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SOCIALIST  
NATIONALISATION  
OF  
INDUSTRY



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СОЦИАЛИСТИЧЕСКАЯ НАЦИОНАЛИЗАЦИЯ  
ПРОМЫШЛЕННОСТИ

*На английском языке*

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## INTRODUCTION

*The abolition of capitalist ownership and the establishment of public ownership of the basic means of production is a cardinal law of the socialist revolution, of the transition from capitalism to socialism.* No country, whatever road it follows to socialism, can avoid the socialist nationalisation of industry, which takes place amid bitter class struggle, the struggle between the old and the new. This has been theoretically demonstrated by Marx, Engels and Lenin and confirmed by the experience of the Soviet Union and the People's Democracies in Europe and Asia.

In the very first document expounding the programme of revolutionary Marxism, the *Manifesto of the Communist Party*, Marx and Engels proved, on the basis of a profound scientific analysis of the capitalist mode of production, that bourgeois society is of the same transitory nature as all earlier socio-economic formations. They blasted the claims of bourgeois ideologists that private property is "eternal" and "immutable" and demonstrated its inevitable replacement by another, more progressive form of property. Modern bourgeois private property, Marx and Engels declared, is the last and most complete expression of production and appropriation of products based on class antagonisms, on the exploitation of man by man. After the victory of the socialist revolution the working class "will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralise all instruments of production in the hands of the state, i.e., of the proletariat

organised as the ruling class; and to increase the total of productive forces as rapidly as possible.”\*

This fundamental principle, formulating the attitude of the working class to the property of the capitalists after the victory of the proletarian revolution, was also developed in other works by the founders of Marxism.

The greatest service of Marx and Engels is that they proclaimed the abolition of capitalist ownership of the means of production the cardinal economic task of the proletarian revolution, and, moreover, scientifically proved that this revolutionary upheaval is prepared by the entire course of capitalism’s economic and political development. Capitalism has brought into being tremendous productive forces, production has acquired a strikingly social nature, but the appropriation of the products of social labour has remained private. “The separation was made complete between the means of production concentrated in the hands of capitalists, on the one hand, and the producers, possessing nothing but their labour power, on the other. *The contradiction between socialised production and capitalistic appropriation manifested itself as the antagonism of proletariat and bourgeoisie.*”\*\*

It was in his *Capital* that Marx demonstrated with especial profundity the objective need for, and inevitability of, the abolition of capitalist property in the means of production. Analysing the historical tendency of capitalist accumulation, Marx revealed the process that converted the dwarfish property of many into the gigantic property of the few. He conclusively showed that the small owners, the direct producers, had been the first to be expropriated; deprived of the land, instruments of labour and means of subsistence, they were compelled to sell their labour power as a commodity. Subsequently, not only the small owners but capitalists exploiting many workers became the victims of expropriation. “Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. Thus integument is burst asunder. The knell of capitalist property sounds. The expropriators are expropriated.”\*\*\*

\* Marx, Engels, *Selected Works*, Vol. I, Moscow, 1958, p. 53.

\*\* Engels, *Anti-Dühring*, Moscow, 1959, pp. 373-74.

\*\*\* Marx, *Capital*, Vol. I, Moscow, 1959, p. 763.

Describing the abolition of capitalist ownership of the means of production as "expropriation of the expropriators", Marx thereby stressed the legitimacy of expropriation, pointing out that the means of production held by the capitalists were acquired not by personal labour but as a result of expropriating other owners which was done "with merciless Vandalism, and under the stimulus of passions the most infamous, the most sordid, the pettiest, the most meanly odious".\* The expropriation of the expropriators is not only an objectively necessary measure designed to bring the relations of production in line with the social nature of the productive forces, but also the fairest measure, inasmuch as the means of production become quite justly the public property of the people who created them.

Marx showed that primitive accumulation was a historical process of separating the producer from the means of production that was effected by force in various ways. This process had its own peculiar features in different countries, but depriving the peasants of the land was its basis everywhere. Seizure and plunder of the colonies played a primary part in the primitive accumulation of capital. The treasures obtained by plunder and the enslavement of the natives flowed to Europe and were converted into capital.

Primitive accumulation was the starting-point in the development of the capitalist mode of production. Since then capital has grown many times over. On these grounds the capitalists of the 19th and 20th century considered, and consider now, that their hands "are clean" and that they themselves have earned the capital they own. But the inevitability and justification of expropriation also applies in full measure to the part of functioning capital which arose through the conversion of surplus value into capital. Marx irrefutably proved that surplus value, the unpaid labour of the workers, is the sole source for the growth of wealth in conditions of capitalist production. The capitalists long ago consumed, ate up the capital they originally advanced. Everything the capitalists own by right of private property—factories, mines, railways, etc.—has been created by the labour of the workers. Even if

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\* *Ibid.*, p. 762.

we were to allow that "capital was originally acquired by the personal labour of its employer, it sooner or later becomes value appropriated without an equivalent, the unpaid labour of others materialised either in money or in some other object."\*

Marx and Engels discovered and proved that the abolition of capitalist property corresponds to the objective requirements of social development and is a just action. Moreover, they demonstrated the real possibility of effecting this revolutionary transformation of the economic basis of society. While formerly a few usurpers expropriated the mass of the people now, "we have the expropriation of a few usurpers by the mass of the people",\*\* Marx pointed out.

Lenin made a profound scientific analysis of imperialism's economic and political essence and showed that capitalism in its highest and final stage of development draws near to the all-round socialisation of production. The concentration of production reaches such a high degree that monopolies are created encompassing entire industries. Lenin characterised imperialism as the eve of the socialist revolution. "The socialisation of labour," Lenin wrote, "which is advancing ever more rapidly in thousands of forms and has manifested itself very strikingly, during the half-century since the death of Marx, in the growth of large-scale production, capitalist cartels, syndicates and trusts, as well as in the gigantic increase in the dimensions and power of finance capital, provides the principal material foundation for the inevitable advent of socialism."\*\*\*

Lenin also revealed the essence of state-monopoly capitalism and its importance for the material preparation of the transition to socialism. Under state-monopoly capitalism, socialisation of production reaches the highest degree possible in capitalist society. This makes it easier for the working class to gain key positions in the economy after the victory of the socialist revolution.

Apologists of capitalism and reformists have tried to embellish state-monopoly capitalism and to pass it off as "state socialism". Engels exposed the embellished picture of state-monopoly capitalism painted by reformists, including

\* Marx, *Capital*, Vol. I, p. 570.

\*\* *Ibid.*, p. 764.

\*\*\* Lenin, *Collected Works*, Vol. 21 p. 71.

bourgeois nationalisation as one of its forms. He called the attempts of reformists to impart a socialist tinge to bourgeois nationalisation "spurious socialism". Such measures cannot be regarded as "a socialistic measure, directly or indirectly, consciously or unconsciously".\* Lenin warned the working class that "the erroneous bourgeois reformist assertion that monopoly capitalism or state-monopoly capitalism is *no longer* capitalism, but can now be called 'state-socialism' and so on, is very common".\*\*

Marxism-Leninism asserts and the experience of the Soviet Union and the People's Democracies reaffirms that socialism, unlike capitalism, does not originate within the old society. A socialist revolution begins when there are no ready-made socialist forms in a country. The abolition of capitalist property and the conversion of the means of production into socialist property become feasible only after the working class has taken power. It is for this reason that the "proximity" of state-monopoly capitalism to socialism is used as an argument for the "facility, feasibility and urgency of the socialist revolution, and not at all as an argument for tolerating the repudiation of such a revolution and the efforts to make capitalism look more attractive, something which all reformists are trying to do".\*\*\*

An analysis of the bourgeois nationalisation of a number of industries in Britain, France and Austria, carried out between 1944 and 1951, reveals the full untenability of the efforts exerted by contemporary reformists to portray it as a "socialist" measure and the advent of the era of "democratic socialism". Reformist nationalisation "theories" serve to protect capitalist property from genuinely socialist nationalisation.

