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With this number we commence the first of a series of Special Numbers devoted to the discussions which have taken place in the Communist Party of Russia during the months of December and January.

The present number contains the Resolutions adopted with regard to the questions of Party Structure and the Immediate Tasks of Economic Policy. These resolutions formed the subject of very exhaustive discussions, the principal features of which will appear in the following numbers of this series.

Resolution of the Central Committee and of the Central Control Commission concerning the Party Structure.

(Adopted unanimously at the joint session of the Political Bureau of the Central Committee and of the Presidium of the Central Control Commission held on the 5th December 1923 in accordance with the decisions of the Plenary October Session of the C. C. and of C. C. C.)

I. The Party during the New Economic Policy.

a) The New Economic Policy, which has caused a growth of the productive forces, has proved itself to be a necessary stage on the long protracted transition road from Capitalism to Socialism. It has contributed to the revival of national economics in general and of the state industry, the state commerce and of the co-operatives in particular. We have witnessed a gradual increase in the rate of wages, a return of qualified proletarians to the towns, a raising of the level of culture among the broad proletarian masses and in particular, the formation of new ranks of proletarian and peasant intellectuals, thanks to the systematic instructions imparted to the workers and peasants in the higher educational establishments.

b) The 12th Congress of the Party, while taking note of the revival of the economic life of the country has, at the same time already pointed out the necessity of estimating every stage of the economic development from the point of view of socialist construction. The Dictatorship of the Proletariat, which cannot be consolidated and developed without an increase in the material prosperity, could not even have maintained itself, if this increase in material prosperity had created a preponderance of private capital over state capital.

The extraordinary difficulties with which the economics of the country are meeting at the present moment, are mainly expressed in the fact that the products of our state industry do not find a sufficient market. If during the last year the disposal of our products has met with ever-increasing difficulties, this to a very great extent is attributable to the extraordinarily high cost of production, to the exceedingly high trading expenses and, in addition, to the unjustifiable methods of an exaggerated computation of prices at the expense of the consumer. The underlying causes of these difficulties are the disparity and the lack of coordination of the various elements in the state economics, both between themselves

individually and between themselves as a whole and the market, the irrational or insufficiently rational establishment of industrial and commercial undertakings and the conduct of their operations, in particular the inability of our still bureaucratic commercial and co-operative organizations to reach the rural markets.

The central task remains, as heretofore, the linking up of the state industry with the peasants' agriculture, i. e., in the first place the establishment of proper proportions between the productivity of our state industry on the one hand and the requirements and extent of our mainly rural market on the other. This task can be carried out to the extent to which the linking up of the various factors and elements of the state industry between themselves is appropriately and systematically accomplished.

In view of the foregoing the whole Party must arrive at the conclusion that the continued economic revival, which will enable us to overcome the existing crisis within the more or less near future, will serve the cause of Socialist Construction only in so far as we learn to coordinate the elements of the state economics in their relations to each other and to the market generally.

From this there arises the unique importance of the "Gosplan" of the Economic Staff of the Socialist State and of all the organizations for carrying out planned economics in the provinces. It is necessary to secure effectually for them the position indicated by the resolution of the 12th Congress.

The measures adopted in recent times in order to reduce the prices of manufactured goods and to promote the export of grain, have already led to a certain recovery in the trade turnover and to an increase in the price of grain. The struggle against the fundamental causes of the market crisis demands, however, from the Party a complicated and systematic work for carrying out the measures indicated by the 12th Congress regarding the concentration of industry, appropriate organization of the apparatus of trade and industry, the promotion of agriculture, the raising of its technical level and its adaptation to the struggle on the world market by various means, among these being the extension of agricultural credit etc. These tasks are confronting the Party in all their full extent and in the

most pressing manner. There is no doubt that the Party will concentrate all its forces in order to carry them out effectively.

c) The objective contradictions presented by the actual stage of the transitory period and which result from the simultaneous existence of the most varied economic forms, from the prevailing market relations, from the necessity for the state institutions to employ capitalistic forms and methods of work, from the necessity of relying for support upon a staff which is still a stranger to the proletariat etc. — these contradictions find their expression in a whole series of negative tendencies, the fight against which must be placed on the order of the day. Among these tendencies there may be mentioned: striking anomalies in the material situation of Party members, determined by their varying functions and the so-called "wasteful expenditures"; the growth of connections with bourgeois elements and the ideological influence of the latter; the narrowing of the intellectual horizon by officialdom, which must be distinguished from the necessary specialization and, arising therefrom, the weakening of the connections between the Communists working in various spheres; the danger of a loss of the perspectives of socialist construction as a whole and of the world revolution; the danger, already indicated by the congress, of a "NEP" degeneration on the part of a portion of the functionaries who, owing to the nature of their activity, come most into contact with bourgeois elements; the process of bureaucratizing which is to be noted in the Party apparatus and, arising therefrom, the threatening danger of the Party losing contact with the masses.

2. The Party and the Working Masses.

The confidence of the proletarian masses in the Party has increased. This finds its expression in the Soviet elections, in the collapse of the Menshevik and S. R. parties and in the formation of a body of non-party workers who are actively supporting the Party. At the same time the active communist workers, who of course should form the connecting link between the Party and the non-party masses, are almost entirely absorbed in administrative and economic work and thereby unavoidably lose contact with the work of production. The fundamental task therefore in this connection is the recruiting of new party members from the ranks of workers at the bench. It is the task of the Party organizations to devote special attention to this type of Party worker, to do everything possible in order to prevent their being divorced from the work of production, to help them raise the cultural level and use every means to render easier the possibility for them to take effective part in all Party affairs. The work of enlarging the proletarian mainstay of the Party must, in the next months, be one of the most important tasks of all Party organizations. The initiative of certain organizations which have already developed their activities in this direction must be supported by all industrial organizations of our Party. The Party must render easier the influx of new elements of industrial workers into the Party organizations and their promotion from candidates to Party members. In the same way it is necessary to give increased attention to the work among the growing proletarian youth.

