THE TRUE STORY OF THE RUSSIAN REVOLUTION AND THE BUILDING OF SOCIALISM

Vladimir Drobizhev

How the USSR Began to Manage the Economy

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AND THE BUILDING OF SOCIALISM

"... Business matters are our common concern. These are the politics that interest us most."

Lenin

Vladimir
Drobizhev

How the USSR Began to Manage the Economy

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October 26, 1917. The Winter Palace, the last stronghold of bourgeois power in Petrograd,* the capital of the old Russia, has just been taken. A workers' and peasants' government has been proclaimed. A revolutionary patrol has escorted the ministers of the bourgeois Provisional Government under arrest to the low-ceiling garrison club of the Peter and Paul Fortress. Only an hour ago they were vividly discussing the last details of a plan to suppress the "masses that had gone wild".

Although terrified, the ex-ministers were trying to save face. They could not believe that their days were over forever, that the "cooks' sons" could administer the state and manage the economy without their help.

Tereshchenko, ex-foreign minister, asked the seamen of the patrol with irony:

"And what are you going to do now? After all foreign policy's. . ."

Gvozdev, ex-minister of labour, butted in:

"I can tell you how difficult it is to deal with labour problems. . ."

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* Former capital of the Russian Empire, renamed Leningrad in 1924. In 1918 the capital was shifted to Moscow.

"And industry," Konovalov, ex-minister of trade and industry, added.

"Never mind, we'll manage somehow," a seaman said briskly, brushing the ex-ministers aside.

This was the first time the people had become master of their country. By taking over political power, the workers and peasants of Russia made their first step towards socialism. The next step was to hold what they had secured, to learn how to administer the country and to build up a new society free from the exploitation of man by man. This step was a long and difficult one. As Karl Marx and Friedrich Engels, the founders of scientific communism, pointed out, socialism could not be introduced with the help of a decree overnight. It would only triumph after "...prolonged birth pangs," only after it had overcome the fierce resistance of capitalism.

Except for the initial steps of the Paris Commune, the triumphant proletariat had no experience in the building of a socialist society. Nor were there any trained personnel. The proletariat was surrounded with enemies on all sides who were fighting with arms in hand, engaging in sabotage with a view to wrecking production, gloating over blunders and predicting inevitable failure.

Of all the many difficulties, however, the greatest were connected with changes in the sphere of the economy, with the development of new forms of its organisation. The destiny of the revolution depended on success in these areas.

CHANGES IN THE ECONOMY: WHAT SHOULD BE DONE TO START?

After the bourgeois-democratic revolution of February, 1917, had abolished the tsarist autocracy the Bolshevik Party continued to struggle for overthrowing the bourgeois and landowners' rule represented by the Provisional Government. Among the measures designed to ensure the transition from capitalism to socialism the Communist Party's economic programme made special provision for the establishment of workers' control over production.

Lenin repeatedly dealt with workers' control in his works, including *The State and Revolution, The Tasks of the Revolution* and *The Impending Catastrophe and How to Combat It.* As he saw it, this was a vital form of transition to a socialist organisation of industry, to planned economic management and to the formation of state bodies to bring about economic changes.

The Creative Effort of the Masses

In the period from February to October, 1917 the workers sought to take control of the management of factories and plants. Defying harassment by the Provisional Government, they elected factory and plant committees and economic control commissions. But in a bourgeois republic workers' control did not and could not become a means of achieving the so-

cial organisation of production. It was above all a means for mobilising the proletariat for the take-over of power and for combatting capitalist sabotage.

Capitalists, on their part, wasted no time. At a conference they held early in June, 1917, the representatives of industry and commerce worked out tactics for fighting the revolutionary movement. Monopoly capital put their faith in the efficacy of lock-outs and the complete dislocation of production. Consequently, from March to October, 1917, manufacturers closed down over 800 factories and plants throwing more than 200,000 workers out into the streets.

As he opened the Second All-Russia Commercial and Industrial Congress, Ryabushinsky, a textile magnate and pillar of the monopoly bourgeoisie, exclaimed dramatically:

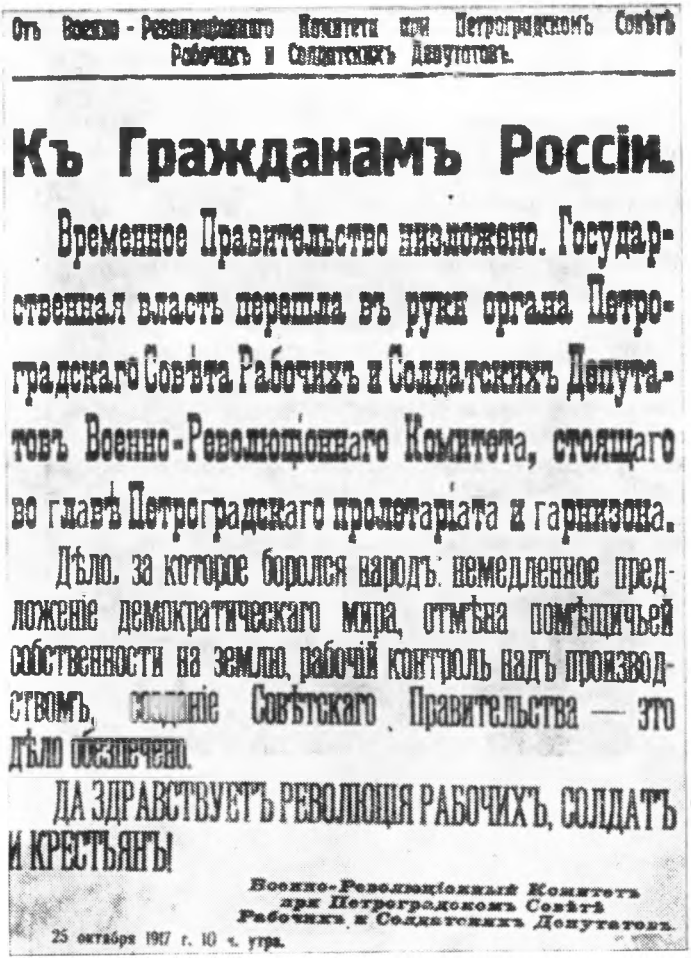
"You have been forsaken, great Russian state. Where are your defenders?"

And what did this particular "defender" of the Russian soil offer as a solution to the crisis? He set forth his programme in clear terms:

"What is needed is the bony hand of hunger and mass misery that would grip the false friends of the people by the throat, all those members of various committees and Soviets..."

Exposing the policy of the bourgeoisie in autumn, 1917, Lenin wrote:

"The capitalists are deliberately and unremittingly sabotaging (damaging, stopping, disrupting, hampering) production, hoping that unparalleled catastrophe will mean the collapse of the republic and democracy, and of the Soviets and proletarian and peasant associations generally, thus facilitating the return to a monarchy and the restoration of the un-



От Военно-Революціоннаго Комитета при Петроградскомъ Совѣтѣ Рабочихъ и Солдатскихъ Депутатовъ.

Къ Гражданамъ Россіи.

Временное Правительство низложено. Государственная власть перешла въ руки органа Петроградскаго Совѣта Рабочихъ и Солдатскихъ Депутатовъ Военно-Революціоннаго Комитета, стоящаго во главѣ Петроградскаго пролетаріата и гарнизона.

Дѣло, за которое боролся народъ: немедленное предложеніе демократическаго мира, отмѣна помѣщичьей собственности на землю, рабочій контроль надъ производствомъ, созданіе Совѣтскаго Правительства — это дѣло обезпечено.

ДА ЗДРАВСТВУЕТЪ РЕВОЛЮЦІЯ РАБОЧИХЪ, СОЛДАТЪ И КРЕСТЬЯНЪ!

Военно-Революціонный Комитетъ
при Петроградскомъ Совѣтѣ
Рабочихъ и Солдатскихъ Депутатовъ.

25 октября 1917 г. 10 ч. утра.

The appeal "To the Citizens of Russia!" of October 25, 1917, proclaiming the triumph of the socialist revolution in Petrograd.

limited power of the bourgeoisie and the landowners."

The country was already on the brink of economic disaster caused by the First World War and the sabotage committed by the bourgeoisie. Factories and plants were left standing idle. Even key industries, such as the metal-making and mining, were in a state of serious decline. Wages were constantly lagging behind the soaring prices of prime necessities. Food supplies to the cities and towns were steadily decreasing. Hunger was close at hand.

The only alternative to a bourgeois government which was allowing the war and fierce exploitation to continue was a working class one which, once it assumed power, would reorganise the economy along socialist lines. The numerous rallies and demonstrations held under such slogans as "All power to

Workers and soldiers hailing the establishment of Soviet power.

the Soviets!" and "Down with the capitalist ministers!" clearly showed what the people wanted.

On October 25 (November 7, according to the new calendar), 1917, a socialist revolution took place in Russia.

Even the very first document enacted by Soviet power (the appeal "To the Citizens of Russia!" which had been drafted by Lenin) proclaimed the introduction of workers' control as an immediate task.

On October 26 a special meeting chaired by Lenin was devoted to the decree on the introduction of workers' control. The same question was discussed by a meeting of the Petrograd Regional Trade Union Council. Some of the speakers feared that workers' control might lead to industrial anarchy.

It should be mentioned that there had been numerous disputes over workers' control even before the October Revolution. The Mensheviks * and Socialist Revolutionaries ** favoured consultative control which meant that the workers should enter factory administration without having the right to a deciding vote.

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* Mensheviks represented an opportunist trend in the Russian Social-Democratic Labour Party. They expressed the interests of petty-bourgeois intellectuals and some, mainly high-paid, workers. Believing that Russia was too backward a country for socialist revolution, they favoured Russia's gradual development along capitalist lines as a bourgeois parliamentary republic.

** Socialist Revolutionaries (SRs) maintained that the peasants formed the main force in the struggle for socialism. Their tactics was based on isolated acts of terrorism. After the October Revolution the right-wing SRs became the enemies of Soviet power, whereas the left-wing SRs entered the Soviet government. After a series of abortive anti-Soviet rebellions, the left-wing SRs joined the camp of the counter-revolution.

The workers opposed this stand. During a discussion Mikhail Zhivotov, an electrician, said:

"What sort of control will this be, if the entrepreneur can do as he pleases, the workers being granted the 'brilliant' opportunity of observing it all. They won't be allowed to intervene because they only have a deliberative vote."

Subsequent events showed who was right. The deliberative control the Mensheviks supported soon produced surprising results. The factories and plants at which the Mensheviks undertook to realise their scheme remained idle in the main. Free to act as they pleased, the capitalists wrecked machinery, hid their stocks of raw materials, fuel and food supplies and confused their financial accounts. In protesting against this, the workers frequently resorted to anarchist action.

Lenin regarded workers' control as a vital instrument in the hands of the proletariat which would enable it to intervene in production with the right of administrative authority. He believed that it would develop into a mass movement of the working people for the take-over of capitalist property. He had faith in the creative potential of the working class and its collective mind. He wrote:

"Creative activity at the grass roots is the basic factor of the new public life."

On November 14, 1917, the All-Russia Central Executive Committee * and the Council of People's Commissars ** approved the Statute on Workers' Control. It was introduced for the planned regulation of all aspects of the national economy. This

* From 1917 to 1937 this was the country's supreme legislative body between the All-Russia congresses of Soviets to which it was accountable for its work.