The founders of scientific communism demonstrated the need to abolish capitalist ownership of the means of production and, moreover, indicated in general outline the ways for effecting the revolution in socio-economic relations. Marx and Engels advised the victorious proletariat to start its offensive against capital, by first abolishing property in land and confiscating the property of counter-revolutionaries, then tax the bourgeoisie by a high pro-

\* Engels, *Anti-Dühring*, p. 383

\*\* Lenin, *Collected Works*, Vol. 25, pp. 442-43.

\*\*\* *Ibid.*, p. 443.

gressive tax, centralise the credit system and transport facilities in the hands of the workers' state, increase the number of state factories, gain key positions in the economy, and systematically oust private capital from production and circulation.\*

Marx and Engels, indicating the general means of abolishing private property, at the same time repeatedly emphasised that the ways and methods of the socialist socialisation of the means of production would differ in different countries, depending on the existing economic and political conditions. The political party of the working class, its vanguard, must determine these ways and methods in relation to the concrete conditions of each country.

The Russian proletariat had the honour of blazing the trail to socialism under the leadership of the Bolshevik Party, of the great Lenin. This meant that it had to follow untrodden paths and solve in practice problems which had been worked out only theoretically and, moreover, in a most general way, and to give immediate answers to many new questions raised by events in the course of the revolution.

In the new historical conditions Lenin elaborated fundamental questions of the socialist revolution, devoting much attention to determining the methods of socialist nationalisation of the means of production. The economic programme of the Great October Socialist Revolution, drawn up by Lenin, outlined the main methods of socialising the means of production: nationalisation of the property of the big monopoly bourgeoisie and the gradual transformation, in various ways, of the private property of the middle and small capitalists into public property.

Lenin rendered a great service in raising and thoroughly grounding the slogan of workers' control over production, in organising the practical implementation of this step towards socialism, which prepared for the socialisation of the means of production. Workers' control over production in one or another form was applied not only in Russia but also in the European and Asian People's Democracies. In all countries workers' control played an important part in unfettering the energies and political activity of the working people, in combating the sabotage of the bourgeoisie,

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\* See Marx, Engels, *Selected Works*, Vol. I, pp. 53-54.

in training industrial executives and preparing and carrying out the socialist nationalisation of industry.

Various methods of expropriating big capital were employed in the Soviet Union. In the first Soviet months a considerable number of enterprises were confiscated because their owners had engaged in sabotage. Simultaneously many large enterprises of great importance for the state were nationalised. Eight months after the victory of the October Revolution, on June 28, 1918, the Soviet state decreed the general nationalisation of large-scale industry. All large-scale capitalist property in the means of production was expropriated without compensation. In the midst of the bitter Civil War unleashed by the capitalists this was the only correct measure. But even in those conditions the Soviet Government utilised a progressive income tax, registration of shares and bonds, inspection of safes of the bourgeoisie in banks, etc.—measures designed to restrict the economic power of the bourgeoisie and gradually oust capitalism.

Marxism-Leninism has never put large and small private property in the means of production on the same plane. While large capitalist property was fully ripe for conversion into socialist property, private property of the small capitalists and, even more so, of artisans was not ready for socialisation. A long time was needed for its conversion into socialist property.

“... During transition to the communist economy,” Engels wrote, “we will have to apply on a wide scale co-operative production as an intermediary link—of this Marx and I have never had any doubts.”\* Lenin’s co-operative plan profoundly and comprehensively elaborated and demonstrated the fundamental proposition of Marxism that the means of production of small commodity producers must not be expropriated and that transition from a small commodity economy to socialism is possible only through the gradual and voluntary pooling of the property of small owners into collective property via co-operatives.

Lenin elaborated the theory of state capitalism as one of the methods in the transition to socialism. Defining the basic principles of the Soviet Government’s economic policy

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\* Marx, Engels, *Sochineniya (Works)*, XXVII, p. 524.

in the transition period from capitalism to socialism, Lenin pointed to state capitalism as a form for the gradual transformation of the capitalist economy into the socialist economy. Lenin regarded state capitalism "as the intermediary link between small production and socialism, as a means, a path, a method of increasing the productive forces".\* He showed that state capitalism was incomparably higher economically than small commodity production, that since the capitalist mode of production continued to exist in a transitional economy, state capitalism was a step forward: on the one hand, it ensured the expansion of small production and facilitated control over it by the Soviet state, and, on the other, the opportunity opened up before the working class to learn from the capitalists how to organise large-scale production. "The whole problem—both theoretical and practical," Lenin stressed, "is to find the correct methods of directing the inevitable (to a certain degree and for a certain time) development of capitalism into the channels of state capitalism; to determine what conditions to hedge it around with, how to ensure the transformation of state capitalism into socialism in the near future."\*\*

Lenin outlined the wide use of state capitalism for preparing the transition to socialism. His plan of socialist construction envisaged, alongside the leading socialist sector which encompassed the nationalised large-scale industry, the establishment of state-capitalist enterprises. State capitalism was regarded as a subordinate mode of the transitional economy. Lenin determined and characterised the various forms of state capitalism: the granting of concessions to foreign capital, the lease of state enterprises to the national bourgeoisie, mixed state-private enterprises in production and circulation, trade on a commission basis, etc. The simplest and most tangible form was the concession, a kind of agreement under which the capitalist for a certain period became a lessee of part of state property but did not become the owner, the right of ownership remaining with the state. A lease agreement resembled a concession. The state leased to the capitalist entrepreneur

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\* Lenin, *Selected Works*, Vol. 3, p. 654.

\*\* *Ibid.*, p. 649.

an industrial establishment, oilfield, forest tract, land, etc. In mixed companies a part of the capital belonged to the industrial or trading capitalist and a part to the Soviet state. Such companies operated under the direct control of the state. In organising trade on a commission basis, the state enlists "the capitalist as a merchant and pays him a definite commission on the sale of state goods and on the purchase of the produce of the small producer".\*

These forms of state capitalism were employed in the U.S.S.R., although on the whole state capitalism did not widely develop. The internal conditions and international situation limited the possibility of utilising state capitalism for the gradual transition from private capitalist property to socialist property. The tactics used by the capitalist class, Lenin noted, was to push us into a desperate and ruthless struggle which forced us to engage in an immeasurably greater break-up of old relations than we had expected. But this does not detract from the international significance of Lenin's theory of state capitalism and the practical steps of the Soviet state in applying it.

The experience of the Soviet Union in the socialist nationalisation of the means of production has been creatively applied in the People's Democracies of Europe and Asia. In the process of development of the people's democratic revolution, the working people, under the guidance of the Communist and Workers' Parties, utilising various methods of expropriating the expropriators, captured leading positions in the economy. In most People's Democracies the socialisation of the means of production began with the confiscation of the property of the monopolies, collaborationists and compradore bourgeoisie and also the property of enemy states. As a result, the economic power of big capital was largely undermined, which facilitated the further socialisation of the means of production.

Subsequently, the property of the big and middle national bourgeoisie, not affected by the confiscation laws, was nationalised or its development was steered into the channel of state capitalism. Moreover, nationalisation laws envisaged the payment of certain compensation to the former owners. This is one of the distinctions of socialist

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\* Lenin, *Collected Works*, Vol. 32, p. 349.

nationalisation in the People's Democracies, under the specific conditions in which they set out to build the foundations of socialism.

Marxism-Leninism does not rule out the possibility of compensation during the expropriation of the expropriators. Marx and Engels repeatedly pointed out that under definite conditions compensation was not only possible but also advisable; if the alignment of class forces allowed it, socialisation of the means of production on the basis of compensation would be the most painless way. In his work *The Principles of Communism* Engels replied to the question: "Will it be possible to bring about the abolition of private property by peaceful methods?" by saying: "It is a thing greatly to be desired, and Communists would be the last persons in the world to stand in the way of a peaceful solution."\* Engels stressed that whether the expropriation of big capital were made with compensation or without would depend on the circumstances in which the proletariat came to power and especially on the behaviour of the capitalists themselves.