Regarding the peasantry, among whom proletarian and semiproletarian strata are again appearing, it is necessary to improve by every means the qualitative composition of the nuclei, to direct their work into the channel of cultural and political activity, in particular to intensify their work of helping to spread a knowledge of scientific agricultural methods, and also their work in the co-operative field, in the organization of agricultural credits etc. Along with this the village proletariat (especially the committees of landless peasants in the Ukraine) must be given every support, and the proletarian elements must be drawn into our Party organizations as well as into the All Russian Confederation of Agricultural and Forest Workers.

Amongst the *Intelligenza*, as the result of general causes as well as of the improvement of their position in our country while at the same time the middle classes in Germany are being pauperized, there is to be noted a general swing of opinion in favor of the Soviet power. Of especial importance is this turn of opinion among the rural teachers and among the instructors in agriculture, who can be considered as being one of the most important connecting links between town and country. This turn of opinion among broad strata of the *intelligenza* in favor of the Soviet power, while being in itself an outstanding positive phenomenon, can, however, also have consequences of a negative character, as it increases the danger of the communists being ideologically surrounded.

The struggle for the ideological purity of our Party against

petty bourgeois and "Smjenciohov" (an organized movement among intellectuals, especially emigrants, in favor of the Soviet power as being the upholder of the independence of Russia) obscurantism is therefore an equally important task of the Party.

3. The Party and Workers' Democracy.

The negative phenomena of the last month in the life of the working class on the whole, as well as within the Party involve the unescapable conclusion that the interests of the Party in regard to its struggle against NEP influence, as well as regarding its fighting capacity in all spheres of work, demand a serious change in the policy of the Party in the sense of a real and systematic carrying out of the principles of workers' democracy. In view of this the October Joint Session of the Plenums of the C. C. and the C. C. C. have decided as follows:

"the Plenums of the C. C. and of the C. C. C. entirely approve the policy in the direction of Democracy which was recently adopted by the Political Bureau, and they also approve of the intensification of the struggle against 'wasteful expenditures' and against the disintegrating influence of the NEP upon certain elements of the Party, as proposed by the Political Bureau."

Workers' democracy means liberty of frank discussion of the most important questions of the Party life by all members and that all leading Party functionaries and commissions be elected by those bodies immediately under them. It does not, however, include the liberty of forming fraction groups, which are extremely dangerous for a governing party since they continually threaten to split and disintegrate the government and the state apparatus as a whole.

It is obvious that within a party, which represents a voluntary union of people on a definite basis of ideals and practice, there can be no toleration of the formation of groups, the ideological content of which is directed against the party as a whole and against the dictatorship of the proletariat, as for instance, the "Rabotshaya Pravda" (Workers' Truth) and the "Rabotshaya Gruppy" (Workers' Group).

Only a constant, vital ideological life can maintain the Party in that condition in which it had arrived at before and during the revolution, with a continual and critical study of its past, with the correction of its mistakes and with the collective discussion of the most important questions. It is only these methods which can give effective guarantees against occasional divergences of opinion resulting in the formation of fraction groups with all the consequences mentioned above.

In order to avert this the leading Party organs must lend an ear to the voice of the masses of the Party, and must not regard every kind of criticism as an indication of the formation of fractions, and thereby drive conscious and disciplined Party members into aloofness and create in them a spirit of fraction forming.

In no circumstances can the Party be regarded as a mere institution or an office, but at the same time it cannot be considered a debating society for every tendency. The 10th Congress laid down the principles of workers' democracy, but the same 10th Congress, and afterwards the 11th and 12th Congresses, also laid down a series of limitations as to the exercise of these principles of proletarian democracy: Forbidding of fractions (see resolution of the 10th Congress "On Party Unity" and the corresponding resolution of the 11th Congress); the purging of the Party; limitation of admission to Party membership of non-proletarian elements: the laying down of certain lengths of membership as necessary qualifications for holding certain offices in the Party; the confirmation of the secretaries by the superior Party authority (see Party statute). In view of the unavoidableness of maintaining under the NEP certain limitations in the future also, there must at the same time, based on the experience already acquired, particularly by the inferior organizations, be a re-examination of the fitness of some of these limitations, for instance, of the right of the superior authorities to confirm secretaries. In no circumstances can the right of confirming secretaries be converted into a right of practically appointing them.

4. Immediate Measures for realizing Workers' Democracy.

In order to prevent the line of the Party from being diverted, in order to realize effectually the Workers' Democracy and in order to secure for the entire mass of the Party members the possibility of systematically influencing the direction of the whole Party policy, the following measures must in the first place be realized:

a) Strict observation of the eligibility of functionaries, with the limitations mentioned above; it shall be regarded as inadmissible to impose such functionaries against the will of an organization; in particular there must be a strict observation of the eligibility of secretaries to nuclei;

b) it shall be obligatory to submit all essential questions of Party policy, so far as exceptional circumstances shall not render this impossible, for discussion by the Party nuclei and by the Party masses as a whole; the number of party discussion clubs shall be extended; unjustifiable appeal shall not be made to "Party Discipline" in the event of it being the right and the duty of the members of the Party to discuss questions in which they are interested and to adopt decisions regarding them;

c) attention must be paid to the task of pushing forward new functionaries from the rank and file, in the first place from among the workers;

d) special attention must be paid to enabling a body of comrades, who are in close contact with the masses of the Party, to acquire a proper conception of the policy of the Party;

e) delivering accounts and reports by the Party organs to the bodies by whom they are elected and to the broad Party mass;

f) increase in the educational work of the Party, at the same time carefully avoiding by all means all bureaucratic tendencies, among the entire Party mass as well as among the Communist Youth Leagues and the women in particular;

g) attention must be paid to the mutual exchange of experience of the functionaries in the various fields of work; compulsory conferences shall be periodically convened by the C. C., as well as by the provincial, governmental and district committees, to be attended by the responsible functionaries in all fields of work;

h) the information of the Party members shall be increased by means of the press and by visits to the various localities by members of the C. C., the C. C. C., the Provincial and Government Committees and by members of the collegium of the Commissariats;

i) in the periodical press the columns devoted to Party life must be increased;

j) at the next Party congress there must be submitted a proposal regarding the convocation of governmental and All-Russian Party conferences twice a year.

