

THE NEW COURSE IN THE ECONOMY

The success of the industrial development of the Union of Socialist Soviet Republics is of universal significance. The Social Democrats deserve nothing but contempt. They do not even attempt to estimate the tempo which Soviet economy has attained. This tempo is neither stable nor assured. We will discuss that later. But it gives experimental proof of the immeasurable potentialities which are inherent in socialist methods of economy.

If in 1918 Social Democracy in Germany had used the power which had been given to it by the Revolution to establish socialism, (and it had every possibility to do so) it would not be difficult to understand, in view of the experience of Soviet Russia, what economic power the socialist masses in central Europe, eastern Europe and considerable portions of Asia, would now have. All the world would have a different aspect. But how humanity will pay for the betrayal of the German Social Democracy by further wars and revolutions. Never was there a greater crime in all history. However, this question is not the subject of our discussion.

The initial estimation of the possibilities of socialistic industrialization was briefly analyzed by us in the book "Whither Russia! Towards Capitalism or Towards Socialism", in the early part of 1925, prior to the end of the reconstruction period. Then we proved that even after all the equipment inherited by the bourgeoisie was exhausted, i. e., after the transition to increased independent reproduction on the basis of socialistic accumulation, Soviet industry would be able to give a coefficient of growth absolutely unattainable by capitalism. After every consideration, we counted on a fifteen to twenty percent annual growth. Philistines of the type of Stalin and Molotov derided these hypothetical figures as though they were a dream of "super-industrialization". Reality left our calculations far behind. But after this there occurred what has often happened before. These empirical Philistines, overwhelmed by the success, decided that from now on everything was possible.

The Meaning of the Stalinist Zig-zag

During recent months it finally became apparent that the Stalin faction has, in the question of domestic economy of the Soviet Union as well as in the policy of the Comintern, transformed its Left zig-zag into an ultra-Left course*. This ultra-Left course is a negation and adventurous addition of that opportunism which has controlled since 1923, and especially from 1926 to 1928. The present day policy represents no less a danger and in certain aspects a greater danger than the policy of yesterday.

The ultra-Leftism in the economic policy of the Soviet Union is now developing along two lines: Industrialization and Collectivism.

Since the beginning of 1923 the Opposition has demanded a quicker tempo of industrialization. It based its demands not only upon the necessities but upon the actual economic possibilities.

The dominating faction (Zinoviev, Stalin, Bucharin, and later Stalin and Bucharin without Zinoviev), accused the Opposition of the intention, in the name of super-industrialization, to "rob the peasants" and

thus to break the economic and political connection between town and country.

Experience showed that the Opposition was correct. The opportunistic leadership systematically underestimated the resources of nationalized industry. The actual development of industry, impelled by markets and the pressure of the Opposition, left the official figures from year to year far behind.

The struggle between the central leadership and the Opposition became especially acute, just at that moment when the stand of the Opposition was confirmed along all lines. The leadership was compelled within a few months to forsake their old minimum five-year plan, which had been criticised in the platform of the Opposition, and to replace it with a new and incomparably bolder plan. When the first year demonstrated the possibility of realizing the projected tempo, evidently to the surprise of the leadership itself, the latter at once abandoned their petty doubts and rushed to the opposite extreme. Now, the slogan is: "Forward, without stopping, forward!" The plan is being constantly revised in the direction of its extension.

From passive possibilism the opportunists have turned to unlimited subjectivism. A reference by an economist or a worker to actual obstacles—as for instance, bad equipment, lack of raw material or its poor quality—is considered a betrayal of the revolution. The government demands: speed, action, offensive! Never mind the rest.