Consequently, the fathers of scientific communism regarded the transfer of the means of production to society as a law of the socialist revolution. But its forms and methods could depend on the circumstances. "In general," Engels wrote, "the question is not whether the proletariat, when it comes to power, will simply seize by force the instruments of production, the raw materials and means of subsistence, whether it will pay immediate compensation for them, or whether it will redeem the property therein by small instalment payments. To attempt to answer such a question in advance and for all cases would be utopia-making, and that I leave to others."\*\*

Lenin also held that the conversion of capitalist property into socialist public property could be effected in different ways. He pointed out that in the period when bourgeois democratic revolution develops into a socialist revolution, the resistance of the capitalists could be broken down by nationalising the property of a few hundred millionaires. "Even this *tiny group of wealthy people need not*

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\* *The Communist Manifesto of Karl Marx and Friedrich Engels*, New York, International Publishers, p. 330.

\*\* Marx, Engels, *Selected Works*, Vol. I, pp. 629-30.

have *all* their property rights taken away from them; they could be allowed to keep many possessions in the way of consumption articles, and ownership of a certain modest income.”\* The forms of expropriating the bourgeoisie, including the advisability of compensating the past owners of the means of production, depend on the conditions in which the proletariat comes to power. “. . . Marx said that under certain conditions the workers would certainly not refuse to buy out the bourgeoisie.”\*\*

The Soviet government, Lenin wrote, must combine methods of suppressing the capitalists who refuse to cooperate with it and the “*method of compromise* or of buying off the cultured capitalists who agree to ‘state capitalism’, who are capable of putting it into practice and who are useful to the proletariat as intelligent and experienced organisers of the *largest* types of enterprises.”\*\*\*

After the victory of the socialist revolution the proletariat is vitally interested in preserving and developing large-scale production, which facilitates the creation of socialist forms of the economy. For the proletarian state it is fully expedient to buy off the bourgeoisie and thereby prevent sabotage and economic chaos. “. . . Marx was profoundly right when he taught the workers the importance of preserving the organisation of large-scale production, precisely for the purpose of facilitating the transition to socialism. Marx taught that . . . the idea was conceivable of *paying the capitalists well*, of buying them off, if the circumstances were such as to compel the capitalists to submit peacefully and to come over to socialism in a cultured and organised fashion, provided they were paid.”\*\*\*\*

The facts show that under definite conditions the Soviet Government not only allowed but actually paid compensation to former owners. A decision of the Council of People’s Commissars of the R.S.F.S.R. of April 18, 1918, pointed out that owners of shares and other securities who properly registered them in good time “gain the right to compensation in case of nationalisation of enterprises in the amounts and on the terms which shall be determined by the law

\* Lenin, *Collected Works*, Vol. 24, p. 440.

\*\* *Ibid.*, Vol 27, p. 343.

\*\*\* *Ibid.*, p. 345.

\*\*\*\* *Ibid.*, p. 345.

on nationalisation".\* In April 1918, the Yalta Soviet of Workers', Soldiers' and Peasants' Deputies introduced partial compensation to owners of nationalised printing-houses. In March 1919, the Soviet Government of Latvia issued a decree on the payment of partial compensation to former owners of nationalised enterprises. Similar laws were promulgated during the nationalisation of part of the means of production in the Latvian, Lithuanian and Estonian Soviet Socialist Republics in 1940.\*\*

All this offers grounds for revising the view formed in our literature which regards Soviet nationalisation as being without compensation in all cases. Actually the Soviet Union was the first country where compensation was paid to former owners of nationalised means of production.

The question of paying certain compensation for nationalised means of production is not only of theoretical but also of practical significance in view of the prospect of the peaceful transition of some countries to socialism.

At present a broad democratic movement against the domination of the monopolies is developing under the leadership of the Communist Parties in a number of capitalist countries, first of all in France, Italy, Austria and Britain. The Communist Parties call for democratic nationalisation of industry as one of the forms in this struggle. Together with the workers, middle strata of the population also take part in the anti-monopoly struggle. In view of this, the question of compensating the middle and petty bourgeoisie after the victory of the proletarian revolution acquires great political significance.

State capitalism was widely utilised in the transitional economy of a number of People's Democracies in Europe and Asia. For example, in the German Democratic Republic, the Chinese People's Republic and the Democratic Republic of Vietnam various forms of state capitalism became the main method of gradually transforming capitalist into socialist industry. The Communist Parties of these countries guided themselves by the Leninist theory of the possibility

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\* *Natsionalizatsia promyshlennosti v SSSR*. Sbornik dokumentov i materialov, 1917—1920 (*Nationalisation of Industry in the U.S.S.R.* Collection of Documents and Materials, 1917-20), Gospolitizdat, Moscow, 1954, p. 316.

\*\* See Chapter One of this book.

and advisability of utilising state capitalism as a method of abolishing capitalist property and creating socialist property, and they took into account the Soviet experience of employing state capitalism in the transitional economy.

The experience of the Soviet Union and the other socialist countries fully corroborated the correctness of the fundamental propositions of Marxism-Leninism concerning the main laws of the socialist revolution and socialist construction. These laws operate everywhere, though there is a great diversity of historically shaped national distinctions and traditions which must be taken into account. The Declaration of the Moscow Meeting of Representatives of the Communist and Workers' Parties in 1957 indicated the following general laws:

1. Guidance of the working masses by the working class, the core of which is the Marxist-Leninist party, in effecting a proletarian revolution in one form or another and establishing one form or another of the dictatorship of the proletariat.

2. Alliance of the working class and the bulk of the peasantry and other sections of the working people.

3. Abolition of capitalist ownership and the establishment of public ownership of the main means of production.

4. Gradual socialist reconstruction of agriculture.

5. Planned development of the national economy aimed at building socialism and communism, at raising the standard of living of the working people.

6. The carrying out of the socialist revolution in the sphere of ideology and culture and the creation of a large intelligentsia devoted to the working class, the working people and the cause of socialism.

7. Abolition of national oppression and the establishment of equality and fraternal friendship among peoples.

8. Defence of the achievements of socialism against attacks by external and internal enemies.

9. Solidarity of the working class of the country concerned with the working class of other countries, that is, proletarian internationalism.\*

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\* See *The Struggle for Peace, Democracy and Socialism*, Moscow, p. 14.

The Communist and Workers' Parties of the socialist countries, it was stressed in the Declaration, should creatively apply the general laws of the socialist revolution and socialist construction, tested by experience, in conformity with the concrete conditions of their countries, learn from each other and exchange experience. The rich experience of the socialist revolutions and socialist construction in the U.S.S.R. and the People's Democracies, which took into account the specific features of each country, is their collective contribution to the theory of Marxism-Leninism. This experience is of prime significance for the Communist and Workers' Parties of the capitalist countries and the countries which recently have discarded the colonial yoke, for the world revolutionary working-class movement as a whole. "Lenin repeatedly called attention to the necessity of correctly applying the basic principles of communism, in keeping with the specific features of the nation, of the national state concerned. Disregard of national peculiarities by the proletarian party inevitably leads to its divorce from the masses and is bound to prejudice the cause of socialism, and, conversely, exaggeration of the role of these peculiarities, or departure under the pretext of national peculiarities, from the universal Marxist-Leninist truth in the socialist revolution and socialist construction, is just as harmful to the socialist cause."\*

The 20th Congress of the Communist Party of the Soviet Union, theoretically summing up the experience of the socialist revolutions in the European and Asian People's Democracies thoroughly grounded the question of peaceful and non-peaceful forms of transition to socialism by different countries in present-day conditions. This question was further developed in the Programme of the Communist Party of the Soviet Union and in documents of the 22nd Congress of the Party. "The forms and paths of development of the socialist revolution," it is pointed out in the Resolution of the 22nd Congress of the Communist Party of the Soviet Union, "will depend on the actual relationship of class forces in the country concerned, the organisation and maturity of the working class and its vanguard and the degree of resistance of the ruling classes.

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\* *The Struggle for Peace, Democracy and Socialism*, p. 15.