In order to secure the effective carrying out of all the measures mentioned above regarding the realization of Workers' Democracy, there must be a passing from words to deeds by proposing to the lowest nuclei, to the district, area and governmental Party conferences, to systematically renew the Party apparatus from the bottom upwards at the regular Party elections, by pushing forward for the responsible posts such functionaries as are able effectually to ensure democracy within the Party.

5. On the Control Commissions.

a) The most important tasks for the improvement of the Party apparatus have already been put before the Party. This work needs much time in order to yield effective and perceptible results. The basic condition for successful work on the part of the Control Commission and of the Workers' and Peasants' Inspection, regarding the improvement and purification of the state apparatus, is that they be supported by the whole Party and by its organizations, and that the working masses be drawn into this work. There must be the closest connection between the Control Commissions and the corresponding Party committees; every means must be used to increase the interest of the public opinion of the Party and of the working masses for the activity of the Control Commissions and of the Workers' and Peasants' Inspection.

b) The experience of the last months has shown that, besides the Central Control Commissions, questions of the state apparatus must also be dealt with by the local, governmental and provincial Control Commissions, and that the problem of the extension of the functions of the subordinate Control Commissions must therefore receive attention.

c) Among the means for attracting the working masses to the study and to the improvement of the state apparatus, there may be included auxiliary nuclei in the shops and in the state institutions — these nuclei to be set up by the Control Commission and by the Workers' and Peasants' Inspection along with the trade unions. The Party nuclei in the shops must be closely connected with the auxiliary nuclei to the Workers' and Peasants' Inspection and supervise their work through the shop committees.

d) A particularly important task of the Control Commissions at the present moment, is the fight against the bureaucratic perversion of the Party apparatus and of the Party practice, and to render accountable those Party functionaries who hinder a realization of the principle of Workers' Democracy in the practice of the Party organizations (restricting the liberty of expression at Party gatherings, arbitrary limiting of eligibility and the like).

e) Of especial importance at the present juncture is the fight of the Control Commissions against the so-called "wasteful expenditures" in the state apparatus and on the part of certain of its officials. The demoralizing influence of the negative aspects of the NEP. upon members of our Party, and in particular upon certain responsible functionaries, must be energetically counteracted by the entire Party.

f) There must be a more careful employment of the extreme Party disciplinary measures (expulsion from the Party). The greatest leniency must be accorded to industrial workers at the bench, and the most drastic measures (expulsion from the Party) must here only be employed where the circumstances render it unavoidable, i. e., where all others means at the disposal of the Party have been exhausted.

Finally, those who have been previously expelled from the Party, in particular industrial workers, must be accorded really comradelike treatment when they express a desire to re-enter the Party and when in such cases there is good reason for believing that they will properly fulfil the demands of the Party laid upon them.

6. Party Organization and Work in the Economic Sphere.

One of the greatest and most valuable of our advantages is, that we have within the ranks of our Party, collaborators in all spheres of economic work, from the simplest proletarians at the bench right up to its most responsible administrators. All these functionaries must, and by a proper arrangement of the work they can, contribute their extraordinarily, many-sided collective economic experience towards the creation of a real Party management of the work in the economic sphere. Workers in the economic sphere must be accorded in their work a sufficient degree of independence and initiative, together with the full support of the Party. The systematic leadership by the Party must not by any means permit hair-splitting discussions over every casual and secondary matter.

For this purpose it is necessary to bring the communist nuclei into contact with production; accounts and reports must be regularly given by the communist workers in the economic spheres; the reports must be discussed as regards their essentials; it is necessary to arrange regular meetings of the communists in the nuclei of those shops which, taken together, form an economic unity, (for instance, a trust), and also Party — economic conferences; the representatives of the nuclei are obliged to deliver reports to their respective nuclei regarding these conferences. It is necessary to disseminate much more systematically the experiences and the suggestions of the lowest nuclei.

7. The Work among the Masses and the Attracting of the Masses into practical Constructive Work.

The work of attracting the masses into practical construction must be intensified, particularly in view of the danger of the state apparatus becoming alienated from the masses. For this reason the duty of delivering reports and accounts imposed on workers in the economic sphere must be extended so as to include delivering the same to the masses (General meetings of workers and of their delegates, shop committees, conferences of non-party workers and peasants and the like).

Special attention must be also paid to bringing trade unions into contact with production. The influence of the trade unions in the selection and promotion of new candidates for economic positions, and in the control of the work of economic organs must be increased (of very great importance also is the control regarding the punctual payment of wages and in a proper manner etc.); the trade unions must convene conferences dealing with the question of production by unities (Trusts), attended by representatives of the shop committees and of the administrators of the undertakings; the trade unions must render reports on their work in the trade union press, which must be improved and rendered more efficient.

Every means must be employed to increase the efficiency of the institution of workers' reports to the press, carefully preserving it from all bureaucracy and officialdom. The Party and the

Soviet periodical press must give the greatest and most considerate heed to the demands and proposals emanating from the masses.

In the elections to the workers' and peasants' councils, attention must be paid to the candidature of new elements, selecting, besides party workers, active non-party workers also, and to drawing the latter into active work (Work of the departments of the local Soviets, meetings of the departments and of the executive committees with the representatives of the workers and peasants and of the auxiliary nuclei to the Workers' and Peasants' Inspection etc.)

Resolution of the Central Committee on the "Immediate Tasks of the Economic Policy".

(Adopted by the Political Bureau on the 24th December 1923 in execution of the decision taken by the Plenums of the C. C. and C. C. C. on the 25th October. This Resolution had to be submitted for final confirmation by the Plenum of the C. C.)

The Party, when solving the immediate questions of economic Policy, must take as a basis the fundamental task for the given historical period, i. e. the realization of the alliance between proletariat and peasantry, the linking up of town and country, and of the nationalized industry and the peasant economy.

Only the correct solution of the questions which arise in regard to the relations between the working class and the peasants, can permanently strengthen the economic basis of the dictatorship of the proletariat and preserve it from any kind of wavering.

The 12th Congress of the Party, in its resolution on the organization of industry, has laid particular stress upon the fact that the pace of development of our state industry meets with certain objective hindrances, which are determined by the state of the peasant economy, and that the exact adaptation of the entire economic policy to the level of development of the peasant economy forms the most important task, an incorrect solution of which would unavoidably bring disastrous consequences, not only in the economic, but also in the political sphere. Only a radical change in the present political and economic structure of the industrial countries of Europe, could perceptibly lessen the immediate dependence of the state industry upon the situation of the peasant economy and create the conditions necessary for a quicker transition to a regime of socialist economy.