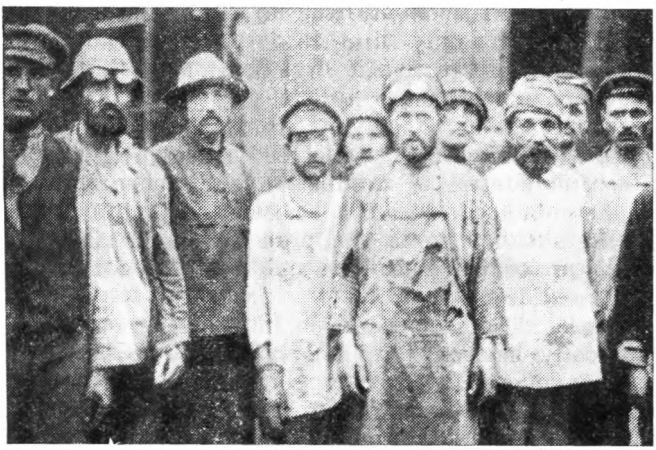
** From 1917 to 1946 this was the highest executive and administrative body of Soviet power.

was to mark the beginning of socialist transformation.

Workers' control was exercised through elective bodies, namely, factory committees and shop steward councils. Members of the bourgeoisie engaged in overt economic struggle against Soviet power were not admitted to these bodies whose decisions were binding to factory owners.

All bodies of workers' control were placed directly under the executive authorities: the Soviets (Councils) of Workers', Soldiers' and Peasants' Deputies. They thus became part of the overall system of state organisations. Addressing a meeting of the Petrograd Soviet in November 1917, Lenin said:

"A few days ago the workers received the law on the control of production which makes the factory committee a state institution. The workers must implement this law immediately."



Russian workers were to pioneer in the construction of a society free from the exploitation of man by man.

The workers welcomed the decree enthusiastically. Georgi Safonov, a leader in Kostroma, remarked:

"The question of control has aroused keen interest among the workers. No other decree has evoked such interest. Proper organisation is being introduced in this sphere, conferences are being held, etc. This undertaking is making rapid headway. Working from the grass roots up we shall realise it throughout Russia."

The struggle for workers' control spread to all the Soviet republics. Between November 1917 and April 1918 it was established in all large enterprises in the Ukraine. One of the first revolutionary measures implemented by the Byelorussian proletariat in the economy was workers' control over production. In Azerbaijan the board of the oil workers' union in Baku passed a decision on December 21, 1917, stating that "to protect workers' gains in the sphere of economy and to combat unemployment, etc., the only thing to do is to get the workers to participate in the organisation of the social economy which has been dislocated by the war, embezzlement and sabotage committed by the bourgeoisie. This was to be effected through the regulation and control of production and consumption." In Estonia a Provisional Executive Committee for Workers' Control was set up on November 23, 1917, made up of trade union and factory committee representatives.

Workers' control was even introduced in the economically backward regions of the country. Thus, on November 27, 1917, a general meeting of the workers of the Tashkent ginnery passed a decision on the immediate introduction of workers' control which was approved by the Tashkent Soviet on the following day.

By the autumn of 1918 factory committees and economic control commissions had been set up in most of the large- and medium-size enterprises throughout the whole of Russia's vast territory.

Trespassing Upon the Bourgeoisie's "Holy of Holies"

Late in 1917 the Petrograd Engineers' Association gave a pessimistic description of the activities of the bodies of workers' control. Though the language is by no means clear, we shall quote this curious document:

"The mass removal of technicians from factories by workers which was bound to and really did upset the functioning of the whole of Russian industry after the revolution, the futile attempts of some of the factory committees to combat the declining intensity of work and the failure of all attempts to effect the state's attitude to solving questions regarding industrial enterprises have shown that the mass of the workers are not yet ready to control production independently."

The question which springs to mind is how was it possible to create out of such chaos and dislocation an organisation that managed to supply the millions of soldiers in the Red Army and the entire population, thus making a substantial contribution to the victory over the interventionists and internal counter-revolutionaries? Was this achieved thanks to or inspite of workers' control? What were the duties of the bodies of workers' control?

They were concerned above all with providing enterprises with financial backing. The workers demanded that the management should submit to the economic control commissions daily reports on ex-

penses, funds available, on profits and distribution thereof. Control over finances cut the ground from under the capitalists' feet. This was the revolution trespassing upon capitalism's "holy of holies," upon the law of the inviolability of private property, and this made workers' control particularly effective. It provided for overhauling the structure of profit distribution, i.e., increasing workers' wages and cutting down the capitalists' incomes.

In that early period the central economic bodies were not sufficiently well established to be able to organise along planned lines the supply of raw materials to enterprises and the marketing of finished products. Consequently, the workers undertook these tasks themselves. For instance, in January, 1918 the economic control commission of the Voznesensk textile mill in Ivanovo-Voznesensk signed a contract with the Turkestan Territorial Soviet of Workers', Soldiers' and Peasants' Deputies on exchanging cotton for fabrics. This helped prevent stoppages in production at the mill. The workers of the Kolomna steam locomotive construction plant near Moscow feared that a shortage of fuel would stop their work. So they sent their representatives to the Ryazan Region where sizable stocks of oil had accumulated and the oil was delivered to Kolomna.

The bodies of workers' control actively intervened in matters bearing on the employment and discharge of workers. The capitalists could no longer dismiss those who incurred their displeasure. As a rule, all cases of engagement and dismissal were first examined by a meeting of the factory committee.

In the early months of Soviet government the workers wrote and issued numerous instructions, obligations, rules and regulations concerning discipline. The new socialist discipline was the pro-

duct of workers' control since where the latter was really effective the workers began to feel that they were the real masters of production and were responsible for order at their enterprises.

The work in bodies of workers' control taught them the rudiments of industrial management. Referring to this, Lenin wrote:

"...The worker is beginning to find his feet, now he is beginning to lose his timidity and to feel that he is the ruler."

Ivan Polyakov, a member of an economic control commission at a textile mill in the Vladimir Region, repeatedly accompanied the manager on business trips to Moscow. He was in fact obliged to do so because the workers did not trust the manager who had been appointed by the Provisional Government.

Polyakov reported to his comrades on these trips:

"In Moscow I would accompany him wherever he went. When he went to the office, I did, too, and then we went to Centrotextil together. It's become the norm now that when the manager goes to Moscow I go with him. I learnt a lot that way: how much yarn there is in the storeroom, and so on."

When later the manager was arrested for anti-Soviet activity, an office employee was appointed to go to Moscow in his place. However, pleading incompetence, he tried to refuse. Then Polyakov proposed to go with him, saying:

"I know what to do. But you must come with me as a representative of the management in order to file in orders with the brokers."

Life itself refuted the pessimistic forecasts of the Mensheviks and Socialist Revolutionaries that workers' control would cause the collapse of industry. The working class proved that industrial management was not the preserve of the chosen few.

Thus, the foundations for the organisation of a planned economy on a national scale were being laid. The entire system of workers' control was being created as a unified state machine which could run the economy in the interests of the working people rather than of privileged groups such as the members of the Petrograd Engineers' Association who gave a distorted account of the actual state of affairs. They had understandably tried to indulge in wishful thinking.

The Headquarters of Socialist Industry

When the Soviet government introduced workers' control it realised that this was only a half-measure fraught with internal contradictions. Though the factory committees did much, their attempts to overcome economic dislocation were not concerted. They were unable to regulate such functions as supply, ordering and finance within a definite sector of industry, let alone throughout the country. In fact the workers were unable to prevent the capitalists from sabotaging a single factory or plant because this involved a number of establishments outside the enterprise itself, namely banks and branches of the major monopolies.

The Second All-Russia Congress of Soviets established people's commissariats for trade and industry, agriculture, finance, food and rail transport. However, none of them dealt with the management of the economy as a whole and of the supply of materials and trained personnel to all industries. A special body was needed for that.

During the stormy days of the October Revolution Lenin met the members of the Central Council

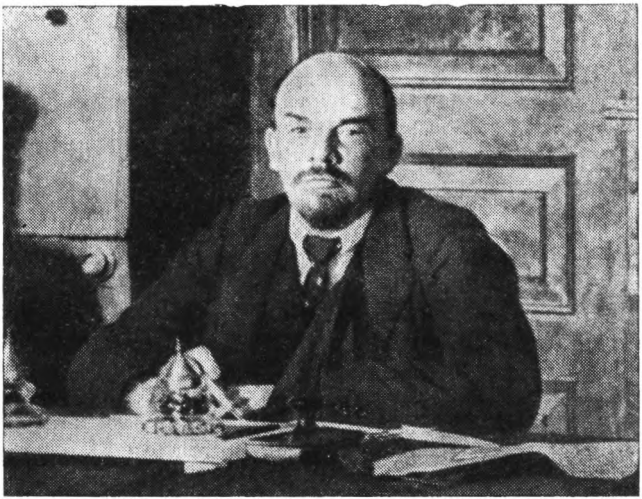
of Petrograd Factory Committees who had prepared a draft plan for setting up a higher economic centre for the whole country. He studied the project attentively, asking about numerous details and paying special attention to the future body's composition and name.

On December 1, 1917, the All-Russia Central Executive Committee adopted a decree on the establishment of a Supreme Council for the National Economy to be made up of representatives of the All-Russia Council for Workers' Control and People's Commissariats. Bourgeois specialists and experts were only granted the right of a deliberative vote. The Supreme Council for the National Economy (SCNE) was to become a major instrument in the creation, extension and consolidation of socialism in industry.

What concrete programme was the supreme economic body of proletarian dictatorship to execute? The first step was to ensure the transfer from workers' control to workers' management, to convert industry to peacetime production and to eliminate unemployment. The acts of sabotage committed by the bourgeoisie and some of the intelligentsia made it necessary to introduce universal labour conscription. It was vital to improve the supply of food and fuel to urban areas and to organise a centralised system of supply.

The SCNE was endowed with comprehensive powers, such as the right of confiscation, requisition, the compulsory syndication of separate sectors of industry and trade, the regulation of production and the distribution of finished products.

Only the statistical and lower echelons of the administrative apparatus of previous state bodies were preserved after the revolution. However, the personnel working in these bodies did all they



Vladimir Lenin, Chairman of the Council of People's Commissars.

could to sabotage the measures taken by the Soviet government. For instance, out of the 200 employees of the Committee for the Distribution of Metals only three turned up for work: a typist, the head of a statistical division and a clerk. All the rest preferred to stay at home with over half the committee's papers and money orders.

In a word, the aim was not merely to make use of former staff but also to ensure its subordination and to reorganise it in pursuit of the tasks confronting the dictatorship of the proletariat.

Lenin played a large part in promoting the effective functioning of the SCNE. In the early days he took part in almost every meeting of the council's presidium, the members of which visited him at Smolny (the seat of Soviet government) every

day or even several times a day to discuss the most urgent matters.

Working under Lenin was a real university for the first economic planners. Lenin was endowed with an exceptional intellect which combined a vast academic knowledge, a strictly logical thought process and rare intuition. He was more far sighted than others, had a quicker and deeper understanding of things, and could express his ideas more succinctly.

The SCNE was made up mainly of representatives of the Party and advanced workers. They brought with them considerable experience in organisation and revolutionary determination to complete the work the October Revolution had begun. Every one had quite a few years' experience of work in the underground, prisons, tsarist hard labour camps and political exile abroad to his credit.