Irrespective of the forms in which the dictatorship of the proletariat will be established, it will always represent a broadening of democracy, a transition from formal, bourgeois democracy to genuine democracy, democracy for the working people. The working class and its vanguard—the Marxist-Leninist party—are striving to achieve the socialist revolution by peaceful means. The realisation of this possibility would be in accord with the interests of the working class and the whole people, the national interests of the country.”\* “Where the exploiting classes resort to violence against the people, the possibility of a *non-peaceful transition to socialism* should be borne in mind,” it is pointed out in the Programme of the C.P.S.U. “Leninism maintains, and historical experience confirms, that the ruling classes do not yield power of their own free will. Hence, the degree of bitterness of the class struggle and the forms it takes will depend not so much on the proletariat as on the strength of the reactionary groups’ resistance to the will of the overwhelming majority of the people, and on the use of force by these groups at a particular stage of the struggle for socialism.”\*\* To achieve victory in the revolution the working class and its party must master all forms of struggle—peaceful and non-peaceful, parliamentary and non-parliamentary.

The socialist revolution, expropriating the capitalists, transfers the factories, mines, railways—all the means of production into the possession of society. “The distinguishing feature of communism is not the abolition of property generally, but the abolition of bourgeois property,”\*\*\* it is pointed out in the *Manifesto of the Communist Party*. Together with the abolition of capitalist ownership of the means of production, bourgeois relations of production are eliminated; means of production cease to be capital and the exploitation of man by man is abolished. Public property gives rise to new relations between people and creates new stimuli to work. The aim of production changes: means of production turn from a source of enriching the capitalists into a source of the people’s well-being. Simultaneously,

\* *The Road to Communism. Documents of the 22nd Congress of the Communist Party of the Soviet Union*, Moscow, p. 414.

\*\* *Ibid.*, p. 486.

\*\*\* Marx, Engels, *Selected Works*, Vol. I, p. 47.

capitalism's intrinsic anarchy of social production is replaced by planned organisation of production.

All this has been realised in the socialist countries. Marx, Engels and Lenin predicted that the abolition of private property would create all the necessary conditions for the complete all-round development of every member of society and a flowering of the people's talents, giving a tremendous impulse to science and culture; and their prediction has come true.

These are the main consequences of the greatest transformation of society—the abolition of capitalist property, the establishment of public ownership of the means of production and the introduction of socialist relations of production.

Events are demonstrating the great force and vitality of the forms and methods for the socialist transformation of society discovered by Marxism-Leninism. Now that socialism has become a world system we cannot confine our analysis of the first revolutionary changes in the economic sphere only to the Soviet Union or one People's Democracy; we must examine the experience of all the socialist countries. Such an approach makes it possible to single out the features of the socialist nationalisation of the means of production that are common to every country and to underline the specific features in each country.

A study and summary of the experience of socialist nationalisation of industry in the countries of the world socialist system are of great theoretical and practical significance. This rich experience is attracting the attention of every nation.

**Chapter One**  
**SOCIALIST NATIONALISATION**  
**OF LARGE-SCALE INDUSTRY**  
**IN THE U.S.S.R.**

**1. LENIN'S DECREE ON WORKERS' CONTROL**  
**AND ITS APPLICATION**

The greatest historical service rendered by the Communist Party of the Soviet Union, under the leadership of Lenin, is that it prepared the heroic working class of Russia and its ally, the poor peasantry, for the assault on capitalism and the seizure of state power and equipped the working people with a scientific programme for the transition to socialism.

On the basis of a comprehensive study of contemporary capitalism, Lenin proved that imperialism was the eve of the socialist revolution. Analysing the new, imperialist stage of capitalism, he revealed the historical law of the uneven development of capitalism in the epoch of imperialism and drew the conclusion about the possibility of socialism being victorious at first in a few or even in one capitalist country.

Russia was a country with an average level of capitalist development; strong survivals of feudal relations persisted, and they were intertwined with characteristic features of monopoly capitalism. Like other capitalist countries, Russia had the necessary material prerequisites for the socialist revolution, which had been prepared by the development of large-scale industry at the turn of the century. In 1870 coal production in Russia amounted to 42.4 million poods, but in the 30 years up to 1900, output increased 23.2 times and in that year amounted to 995.2 million poods. During the same period oil production climbed steeply from 1.8 million poods to 632 million poods or 351 times, and iron ore, from 45.9 million to 367.2 million poods or eight times.

These figures show that industrial production was developing rapidly in Russia.

Russian industry, though it had relatively little modern machinery, was highly concentrated. As a matter of fact, Russia's level of concentration was higher than that of the United States, Britain, Germany and France. For example, in 1913 the large enterprises of Russia employed an average of 1,400 workers each, while in the United States the average was only 1,100 and in Germany 900.

Joint-stock companies and syndicates controlled the overwhelming majority of enterprises in all key industries. Alongside the formation of capitalist monopolies in industry, concentration was also under way in banking, and large banking monopolies sprang up. The seven largest banks accounted for more than half of all banking capital in Russia.

Wide penetration of many industries by foreign capital was another characteristic feature of Russia's economic development. Russia attracted foreign capitalists by a higher rate of profit on the invested capital, which was determined by the rich natural resources, large home market and cheap labour. Between 1901 and 1911, as many as 184 foreign companies with a total capital of 267.7 million rubles were organised in Russia. By the beginning of the First World War, foreign investment in industry had reached approximately 1,282 million rubles, about one-third of all the joint-stock capital in Russian industry. Sixty per cent of the foreign capital was invested in heavy industry, mainly steel and fuel.

Industrial production in Russia was of a strikingly social character, while appropriation remained capitalist. The exploitation of the workers was steadily increasing and their material condition was deteriorating. As a result, the conflict between the obsolete capitalist relations of production and the social nature of the productive forces was maturing more and more; the existing relations of production turned from a form of development of the productive forces into their fetters.

The imperialist war further intensified the antagonism between labour and capital. It brought about a sharp drop in the output of industry and agriculture, deranged the transport system and disrupted the supply of food to cities

and industrial areas, which was fraught with mass starvation. The socialist revolution was maturing in the country, and the Russian and foreign capitalists sought to intensify the economic chaos, hoping to strangle the revolution "by the bony hand of hunger and poverty". The capitalists deliberately curtailed production, cut short their financing of the factories and their supplies of fuel and raw materials, closed down enterprises and laid off workers, thereby increasing unemployment.

The bourgeois Provisional Government, which was set up in February 1917 and defended the interests of the capitalists and landowners, encouraged this sabotage which intensified the economic chaos. Over 800 enterprises employing about 200,000 workers were closed down from March to October 1917; 44 blast furnaces were extinguished (in 1916, 36 were extinguished), in view of which pig iron production dropped 24.3 per cent as compared with 1913; industry was producing less than half of the metal needed. Coal production also declined, and industry was short of fuel. The economic chaos spread to the railways. In the first nine months of 1917, 19,500 cars were loaded daily on the average, 22 per cent less than in 1916. Trade between town and country sharply fell. The people were suffering, while the capitalists and bankers engaged in speculations and made fortunes out of the war. They artificially raised the prices of coal, metal, raw material and food. The purchasing power of the ruble was steadily shrinking. In five months the Provisional Government put 4,500 million rubles of paper money into circulation.

Russia was threatened with an imminent economic catastrophe, and only the socialist revolution could save it from complete economic break-down. Only the socialist revolution could save Russia from the threat of enslavement by foreign capital. During the war, foreign capital made further inroads into Russia's economy. The bourgeois Provisional Government was preparing to place the country into bondage of the Anglo-French and American imperialists. The national catastrophe could be prevented only by the workers and poor peasants taking power.

On the basis of a profound analysis of the internal and external situation of Russia in 1917, Lenin demonstrated that Russia was the nodal point of all the contradictions

of world imperialism, a seat of every oppression—capitalist, colonial and military—and the weakest link in the chain of imperialism and that, consequently, Russia would be the first to blaze the trail to socialism.

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In his programme for the transformation of Russia, Lenin attached great importance to the institution of workers' control over social production and the distribution of products as the first step toward socialism.