The resolution of the 12th Congress states:

„Agriculture, although with us it is still on a low technical level, has a preponderating importance for the whole economics of the Soviet power . . . Our Party must not for a moment forget, nor fail to lose sight of the preponderating importance of the peasants' economy, when meditating any action . . . Not only the neglect, but also the lack of sufficient attention to this circumstance would be fraught with innumerable dangers, both in the economic and the purely political sphere, as it would inevitably undermine and weaken that alliance between the proletariat and the peasantry, that confidence of the peasantry in the proletariat which, with the given historical transition period, form the most principal supports of the dictatorship of the proletariat, and the maintenance and strengthening of which alliance and confidence, form the fundamental condition for the stability of the Soviet Power and, as a consequence, the fundamental task of the Party.“

These systematic instructions of the Party have, up to the present, not been thoroughly carried out in the practice of our economic organs. It was far from being properly understood, that the necessity for setting up the most thorough interchange between town and village formed the principal motive for the transition to the New Economic Policy, and that under the N. E. P. the supplying of the peasantry with the products of the state industry forms the principal economic task.

The present economic difficulties (lack of market) are to a considerable extent to be attributed to the insufficient heed given by the Party to these indications regarding the role and the significance of the peasants' economy and the peculiarities, resulting from the task of realizing the dictatorship of the proletariat in a country with a predominating peasant population. The task of the Party, in the future must consist of systematically and carefully carrying out the above policy in regard to the relations between town and village, and not allowing itself to be diverted in an economically and politically injurious manner in

To extend the practice of the holding of large-scale conferences of non-party workers and peasants; to facilitate the growth of all kinds of voluntary, self-governing organizations: cultural and educational, sports and the like; in particular those which touch the family and social life of the working masses (communal kitchens etc.) securing for them the possibility of a proper development.

The practice of holding open meetings of the nuclei must be extended, and, based on the experience of these open meetings, there must be selected bodies of those non-party workers and peasants who are to become active helpers of our Party.

the direction of an under-estimation of the significance of the peasant economy in the general economic structure of the country.

Resulting from the lack of coordination between the tempo of the reconstruction of the peasants' economy on the one hand, and the state industry on the other, in the conditions of the free exchange of goods, there arose the phenomena of the present crisis. This crisis is characterized by the disparity between the extraordinarily high prices for industrial products and the low prices for agricultural products. The industry, which had grown up on the basis of the town market, which is able to pay higher prices, could not at the moment of the realization of the harvest sell its goods to the mass consumer having a lower purchasing power — the peasantry. On the other hand the peasantry did not find a sufficiently wide home and foreign market for a profitable sale of its grain, as a result of which there followed the low prices of the latter.

To the sharpening of the market crisis there contributed: the insufficient development of the commercial relations, the policy of high prices adopted by the syndicates, the weak development of money economy, the existence of two kinds of valuta, from which the peasantry suffered most owing to the depreciation of the Soviet paper roubles.

As a result of the steady work, the last year has yielded undoubted successes in the sphere of the reconstruction of industry and transport, and shows a greater quantity of goods manufactured by the state industry than ever before during the Soviet rule. On the other hand, the peasantry undoubtedly has enlarged its area of land under cultivation, has to a certain extent raised the level of its economy, has increased the production of special cultures, and, thanks to the substitution of the greater part of tax in kind by money taxes, it had at its disposal a greater surplus of grain, although the harvest was poorer than that of the last year.

The present crisis therefore can by no means be compared with those crises resulting from lack of goods and from lack of grain, which confronted the country in the years 1919/20/21. The fundamental elements of the national economy as a whole (the quantity of coal, naphtha, metals, cotton produced and of the grain remaining in the hands of the peasantry etc.), have undoubtedly increased. The crisis arose as a result of the disparity between these particular branches of the national economy, and in the first place, as a result of our state industry and trade being incapable of finding their way to the peasant mass market.

I. Agriculture.

The smallness of the rural market and the small purchasing power possessed by the peasantry, as well as the high cost of production of urban industry, are the result of the long period of the imperialist and civil wars. The sinking of the prices for agricultural products, is a world phenomenon which, in the capitalist countries, as for instance in America, has led to the sheer destruction (burning) of huge quantities of grain in order to bring about an artificial increase of prices.

The urban and industrial population of the Soviet Union does not constitute a sufficient market for the peasant economy. There can be an increase in the prices of the grain produced by the peasants, in the first place by capturing the foreign markets. Already in the year 1922, this circumstance was taken into account by the Party, which laid down the necessity of developing by every means the export of agricultural products. In that year there was exported 40 million pood of grain, while in 1923 it

was decided, as the most important task of the economic policy, to increase the export of grain to 250 million pood.

In order to ensure the success of the peasant grain producers in their struggle for the foreign markets, it is necessary to adapt agriculture to the conditions of these markets. The Party has called attention to the necessity of helping the peasantry to raise the technical level of their economy, to introduce more intensive cultivation, to increase the amount of their floating capital, and to renew their live stock, implements etc.

In the first place there must be an improvement in the organization of the state purchases and export of grain, a reduction of the expenses connected therewith, and the greatest possible reduction of the role and of the income of any kind of middlemen or dealers in the grain trade.

The Soviet Power must and can also aid the peasantry by increasing their floating capital by means of: a) organization of cheap agricultural credits (organization of an agricultural bank); b) the placing at the disposal of the peasantry, under very favorable terms of credit, of tools and agricultural machinery; c) support of the village co-operatives and the like. In all its measures regarding the peasantry the Party must have regard to the necessity of helping by every means the poorest and middle strata of the peasantry, in particular the co-operative farming bodies, in order to save them from being pushed out by the great peasants.

The peasants economy is the fundamental basis for the reconstruction of industry, and, as a consequence, for the growth of the working class, as the peasants' market is the principal market for industrial products. The peasants economy, on the other hand, is the principal supplier of raw materials for our industry. For this reason, the greatest possible support must be granted to the peasants economy, not only in the general interests of the Soviet power, but in the special interests of the most rapid development of industry itself.

