic situation in Russia during the early twenties was nowhere near the advanced or even simple capitalism in its initial stages. This ruled out the nonexistence of the peasantry (in the near future) even according to the Marxian scheme of historical materialism. But, Lenin used deterministic element in the Marxian scheme to articulate an argument which helped him to win over the support of the peasantry in Russia and at the same time he successfully adhered to the principles of Marxian scheme. This Leninist interpretation of Marxian theory in USSR led to the state's preconceived notions regarding the peasantry. A glaring implication of these preconceived notions accompanied by an absolute power in the hands of party (and even a system of single party) became evident during the period

of war communism (immediately after the 1917's October revolution). The mistakes of war communism period were realized by bolsheviks, and Lenin's writings in his last years indicated that bolsheviks must try to change the material conditions, which were not yet conducive for the advance of communism. But this stance of waiting and trying for a changed socio-economic conditions remained vague. This gave rise to the various arguments for and against the new measures adopted (NEP) after the war communism period. Thus, persistent dominance of an ideological dogmas caused the hurdles in implementing the rational measures adopted in NEP. This ultimately resulted in the failure to attain a steady flow of agrarian produce to the urban sector, as rational exchange relations with the peasantry were never established.

By this time whatever little success was achieved due to the NEP measures enabled reconstruction of the major economic activities by mid 20's. In accordance with their Leninist interpretation of Marxian scheme bolshevists were united on the issue of rapid industrialization, which was next on their agenda. But amongst bolsheviks there was no unanimity regarding the path of industrialization. Roots of these debates were again in the interpretation of the "NEP" measures. In this context Bukharin and his "rightists" supporters envisaged a long term existence of the peasantry and were for the gradual transformation of it. On the other hand leftists were not ready to tolerate their existence in the long run instead they were advocating the earliest transformation of the

peasantry. Thus, Preobrasensky's scheme envisaged an unequal exchange relations with the peasantry. Infact, Stalin after 1929 adopted policies which were very much in line with Preobrasensky's scheme of unequal exchange.

Agrarian pricing policy which was in line with the Probrasensky's scheme of unequal exchange, led to the serious and persistent problem of lower level of net marketed grains. Because of their ideological dogmas bolsheviks failed to implement various feasible and rational measures necessary for increasing the share of net marketed grains. Ultimately with the mounting pressure for assured grain supplies to the statized industrial sector, elements of coercion were used to procure the grains. Hence came in to the picture compulsory grain procurements, Dekulakization campaign and lastly the collectivization campaign.

This phenomenon of a peculiar agrarian policy in the late 20's and early 30's was without any doubt the result of bolshevist ideological dogmas. But, many argued that this was a necessary precondition for the rapid industrialization in the USSR. Even, on this account it is seen that many other alternative were existing for ensuring the required grain supplies necessary for industrialization. Millar and Ellman even went further to argue that role played by the agrarian sector in industrialization of USSR was very modest. Nove who criticizes Millar supports the hypothesis of the key role played by the peasantry's exploitation process. But, all of them agree upon the inadequacy of the statistics available for

this period. Infact, all of them do stress a need to deal this aspect in more details before any valid and concrete inference can be drawn. With recent developments in the concerned region of USSR availability of evidence and data has increased . This further enhances the potential of going deeper into the concerned aspect.

BIBLIOGRAPHY

1. Barrington Moore, Jr. : Terror and progress USSR : Some sources of change and stability in the soviet dictatorship: Harvarvd University Press, Cambridge, 1954.
2. Baron H.Samuel : Plekhanov : The Father of Russian Marxism : RKP, London, 1963.
3. Beerman R. : Comment on "Who was the Soviet Kulak?" (article). : Journal of Soviet Studies, Volume-2, October 1966. PP= 371-398
4. Bettlheim Charles : Class Struggles in the USSR : First period : 1917-1923 : Monthly Review Press, New York, London, 1976.
5. Bettlheim Charles : Class Struggles in the USSR : Second period : 1923-1930 : Monthly Review Press, New York, London, 1978.
6. Carr E.H. : The Bolshevik Revolution 1917-1923, Volume I: Macmillan and Company Ltd., London, 1950.
7. Carr E.H. : The Bolshevik Revolution 1917-1923, Volume II : Macmillan and Company Ltd., London, 1952.
8. Carr E.H. : The Russian Revolution From Lenin to Stalin 1917-1929 : Macmillan Press Ltd., London, 1979.
9. Carr E.H. : Socialism in One Country 1924-1926, Volume I: Macmillan and Company Ltd., London, 1958.
10. Chamberlin W.H. : The Russian Revolution : 1917-1918, Volume I : Macmillan Company Ltd. in agreement with The Universal Library Crosset and Dunlap, New York, 1965.
11. Chamberlin W.H. : The Russian Revolution : 1917-1921,