How Stalin Handles the Five Year Plan

The first quarter of the present economic year, the second year of the five year plan (October-February), in spite of the significant progress in comparison with the first quarter of the preceding year (about 26% of the growth) missed fire. For the first time during the epigonean leadership, industry remained behind the outlined plan. Especially lagging was the heavy industry. Something was wrong with the cost prices. To lessen or to disguise their straggling, the mills of the heavy industry took recourse through the deterioration of the quality of the products. The amount of "brak" (imperfect products) dangerously increased. The Central Committee answered with the categorical demand not only to fulfill the program, but to surpass it.

The objective data began to testify more and more convincingly, as could have been also foreseen theoretically, that the start was bigger than the strength. The industrialization is upheld more and more by means of the administrative whip. The equipment and the labor-power are being forced. Disproportions of production in different fields of industry are accumulating. Retardation in the following quarters of the year, might prove more threatening than in the first. The government, on its part, sees itself compelled to patch up the newly opened industrial gaps by new budget or credit assignments. This leads to paper money inflation, which becomes, in its turn, a source for the artificial increase of the demand for goods, and consequently makes individual branches of industry surpass the calculations of the plan, and thus increases the accumulation of new disproportions.

The Soviet economy depends on the world economy. This dependence expresses itself by import and export. The foreign trade is the narrowest point of the whole system of the Soviet economy. The difficulties of foreign trade are fundamentally the difficulties of our backwardness. At present, an important fact of conjunctural character must be added to it. The symptoms of crisis of world economy already affect the Soviet export through the decrease of the demand and the lowering of the prices of the exported products. If the world industrial and commercial crisis deepens and prolongs itself, the further narrowing of our, even now, insufficient export, will affect the import, i. e., the import of machines and of the most important kinds of technical raw material. This

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danger does not, of course, depend on the will of the Soviet leadership. But the leadership can and must take it into consideration. Hazardous speeding up of industrialization, without coordinating the activities of its different branches, runs an obvious risk of finding itself, through its foreign trade, in the midst of the world crisis: the import of the necessary means of production will be cut off, and a new factor of disorganization will enter as a wedge into the five year plan.

It is true that the industrial crisis in America and Europe might open a possibility of commercial and industrial credit for the Soviet Union. But this knife has also two blades: when the economic development has a correct rhythm, the foreign credits are able to ease and speed the progress of industrialization. In the face of the accumulated contradictions, they can only postpone the crisis, giving it later a double force.

However, we mention here the dangers that come from world economy, only in passing, and as a hypothesis. The central question of today is not in them, of course. Immeasurably greater and more direct are the dangers concentrated along the most important line of Soviet policy: the line of the relation between the town and the village.

The Bureaucracy and the Kulaks

For several years the Opposition has demanded the more decisive taxation of the rich layer of the peasantry in the interest of the industrial development. The official leadership denied the fact of accumulation of the rich peasants (Kulaks), and accused the Opposition of the intention of "robbing the peasant". Meanwhile, the Kulaks had developed into a considerable figure, and, leading behind them the middle peasant, subjected the cities and industry to a starvation blockade. The height of the demonstration of the Kulak's strength coincided with the moment of police dispersal of the Opposition (the beginning of 1928). The bureaucracy had to change its policy abruptly. A crusade was declared against the Kulaks. The measures for the limitation of tendencies of exploitation by the Kulaks which the Opposition had proposed the day before, were found insufficient, immediately after the beginning of the struggle with the Kulaks for grain.

The Kulaks, however, are not separated from the middle peasants by an impenetrable partition. In a setting of goods (trade) economy, the middle peasants automatically bring out from their midst a Kulak. The hail of administrative blows, inconsistent and panicky, directed against the Kulaks (and not against them only) cut short the way for the further development for the top layer of the middle peasantry. So-called disagreements with the peasantry became apparent. The peasantry, after the experience of the revolution, does not easily resort to the method of civil war. It rushes around agitatedly looking for another way out. Thus the "wholesale collectivism" was born.