II. State Industry.

Only the development of the nationalized heavy industry can create an unshakable foundation for the proletarian dictatorship. In view of this fact, the 12th Party Congress gave precise instructions as to the measures which must be adopted and systematically carried out by the Party, in order to strengthen and to develop our state industry.

The state industry has, in the last twelve months, shown a considerable development, it has increased its output and improved the quality of its goods, whereby the production has steadily increased from month to month without any sudden spurt or decline.

The tempo of the development of the state heavy industry in the past year has somewhat exceeded that of agriculture and of small and home industry. (If one takes the whole production of heavy industry one sees that, compared with the year 1921, it has nearly doubled. The total quantity of the state industry has risen to 35 per cent of the pre-war quantity.)

In particular the successes obtained in the sphere of the fuel economy furnish the possibility for a further reconstruction of the remaining branches of industry. Transport is in a condition so as to meet, without special difficulties, all the demands of the national economy. Along with this there must be recorded a series of successes obtained in the organization of production in the factories and works and in the organization of industry as a whole.

The present crisis has, however, revealed also in this sphere a number of unhealthy symptoms, the eradication of which forms one of the most urgent tasks of the Party.

In their eagerness to make good the losses sustained by industry in the first year of the N. E. P., several economic organs have incorrectly carried out the instruction of the 12th Congress regarding the necessity of striving to place industry on a profitable basis and have increased the prices to a level which could only be paid by those having the greatest purchasing power. The high prices of the goods collided with the low purchasing power of the mass peasant market. The goods remained unsold, and not only failed to yield the expected profits to the industry, but as a result its undertakings were threatened with insolvency and a shutting down of production.

The syndicates, which were set up in the struggle for the domination of the market and for the fixing of uniform prices, were the immediate promoters of this policy of high prices. This policy was the undoubted result of the improper use of the monopoly of several branches of industry with an insufficient development of regulating organs.

The socialist accumulation is a fundamental and decisive factor for the fate of the proletarian dictatorship under the N. E. P. It is, however, a mistake from the point of view of socialist construction, if in the prices of the goods there are included, besides the cost of production and the necessary minimum of profit, the expenses for such a rapid reconstruction and augmentation of the foundation capital, as are obviously, at the present time, beyond the power of the great mass of the population of the country. It will be much more necessary in the future to co-ordinate the policy as to prices with the most important peasant markets and to co-ordinate the tempo of the development of industry more strictly than heretofore with the general growth in the capacity of the peasant market.

During the year 1923, of the total quantity of the production of the state industry, seven tenths were sold to consumers in the towns, while only three tenths went to meet the needs of peasant consumers. This proves that our industry is far from being capable of reaching the peasant mass consumers.

The level of prices attained by industrial products in the last year, is to be attributed not only to objective causes, but also to a considerable extent, to defective organization and to the lack of economizing with regard to additional expenses, which is absolutely necessary to the reconstruction of the economy of the Soviet Republics. In order to arrive at a reduction of prices, the attention of industry must be directed to reducing the cost of production, by means of improving and augmenting the production and the greatest possible reduction of the additional expenses, and also to the improvement and cheapening of its trade apparatus.

In connection with this it is necessary to revise the existing syndicates and only allow those to remain, the existence of which is proved to be economically justified. Only by a strict carrying out of the policy of adaptation to the mass market, of the reduction of the cost of production and of the augmentation of production of articles for mass consumption, will the state industry be in a position to compete successfully with private capital in regard to meeting the demands of the mass consumer — the peasant and the worker.

While in every way adapting the state nationalized industry to meet the demands of the mass consumer, the Party will, at the same time, continue to recognize the necessity of helping to a certain extent the small industry, which does not need any great expense for its reconstruction nor require any special stocks of raw materials, fuel and food, and can render a certain amount of help to the peasant economy and can raise the level of its productive forces, thereby increasing the amount of the total turnover of goods for the whole country.

An indispensable element for the improvement of the organization of our industry is its concentration. We have received as a heritage from the old economic regime, a great number of undertakings which had been set up without regard to any general economic plan and to that structure of economic life which we have today. These undertakings lie as a dead weight on the state budget. The expenses of their maintenance, while they are only partially or even fully occupied, unavoidably enter into the price of the products and thereby help to swell them. But the Party must not for a moment forget that here, more than in any other sphere, commercial and fiscal considerations must be subservient to political considerations, i. e. as to the preservation of the political power of the working class. In those cases where the shutting down of any undertakings would strike a blow at the political forces of the proletariat, and scatter its best elements, the drastic carrying out of the policy of concentration would be an unpardonable political error.

In the preceding period the Party devoted its efforts to strengthening and increasing the production of coal (Don Basin) and of Naptha (Baku), as, unless industry were provided with fuel, there could be no talk of strengthening of other branches of industry. The successes now obtained with regard to the production of fuel render it possible and necessary now to concentrate the attention of the Party on the metallurgical industry. The metallurgical industry must in the next period be given the first place and receive from the state a far greater measure of all round help, in particular financial, than in the last year.

III. Wages and Trade Unions.

The economic difficulties which arose in the Autumn, were accompanied by wage fluctuations and have also given rise to a number of defects in regard to regularity of payment, as well as to the method of payment. In the beginning of August the Political Bureau, and in September the Plenum of the C. C. adopted

several resolutions which aimed at preserving the wages from depreciation and increasing them among those groups of the proletariat which were backward in this respect (for instance railway workers).

The Party is of the opinion that the situation of industry and of the state economy is such as to permit the abolition of the payment of wages in such a form as involves in practice their reduction (inferior food substitutes, payment in notes of a large denomination etc.), and also warrants the adoption of a series of decisive measures directed against the irregular payment of wages. The Party demands that all the economic organs should in the future combat these defects, and insists upon the regular payment of wages being the first duty of the economic organs.

The improvement of industry and of transport, which is due to the heroic efforts of the forces of the working class, must find its expression in an improvement of the situation of the workers. The trade union organs must direct their permanent attention to securing, that these two lines — that of economic improvement and that of the improvement of the welfare of the working class — shall show a certain measure of congruity.