In the prevailing conditions workers' control was the first means of combating economic break-down and starvation. It unfettered the initiative and the constructive efforts of the working masses, facilitating their political education; it gave the workers experience in economic activity and prepared the ground for the nationalisation of the banks and syndicates.

The April 1917 Conference of the Bolshevik Party called for resolute action against the capitalists and the bankers and popularised the idea of workers' control. The struggle for workers' control helped the Bolsheviks to win over the masses to their side and facilitated the preparation of the socialist revolution.

The slogan of workers' control was further specified in the economic platform of the Bolshevik Party adopted by its Sixth Congress on the eve of the October Socialist Revolution in Russia. The Congress pointed out that "workers' control must be developed, through gradually applied measures, into complete regulation of production. . . . To exercise control it is necessary to carry out as preliminary measures: the repeal of commercial secrecy—the books of merchants, manufacturers, and banks must be open to control. Concealment of documents should be declared a punishable offence. Periodic inventories should be taken and data on available stocks, indicating the enterprises having them, should be made public".\*

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\* *Kommunisticheskaya partiya Sovetskogo Soyuza v rezolutsiyakh i resheniyakh syezdov, konferentsii i plenumov TSK* (Communist Party of the Soviet Union in Resolutions and Decisions of Congresses, Conferences and Plenary Meetings of the Central Committee), Part 1, 1898-1925, Gospolitizdat, Moscow, 1953, pp. 332-53. Hereafter KPSS v rezolutsiyakh. . . .

The Leninist programme for the socialist transformation of Russia gave the working people the clear-cut aim of building a new society along socialist lines and indicated practical steps to achieve it. It inspired the fighters of the revolution and fired their hearts with faith in the victory of socialism.

Soviets of Workers' Deputies and factory committees, under the leadership of the Bolshevik Party, exposed the subversive actions of the capitalists, sought to combat them and took measures to keep the enterprises running or to resume operations. Workers' control was instituted in the teeth of resistance by the capitalists and their lackeys, the Mensheviks and Socialist-Revolutionaries, who claimed that the workers were unable to control the country's economic life and that their control could only lead to anarchy and greater economic chaos. The Mensheviks and the Socialist-Revolutionaries called for "state control", that is, for control over the workers by the government, which was in the hands of the bourgeoisie.

Lenin in his well-known pamphlet *The Impending Catastrophe and How to Combat It* revealed the real purpose of the attempts to put up, in contrast to revolutionary workers' control, spurious control by the bourgeois state. He explained to the working people that by talk about state control the bourgeoisie wanted to bury real workers' control and prevent the workers from having a say in management.

After the victory of the Great October Socialist Revolution the role and importance of workers' control radically changed. Despite achievements in instituting workers' control at some factories and mines, as long as power remained in the hands of the capitalists and land-owners, this control could not be extended to all industries. In the Soviet Republic workers' control was introduced everywhere, becoming a preparatory measure for nationalising industry and converting the main means of production into public property.

In October 1917 Lenin drew up the draft regulations on workers' control in which he expounded the tasks of workers' control and the rights and duties of its bodies. The draft called for active intervention by workers' control organisations into all aspects of production and distribution

of goods and raw materials. The workers' control organisations were to be given access "to *all* books and documents and to *all* warehouses and stocks of materials, instruments and products". Representatives of the workers and office employees elected for the purpose of exercising workers' control were held "answerable to the state for the maintenance of the strictest order and discipline and for the protection of property". Local Soviets of Workers' Deputies and conferences of factory committees were given the right to draw up "more detailed rules on workers' control".\*

This draft published in *Pravda* on November 3, 1917, played a big part in stimulating the initiative of the workers to institute control over production. The newspaper *Donetsky Proletary* wrote at the time about the new possibilities opened up by workers' control: "Now the full opportunity exists to extend the sphere of workers' control and organise it systematically on a country-wide scale. It is this task that will be promoted by the decree on workers' control which is being drawn up by the Council of People's Commissars."

Lenin's draft regulations on workers' control formed the basis for the decree of the All-Russia Central Executive Committee and the Council of People's Commissars on workers' control adopted on November 14, 1917.

The first paragraph of the decree formulated the aims of workers' control. It stated: "To promote the planned regulation of the economy workers' control shall be instituted over production, purchase and sale of products and raw materials, their storage and also over the financial activity of enterprises at all industrial, trading, banking, agricultural, transport, co-operative producer societies and other enterprises which employ hired labour or have people work for them at home." The decree stipulated that every worker in an enterprise was to take part in control through elected bodies: factory committees, stewards' councils, etc., which were also to include representatives of office employees and technical staff. A local workers' control council, consisting of trade union representatives, factory committees and workers' co-operatives, was set up

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\* Lenin, *Collected Works*, Vol. 26, pp. 264-65.

in each city, gubernia and industrial district. An All-Russia Workers' Control Council had to direct the activities of the local workers' control bodies, draw up general plans and instructions for workers' control, issue binding decisions, co-ordinate the activity of workers' control bodies with all the other institutions engaged in organising the national economy and, lastly, serve as the highest body in matters pertaining to workers' control.

Workers' control bodies were empowered to watch "over production, set a minimum of output of an enterprise and take measures to ascertain the cost of the produced goods". Commercial secrecy was abolished; owners of enterprises were obliged to give the control commissions access to all books, reports and other documents both for the current year and past years. All the decisions of the workers' control bodies were binding on the owners of enterprises and could be rescinded only by the decision of higher workers' control bodies.

The governmental decree on workers' control was wholeheartedly approved by the working class of Soviet Russia. The local organisations of the Bolshevik Party, the Soviets and the trade unions put a lot of work into explaining the decree and demonstrating the wide possibilities it opened up to the workers.

The successful introduction of workers' control throughout the country demanded that the decree be supplemented by detailed instructions on how to apply it.

The Mensheviks and the Socialist-Revolutionaries, who suffered defeat when the decree was framed, tried to smuggle through their opportunist ideas in the detailed instructions. Their main aim was to restrict control to fact-finding, without giving the commissions any powers to act. To counteract these attempts, the Central Council of Factory Committees of Petrograd drew up instructions on workers' control, as envisaged in Lenin's decree.

The instructions of the Central Council of Factory Committees were the most complete practical guide to workers' control. It stressed that "*workers' control over industry*, as an integral part of control over the country's entire economic life, must be understood not in the narrow sense of a simple auditing operation, but, on the contrary, in the *broad* sense of *intervention* in the way the employer

disposes of the capital, machinery and raw material and manufactures available at the enterprise, *active supervision* over the correct and expedient fulfilment of orders, consumption of power and labour, *participation in the organisation of production as such* along rational lines, etc.". It was further noted that workers' control "should be regarded as a *transitional stage* to the organisation of the country's entire economic life along socialist lines, as the first urgent step in that direction made from below, parallel with work from above in the central bodies of the national economy". These instructions were issued in pamphlet form and were widely circulated in cities and large industrial centres. They were of great help in organising the activities of local workers' control bodies.

Regulations on workers' control bodies and commissions at enterprises and instructions on the organisation of their activities were also drawn up in the localities.

A leading part in arranging workers' control throughout the country was played by the local Soviets and the Bolshevik Party organisations, under whose guidance relevant regulations and instructions were drafted and implemented. The Soviets applied the decree on workers' control with an eye to local conditions and possibilities. In the gubernias and industrial areas where there were strong Bolshevik Party organisations and their influence predominated at factories and in local Soviets, workers introduced their control over all the activities of enterprises. But in places where Bolshevik leadership was weak and the Mensheviks preserved their influence, workers' control was often limited only to auditing functions.

In his statements Lenin constantly emphasised the importance of workers' control and explained its tasks. "Every factory committee should concern itself not only with the affairs of its own factory," Lenin stated, "but should also be an organisation nucleus helping arrange the life of the state as a whole."\* Lenin stressed that accounting and control were a major economic task because the power of the capitalists could be finally broken only by defeating them in the economic field. He gave every encouragement to the initiative of the workers in organising control, con-

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\* Lenin, *Collected Works*, Vol. 26, p. 365.

stantly reminding them that socialism called above all for accounting. Lenin's directives were of great importance, helping the workers to understand their role in building a new life.