- Volume II : Macmillan Company Ltd. in agreement with The Universal Library Grosset and Dunlap, New York, 1965.
12. Cohen S.F.: Rethinking the Soviet Experience : Politics and history since 1917 : Oxford University Press, Oxford, New York, 1965.
 13. Cohen S.F. : Bukharin and the Bolshevik Revolution: A political biography, 1888-1938: Oxford University Press, Oxford, New York.
 14. Davies R.W.: Soviet History in the Gorbachev Revolution: Macmillan Press Ltd., Hampshire. RG 21 2xs, 1989.
 15. Day R.B. (edited by) : N.I. Bukharin : selected writings on the State and Transition to Socialism : Spokesman, Bertrand Russel House, Nottingham, 1982.
 16. Day R.B.: "Preobrazensky and the Theory of the Transition Period" (article): Journal of Soviet Studies, Volume XXVII, No.2, April 1975, PP= 196-219
 17. Dobb.M.: Soviet Economic Development Since 1917: Routledge and Kegan Paul Ltd., London, 1953.
 18. Ellman Michael : "Did the Agricultural Surplus Provide The Resources for the Increase in Investment in the USSR during the First Five Year Plan ?" (article): The Economic Journal, Volume No.85, December 1975, PP= 844-864
 19. Fitzpatrick Sheila : The Russian Revolution : Oxford University Press, Oxford, New York, 1982.
 20. Jean-Marie Balad : "Economics of Price Scissors : A Note" (article) : Cahiers De La Faculte Des Sciences Economique ET Sociales (Belgium), May 1989

21. Karcz J.F. : "Thoughts on the Grain Problems" (article):
Journal of Soviet Studies, Volume XVIII, April, 1967, PP=
399-434.
22. Lawton Lancelot : The Russian Revolution (1917-1926):
Macmillan and Company Ltd., London, 1927,
23. Laquer W. : The Fate of the Revolution : Interpretation
of Soviet History : The Macmillan Company, New York,
1967.
24. Lenin V.I. : Collected Works, Volume I : Progress
Publishers, Moscow, 1977.
25. Lenin V.I. : Collected Works, Volume V : Progress
Publishers, Moscow, 1972.
26. Lenin V.I. : Collected Works, Volume 32 : Progress
Publishers, Moscow, 1977.
27. Marx K. : "Capital" A Critique of Political Economy
Volume I: Progress Publishers, Moscow, 1954.
28. Macmillan David: The Thought of Karl Marx : The
Macmillan Company Ltd., New York, 1980.
29. Millar J.R. "Soviet Rapid Development and the
Agricultural Surplus Hypothesis" (article) : Journal
of Soviet Studies, Volume no. XXII, July 1970, PP= 77-93
30. Miller R.F. : "Soviet Agricultural Policy in the Twenties
the Failure of Cooperation" (article): Journal of Soviet
Studies, Volume no. XXVIII, 2, April 1975, PP= 220-244.
31. Mitrany D. : "Marx against Peasants " A Study in social
dogmatism : George Weidrfeld and Niclson Ltd., 1951.

32. Moshe Lewin : "The Immediate Background of Soviet Collectivization" (article): Journal of Soviet Studies, Volume no.XVII, October 1966, PP= 162-197.
33. Moshe Lewin : "Who was the Soviet Kulak? " (article): Journal of Soviet Studies, Volume no.XVII, October 1966, PP= 189-212
34. Moshe Lewin : Lenin's Last Struggle : Vintage Books, A division of Random House, New york,1970.
35. Moshe Lewin: The Making of the Soviet System: Essays in Social History of Interwar Russia: Pantheon Books, New york,1985.
36. Narkiewicz O.A : " Stalin , War Communism , and Collectivization " (article): Journal of Soviet Studies, Volume no.XVIII, July 1966, PP= 20-37.
37. Nove A. : An Economic History of the USSR: ALLEN LANE PENGUIN PRESS, London, 1969.
38. Nove A : Stalinism and After : George Allen and Unwin Ltd., London, 1975.
39. Nove A. : A comment on "The Agricultural Surplus Hypothesis by Millar J.R. " (article): Journal of Soviet Studies, Volume no. XXII, Jan.1971,PP = 394-401
40. Raymond A.Baur : How the Soviet System Works: Harvard University Press, Cambridge, 1957.
41. Sirc Liubo : "Economics of Collectivization " (article):Journal of Siviet Studies, Volume no.XVIII, Jan.1967. PP = 362-370
42. Wadekin K.E. : Agrarian Policies in Communist Europe : A critical introduction (edit by E.M. Jacobs): Osmun

- Publishers, Allenheld, 1982.
43. Westwood J.N.: Russia . : 1917-1964
B.T.Batsford Ltd., London, 1966.
 44. Westwood J.N.: Endurance and Endeavour
Russian History 1812-1980 :Oxford University Press,
New york, 1981.
 45. Zevin. V. and Golikov.G : Lenin: Life and Work:
Novosti Press Agency Publishing House, Moscow, 1977.
 46. Jerome Blum: Lord and Peasant in Russia from 19th
Century: Princenton University Press, London, 1971.
Lenin to Stalin 1917.
 47. Karcz J.F.: Soviet and East European Agriculture:
University of California Press, Berkeley and Los Angeles 1967.