The process of the reconstruction of our industry is unavoidably accompanied by an increase in the number of the proletariat, by its consolidation, by the raising of its material and cultural level. There results from this the particularly urgent task of the trade unions of devoting themselves far more than hitherto to the organization and leadership of industry.

Special care must be given by the trade unions to the selection of the organizers promoted from among the working classes who are capable of occupying positions as leaders of the state industry. The Party, the trade unions and the economic organs must for this purpose take upon themselves the task of preparing groups of such leaders from among the ranks of the workers by means of special schools and also by means of drawing wide masses into the discussions on the economic situation and on the current work of the industrial undertakings. Conferences of the different branches of industry are to be regularly held, at which representatives of the economic organs, trade unions, of the Party and of the non-party workers are to come together, in order to discuss the current questions concerning the productive life, in order to arrive at conclusions based on the data furnished by the reports, and to provide possibilities of exchange of experience. These conferences must enable the trade unions to study carefully and to control the management of the undertakings and to help by every means the economic organs in the improvement of the economy, in the fight against bad management and all avoidable additional expenditure etc.

IV. Foreign Trade.

The monopoly of foreign trade forms one of the fundamental elements of the entire economic policy of the Party. The monopoly of foreign trade has fully justified itself, in particular under the conditions of the N.E.P., as a weapon of defence against the country being stripped of its wealth by foreign and native capitalists, as well as a means of socialist accumulation.

It was only by preserving in its entirety the system of the monopoly of foreign trade, that we were able to attain to an active trade balance and to concentrate the income resulting from foreign trade into the hands of the state.

It is by hindering with all means the loss to the country resulting from the payment of imported goods which could be produced in the country itself, that the monopoly of foreign trade makes it possible to organize a planned import of those goods which are indispensable for the development of our industry and the peasant economy. The monopoly of the foreign trade must also in the future be preserved in its entirety as the most important element of the economic policy of the Party, especially in the period of the NEP.

V. Home Trade and Co-operatives.

Under the New Economic Policy, the organization of commerce has a unique importance because, by means of the commercial apparatus, there must be the closest linking up of the nationalized industry with the peasant market. Every strengthening of the co-operative and of the state commerce and every enlargement of the field of their activity imply an enlargement of the sphere of the socialist economy. Every weakening of the positions of the co-operatives and of the state commerce and every strengthening of the positions of the private middle-man, dealer and merchant imply an enlargement of the sphere of domi-

nation of the bourgeois capitalistic conditions. The support, therefore, of the co-operatives and the development of the state commerce, the winning by them of positions from the private commercial capitalists on the basis of competition, the economic employment of this capital gained by them, form most important tasks of the economic policy of the Party.

In the meantime the crisis has shown that the co-operatives and the state commerce are not up to those tasks which confront them: the tasks of establishing an immediate connection between the state industry and the mass consumers.

The insufficient flexibility and specialization of the organs, the unweidness and the bureaucratism of the commercial apparatus the high rate of the additional expenses, the incapability of reaching the mass market, the insufficient adaptability to the needs of the scattered many millioned peasantry — all these demand from the Party a steadfast work for eliminating these defects resulting from the crisis. The problems of commerce confront the Party in all their immensity.

VI. Private Capital.

The problem of the relation between state and private capital forms, at the present time, the most important problem in the present time, the most important problem in the sphere of economy, at it is decisive for the relation between the class forces of the proletariat, based on the nationalized industry, and the new bourgeoisie based on the elementary play of free competition. By establishing the bases for the New Economic Policy, which has fully justified itself and requires no revision leading practically to a return of War Communism, the Party has not only permitted private capital to accumulate a certain amount of capital resources derived from commerce, but it has also handed over for partial exploitation by private capital a part of the means of production at its disposal (concessions, leases, etc.) In this latter sphere the participation of private capital is both absolutely and relatively negligible. The comparatively more important role of private capital in commerce is due to its greater adaptability to the retail trade and to the supplying of the needs of the scattered customers in the village.

The state capital cannot take upon itself the rapid establishment of immediate connections with the whole 100 million mass of scattered productive peasantry, but also in this sphere the growth of private capital must be kept within certain limits by means of strengthening the economic role of the co-operatives and of the state commerce and by means of an adoption to the needs and conditions of trade in the village.

One of the principal pre-conditions for the strengthening of our positions against private capital must be the fixing of reasonable prices. The Soviet rule having concentrated in its hands the principal mass of products which are needed by the village, must become capable of ensuring that the state organizations and co-operatives sell more cheaply than the private dealer. We must render the mass consumer — worker and peasant — aware of the superiority of the co-operative and state trade of those organizations based on private capital. The co-operative organizations are destined to play the chief role in trade organization, especially in that of the retail trade. A number of measures must therefore be adopted which will render the co-operatives an effective weapon for elimination of private trade capital (state subsidies to co-operatives, in particular to the workers' co-operatives; transference of the co-operatives to the principle of voluntary membership; the greatest attention must be devoted to enlarging the network of co-operative organizations and to strengthening the lowest co-operative nuclei: the realization of their right to enter into immediate commercial relations with the state industry; drastic reduction of additional expenses; greatest possible reduction of intermediary channels through which the goods are passed on to the consumer, and the like).

Along with this, in order to render subordinate the activity of private capital to the general economic policy of the Soviet power, a number of further measures must be adopted for regulating the prices of the principal articles of mass consumption. On the other hand the control over accumulation on the part of private capital must be reached by measures of taxation. There must be a drastic taxation of luxuries and an intensification of the struggle against predatory speculators.

The Party has resolutely abandoned the policy of grain requisition and the system of rationing the food supply to the working population. By allowing the peasants freely to dispose of the results of their labour, the Party has thereby permitted to a certain degree the participation of private capital in the exchange

of goods and has no reason for abandoning this policy. But the Party must systematically work for strengthening its position in this sphere also, by a tenacious and unwearied struggle for the complete domination of the peasant mass market.

VII. Financial Policy.

An extraordinarily important gain for the realization of the principal tasks of our economic policy, was obtained in the last year by the introducing a stable valuta — of the chervonetz, and by making it the fundamental valuta of the country (out of 350 millions representing the total amount of money in circulation in the country, the chervonetz already comprises 270 millions, i. e. about four fifths).