Valerian Obolensky (Nikolai Osinsky) was only just over thirty when he entered the Mariinski Palace, the headquarters of the SCNE. Though of noble birth, he started to take part in the revolutionary struggle when a student at the gymnasium (secondary school). After the armed uprising in Moscow in December, 1905, he was forced to go into exile abroad. In December, 1917, he was appointed first chairman of the SCNE.

When filling out a form as a member of the Old Bolshevik Society, Georgi Lomov in answer to the question "When and in which organisation did your revolutionary activity begin?" wrote the following:

"In the Saratov organisation at the end of 1903. There were intervals in my activity caused by imprisonment in Moscow, Saratov, St. Petersburg and Arkhangelsk. I was also exiled to Arkhangelsk and Irkutsk." During the October armed uprising Lomov was deputy chairman of the Moscow Soviet

Vlas Chubar and Georgi Lomov, both members of the presidium of the Supreme Council for the National Economy, and Valerian Obolensky, first chairman of the SCNE presidium.

and then People's Commissar of Justice. He became a member of the SCNE presidium soon after it was founded.

Another distinguished member of the SCNE presidium was Vlas Chubar, a worker who became a statesman. Joining the Bolshevik Party at the age of 16, he worked at the Nikopol-Mariupol and Kramatorsk works in the Ukraine, at the Bari works in Moscow and at the Petrograd Baltiisky munitions works. He went through tsarist imprisonment and exile: harsh grades in the revolutionary school he endured.

As the socialist sector in industry increased in size and strength several main industrial branch committees were set up within the framework of the SCNE to replace the earlier economic regulation bodies. In particular, the Main Committee for Leather, Centrotextil and Centrorezina (rubber) were reorganised with the aim of making it possible to use the bourgeois personnel. However, representatives of the bourgeoisie had only one-third of

Yan Rudzutak, Fyodor Sergeyev and Mikhail Frunze, leaders of local economic councils.

the seats in these bodies, the remainder being occupied by workers' delegates.

At this stage all enterprises of the given industry of the economy were placed under the main committee. At the same time they were subordinate to workers' control from below. This was the procedure for the transfer from workers' control at separate enterprises to workers' control over complete industrial branches.

The government financed private industries through the main committees, all the finished products of these industries being delivered to state warehouses. For instance, the Main Committee for Leather regulated according to plan the work of 5,000 tanneries and leather goods factories.

One of the first SCNE decisions dealt with the establishment of local economic management bodies. In the republics and regions councils for the national economy (CNE) were formed and placed under the local executive authorities, the Soviets of Workers', Soldiers' and Peasants' Deputies. Their job was to develop new economic relations.

The structure of the economic councils was determined by the local economy. For instance, the Tula Economic Council dealt with questions bearing on metal working, fuel extraction, transport and the manufacture of farm machinery. The Kaluga Economic Council handled the food, chemical and textile industries.

By the end of 1918 the economic councils had developed into a ramified apparatus for industrial management and were headed by outstanding leaders of the Communist Party. Mikhail Frunze, a future Red Army Commander, worked on the Ivanovo-Voznesensk Regional Economic Council. It was under the command of Mikhail Frunze that the White-Guard armies of Kolchak and Wrangel were subsequently routed.

The Southern Economic Council in Kharkov was headed by Fyodor Sergeyev (better known by his underground name of Artyom). Fyodor Sergeyev, who came from a peasant family, joined the revolutionary movement at a very early age. He was arrested and condemned to exile in East Siberia for life. After a daring escape he made his way via Korea and China to Australia where he worked as a farm labourer and stevedore, returning to Russia in 1917. When the local economic councils were being formed the Party appointed him to one of them.

Yan Rudzutak, a Lett by nationality and a well-known Bolshevik, was Chairman of the Moscow Regional Economic Council. He had joined the revolutionary struggle in factories in Riga and was sentenced to 15 years' hard labour by a tsarist military tribunal. From the early days of Soviet power he worked as an economic planner and a full-time Party worker.

Various schools and courses were opened to equip the first Soviet economic executives from among the workers with the knowledge they would need. The Economic Council of the Northern Region, for example, organised in Petrograd in the summer of 1918 courses for over 500 students for training instructors in economics.

A national system of economic management actually took shape in the course of a year. At first the CNEs were regarded as general economic management bodies. But soon the SCNE and its local economic councils took charge of industry. Finance was in the hands of the People's Commissariat for Finance, the food distribution was under the People's Commissariat for Food, and transport was organised by the People's Commissariat for Railways.

The establishment of a system of economic management helped the proletariat accomplish the key task of taking over capitalist property.

THE PROPERTY OF THE PROLETARIAN STATE

The October Revolution was only a few days old when it became clear that the bourgeoisie was determined to restore the old system: any means were permissible in the fight against the new power. The counter-revolutionaries staged anti-Soviet revolts, acts of sabotage, capitalists resorted to mass lockouts, deliberately wrecked factories and plants and launched a campaign of unbridled lies and slander. They gave huge sums of money to back counter-revolutionary action.

At this stage one of the laws of revolution manifested itself: the fiercer the resistance of the capitalist class, the greater the proletariat's organisation, the more united its ranks and the more resolute its actions. In retaliation, the workers speeded up the nationalisation of the banks and industry, setting up their own management bodies to run production.

Millions Taken from the Bourgeoisie to Serve the Revolution

The Soviet government began to nationalise the property of capitalists and landowners immediately after the revolution.

It was above all necessary to wrest from the hands of the bourgeoisie the State Bank, the emission centre and main credit establishment in Russia. The Bolshevik Party had learnt from the errors

of the Paris Commune which had not risked attacking the banks and had thus left in the hands of the capitalists a valuable weapon against proletarian power. The Communards who displayed unprecedented heroism on the barricades hesitated to raise their hand to the sacred millions belonging to the bourgeoisie, despite the Commune's desperate need for money.

An armed guard of revolutionary soldiers was posted outside the building of the State Bank on October 25, 1917. The personnel of the bank went on strike in protest. In response the Petrograd Party organisations and trade unions sent workers loyal to the revolution to work there. Y. M. Solovei, who was appointed commissar of the foreign operations' division, later recalled:

"The bank officials had left when we arrived. The only people there were accountants, lower grade employees, couriers, watchmen and a double guard, the former guard and ours which consisted of Red Guardsmen and revolutionary soldiers. There were lots of safes, all the desks were locked and there were no books. I didn't know where to start. Then I asked Sverdlov *: 'Would you give me a couple of seamen to bring at least one expert from the department to open a drawer and tell me something about banking.'

"Sverdlov sent two seamen and they soon 'produced' a specialist from the foreign operations' department... We managed to get the keys from him and opened the safes and drawers, and so on... Though we were no finance experts, we gradually managed to understand what it was all about and mastered the job we were entrusted with."

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* Yakov Sverdlov (1885-1919), Chairman of the All-Russia Central Executive Committee.

On November 17, 1917, the Council of People's Commissars received the first five million roubles from the State Bank. Many of the bank officials returned to work. The key financial centre of the country was placed under the control of the proletarian state. This was a major victory of the revolution.

After the October Revolution 26 factories and plants which had formerly been owned by the tsarist state became the property of the proletarian state. Then the Soviet government established control over the state-owned railways and the postal and telegraph service. In January, 1918 the Council of People's Commissars approved the decree on the nationalisation of the merchant marine and inland waterway shipping lines.

These measures showed that the triumphant proletariat was determined to pursue its policy of abolishing private ownership.

Proceeding with the nationalisation of the whole of industry, the Bolshevik Party tried out several transitional forms of ownership. One of these was the joint state and capitalist ownership of establishments that were to function under state control. It was intended to include representatives of the bourgeoisie who had agreed to cooperate with the new authorities. It would be then possible to preserve the bourgeois apparatus set up for economic accounting and regulation above all the apparatus of the capitalist monopolies.

The SCNE subsidised the state orders made to private enterprises, thus effecting control over the operations of private capital. Soviet economic management bodies provided individual firms with raw materials, fuel, and credit. In turn, the firms undertook to deliver all their finished products to the state.

In late 1917 and early 1918 mixed state and private enterprises appeared in the leather, textile and sugar-refining industries.

A contest was announced for the most efficient project of a joint economic management of all the factories in the Ural region. The Soviet government intended to enlist the services of the Ural factory owners and to reorganise the industry of the area with their assistance.

The government opened talks with A. P. Meshchersky, managing director of the Sormovo-Kolomna trust which combined a number of Russia's biggest transport engineering works, in the hopes of preserving intact one of the country's largest industrial associations and of gradually paving the way for its nationalisation. In May, 1918, several months after the talks began, Vladimir Milyutin, a member of the SCNE presidium, granted a press interview. He said:

"Our purpose was first to prepare a core of major enterprises whose nationalisation would serve as a transitional stage in the nationalisation of industry as a whole... A. P. Meshchersky's project was a central element we intended to use for the creation of the main group of engineering and metal-making industries."

Thus, the purpose of the initial measures undertaken by the Soviet government in the socio-economic sphere was not immediate nationalisation, but the preparation of conditions under which private ownership would be completely eliminated. As Lenin put it, the Bolsheviks advanced a proposal to the capitalists in the following terms:

"Submit to state regulation, submit to state power, and instead of the complete abolition of the conditions that correspond to the old interests, hab-

its and views of the population, changes will be gradually made by state regulation. . ."

However, it proved impossible to realise this plan since the propertied classes unleashed a civil war.

From Smashing Wine Shops to Organised Sabotage

The first to raise the White-Guard banner of war against Soviet power was Aleksandr Kerensky, ex-premier of the Provisional Government. He fled from Petrograd and organised the march of General Krasnov's cavalry corps against the revolutionary capital. He was supported by Ataman Dutov, commander of the Orenburg Cossacks. Ataman Kaledin was mustering forces on the Don. The counter-revolutionaries who had entrenched themselves in the heart of the country were preparing to welcome the mutinous ataman. Purishkevich, a rabid monarchist, wrote to Kaledin from Petrograd: "We are awaiting your arrival here, general."

However, the armed actions of the counter-revolutionaries were effectively suppressed. The mutiny of the military schools cadets in Petrograd proved abortive. General Krasnov was defeated near Pulkovo. The revolutionary Red-Guard detachments quickly took over Dutov's headquarters at Orenburg. Groups of poor Cossacks and peasants in the Don Region crushed Kaledin's bandits and the ataman committed suicide.

The first onslaught of the counter-revolution was beaten off, and the capitalists decided to change their tactics. Whilst continuing to assemble forces in the outlying regions of Russia, they organised various acts of provocation and economic sabotage in the centre.

1918. A demonstration of workers and soldiers in Petrograd protesting against armed anti-Soviet actions by Generals Kornilov and Kaledin.

Moscow, 1918. Strikers' pickets at a shop whose owner refused to sign a new collective contract.

Agents of counter-revolutionary organisations provoked plunder and mob raids. Purishkevich's henchmen strewed the streets of Petrograd with leaflets giving the addresses of wine cellars. This sparked off a series of raids on wine shops and cellars during which the counter-revolutionaries stirred up the people: "Let us finish off the wine the Romanovs left." Their drunken orgies turned into anti-Soviet demonstrations.

Commenting on this, Lenin wrote:

"The bourgeoisie are prepared to commit the most heinous crimes; they are bribing the outcast and degraded elements of society and plying them with drink to use them in riots."