The Soviet government patronizes, in full accord with its main purpose, the cooperative methods, both in trade and industry. Up to the very recent time, however, the productive cooperation in the country (collective farms) has occupied a very insignificant place in the agricultural economy. Only two years ago, the present Commissar of Agriculture, Jakovlev, wrote that collective farming, in view of the technical and cultural backwardness of our peasantry and its scattered character, will remain yet for a long period of time, "little islands in a sea of peasant private farms". Meanwhile, unexpectedly for the leadership, at the very last period, collectivism developed a grandiose speed. It is enough to say that, according to the Five Year plan, the collective economy was supposed to include at the end of the five year period, about 20% of the peasant farms. Meanwhile, the collectivism already, i. e., at the

beginning of the second year, includes more than 50% of them. With this speed kept up, collectivism will cover all peasant farms in a year or two. It seems a great success. In actual fact—a great danger.

The Basis for Collective Agricultural Economy

A productive collectivism of agriculture presupposes a definite technical basis. Collective agricultural economy is first of all, a large economy. The rational use of this economy is determined, however, by the character of the applied means and methods of production. With the aid of peasant plows and peasant nags, even all of them put together, it is not possible to create a large agricultural economy, even as it is not possible to build a ship out of a flock of fishing boats. The collectivization of agricultural economy can be achieved only through its mechanization. From this follows that a general development of the industrialization of a country determines the possible speed of the collectivization of its agricultural economy.

But in reality these two processes turned out to be separated. In spite of its fast development, the Soviet industry still is, and will for a long time yet, remain extremely backward. The high coefficients of its growth are to be considered in relation to the general low level. We must not forget for a moment that, even in case the intended plan should be fully carried out, the Soviet industry would be able to supply with tractors and other kinds of machinery only 20-25% of the peasant farms. And that only at the end of the five year period. That is the real scale of the collectivization.

While the Soviet Union remains isolated, the industrialization (that is, the mechanization and electrification, etc.) of agriculture could be thought of only as a prospect of a number of consecutive Five Year plans. The present leadership itself so looked at this matter till yesterday. But now it appears that the collectivization has already fulfilled itself by 50%, and that during the next year it will be completed to 100% in a number of the most important agricultural regions.

It is perfectly clear that the present tempo of collectivization is defined not by the productive but by the administrative factors. The sharp, and, as a matter of fact, panicky, change of the policy toward the Kulaks, as well as toward the middle peasant resulted, during the last year, in an almost complete liquidation of the NEP.

A peasant represents a small productive unit and as such cannot exist without a market. The liquidation of the NEP presented for the middle peasants the following alternatives: either to go back to the natural consuming economy, i. e., to disappear, or to become involved in a civil war for the market; or to try his hand at the new way in the collective economy.

In collectivization the peasant finds not persecution but advantages: lesser taxes, supply of agricultural machinery on easy terms, loans etc. If at present the peasantry is crowding into collective economy, it is not because the collective economy has already shown its advantages. It is not because the State has already proved to the peasant (or at least to itself) that it has the possibility to reconstitute the peasant economy on the collective basis in the near future. It is because the peasantry, and first of all, its top layer, which was during a number of years of the liberal Stalin-Ustrialov policy, getting more and more into a mood of a capitalistic farmer, suddenly found itself in an impasse. The gate of the market was padlocked. The peasants stood frightened in front of it a while, and then rushed to the only open gate, that of collectivization.

The leadership itself was not less surprised by the sudden rush of the peasants into the collective economy than the peasants were surprised by the liquidation of

* We state with great satisfaction, the fact that our friends in the Soviet Union do not in the least deceive themselves about the Stalinist "ultra-Leftism", which Right Mensheviks and Liberals call "Trotskyism", realized by Stalin. We succeeded during recent months in exchanging a number of letters with our friends in different parts of the Soviet Union and found a common agreement on the attitude toward the new course. Some of the letters received by us are being published in extracts in the present number of the Bulletin of the Opposition (In Russian).

(The Militant will shortly publish a number of the letters here referred to by comrade Trotsky.—Editors.)