The introduction of the chervonetz and its maintenance as a stable valuta were only possible as a result of the progressive increase of our entire economy and prove the correctness of our policy of economic reconstruction.

The circulation of the chervonetz forms, at the present time, one of the most essential aids for the development of our economy. The growth of the state industry mentioned above during the last year would not have been possible without the chervonetz. On the basis of the circulation of the chervonetz, credits have been and are being granted to trade, industry and agriculture. The granting of bank credits to industry and trade has reached a considerable degree of development. These credits have formed a fund for conducting operations, without which the systematic development of industry and of the entire national economy would be impossible. Basing itself on these credits, industry has for the first time been able to develop its production without any set-backs, and was also able to accumulate considerable stocks of goods in anticipation of the harvest.

The strict accounting, the correct calculation of the cost of production and the introduction of a proper system of book-keeping in our factories and works, trusts, syndicates and trade organizations, have only become possible, thanks to the stability of the chervonetz, and their perpetuation and improvement in the future will only be possible by its help.

The further policy of our Party must consist of preserving the stability of the chervonetz, and of perfecting the currency reform. The interests of the broad masses demand the perfecting of the currency reform, i. e. the substitution of a stable valuta for the sinking Soviet notes. The perfecting of the currency reform must become one of the principal tasks of the Soviet power in the next period.

The successful accomplishment of this task implies an improvement in the position of the peasant economy, a raising of the material position of the working class, and of the working strata of the population in general, and the recovery of our economy as a whole.

The successful carrying out of the currency reform, is only possible by reducing as much as possible the budget deficit and by strict economy on the part of all economic organs. The struggle against wasteful expenditure of any kind therefore constitutes an essential economic requirement.

As regards the state budget, considerable gains have to be recorded. The normal resources of revenue have increased. The note press is playing an increasingly less important role as a means of covering expenditure. In the future, every effort must be directed towards increasing the pecuniary resources of the state without increasing the burden of taxation on the working strata of the population, by increasing the yield of profit derived from the state lands and undertakings.

At the same time there is an undoubted improvement in the preparation of the budget estimates themselves. For some years past the Soviet power has been striving at the creation of a real budget. But it was only in the last year that any considerable improvements were attained in this direction. We have for the first time, budget estimates which correspond to the true state of affairs, and which to a greater extent than hitherto permit one to foresee and to calculate in regard to the state administration and economy.

The introduction of the chervonetz has, of itself, considerably facilitated the possibility of proper accounting, and consequently also of a systematic control over economy as a whole, as well as over single undertakings. The improvement and perfection of the budget plans have constituted the next step. But it is only by improving and perfecting the currency reform, that it will be possible, on the basis of a stable currency unit, to formulate effective financial plans for industry and trade, to conduct a correct calculation and to organize a reliable system of recording and accounting.

The currency reform must therefore form one of the essential pre-requisites for the necessary increasing of the co-ordination between the various parts of the national economy, and it will for the first time provide a real basis for the effective systematic control of economy.

VIII. On the Necessity of increasing the Basis of Planned Economy.

It would be a fundamental mistake to assume that, with the preponderance of the small peasant economy, with the increasing importance of the world market and of its prices in our economy, the state planned management would be able to exclude the possibility of crises under the N. E. P.

The present crisis emphasizes, however, the necessity of increasing the efforts towards coordinating the single branches of the national economy, and extending the basis of planned economy in the work of the state economic organs.

In a far greater measure than heretofore, the Party must learn to co-ordinate the elements of the state economy in their mutual relations and their relations with the market. This task is facilitated by that fact that we have now gained considerable successes in regard to the creating of fundamental premises for the management of planned economy, without which it could easily transform itself into a bureaucratic utopia. These premises for a successful planned economy consist of: 1. the creation of a stable valuta, 2. the organization of credits, 3. the accumulation of material resources with which to operate, 4. the realization and strengthening of certain forms of the organization of economy (trusts and the like), 5. the existence of a number of individual plans, constructed on the basis of experience, in the first place of well-founded budget plans and the like.

The existence of these conditions furnishes the possibility of a far more successful work than hitherto of the state organs of planned economy. The next tasks are the strengthening of the „Gossplan“, the increasing of its role in relation to financial and credit policy, the creating of closer connections between its work and the work of the People's Commissariat for Finances, the Superior Council for People's Economy, the People's Commissariat for Agriculture, the Commission for Interior Trade and the like, the strengthening of its local organs and the like.

The next task of the „Gossplan“ must be the systematic study of the current market conjuncture, and the elaboration of fundamental measures aiming at influencing the trend of the market. The „Gossplan“ must be actually guaranteed that position which was indicated in the resolution of the 12th Party Congress. The appointing of one of the vice-presidents of the Council of People's Commissars as president of the „Gossplan“ assures the immediate participation of the „Gossplan“ in the solution of all current questions of the economic life.

IX. Practical Conclusions.

A. In the Sphere of Agriculture.

1. Intensification of agriculture, development of the cultivation of raw materials, of cattle-breeding etc. by means of several stimulative measures (alleviation of taxes, credits and the like);

2. development of grain export by every means in order to procure access to the world market for the surplus grain produced by the peasants, and thereby to gain better grain prices for peasants' economy; for the same purpose there must be the greatest possible reduction in the additional expenses for the purchase and transport of grain;

3. to adopt all measures for organizing the state grain trade in the home market in such forms as will guarantee the stability of grain prices (arrangements for the transport of appropriate quantities of grain, regulation of freight charges, development of the distribution of elevators etc.);

4. development of a complete system in the villages of consumers and agricultural products and for supplying to the peasantry the necessary articles of consumption;

5. the adoption of urgent measures for the development of agricultural credits by a central agricultural bank, and by local credit associations, in order before all to supply the peasants, the peasants' associations and the collective farms with agricultural machines and tools at reasonable prices on the principle of long-term credit;

6. beginning with the year 1924, transition to the levying of a uniform agricultural tax, calculated in stable valuta;

7. for the year 1924 there must be instituted large scale alleviations of the agricultural tax for peasant farms with but feeble resources; the organizations of agricultural labourers (All-Russian Confederation of Agricultural and Forest Labourers)

and of the poorest strata of the peasantry (as the Committees of Poor Peasants and the like) must be helped by every means;

8. There must be an end made to the imposing of non-official supplementary levies in the village on the part of local authorities; voluntary levies are only to take place with the sanction of the central organs in each single case.