### **The Extension of Workers' Control Throughout the Country**

The drive to institute workers' control over production spread throughout the country. Between November 1917 and April 1918, workers' control was organised at all the major enterprises of the *Ukraine*, and many large plants (the Kharkov Works of the General Electric Company, the Kharkov Locomotive-Building Works, the Kiev Auto Machine Works, Konstantinovka Iron and Steel Works, and others) were actually managed by the workers.

The Bolshevik Party organisations directed all the activity of the workers' control bodies, guiding it through Communist workers elected to factory committees, control commissions, or Communists who were active in the trade unions. A Party trade union centre was organised at the Kharkov committee of the Bolshevik Party. Its staff instructed trade unionists active in industrial management and members of workers' control bodies and provided them with relevant literature.

The first revolutionary measure in the economic sphere carried out by the workers of *Byelorussia* under the leadership of the Bolsheviks was to introduce workers' control. In an article "How to Exercise Workers' Control", the Minsk *Zvezda* (November 30, 1917) pointed out that workers' control must be instituted not only at factories, of which there were few in Minsk, but at all trading and industrial establishments: the newspaper described how control bodies were organised in other cities "which are approximately in similar conditions with Minsk"....

In *Azerbaijan* the Baku proletariat, one of the advanced detachments of Russia's working class, was well prepared by the Bolsheviks for revolutionary changes in the economy. A conference of factory committees of the Chernogorodsky District of Baku convened on December 11, 1917, to combat the harmful activities of the oil industrialists, adopted a resolution on the establishment of workers'

control in the industry. The resolution proposed that workers' control over production be effected in contact with the trade unions, with the help of engineers and technicians and other employees. This resolution was supported by the Council of the Baku Oil Workers' Union on December 21. It stressed that "the only way to preserve the gains of the workers in the economic sphere, to combat unemployment, etc., is for the workers to participate in the organisation of the social economy wrecked by the war, by rapacious exploitation and the sabotage of the bourgeoisie—through regulation and control over production and consumption".\*

In Latvia workers' control over production started in February 1918. An order to establish workers' control at all industrial enterprises and workshops not later than February 10 was issued by the industry and labour departments of the Executive Committee of the Soviet of Workers', Soldiers' and Peasants' Deputies of Latvia on January 30, 1918. Shortly afterwards, however, the entire territory of Latvia was occupied by imperialist Germany, and the building of a new life was interrupted. The people of Latvia were able to resume it only at the beginning of 1919 after the German invaders were driven out.

A distinctive feature of workers' control in Latvia was that it was introduced after most large enterprises in the republic had been nationalised. On March 13, 1919, the Production Council of Latvia issued a decision, specifying the tasks of workers' control commissions both at nationalised and non-nationalised enterprises. At nationalised enterprises, the control commission could not interfere in the work of management; its task was control and supervision over the activity of the management so that "the industrial enterprise operate well in the interest of the entire socialist state". At non-nationalised enterprises it was the duty of the control commission "to see to it that the corresponding enterprise abides by all the decrees of the Soviet Government". The commission "represented the interests of the workers on all questions associated with working conditions, hire and dismissal, setting of wages and standards of output". If the control commission con-

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\* *Bakinsky Rabochy* (*The Baku Worker*), December 4, 1917.

sidered the actions of the management to be wrong, it had to report this to the local industrial department. Workers' control at non-nationalised enterprises was primarily of a fact-finding character.

Why was workers' control in Latvia established after such a long delay and why was it introduced at nationalised enterprises too?

The answer is provided by a look at Latvia's economic situation at the beginning of 1919. The Soviet state inherited a wrecked industry and the government of the republic had to nationalise all large enterprises immediately and undertake their restoration. After many enterprises had been taken over the need arose for workers' control because the Soviet state did not yet have any industrial managers from among the workers; the working class had not passed through the school of production management in workers' control bodies. Workers' control commissions at nationalised enterprises helped the Commissariat of Industry and its district departments to control and direct the enterprises better and to receive quick information about their operation.

Lenin's decree and the instructions and regulations drawn up by the local Soviets and workers' organisations facilitated the rapid spread of workers' control over production in all areas. Two months after the victory of the October Revolution Lenin wrote: "...Workers' control and the nationalisation of banks are being put into practice, and these are the first steps towards socialism."\*

The scale and rate of organisation of workers' control varied from place to place. For example, in *Turkestan* workers' control was not as widespread as in the central areas of the Russian Federation or in the Ukraine. By March 1918 workers' control had been introduced at only 80 of Turkestan's 700 enterprises. The slow organisation of workers' control in Turkestan is explained by a number of specific reasons: industry was poorly developed; the working class was small and insufficiently organised, and many workers were closely connected with agriculture. The enterprises were scattered over a huge area, almost half of them were in rural localities and communication between

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\* Lenin, *Collected Works*, Vol. 26, p. 400.

districts was poor; at most enterprises engaged in processing agricultural raw material work was of a seasonal character and at the time Soviet power was established in Turkestan operations had already stopped or were drawing to a close. All this created big difficulties for the establishment of workers' control, which account for its slow development.

In *Kazakhstan*, too, workers' control was not widespread and was not organised at all in some districts. The reason was that it took a long time for Soviet power to become firmly established in a number of localities. The Civil War which broke out in 1918 interrupted the organisation of production.

In some Byelorussian towns and districts, where there were relatively large enterprises, workers' control was successfully established and played a big part in organising production and ensuring that the factories got orders, raw material and fuel. But since most of the enterprises were scattered and the working class was still numerically small, in the spring of 1918 workers' control had been organised only at 67 of the largest enterprises. Byelorussia thus also lagged behind other areas in the organisation of workers' control.

### **The Struggle Against Sabotage by the Bourgeoisie and the Organisation of Production**

The workers' control decree and the practical measures taken by the local Soviets in control over production and distribution were applied in face of bitter resistance by the capitalists. The Congress of the All-Russia Union of Factory Owners' Societies, held in December 1917, decided to hinder the implementation of the workers' control decree, declaring that enterprises at which control "is effected in the form of active interference in management should be closed down".\* Many factory owners refused to recognise the workers' control bodies and their representatives, closed down the factories, disrupted production, stopped deliveries of fuel and raw materials, left enterprises without working capital, delayed the payment of wages or

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\* *Professionalny Vestnik (Professional Herald)*, 1918, No. 1-2, p. 17.

did not pay them at all and dismissed the workers. In December 1917 the capitalists closed down 44 factories in Petrograd. The Mensheviks and Socialist-Revolutionaries who actively opposed workers' control supported the sabotage and subversive activities of the capitalists.

In these conditions the struggle against the sabotage of the capitalists and their henchmen who tried to disrupt the economic programme of the Communist Party became a primary task of the Soviet State. The Soviet Government and the working class responded to the sabotage of the factory owners by determined revolutionary action. On November 7, 1917, the Military Revolutionary Committee of the All-Russia Executive Committee of the Soviets of Workers' and Soldiers' Deputies warned the capitalists that if they did not stop the sabotage, the property of the chief culprits would be confiscated.

The workers of Petrograd and Moscow played a leading part in the introduction of workers' control in industry. By their example they taught the other workers how to keep the capitalists in check and arrange production along new lines. Workers' management was set up at the Petrograd Metal Plant, one of the country's biggest enterprises, to combat the sabotage of the employers who wanted to close it down. The former management replied by a lock-out. Then the workers asked the Council of People's Commissars to open the plant and regear it to the manufacture of civilian goods. In November 1917 Lenin received a delegation of the plant's workers. The Soviet Government approved the regulations on workers' management and a programme of the plant's immediate activities. It turned over the actual management of the plant to the workers.

A meeting of delegates from political and mass organisations of the Sormovo District, held on November 25, 1917, vigorously opposed the closing down of the Sormovo Plant, one of the country's biggest engineering works, by the capitalist saboteurs.