Of course, the drunken rioters could hardly have overthrown Soviet power. The organised resistance of the capitalists was a far more serious danger.

On October 28, 1917, that is a few days after the revolution, the representatives of monopoly capital in Russia met on the premises of the Petrograd Manufacturers' Society to discuss one question alone: what tactics they should employ in the new conditions. Though there were many speakers, they all in fact advanced one and the same idea: the organisation of mass lockouts as the main weapon in the struggle against the revolution. One commented:

"The only reliable measure which even a socialist ministry can do nothing about is a lockout."

Capitalists were boiling with anger at the decree on workers' control. The more far-sighted among them realised what the ultimate aim of this measure was. The meeting of representatives of the major commercial and industrial enterprises held in Petrograd on November 25, 1917, adopted the following resolution:

"The enterprises whose workers intend to establish control over production will be closed down."

In December alone the owners of 44 enterprises in Petrograd closed their factories.

The Samara Manufacturers' Society also held a meeting on November 25 to discuss the question of workers' control. The resolution they adopted was quite categorical:

"The decree on workers' control over production shall be regarded as unacceptable. All measures shall be taken to retain production in the hands of the entrepreneurs. The form of control provided for in the decree shall be considered as an attempt of the organised seizure of enterprises."

At its meeting on November 29 the Yaroslavl Manufacturers' Society opposed workers' control and urged the society's members "to take resolute measures against it."

Simply comparing the dates on which the capitalists adopted their resolutions against the introduction of workers' control suggests organised resistance rather than random action by individual capitalists.

Many of the entrepreneurs fled, abandoning their factories and plants. In their letters to Soviet economic management bodies the workers frequently wrote that the owner had disappeared.

For example, the economic control commission of the Greater Kineshma textile mill (Ivanovo-Voznesensk Region), which employed over 5,000 workers, reported that the manager had not been in his office for several weeks. Leaving the mill to the mercy of fate, he had departed without giving any indication of his destination. Almost all the members of the board of the Bromley works in Moscow fled the country.

Capitalists tried above all to prevent the supplies

of raw materials and fuel from reaching their factories put under the workers' control.

In a letter to the SCNE dated January, 1918, a member of the economic control commission at the Kolomna steam locomotive works wrote:

"While the economic control commission is doing its utmost to find fuel, the factory management is only complaining about the shortage of fuel without doing anything about it."

Even if the workers found the necessary raw materials the factory owners would recourse to various excuses to try to stop them being used.

Dmitri Furmanov, a member of the executive committee of the Ivanovo-Voznesensk Soviet, made the following entry into his diary in December, 1917:

"If there is the slightest chance of preventing the delivery of raw materials and fuel to the mill, they will immediately take advantage of it. There were several railway truckloads of cotton at Vychuga for the Konovalov mill. Seeing that affairs have taken an unfavourable turn since October, Konovalov issued an order through the management to the station master at Vychuga that he must not allow the cotton from the station to be sent to the mill."

The workers of the Guzhon metal-making plant in Moscow sent a delegation to the Donbas coalfields to arrange the purchase of a large quantity of coal. The plant that had been threatened with a stoppage owing to a shortage of fuel could now continue to work. But no sooner had the delegation departed from the Donbas, than the management sent a telegram to the coalfields cancelling the contract.

The big entrepreneurs whose cooperation the Soviet government sought to enlist proved to be

wolves in sheep's clothing. They took advantage of the talks with the government to sabotage and wreck production. The very same A. P. Meshchersky transferred millions of roubles to Kaledin and Krasnov financially to back the rebellion and did his utmost to hold up the introduction of workers' control at his factories and plants.

Bankers also participated in the sabotage, taking advantage of an arrangement with the Soviet government so that to pump out of the State Bank as much money as possible. Private banks refused to issue money to factories at which workers' control had already been introduced.

Another means of the struggle against the revolution was subverting the civil servants in the state apparatus. The instigators of this scheme thought that this would be a reliable way of preventing the triumphant proletariat from administering the country. The printed civil service organ, *Tribuna gosudarstvennykh sluzhashchikh,* maliciously wrote:

"The idleness of the administrative apparatus constitutes a greater danger for the Bolsheviks than the armed actions of the military school cadets and Kerensky... Without a state mechanism, without an apparatus of authority the activities of the new government are like a machine deprived of transmission belts: though it rotates, it does not work."

As *Pravda* wrote then, bourgeois sabotage was indeed a weapon that was "just as sharp as the bayonet or the sword."

The counter-revolutionaries sought to deprive the country of grain. When the revolutionary forces had taken the Winter Palace, the seat of the Provisional Government, they found a sheet of paper in Kerensky's office with a note written in the ex-premier's own hand:

"There is only half a day's supply of bread."

Some photographs have been preserved from those days. Many of them show long queues of hungry people at bakeries. After October 21, 1917, the bread ration in Petrograd was cut to half a pound * per person per day. In 1918, the workers of Moscow and Petrograd frequently received only 50 grammes of bread. The situation in Petrograd was desperate, as Lenin's telegram of January 15, 1918, to the Soviet authorities in Kharkov (the Ukraine) illustrates:

"For God's sake, take the *most* energetic and *revolutionary* measures to send *grain, grain* and *more grain! ! !* Otherwise Petrograd may perish. Special trains and detachments. Grain collection and delivery. Having the trains convoyed. Report daily.

"For God's sake!"

At that time when Vladimir Bonch-Bruyevich, executive of affairs of the Council of People's Commissars, asked Lenin if it was possible to express in one word what the proletariat of Russia was fighting for Lenin affirmed: "Grain."

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* Pound (Russian)—409.5 grammes.

A queue of hungry people at a canteen of the Public Catering Committee in Moscow.

Moscow, 1918. A provisioning detachment on its way to the countryside to get grain.

The struggle for grain was a struggle for socialism. To obtain grain meant to preserve the working class, to enable the factories and plants to function, to supply the Red Army and to give support to the poor peasants starving in the countryside.

Free issue of food from a medical nutrition train in a region afflicted by famine.

There was, however, grain in the country. In Russia alone (excluding the Northern Caucasus) the grain surplus by the spring of 1918 amounted to 41 million poods **. But it was mainly in the possession of kulaks (the countryside rich). The state was compelled to resort to an emergency measure, namely the confiscation of surplus grain from kulaks.

The Assault on Capital

In the situation which arose the working class was obliged to take action to stop the sabotage of the bourgeoisie in order to save the gains of the revolution. The new conditions gave rise to new ways of struggling against the capitalists. This is how the "Red Guard assault" was launched on capital. This expression came to mean a rapid and determined onslaught on the class enemy and was characterised by courage and boundless devotion to the cause. It was a question either of allowing owners to wreck their factories and plants completely, or of nationalising industry and the banks as the main means of combatting sabotage. Any further delay would have brought the economy to the brink of total disaster, thereby dooming millions to unemployment and hunger.

Although the State Bank was in the hands of the working class private banks were still under the control of the capitalists. By 1917 they owned over 50 per cent of the stocks of the country's industrial and transport monopolies and had influence over 468 joint stock companies.

** Pood—16 kilogrammes.

The cartoon published in *Pravda* to mark the nationalisation of the banks formerly owned by Russian and foreign capitalists. The caption on the placard is: "National property."

The nationalisation of private banks was consequently a most telling blow at capital. Even before the revolution Lenin maintained that this measure was essential:

"...Nationalisation of the banks and syndicates, taken in conjunction with the abolition of commercial secrecy and the establishment of workers' control over the capitalists, would not only imply a tremendous saving of national labour, the possibility of economising forces and means, but would also imply an improvement in the conditions of the working *masses*, of the majority of the population."

Lenin pointed out that the banking system created by the capitalists should not be destroyed but placed under the Soviets and used for purposes of accounting and control.

The nationalisation of the banks came as a bolt from the blue for their owners. The operation was worked out in great secrecy since if the bankers had learnt about it in advance they would have withdrawn their assets and would have tried to disorganise the complicated banking system. There-

fore, even most of the people who were to take part in the operation did not know some details of their mission till the last moment. All the details were carefully discussed behind closed doors at the meetings of the Council of People's Commissars.

Late on the evening of December 13, 1917, Lenin personally briefed the commanders of the detachments for taking over the banks. All were issued a special order stating the exact time each bank was to be taken over. A plan of the bank buildings was attached to the orders.

The operation was a complete success. By 16.00 hours on December 14, guards were posted at every bank and the keys had been secured. On that day the All-Russia Central Executive Committee passed a decree on the nationalisation of the banks and the auditing of the safes. The state thus became the automatic owner of the enterprises the banks had owned. This paved the way for the nationalisation of industry.

The first industrial enterprise to be nationalised was the textile mill in Likino near Moscow. In August, 1917 the owner closed the mill down leaving 5,000 workers without means of subsistence. Even before the October Revolution it had been proposed at workers' rallies to take over the mill and run it without the capitalists. At that time, however, proposals of this kind could not be realised. As soon as Soviet power was established the textile workers of Likino dispatched a delegation to Petrograd to discuss the question of running the mill without the owners. Vyacheslav Karpinsky, an old Bolshevik, later recalled the exchange between Lenin and the delegation. He wrote:

"When Lenin learnt about the sabotage of the entrepreneurs at the mill in Likino, he was indignant. He said:

Workers of the Likino textile mill, the first private enterprise to be nationalised by Soviet government.

" 'We shall immediately take the mill away from them for deliberate sabotage against Soviet power and will turn it into Soviet state property, placing it under the management of the workers'."

On November 17, 1917, Lenin signed a decree on the nationalisation of the Likino Textile Mill.

As from November, 1917 the state proceeded with the general nationalisation of factories and plants whose owners offered resistance to Soviet power. The Russian Republic became the owner of the vast Putilov works in Petrograd. On December 16, 1917, the Council of People's Commissars confiscated the property of the Joint Stock Company, Electric Lighting, 1886.

The capitalists of the Ural Region were insidious saboteurs, suspending the financing of factories and stopping the flow of food supplies. The state nationalised their enterprises too. These measures effectively undermined the economic position of private capital in one of the country's key industrial centres.

The owner of a finishing and dyeing mill in Rostokino near Moscow flatly refused to carry on production even though the mill was well stocked with raw materials and fuel. In this connection, early in January, 1918 the Council of People's Commissars issued a decree on the confiscation of the mill

by the state. The assets of the *Elektroperedacha*, a Joint Stock Company of power transmission, as well as the Dynamo, Guzhon and Mikhelson works in Moscow were then nationalised.

The Soviet government granted the local bodies of the proletarian dictatorship freedom to display initiative in nationalisation since the central economic management bodies were only just being formed, whilst the sabotage of the entrepreneurs called for immediate action.

According to the census, in the period between November, 1917 and March, 1918 some 836 factories and plants were nationalised, most of them being large enterprises in basic industries. In addition, quite a few enterprises of the light and food industry which met the direct needs of the population were nationalised too.

Nationalisation was preceded by a careful preparation. The equipment and other property of every enterprise were registered and personnel trained for factory management. Special attention was paid to technology, finance, productivity and the willingness of workers to take part in management.