B. In the Sphere of Industry.

1. Rationalization of production and increase of productivity of labour;

2. increasing of the tasks prescribed for the various undertakings and systematic distribution of orders, especially in the heavy industry;

3. reduction of the additional expenses by means of simplification of the organizations of industry, reduction of the number of employees etc.;

4. cheapening of raw material, fuel and auxiliary materials of industry by means of reduction of expenditure in their purchase, as well as by means of importation of cheap foreign raw materials;

5. creation of a well ordered industrial calculation with the imposition of strict responsibility for its correctness;

6. exact determination of the rights and the duties of the managers of the trusts and of the directors of undertakings, in order fully to liquidate the remnants of bureaucratic centralism;

7. systematic promotion of practical workers in industry to responsible positions in industrial undertakings and associations;

8. every help to be afforded to those holding responsible positions in the economic field, in their difficult work for industrial construction under the conditions of a bitter struggle against private capital;

9. to increase the participation of trade unions in the management of economic organs, in the control of their activity and in the selection of economic functionaries;

10. to bring the Party organizations in the undertakings nearer to production, by means of regular information being supplied the Party nuclei regarding the progress of the work in the undertakings and associations, by means of a free discussion regarding all sides of the activity of the economic organs and by means of stimulating the initiative of the comrades as to seeking means for the improvement of the economic work.

C. In the Sphere of Wages.

1. To aim at an increase of wages in accordance with the progress of the industry and of the productivity of labour;

2. to impose severe penalties for the withholding of the payment of wages. Along with this there must be recognized the necessity of fully compensating the worker for loss deriving from the fluctuation in the value of the Soviet note in all cases of the withholding of payment of wages;

3. to forbid the payment of bonuses on the turnovers, and only permitting the payment of bonuses on the net profit and then only to particularly conscientious and meritorious functionaries with the consent of the trade unions;

4. to improve the housing conditions of the workers, acknowledging as an urgent task the insuring of state credits for the Soviet housing schemes;

5. special attention must be given to the payment of insurance contributions in order, in the first place, to insure that portion of the unemployed who constitute genuine proletarian elements and who are, before all, to be absorbed into production as soon as the latter is extended.

D. In the Sphere of Foreign Trade.

1. To adopt further measures for consolidating the foreign trade monopoly;

2. to attract foreign capital for the purposes of foreign trade, by promoting mixed companies for carrying on export and import;

3. to carry out a scheme of imports and exports connected with the fundamental economic plans and insuring a favourable trade balance (preponderance of exports over imports) and the supplying of Soviet industry with raw material, with materials and semi-manufactured goods;

4. the greatest possible development of foreign credits for export trade.

E. In the Sphere of Home Trade.

1. Extending the subordinate trade apparatus, in particular the network of subordinate co-operatives, on the basis of a careful service in the interests of the consumer (by introducing stocks of assorted goods indispensable to the mass consumers etc.), and regulation of the relations with the private middleman in order to subordinate the latter economically to the co-operative and to the state trade (by a regulation of retail prices etc.);

2. strengthening the regulation of wholesale prices, before all of articles of mass consumption, in the first place of those of peasant consumption, extending the same to retail prices by means of establishing maximum allowances for profit to the co-operatives on the part of the wholesale organs, by means of operating with certain stocks of goods on the part of the state in order to reduce the prices in certain areas, finally, by means of establishing a credit policy aiming before all at serving the interests of the subordinate trade organs;

3. the necessity must be recognized of normalizing prices of salt, petroleum and sugar in all categories of trade (co-operative, state and private trade);

4. modification of the existing system of centralized purchases on the part of the superior organs in the direction of promoting immediate contracts between the subordinate trade organizations, the factory and work associations and the wholesale and retail stores, transforming accordingly the systems of the granting of credits to co-operatives and state trade;

5. the necessity must be recognized of a revision of the existing system of syndicates in order to abolish those which cannot be economically justified, limiting as a rule the commercial activity of the remaining syndicates within the confines of wholesale trade;

6. to revise the existing railway tariffs with a view to cheapening the transport of mass consignments of goods;

7. to adopt all measures for reducing the additional trade expenses by means of reducing the number of trade representations, both in the capital and in the provinces, by means of giving contracts to co-operative and state trade organs, finally by the reduction of wasteful expenditure (personal conveyances, office equipment, advertising etc.);

8. selection of a special reserve staff of functionaries for strengthening the co-operative and state trade organs;

9. the establishment of an exact and punctual rendering of accounts on the part of trade organs.

F. In the Sphere of Finances.

1. Strictest observance of the stipulated annual budget, absolutely limiting the amount of the deficit within the confines provided by the budget;

2. transition to a stable valuta, abolition of the issuing of unstable Soviet notes and issuing not later than in the Spring, in connection with the reform of the agriculture tax, of stable currency of a low denomination in pieces under one chervonetz and of small silver coinage;

3. reduction of indirect taxes on articles of mass consumption, before all on salt, petroleum and refined sugar;

4. cheapening of the credits for industry and trade purchases and decentralization of credits with a view to bring them within the reach of the subordinate economic units;

5. to exploit by every means the regulating role of the credits, co-ordinating the activity of the state bank and of other credit institutions with the leading organs of industry and trade, through the „Gossplan“ and the Council for Labour and Defence.

G. In the Sphere of the Work of Planned Economy.

1. Enlarging of the role of the „Gossplan“ regarding the elaboration of effective economic plans for the Council for Labour and Defence as to the connection of the elements of the national economy and to the regulation of market conditions on the basis of a systematic study of the economic conjunctures;

2. a close co-ordination between the work of the „Gossplan“ and of the People's Commissariat for Finances, Superior Council for People's Economy, the Commission for Home Trade and other economic People's commissariats, with an obligatory co-ordination of the general work scheme of the Central Statistical Institution with the work scheme of the „Gossplan“.