A bitter struggle against the sabotage of the bourgeoisie flared up in the Urals. A conference of Urals industrialists held on November 23, 1917, instructed all factory managements to stop supplying the factories with money and to close them down if workers' control was introduced. The workers' control decree was especially sabotaged by the

management of those Urals enterprises in which foreign capital was invested. But the exertions of the foreign imperialists to prevent the introduction of workers' control completely failed both in the Urals and in the other industrial areas of Soviet Russia.

The Urals workers rebuffed the subversive activities of the capitalists in an organised way. The first regional conference of Urals Factory Committees, held in Yekaterinburg on December 1, 1917, elected a Central Regional Council of Factory Committees, drew up instructions on workers' control, demanded the demilitarisation of industry and mapped out a general plan of workers' control over production. In the appeal to the workers and workers' control bodies, the Central Council pointed out that the workers were now dealing "not with the anarchic sabotage of individual employers and their henchmen, but with the organised sabotage of the entire class of capitalists. . . . The war between labour and capital is a war of attrition: the fate of the revolution depends on whether the working class withstands the onslaught of the bourgeoisie".\*

The workers of the Donets Basin, Krivoi Rog, Kharkov, Yekaterinoslav and other industrial centres of the Ukraine, under the leadership of Bolshevik organisations, launched a resolute struggle against the sabotage and lock-outs of the capitalists. In reply to the decision of the owners to close down Pipe Mill "C" in Yekaterinoslav, the workers demanded that the enterprise be taken over and declared that they would remain at their benches to a man and continue to run the mill.\*\* The Regional Bureau and Regional Committee of the Metal Workers' Union of the Donets and Krivoi Rog basins, in view of the sabotage of the employers, on December 12, 1917, appealed to the Council of People's Commissars to declare the factories and mills, all enterprises in the Donets and Krivoi Rog basins state property.

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\* *Natsionalizatsia promyshlennosti na Urale (oktyabr 1917—iyul 1918)*. Sbornik dokumentov (*Nationalisation of Industry in the Urals (October 1917-July 1918)*). A Collection of Documents), Sverdlovsk, 1958, pp. 51-55.

\*\* *Robitnichy kontrol i natsionalizatsia promislovosti na Ukraini (Workers' Control and Nationalisation of Industry in the Ukraine)*, pp. 200-01.

Advanced industrial workers everywhere took resolute action to combat the sabotage of the capitalists and their attempts to close down or destroy enterprises; they re-commissioned factories that had been closed down earlier and began to manage production themselves. In fierce struggle against reactionary forces the proletariat was learning how to build a new life.

Under the leadership of the Communist Party, the workers resolutely beat back the sabotage not only of the capitalists but also of their henchmen, the Mensheviks and Socialist-Revolutionaries, who made their way into some trade unions and factory committees. The workers swiftly saw through the treacherous actions of the Mensheviks and Socialist-Revolutionaries and expelled them from workers' control bodies.

The struggle against the sabotage of the capitalists was rendered difficult by the fact that they were often supported by office workers and higher engineering and managerial staffs and especially the boards of various joint-stock companies. They abandoned their posts, helped the factory owners to swindle money from the current accounts and disrupted the supply of enterprises with fuel and raw materials.

But not all the office employees, engineers and technicians followed the capitalists and sabotaged the economic measures of the Soviet Government. Communist Party organisations, Soviets and factory committees tried to wrest them away from the capitalists, to win over the progressive-minded engineers and office workers to their side and use them in workers' control bodies, drawing them into socialist construction and, with their help, applying all the gains of culture, science and technology in the interests of the working people. "Educated men," Lenin wrote, "are already making their appearance on the side of the people, on the side of the working people, and are helping to break the resistance of the servants of capital."\* In their struggle against the Soviet state and its economic decrees, the Russian capitalists relied on the support of international imperialism. In reply to the demand for the introduction of workers' control at the Moscow Machinery Plant which

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\* Lenin, *Collected Works*, Vol. 26, pp. 408-09.

belonged to a British firm, the owners sent a telegram from London: "Completely reject demand for control." The foreign consuls in Moscow lodged a protest with the Moscow Soviet of Workers' and Soldiers' Deputies against the introduction of workers' control at factories belonging to foreign capitalists. The Moscow Soviet told the foreign consuls that "all must submit to the workers' control decree . . . because it emanates from the central authority". The American Consul in Omsk tried to prevent workers' control at the Omsk branch of the International Harvester Company in Russia. On February 28, 1918, representatives of the consular corps sent a protest note to the Vladivostok Soviet against the establishment of workers' control, threatening to stop the imports of food from Manchuria to Vladivostok.

The Soviet Government resolutely implemented the workers' control decree at all enterprises. It prevented factories from being closed down and destroyed and their equipment, fuel, raw materials and finances from being squandered; with the help of workers' control bodies it saved thousands of enterprises, which after the socialist nationalisation of the means of production, became the property of the entire people.

In Soviet Russia the working class began to learn for the first time in the world how to manage production, how to build a new life. The sabotage of the Russian bourgeoisie, the threats from abroad and the intervention of foreign powers—nothing could stop the working class in its determination to establish its control over production. A stream of slander designed to discredit workers' control rained down on the working class and its Communist Party. American, British, Canadian, French, German and other apologists of capitalism took part in this campaign. "Never was such a stream of filthy propaganda poured out against any government," Harry Pollitt wrote, "as was poured out by the gentlemen of Britain against the first Workers' Republic in the history of the world."\*

The question of workers' control over social production and distribution in Soviet Russia in 1917-18 is still dis-

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\* H. Pollitt, *Serving My Time. An Apprenticeship to Politics*, London, 1950, p. 111.

cussed by bourgeois economists and historians. As a rule, they distort the essence and form of workers' control and the activity of its bodies. This attention to workers' control is not accidental—it has definite class reasons. The workers' control decree was received with hatred both by the Russian and the foreign bourgeoisie. They saw in workers' control an encroachment on the "sacred" right of private property and this, from the viewpoint of the bourgeoisie, is the gravest of crimes. In the book *Economic Organisation of the Soviet Regime* A. Bourovili, a French bourgeois economist, says that as a result of workers' control "the axis of economic movement was destroyed and enterprises found themselves in the position of a ship without a compass abandoned to the mercy of the storm".\*

Other bourgeois authors claimed that as a result of workers' control, the workers, and not the state, became the owners of the nationalised enterprises.

Such statements dating back to the beginning of the 1920s are also repeated in recent works, published in Britain, the United States and other capitalist countries.

Bourgeois authors of recent books and articles examining workers' control use the same terminology and arrive at the same conclusions as their colleagues did in the 1920s. For example, Warren Walsh, an American professor, in his book *Russia and the Soviet Union* asserts, without reference to sources, that at the moment the workers' control decree was issued 80 per cent of the enterprises "had been taken over by local committees of workers" and that the decree itself was designed to give temporary legal sanction to these unlawful actions.\*\* So say the bourgeois economists and historians, distorting Soviet history.

Paul H. Avrich, an American historian, published two articles in 1963 dealing with workers' control in the U.S.S.R., demonstrating a good knowledge of the documents and Soviet literature. But the author mainly hunts out in the literature statements by Mensheviks and Trotskyites and dishonestly handles the facts. The large number of references to source material is designed to give a

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\* A. Bourovili, *L'organisation économique du régime Soviétique*, Paris, 1924, p. 63.