The SCNE thoroughly analysed economic ties that existed between various industries, in order to preserve and further extend them. The working class realised the advantages of large-scale production and gave active support to the Soviet government's policy. The representatives of metal-working factories held a conference in May, 1918 which decided to form a large association of engineering industries on the basis of the Sormovo-Kolomna capitalist trust. When Lenin read the decision of the conference, he sent a letter to the workers which read in part:

"I am able to say that in my opinion the Council of People's Commissars will certainly be unani-

mously *in favour* of immediate nationalisation if the conference exerts every effort to secure planned and systematic organisation of work and increased productivity."

The earlier economic ties were also made use of in the socialisation of the textile factories. Thus, the Prokhorovo, Yartsevo and Pokrovsk textile mills which together formed a single monopoly association were nationalised simultaneously.

In the spring and summer of 1918 the concerted organisational effort of the Party and government made it possible to proceed with the nationalisation of whole branches of industry. In May, 1918 the Council of People's Commissars issued a decree on the nationalisation of the sugar-refining industry. A conference of the engineering works' representatives passed a resolution on the nationalisation of a large group of transport engineering works.

The nationalisation of industrial enterprises in the Donbas, a key coal-mining and steel-making region, was of tremendous importance. Here the capitalists abandoned their enterprises, having first wrecked the equipment and flooded the pits. The workers established their own management and declared the factories, plants and pits the property of the Soviet Republic. By the beginning of March, 1918 a number of large iron and steel works and half the pits in the colliery were nationalised. However, further nationalisation was foiled by German intervention.

The decree of the Council of People's Commissars on the nationalisation of the oil industries which was adopted on June 20, 1918 put an end to the bourgeoisie's attempts at sabotage in this sector too.

Finally, on June 28, 1918, a decree was passed on the nationalisation of all basic branches of in-

dustry. This was the beginning of shaping the socialist economic system. By the autumn of 1918, 35 per cent of all factories and plants had become state property.

These measures eliminated the means for accumulating and concentrating private capital and possible ways for turning it into an economic force capable of exerting pressure on the government and of conducting a policy in the interests of the exploiting classes. Having concentrated the entire economic potential of the country in its hands the state was now in a position to use it to organise the socialist economy efficiently.

The School of Workers' Management

Several days after the October Revolution a delegation of workers from the Petrograd metal-working plant visited Lenin, the head of Soviet government. The workers asked him to give them a warrant to exercise "decisive action against the bourgeois management." Lenin could not help laughing when he heard the request. He said:

"Act in the revolutionary style. To execute the revolution you do not need a warrant."

Recalling those days, Lenin spoke of the many workers' delegations which came to him with complaints about attempts to close their works and with requests to nationalise them. He would reply:

"Very well, we have blank forms for a decree ready, they can be signed in a minute. But tell us: have you learnt how to take over production and have you calculated what you will produce? Do you know the connection between what you are producing and the Russian and international mar-

ket? Whereupon it turns out that they have not learnt this yet and the Bolshevik books do not deal with these questions."

Lenin repeatedly warned the local authorities against hasty nationalisation. Nationalisation itself did not mean socialisation, i.e., the inclusion of the given enterprise into the socialist economy. The need for immediate nationalisation was conditioned by the acute character of the class struggle in the country, by the sabotage and resistance of the bourgeoisie.

Even in these conditions the government paid special attention to the management of the nationalised enterprises and the organisation of factory administration.

At first, the latter was made up of a representative body of the former owners, office employees and workers. However, once the capitalists were incorporated in the factory administration they were so "active" that the workers soon preferred to dispense with their services. Entrepreneurs sincerely cooperated with the workers in only rare cases. Ivan Sytin, for instance, one of the major figures in Russia's publishing business, recognised Soviet power. In his memoirs he wrote:

"In keeping with the decree on the press, on the very first day of the new power the editorial office and printing house which put out *Russkoye slovo* were to be transferred to the authority of the state. I submitted. I was sure that I would find my place within the framework of the new development. In a few days the printing house was working and everything was in order. I willingly shared all information on the enterprise with Yenukidze who was placed at the head of it. He was friendly towards me and I helped him with the work."

The factory committee of the Mikhelson works in Moscow.

The former owner of the Petrograd white lead and paint factory continued to work in the new factory administration. A general meeting of its workers pointed out in a resolution that over a period of thirty years the owner displayed an attitude of goodwill towards the workers, and that he had "spent only a small part of the profits for personal needs, investing the remainder in production." It was decided to put the former owner in charge of the commercial and engineering side of production. He received a monthly salary in keeping with his knowledge and experience.

Unfortunately such cases were the exception. The removal of the capitalists from management naturally faced the working class with formidable tasks. However, as Lenin maintained, the proletarian dictatorship had a wonderful means at its disposal,

namely the active participation of the working masses in the organisation of economic management bodies. Workers were placed in most of the managerial positions. It was there that they "attended the school of management" learning from their own mistakes and miscalculations, maintaining and spreading the experience of advanced factories and plants.

The nationalisation of the main means of production and the establishment of new factory administrations completed the organisation of the economy's managerial system; a streamlined system with the SCNE and people's commissariats in the centre, economic councils in the republics and regions, and with workers' management at the enterprises.

The first Soviet Constitution adopted in 1918 legislatively consolidated the triumph of the revolution, the abolition of private ownership, the nationalisation of the means of production, banks, transport, land, mineral resources, and the monopoly of foreign trade. Former government bodies were replaced with new ones whose main purpose was to defend the interests of the working people and to guide the country's economic and cultural life.

The success of further economic development depended on how these bodies would function and on whether it would be possible to concentrate the efforts of millions of working people on the construction of a socialist society.

THE FIGHT FOR NEW PRINCIPLES IN INDUSTRIAL MANAGEMENT

The opponents of socialism claim that a "democratic" capitalist economy based on market relations enjoys definite advantages over the planned Soviet system of economic management. They even assert that since Soviet power was established, except for the first few years after the Civil War, the Bolshevik Party has persistently maintained a rigid centralisation of the economy along lines that took shape during the period of military communism.

What is the actual state of affairs? Is the socialist system of economic management democratic? Let us examine the facts.

A "By-Product" of Democracy

An economy based on private ownership of the means of production is characterised by its despotic authority over the wage workers since its one aim is to secure maximum profit. There is a profound contradiction between the organised character of production within the framework of a single enterprise and the anarchy of social production in capitalist society as a whole.

Social ownership of the means of production calls for the management of the economy on a national scale. Only this makes it possible to benefit from

the specialisation and cooperation of different industries and to ensure the rational distribution of the productive forces. In other words, the very nature of socialism requires centralised management of the economy.

To establish this firmly it was necessary to surmount a range of difficulties, one of them being the lack of experience in economic management. Working people who had vanquished the bureaucratic centralism of an exploiting state needed time to appreciate the advantages of socialist centralism.

The slogan "All power to the Soviets!" in a number of localities was interpreted as an unlimited power of the local Soviets. In some areas and even districts separate governments and republics were formed. Local separatism was a kind of by-product resulting from the broad democratic rights and freedoms granted to people by the October Revolution.

T. G. Zaporozhko, a veteran Communist, recalled that with the establishment of Soviet power the people of the railway station of Torgovaya in the Salsk Steppes formed their own council of people's commissars. In February, 1918, the delegates from this council visited Lenin. When he learnt that he was receiving delegates from a council of people's commissars at the railway station of Torgovaya, he could not help smiling and asked them:

"What is the size of your population?"

"About four thousand," they replied.

Then Lenin asked what commissars they had elected and whether they had a commissar for foreign affairs. The delegates replied:

"We have no need for such a commissar because the chairman of the council of people's commissars deals with foreign policy himself."

Lenin laughed heartily. After asking them a few more questions about the way they were tackling the problems confronting them, he said:

"Comrades, as far as the essence goes you're on the right track... However, you must change the form. Rename the council of people's commissars the local revolutionary committee."

In the early period of socialist development there were cases when local Soviets insisted on their right to conduct an independent policy. Thus, in the Kashin District of the Moscow Region, the local authorities issued money without carrying out the procedure required by the People's Commissariat for Finances of the Soviet Republic. To the demand of the latter that such practices should be abandoned they replied in a telegram:

"State power is exercised in the localities, therefore, the state fund should be placed at the disposal of the local Soviet, the only authority in the district. After the October Revolution life will not fit into the straight jacket of the tsarist regime... Life has created Soviet power as the only authority in the localities and nothing will destroy this."

This statement illustrates how revolutionary determination was interwoven with lack of managerial experience.

Regionalist trends also manifested themselves in the work of certain economic councils. For instance, the Nizhni Novgorod (now Gorky) Economic Council refused to cooperate with representatives of central economic management bodies. It declared itself the sole master of the region and that nothing could be taken out or brought into it without its consent. In the summer of 1918 the Rybinsk District Economic Council flatly refused to carry out any orders of the regional economic council.

It was not easy to abolish these anarcho-syndi-

calist trends. Tsarist Russia was practically a petty-bourgeois country and the petty bourgeoisie were vulnerable to anarchist "infection" since they found it difficult to accept the principles of centralism. It was not fortuitous that anarcho-syndicalist sentiment was most common among workers engaged in small industries located in rural districts.

The leaders of petty-bourgeois parties while demagogically accusing the government of unleashing the "forces of anarchy", at the same time gave their whole-hearted support to anarcho-syndicalist slogans and promoted them in every way possible. They tried to persuade the workers that it was not necessary and even harmful to hand over the factories and plants into the hands of the entire people. They preached the economic independence of individual enterprises.

This demagogy was occasionally successful. At some of the factories and plants workers disposed of national property as if it were their own. They above all sought to provide themselves with commodities and money. Defying the ban of the military revolutionary committee, the factory committee of a textile mill in Serpukhov took over the mill and organised the arbitrary sale of fabrics on the market. When Centrotextil refused to issue fabrics to workers the management of the Tryokhgornaya textile mill in Moscow did so in the course of several months in 1918. The damage this caused was so great that the SCNE passed a resolution to close the mill down temporarily.

On the whole, however, anarcho-syndicalist trends did not gain sway once the enterprises were nationalised for progressive workers regarded them as the property of the whole people.

Lenin repeatedly drew attention of the working people to the harmful character of syndicalism. He

insisted on conducting a relentless struggle against a syndicalist approach to the nationalised enterprises. He regarded this as a major task of Soviet power's economic policy. He wrote:

"...Any direct or indirect legalisation of the rights of ownership of the workers of any given factory or any given trade on their particular production, or of their right to weaken or impede the orders of the state authority, is a flagrant distortion of the basic principles of Soviet power and a complete rejection of socialism..."

It would have been impossible to overcome anarcho-syndicalism without the cooperation of the trade unions. In the first few months after the October Revolution they were virtually the only bodies which, in addition to the supervision of workers' control, could organise industrial production and management. For example, in early 1918 the board of the Moscow Regional Textile Workers' Union took responsibility for the sale of goods, the fuel supply for the textile mills of the region, the payment of wages, and the employment and dismissal of workers.

Some of the trade unions established special economic management bodies. For instance, under the Central Committee of the Metal Workers' Union a division was set up for the regulation of industry. This dealt with the organisation of production at the factories of the branch and the setting up of factory management. A bureau for the management of nationalised enterprises was created under the Moscow Regional Textile Workers' Union.

Thus the trade unions switched over from simply controlling operations to attempts at independent management of nationalised enterprises by assuming functions of regulating bodies. Lenin paid special attention to the need to draw the working

class into the building of socialism through the trade unions and to acquaint workers with the entire range of questions from the purchase of raw materials to the realisation of actual finished product. He pointed out that all working people should have a clear idea of the unified plan of socialist economic development and should be interested in its accomplishment. The broad masses should be trained in the art of industrial management through the trade unions which are a school for millions of people.

However, in some cases the trade unions laid claim to their exclusive right to industrial management. For example, a congress of the West Siberian Inland Waterway Transport Workers' Trade Union, held in April 1918, passed a resolution on the transfer of all executive and administrative powers to the West Siberian Regional Division of the All-Russia National Transport Workers' Union. All the administrative posts on the Altai Railway were held by workers' representatives elected at trade union meetings. The board of the All-Russia Railway Workers' Union also came out with syndicalist slogans.

But the majority of the trade unions did not back the anarcho-syndicalists. As the SCNE gained strength trade unions gradually handed over their apparatus of factory management to it. The supreme economic body of the Soviet state and public organisations supported the same approach to the development of the socialist revolution.

Collectivism or One-Man Management?

The efforts of the Bolshevik Party to establish the principle of one-man management in industry

played a significant role in consolidating the principles of democratic centralism.

At first enterprises were managed on collective principles, which was quite explicable. For many years the workers had regarded the factory manager or the shop superintendant as their class enemies. They needed time to get used to the idea that one-man management was, in fact, the most rational principle for industrial management and for this they had to go through a whole period of "rally democracy". Thousands, indeed hundreds of thousands, had to experience this before they came to understand this indisputable truth. In addition, immediately after the revolution there were no workers with adequate management skills whilst most of the bourgeois specialists were their ideological opponents. In this context a factory board was the best means of organising the proletarian control of the actions of bourgeois specialists.

However, the shift from collective to one-man management began to make itself evident as early as the spring of 1918. Even the First All-Russia Congress of Economic Councils held in May-June, 1918 passed a resolution to the effect that two out of every three members of factory management boards would be appointed by the higher or regional economic councils, only a third being elected by general meetings of workers. This decision was taken despite fierce opposition from those supporting anarcho-syndicalism. The latter stubbornly upheld the principle of appointing the factory management by election and of its independence from the state bodies. At the congress the anarcho-syndicalists maintained that the SCNE should only have the right to supervise the election of candidates and the suspension of resolutions. Lenin in turn insisted on the introduction of one-man manage-

ment. He stated that the Supreme Council for National Economy should be endowed with all the rights of a factory manager:

"To deprive the All-Russia centre of the right of direct control over all the enterprises of the given industry throughout the country... would be regional anarcho-syndicalism, and not communism."

He repeated time and again that one-man management stemmed from the very essence of large-scale production which called for planned, centralised control. He maintained that placing full responsibility on one person was essential in order to strengthen proletarian power and improve the functioning of the economy as a whole.

However, the principle of one-man management in no way removed the workers from management. The purpose was to combine grass roots democracy with implicit subordination to the manager's will.

In the autumn of 1918 the principle of one-man management was introduced throughout industry. The system gradually established and steps were taken to improve it. Petty-bourgeois disorders, anarcho-syndicalism and localism were overcome.

The centralised management of industry did not imply the introduction of uniformity from the top. On the contrary, democratic centralism in the economy necessarily combines common planned guidelines with maximum initiative on the part of the masses. Lenin pointed out that every enterprise, every village had the right "to apply the general Soviet laws in their own way ('in their own way', not in the sense of violating them, but in the sense that they can apply them in various forms) and in their own way to solve the problem of accounting in the production and distribution of goods."

As distinguished from bureaucratic centralism which implies the complete suppression of local initiative, socialist centralism encourages the development of the local authorities' independence in every way possible. It proceeds from the fact that the "unity of essentials, of fundamentals, of the substance, is not disturbed but ensured by *variety* in details, in specific local features, in methods of *approach*, in *methods* of exercising control..."

One approach in the improvement of democratic centralism in economic management consists in determining the optimal balance between guidance according to branch or territorial principles. In the first few months after the revolution, i.e., before the central economic management apparatus had been formed, the SCNE considered it necessary for the local economic councils to take industrial management upon themselves. At the time they alone were capable of managing the enterprises in the localities. However, by the spring of 1918 economic branch centres and divisions had been formed within the framework of the SCNE. They gradually assumed the function of controlling enterprises belonging to the relevant branch of industry. Branch centralism ensured a uniform technological policy and the solution of common problems facing the entire branch. However, this principle alone was not adequate since it was also necessary to coordinate the work of the enterprises on a territorial basis. This was effectively carried out by the local Soviets, local economic councils and public organisations. The combination of the principle of branch centralism with that of territorial management is a vital principle in the organisation of a socialist economy.

THE MOST CHALLENGING POLICY

The new system of economic management was confronted with an extremely difficult task, it had to prove the economic advantages of the new organisation of industry. Ultimately these advantages were to be manifested by an increase in productivity, an improved organisation of labour, the development of the productive forces and higher living standards for working people.

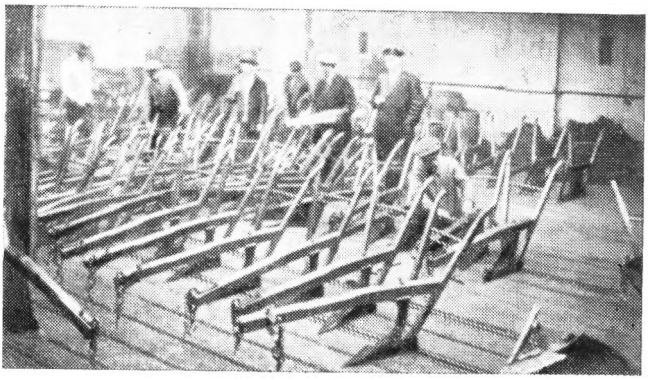
Conversion to Peacetime Production

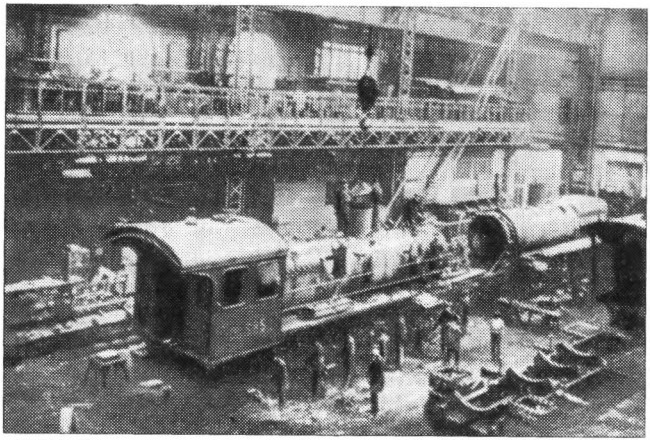
Having firmly opted to withdraw from the First World War, the Soviet government needed to demobilise its army which was many-million strong and to switch over industry to peacetime production.

The transfer from war to peace was not simple, the task being complicated by the fact that Soviet power was nationalising industry at the time.

The government appealed for help to the broad masses of workers. On December 9, 1917, the Council of People's Commissars issued an appeal calling on the working people of Russia to render active support to the switchover of industry to the manufacture of peacetime products.

The reconversion of industry was one of the key questions discussed by the First All-Russia Trade Union Congress held in January, 1918. The congress put forward a plan for the radical reorganisa-





The conversion of industry to peacetime production. The manufacture of ploughs at the Artur Koppel works in Petrograd.

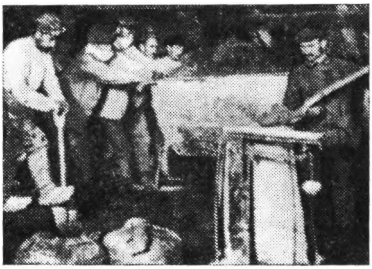
The repair of steam locomotives at the Krasny Putilovets works in Petrograd.

tion of industry and the creation of new branches to meet the needs of transport, machine-tool manufacture, agricultural engineering and of the municipal economy.

Despite economic dislocation, the working class vigorously took it upon itself to fulfil this task and in many enterprises the trade unions and factory committees formed commissions for demobilisation. Similar divisions were formed within the framework of the economic councils. They worked out plans for every enterprise. For instance, the Putilov works was to organise the manufacture and repair of steam locomotives and railway carriages. The Obukhov works received an order for 2,000 tractors. The Petrograd Arsenal works prepared to manufacture farm implements. The Franco-Russian copper rolling mill and the Nevsky shipbuilding and machine-tool works which had formerly produced munitions were also going over to the output of peacetime products. To save metal and fuel the technically advanced enterprises were earmarked for the switchover first, because they were staffed with skilled labour.

The economy gradually relieved itself of the unbearable burden of war production and proceeded to heal its war wounds. The government, however, was unable to carry out all the plans made, since the Civil War and foreign military intervention forced it to resume the production of munitions from the summer of 1918 onwards. Yet, even the little that had been achieved, demonstrated to people the new government's sincere desire for peace, its desire to subordinate production to meeting the needs of the working people.

Soviet power inherited from the capitalist system an acute social and economic problem, that of unemployment. The situation was complicated by eco-



The production of superphosphates at a chemical works in Petrograd.

nomic dislocation. The ranks of the unemployed quickly expanded as a result of the demobilisation of the army and the reduction of wartime production. At the beginning of 1918 there were over 300,000 jobless. Their numbers grew. Lenin anxiously wrote:

"...The terrible spectre of approaching famine and mass unemployment confronts us..."

The Soviet government was not in a position to eliminate unemployment overnight. There were not even enough funds to rehabilitate the enterprises that had been destroyed during the First World War. Therefore, the government concentrated on reducing the unemployment figure and easing the situation of the unemployed as much as possible. On December 11, 1917, a special decree was passed on "Insurance Against Unemployment". This had effect using local unemployment funds in cities, towns and settlements with a population of over 20,000 and was controlled by the trade unions. The Presidium of the All-Russia Central Executive Committee instructed the Soviets to take the most energetic measures for the creation of an unemployment relief fund. For this purpose the Council of People's Commissars allocated 30 million roubles to the People's Commissariat of Labour.

Issuing identity cards to replace pre-revolutionary passports.

At the same time the government organised the registration and distribution of manpower on a national scale. To this end the Council of People's Commissars put out a decree on the establishment of local labour exchanges. They registered all the unemployed, thus enabling the economic management bodies to utilise the available labour force for public works. In the Moscow Region alone it was intended to employ 100,000 workers for the development of the peat bogs, and 70,000 in agricultural land improvement. There were other jobs, too, such as cleaning the towns and cities, providing firewood, mending the streets and water supply systems, etc.

It was necessary to provide jobs first of all for veteran skilled workers. The factories and plants were getting rid of all who went to work in industry during the war to evade mobilisation or who

had farms in the countryside. For instance, the Putilov works decided to retain only those who had no other means of subsistence, those "who, if discharged, would be threatened with dying of hunger or cold."

By these measures the government managed to preserve the cadre nucleus of the working class. In 1918 the People's Commissariat of Labour could rightfully state:

"The factories in the big centres have managed to get rid of traders, house-owners and the well-to-do peasants who came to work in industry to stay away from the war."

A Task of Epoch-Making Importance

In order to win, the new system had to fight on the fronts of the Civil War, and not only at the front. There were also the provisioning detachments which had a tough fight against the kulaks (rich peasants) in their effort to provide the industrial centres with grain. The workers in the rear also worked for the success of the revolution.

It was vital to raise productivity. How was this to be achieved in the circumstances? First of all it was essential to strengthen industrial discipline, to go over from the discipline of the stick and hunger introduced by the capitalists to a conscientious socialist attitude towards work. Lenin characterised this as a task of "world-historic importance."

During the war many people of petty-bourgeois extraction came to work in industry. Conscientious discipline was alien to them. After the socialist revolution some workers decided that now they could work when they liked and the number of hours they liked. Absenteeism became common. Considerable amounts of time were consumed by

rallies and meetings organised during working hours.

It was the bodies of workers' control that initiated the struggle against petty-bourgeois laxity and an anarchic lack of discipline. Thus, the commission of the Kulebak mining plant banned meetings during working hours and demanded dismissal for workers guilty of unreasonable absenteeism.

The first regional congress of the metal and mining workers of the Urals passed a resolution stating that only an iron proletarian discipline would help rout capitalism and rehabilitate the economy. The Kostroma Soviet of Workers', Soldiers' and Peasants' Deputies and a number of factory committees of major textile mills issued an appeal which read in part:

"Those who interfere with production, those who are lazy, who hinder work, are enemies of the country and people."

In January, 1918, the factory committee of the Petrograd radio and telegraph works decided to discharge the workers who were absent without good cause; "those who leave work before the factory whistle is sounded shall be laid off for a week without pay," they ruled.

Sometimes the decision to nationalise the enterprise alone caused the workers to fight for new labour relations. Thus, when the workers of the Rostokino finishing and dyeing mill near Moscow learnt that the Council of People's Commissars had decided to nationalise the mill, they pledged "to raise the work performance at the enterprise, to establish strict order and labour discipline and to fix wages in keeping with the current rates." The workers of many factories and plants in the Urals, the Donbas and other regions assumed similar obligations.

The new labour discipline at socialist enterprises, as distinguished from private factories and plants, was not based on compulsion, although socialist system assumed compulsory measures to negligent workers. To establish firm discipline Lenin proposed to set up industrial courts which would take strict measures against offenders, including dismissal and prosecution under criminal law.

However, most of the workers were united on the basis of their common interest in the results of their labour. They realised that the fate of the revolution and their own future was in their own hands. Characterising the ethical aspect of socialist discipline, Lenin wrote:

"But now, with the Soviet revolution, with the beginning of the socialist revolution, discipline must be built on entirely new principles; it must be a discipline of faith in the organising power of the workers and poor peasants, a discipline of comradeship, a discipline of the utmost mutual respect, a discipline of independence and initiative in the struggle."

The establishment of socialist forms of labour is a prolonged process. The collapse of the landowning and capitalist system in Russia did not mean that the survivals and evils of the past would disappear along with it. The workers who started to build up a socialist society did not become new people overnight, people that had discarded the filth inherited from the old world. They needed time to realise that they were now the representatives of the ruling class, that they were now the real masters of their country. Lenin said that it would take a whole era to produce a new socialist discipline.

Gradually the workers began to regard the strengthening of discipline as their own cause. At

a metal works in Petrograd a team of foundrymen poured cooled metal into moulds. As a result, the products they turned out were rejected. A senior worker said:

"Never mind, we are not living under the tsarist regime any longer to suffer from such mishaps. Since I own everything who will punish me?"

His comrades, however, were of a different opinion and they called a special meeting which compelled the workers responsible to recast the elements without pay.

The Supreme Council for the National Economy dealt with questions of discipline in detail. It played an important part in producing the "Statutes on Discipline" which paid special attention to fixing labour rates. Factories and plants set up special bureaux to establish production quotas for every shop and every category of workers. The document read in part:

"The task of the trade unions is to spare no pains to raise productivity and persistently to introduce at factories and plants the essential principles of labour discipline."

The regulations introduced at the Bryansk works in Bezhitsa became widely known at that time. They stipulated that the manager's orders were to be fulfilled implicitly and also those of the shop superintendant's on the shop floor. Wages were only accounted to a worker if he carried out a definite job. Under the regulations the factory management and trade union committee could severely punish offenders and even dismiss them.

These regulations won the government's approval. Lenin recommended that the Conference of Representatives of Nationalised Engineering Works should introduce regulations similar to those of the Bryansk works.

The factories and plants set up disciplinary comrades' courts whose members were elected by the workers themselves. These courts had the right to issue a warning, to reprimand a worker, to transfer him to a lower category and, in the event of serious offence, to dismiss him from the enterprise or even to expel him from the trade union.

The documents of that period recorded people's feelings and attitudes. They were obviously resolved to fight for the country's rehabilitation. Here is an excerpt from a report (1918) on the management of the steam locomotive and railway carriage construction works in Bryansk:

"We were guided by one thought: what we failed to do for ourselves nobody would do for us. We are working to raise the standard of self-discipline, to develop a new labour discipline. We have done with absenteeism. Nobody is shunning the 'dirty' work. When necessary, skilled workers and foremen together with others unload the railway carriages. On May 9 the works was put into operation and since then its performance has been steadily improving."

Addressing a rally of the Bromley works in Moscow, a worker said:

"We have no clothes, footwear, kerosene, bread or salt. Let us work to produce all this. To do so we should work not eight, but ten or more hours, as long as we can hold out. When we have done this, perhaps, even eight hours will be too much. I feel we must explain that to all workers. None of them will object."

However, as Lenin repeated time and again, it is not possible to build up socialism on enthusiasm alone. The introduction of piece work was an important factor contributing to the strengthening of discipline. At first some Communists thought that

with the overthrow of capitalism the old methods of organisation of labour and payment would disappear: for example, piece work and rate setting which had been an instrument of exploitation. The first nationalised enterprises introduced, as a rule, equalitarian pay. But the workers themselves soon saw that this caused productivity to decline. Then, the principle "from each according to his ability to each according to his work" was introduced. This principle met not only the interests of society as a whole, but also the personal interests of the working people. It created an incentive to increase productivity, to improve skills and to use working time rationally.

Both state and public organisations worked hand in hand to strengthen discipline and to improve organisation of labour. This was an important aspect of the democracy created by the Soviet state in its attempts to uphold the working man's interests.

The Great Initiative

The new attitude towards labour was particularly manifest in voluntary Saturday work which later became known as communist subbotniks (Saturdays). They first took place in the spring of 1919 during a dramatic and difficult period in the life of the young Soviet state when the White-Guard armies under Kolchak were forcing their way from the Urals to the Volga. It was vital to deliver fresh reinforcements to the Red Army units that had been bled white, but there was a shortage of locomotives and carriages. Most of them were standing idle in the scrap yards, many of the sidings had been turned into.

This was true of Moscow too. On April 12, 1919, a train arrived from Petrograd with troops for the Eastern Front. However, it could not make headway because the track was occupied by unserviceable locomotives. It was a Saturday, a rest day. The troop train would be held up till Monday. And the situation on the Eastern Front was rapidly deteriorating...

Then a team of workers decided to remain at the repair yard and overhaul a locomotive. Since it was a non-working day there would be no remuneration. Fourteen workers thus worked the whole of Saturday. By Sunday morning a newly repaired locomotive drew up to the train. The men of the units quickly got into the cars which bore an inscription in chalk: "Death to Kolchak!"

A month later 205 workers decided to work on Saturday without pay. They repaired four locomotives and 16 carriages. They loaded and unloaded 9,300 poods of various goods. Their productivity exceeded the normal rate five to two.

A wave of communist subbotniks swept the whole country. On May 17 the workers of the Aleksandrovskaya Railway worked at a communist subbotnik. A week later their example was followed by the workers of the Ryazan-Ural, Nikolayevskaya, Moscow-Vindava, and Kursk-Nizhni-Novgorod railways. On June 14 the Moscow-Kiev railway workers held their first subbotnik. Finally, the Northern Railway joined in. The initiative was followed by the towns and cities of Central Russia, the Volga and the Ural Region. Following the example of the railwaymen, metal workers, textile workers, miners and clothing workers joined the movement. Thousands, and not just hundreds, were now participating in it.

Moscow, 1920. One of the early communist subbotniks which Lenin referred to as the "great initiative." Above: the newspaper announcement on the appearance of a pamphlet by Lenin under the same title.

Lenin referred to the subbotniks as the great initiative. This expression adequately reflects their importance. In June, 1919 Lenin wrote:

"It is the beginning of a revolution that is more difficult, more tangible, more radical and more decisive than the overthrow of the bourgeoisie, for it is a victory over our own conservatism, indiscipline, petty-bourgeois egoism, a victory over the habits left as a heritage to the worker and peasant by accursed capitalism."

From Regional to National Plans

The socialisation of industry created a basis for planned production. The planned guidance of social

A placard devoted to communist subbotniks.

and economic development is an important function of a socialist state. Surmounting the anarchic character of economy based on private ownership helps to reduce work and accelerates technological progress.

Attempts to plan production were initiated by the factory committees. In December, 1917 the First Conference of Factory Committees of the Ural Region advanced a programme for the area's economic development, the intention being to switch the works of the Ural Region to peacetime production (i.e., to the manufacture of farm machinery, steam engines, transport equipment and equipment for electric power stations). Detailed plans were drawn up to implement the change.

In the spring of 1918 the Supreme Council for the National Economy proceeded with compiling plans for the development of several branches of industry. For example, there was set a task to elaborate a long-term (five-year) programme for the development of state railways. Initially plans only dealt with the guidelines. But that summer the economic management bodies already proceeded with working out of calendar plans for the development of a number of branches of industry.

What economic indicators were taken into account? For instance, the first plan for the expansion of the metal-making industry of the Northern Region was based on the capacities of each plant, its equipment, the competence of personnel and the availability of fuel and raw materials. The plan also stipulated the overall output.

The socialist revolution had triumphed in a country torn by unprecedented discrepancy between natural resources and their development. Advanced industrial enterprises existed alongside semi-handicraft type shops. Although many discoveries and

Lenin's decree on the allocation of 50 million roubles for irrigation works in Central Asia initiated the full scale construction of irrigation systems in the region.

inventions by Russian scientists were being utilised in the West, they remained unknown in the country of their origin.

From the outset the Soviet government paid special attention to the development of industry, enlisting the help of scientists and specialists. Most of the former were hostile to the new government, believing the fables about the Bolsheviks being destructive. It was impossible to proceed with the construction of a socialist society without scientists and specialists. The government was confronted with the question of what to do to make it possible to use the bourgeois specialists available before communist specialists were trained. Despite econo-

mic dislocation and the Civil War, the Soviet government paid specialists much higher salaries than those received by people's commissars. The country made sacrifices to provide money for research ranging from radio engineering to linguistics. Determined efforts were made to create a scientific basis. A considerable amount of hard currency was spent on training scientists abroad, the purchase of licenses, scientific and technological equipment, and literature. These efforts proved effective and the brain drain was reduced to a minimum. The government managed to preserve the potential of the institutions of higher education and research.

In April, 1918, i.e., exactly six months after the Winter Palace had been taken by storm, British and US troops landed in Murmansk. The Germans were forcing their way to the heart of the Ukraine. The White-Guard forces (Kolchak in Siberia and Denikin in the South) were already carrying out their plans for the "rescue of the homeland." In the North, General Yudenich was mustering forces to march on Petrograd. In this critical period Lenin sent a special letter to the Academy of Sciences with a request "...to set up a number of commissions for the speediest possible compilation of a plan for the reorganisation of industry and the economic progress of Russia." The plan was to cover the following: the rational distribution of industrial enterprises throughout the country based on the proximity of raw material resources; the ensurance of Russia's independence with respect to all basic raw materials and branches of industry; the rational merging and concentration of production at the bigger enterprises.

Lenin paid special attention to the electrification of industry and transport, the use of electric power in agriculture, and the exploitation of local peat

and coal as a fuel for generating electricity and extracting and transporting fuel. He thus formulated all the fundamental principles governing the proletarian state's technical and economic policy. The Academy of Sciences undertook to carry out this vital assignment.

The commission for the study of natural productive forces set up at the Academy of Sciences began to consider all the main works of Russian scientists in the field of resources. Special commissions worked out long-term plans for scientific and technological progress. Among them was the Russian Association of the International Commission for Studying the Sun, commissions for research into the upper layers of the atmosphere, for magnetic and Arctic studies and for topographical surveying.

But this was not considered sufficient. It was also necessary to form new research institutions. This work was organised by the SCNE and its local bodies. In major industrial cities they started to create a network of institutes for basic and applied research which replaced existing small laboratories.

In 1918 the outstanding scientists and aircraft designers, Nikolai Zhukovsky and Andrei Tupolev, approached Lenin with the proposal to set up an aircraft engineering research centre. Lenin vigorously supported the idea and the Central Institute of Aerodynamics subsequently appeared. A physico-technical laboratory and the Optical Institute were soon opened in Petrograd. Institutes of Chemistry and Physics were set up in Moscow, and a radio-engineering laboratory in Nizhni Novgorod.

Lenin actively assisted in the opening of the Central Institute of Labour which was working to

introduce scientific organisation of labour into industry. This was the world's first establishment of its kind.

Plus the Electrification of the Whole Country

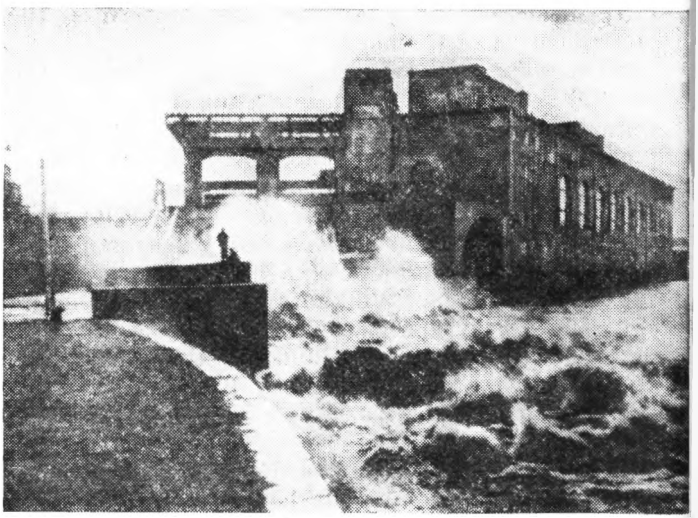
In January, 1918, a national commission for the establishment of energy resources which was set up under the electrical engineering division of the SCNE started to draw up a plan for the electrification of Russia. Divisions and committees for electrification also appeared in the localities and the government enlisted the services of eminent scientists and electrical engineers, including Ivan Aleksandrov, Aleksandr Vinter, Ghenrikh Graftio, Lev Krassin, Gleb Krzhizhanovsky and Pyotr Smidovich. The Central Scientific and Technical Council regularly discussed the vital questions concerning the electrification of the country.

Sites were selected for the construction of the country's first power stations—the Shatura peat burning and Kashira coal burning (coal being supplied by the area around Moscow) stations. Preparations were made for the construction of district stations at Ivanovo-Voznesensk, Nizhni Novgorod and a few other centres. On Lenin's instruction the pre-revolutionary project of a hydro-electric power station on the River Volkhov was found in the archives. It had been produced way back in 1911 when it had been pigeon-holed by the tsarist government. Engineer Ghenrikh Graftio, author of the project, later recalled:

"January, 1918. It was an extremely cold winter and Leningrad was apprehensive of grave developments. The interventionists had concentrated their

The cover of the first issue of a bulletin devoted to the construction of the Volkhov hydro-electric power station.

The Volkhov hydro-electric power station built as part of the general plan for the electrification of Russia.



forces on the approaches to the cradle of the proletarian revolution. During these crucial days Pyotr G. Smidovich conveyed to me the instructions of Lenin about working on the project of the Volkhov hydraulic power unit without further delay. I was thunderstruck, especially when I recalled my previous futile struggle for the Volkhov station."

In the first few months of 1918 scientists and engineers were busily engaged in working out programmes for the electrification of the Donbas, the Northern Caucasus, the Volga Region, the Ural Region, i.e., the country's most industrially developed areas. The workers of the Ural Region decided to produce a plan for the development of a local generating industry as early as December, 1917.

In the summer of 1918 work was started on constructing the first electric power station in the Kostroma Region. Preparations for the construction of power stations in other districts and regions were underway. Research was being conducted to build a hydro-electric power station on the Dnieper River. That same year the SCNE Main Committee for State Projects announced that construction work on the Volga-Don Canal was to begin.

The final version of the Plan for the Electrification of Russia was presented in December, 1920. The Eighth Congress of Soviets was convened in Moscow which was afflicted by hunger and a desperate shortage of fuel. Lenin appeared in the rostrum on the stage of the Bolshoi Theatre to deliver a report on the electrification of Russia. At that moment an illuminated map of the country flashed before the delegates' eyes. Each bulb stood for a new industrial centre, one more bastion of the proletarian dictatorship. In a period of some 10 to 15

The thermal electric power station in the Kashira District was one of the first to be built under the Soviets. The first section was opened in 1922.

years it was intended to build 30 major electric power stations with a total capacity of 1.7 million kw. This was the first long-term economic development plan. In his speech, Lenin said:

"*Communism is Soviet power plus the electrification of the whole country.*"

First Achievements

The plan for the electrification of Russia was of outstanding importance. Without electricity it was useless to think about the reconstruction and change of other branches of industry. The programme for the country's economic development was not, however, limited to problems of electrification alone.

In the spring of 1918 steps were taken to work out measures for the development of the metal-making and coal-mining industries. The Ural Mining Committee further elaborated the plan for the comprehensive development of the Ural-Kuznetsk basin into a future centre of the mining, metal-making, fuel and engineering industries.

The performance of the transport workers was of particular importance to the country. The railways were always the nervous system of the national economy. As Lenin noted: "If the trains stop-

A placard of 1920: "Today we are the poorest. But Russia will be the richest in a few years' time."

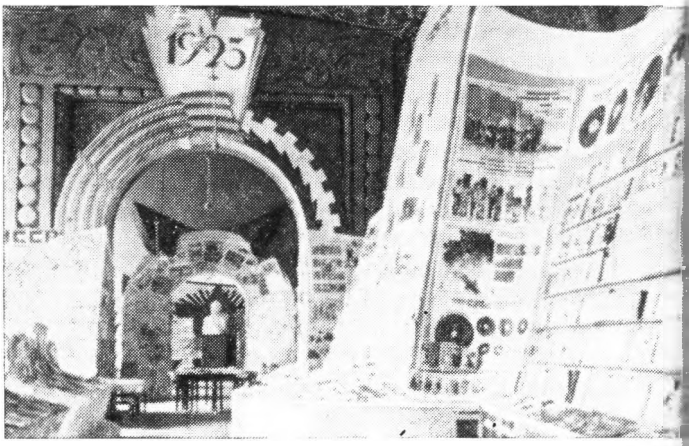
ped running that would mean the end of the proletarian centres."

In the autumn of 1918 the government adopted a resolution on the construction of railways in the north of the European part of Russia. The Moscow, Tula and Ryazan regional economic councils were engaged in the construction of rail links to the coalfields around Moscow.

Tsarist Russia experienced an acute need in a whole range of minerals and imported them, although the country in fact possessed all the elements listed in Mendeleyev's Periodic Table. But it was necessary to locate them. This was a task of cardinal importance, for an accelerated industrial development was inconceivable without a reliable supply of raw materials.

In the autumn of 1918 a member of the Academy of Sciences, Pyotr Lazarev, was assigned to study the Kursk Magnetic Anomaly in the centre of Russia. Lazarev's expedition revealed the Europe's biggest reserves of iron ore. Soon expeditions started to prospect for oil in the Volga Region and then in the Perm Region and Bashkiria, the doorstep of the Urals. Detailed reconnaissance which was started in 1918 of the soft (brown) coal deposits around Moscow helped increase known reserves of this fuel by two hundred per cent.

The Supreme Council for the National Economy took special steps to promote scientific and technical knowledge among ordinary working people. On October 15, 1918, the first issue of the journal *Tekhnika* appeared. There were congresses of engineers and technicians held regularly under the auspices of the branch divisions of the SCNE. An industrial exhibition was opened.



Inside a pavilion at the All-Union Agricultural Exhibition.

The first steps in the reorganisation of the old world were already marked with achievements in the organisation of labour, economic planning and industrial expansion. These achievements were, of course, modest. The country had to surmount too many difficulties and obstacles in the early period to permit any other outcome.

The establishment of new socialist relations immediately affected the increase of productivity, the key indicator of economic performance.

When the members of the factory management of the Likino textile mill, the first enterprise to be nationalised, began their work, they found that the former owner had cancelled all current transactions. There were only 41 roubles in the cash box. Five months later this sum had increased to nine million roubles. In addition, there was accumulated a three months' reserve of cotton and fuel in the warehouses.

The textile mill of Konovalov, one of the biggest entrepreneurs in Russia, was a wreck when the Soviet state took it over. However, only a month after it was nationalised the machines were working and the mill had a two months' reserve of cotton and fuel. And between February and August, 1918, the mill's income increased to two million roubles.

In the summer of 1918 the journal *Narodnoye khozyaistvo* (National Economy) published an article by Georgi Lomov entitled "Who Went Bankrupt?" and devoted to productivity at nationalised enterprises. It stated that the causes of the sharp drop in productivity during the First World War had not yet been removed. Despite this, in the period from January to April, 1918, many factories and plants showed a rise in productivity. Georgi Lomov pointed out that this was due to the titanic

effort of the workers and their self-sacrificing spirit in placing the common cause before personal interests.

In a letter addressed to a group of American workers Lenin praised the feat performed by the workers of Soviet Russia in mastering production at nationalised enterprises. He wrote:

"...Our workers, who have already, after a few months, nationalised almost all the biggest factories and plants, and are learning by hard, everyday work the new task of managing whole branches of industry,.. are laying the foundation of *new* social ties, of a *new* labour discipline..."

* * *

The Soviet people pioneered in the creation of social ownership of the means of production and have developed a corresponding form of economic management. The working people have proved for the first time that they can manage industry adequately without the capitalists and can make the country's entire wealth serve the people.

The Supreme Council for the National Economy and its local bodies developed into a system of management which shouldered the main burden in supervising socialist transformations.

The early experience in economic development has helped verify in practice the theoretical principles governing the restructuring of society along socialist lines. Such factors as development in keeping with a single state plan, the advancement of democratic forms of management, local initiative at a grass roots level, the mass enlistment of the population's best forces into the creative effort to organise labour and production proved to be most vital preconditions for the construction of the foundations of a single socialist economy.

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