\*\* W. B. Walsh, *Russia and the Soviet Union. A Modern History*, The Ann Arbor, 1958, p. 389.

semblance of objectivity to the author's bourgeois concepts. The workers' control decree, Avrigh says, "gave a powerful new impetus to a form of syndicalism bordering on total anarchy".\* He asserts that Lenin's *Draft Regulation on Workers' Control* "had a strong syndicalist flavour" and that the Draft "went further in the direction of syndicalism than any of the Bolshevik resolutions at labour conferences before the insurrection".\*\*

Avrigh's assertions are thoroughly false. The Bolshevik Party and Lenin always resolutely opposed any manifestation of anarcho-syndicalism. In workers' control Lenin and the Bolsheviks perceived above all elements of accounting, organisation and order. All the Communist Party's documents and Lenin's statements on workers' control are pervaded with one idea: to unfetter the creative efforts, the initiative of the working people in exercising real control for combating economic chaos and anarchy. Distorting the facts, Avrigh writes that the workers' control "decree gave a powerful new impetus to a form of syndicalism"\*\*\*

It must be said that the bourgeois historian is not original, he is merely chewing over the cud of the Menshevik slanders about workers' control. Lenin said of the Menshevik attacks on the Bolshevik slogan of workers' control: "This argument was an example of the stupid schoolboy method of applying 'Marxism' without studying it, just *learning it by rote* in the Struve manner." Deriding the ill-starred critics, Lenin wrote: "Syndicalism either repudiates the revolutionary dictatorship of the proletariat, or else relegates it, as it does political power in general, to a back seat. We, however, put it in the forefront."\*\*\*\*

It was here that Lenin saw the dividing line between the syndicalists and the Communists. At the Third All-Russia Congress of Soviets Lenin said about workers' control: "When we were accused of breaking up production into separate departments by introducing workers' control, we brushed aside this nonsense. In introducing

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\* Paul H. Avrigh, *Russian Factory Committees in 1917*, p. 179.

\*\* Paul H. Avrigh, "The Bolshevik Revolution and Workers' Control in Russian Industry", *Slavic Review*, March 1963, p. 48.

\*\*\* *Ibid.*, pp. 49-50.

\*\*\*\* Lenin, *Collected Works*, Vol. 26, p. 105.

workers' control we knew that it would take much time before it spread to the whole of Russia, but we wanted to show that we recognise only one road—changes from below; we wanted the workers themselves, from below, to draw up the new, basic economic principles.”\*

The American falsifier does not shrink before making a slanderous statement that workers' control was not a policy of the Bolshevik Party conceived in advance, was not the first step to socialism objectively dictated by the political and economic conditions, but was a temporary tactical slogan designed to win the support of the working class.

The appearance of this kind of article in 1963 is not accidental. “Scholars” of the Avrich type are trying to distort the history of the socialist changes in the Soviet Union, to misrepresent and vilify the policy of the Communist Party with regard to the working class, imputing to it political intrigues and adventurism, and seeking to denigrate, and cast aspersions on, the idea of workers' control.

Today when the remnants of imperialism's colonial system are crumbling, the peoples of the new Asian and African states which have taken the road of independent political and economic development are showing great interest in the history of the construction of socialism in the Soviet Union. And this is understandable, because the peoples of the world know that in 50 years, the U.S.S.R. has traversed a road from backwardness to the summits of unparalleled progress in all economic and cultural spheres. Hence the growing interest in the first steps of the Soviet state in building a new life along socialist lines. Workers' control lays the very first stone in the edifice of socialism and, therefore, the enemies of socialism and communism slander it, seeking to prevent other peoples from utilising Soviet experience.

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After the victory of the Great October Socialist Revolution the working class began to arrange the country's economic life along new lines.

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\* *Ibid.*, pp. 467-68.

In the first year of the socialist revolution workers' control bodies did a lot to restart the enterprises closed down by the capitalists, to secure orders, supply fuel, raw materials and equipment and sell the finished goods. "We should note with great satisfaction the energy with which the proletariat has tackled the new work and its greatest creative initiative," the Samara newspaper *Soldat, Rabochy i Krestyanin* (*Soldier, Worker and Peasant*) wrote on November 30, 1917. "This shows that control and the struggle against economic chaos, for the reconstruction of the productive forces and social relations are in true and reliable hands."

Throughout the country workers took energetic action to restart the factories closed down by the capitalists, saved the equipment from looting and destruction, combated unemployment, organised the manufacture of essential goods and themselves coped with the intricate economic and technical problems. In October 1917 the workers of the Ramenskoye Textile Mill (Moscow Gubernia) themselves recommissioned their enterprise which had been abandoned by the saboteurs. The workers' organisations displayed initiative and persistence in getting orders for their factories. The Aleinikov and Averin Machine Works in Barnaul which supplied a considerable part of the farm implements needed in Altai Gubernia was on the eve of complete bankruptcy owing to the deliberate inaction of the management at the time workers' control was introduced. The factory committee received a big order for farm implements from food supply agencies and took the necessary measures to increase the works' output. After the establishment of workers' control the miners of the Suchan collieries, which were of great importance for the entire industry and transport system of the Far East, organised the extraction of coal badly needed in the area. A Suchan miner wrote on January 2, 1918, in the *Dalnevostochnye Izvestia* (*Far Eastern News*): "Now that three months have passed since the workers became the masters of the colliery it can be said safely and confidently that it will never be closed down as long as the workers stay in power." The factory committee of the Veller Foundry and Machine Shops in Kiev placed the enterprise under their control and ensured its uninterrupted operation. They

informed customers that "all orders have been fulfilled, and will be fulfilled, accurately and on time".

The activities of the factory committees and other workers' control bodies in regearing their enterprises to peaceful production, in restarting the destroyed or idle enterprises were of great importance. Workers and their organisations tackled this extremely difficult task with great energy and initiative, displaying statesmanship in determining the concrete problems and prospects of developing enterprises and industries. Demilitarisation commissions were set up which thoroughly studied the possibilities of regearing the enterprises to peaceful production, took stock of the equipment, and made proposals for the distribution of manpower, the sale of goods and the obtaining of new orders.

During the demilitarisation of industry, the workers again encountered the resistance of the owners who were accustomed to high war profits. The capitalists preferred to close down the enterprises rather than converting them to peaceful production.

Workers' control bodies did much to draw up production programmes and determine the prospects of industrial development.

The first Urals Regional Conference of Factory Committees, held early in December 1917, emphasised the need to develop and extend mining in the Urals, especially of coal, precious metals and little explored minerals and ores (bauxites, tungsten, molybdenum, etc.) and to increase the production of metal so as to release the country from the necessity of imports. The Conference instructed all Urals factories changing over to peaceful production to regard as a high priority the manufacture of equipment for the mining industry and for the restoration of the railways.

City workers' control councils played an important part in organising and regulating production. The Ufa Workers' Control Council, formed in December 1917, did much to organise production at the city's factories. In five months its activities covered almost every industry, and it tried to switch the factories over to the production of consumer goods. The Council put a lot of effort into solving financial problems. Moreover "not a single mistake has been made in financing the enterprises, though it was necessary hastily

to finance more than 1,600 enterprises for a total of many millions, and at the same time combat speculation".\*

The scope of activity by the Petrograd Central Council of Factory Committees, which was the workers' control centre in the city, can be seen from the following figures covering the period from November 1917 to January 1918. In a month and a half, its control commission examined 106 cases dealing with the most diverse problems concerning workers' control bodies. From November 22, 1917, to January 19, 1918, the raw materials commission took up 242 applications by enterprises for equipment, raw and other materials (machine parts, metal wares, machine oil, sheet metal, thread, paraffin oil, etc.). In two months the fuel commission handled 300 applications for fuel submitted by factory committees, of which 272 were satisfied in full or in part. In addition, the commission, for its part, sent 50 requests to various organisations for the issue of fuel to Petrograd enterprises.

The supply of enterprises with fuel and raw materials was a high priority in the activity of the local Soviets and workers' control bodies. The break-down of transport and capitalists' sabotage made it very difficult to supply fuel and provide the factories with raw materials; the shortage of fuel paralysed the country's largest enterprises. It was necessary first of all to take account of all the stocks of fuel and raw materials, concentrate them in single hands and use them economically for the maintenance of operations at the most important factories first. This vital task was handled by local Soviets and workers' control bodies. The Sixth Conference of Petrograd Factory Committees, held at the end of January 1918, stressed the need to take an immediate inventory of all the liquid and hard fuel in the Petrograd district and to organise its planned distribution. The Conference outlined measures for the use of local fuel, the development of peat extraction and enlisting the bourgeoisie for this work by way of labour conscription.

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\* *Podgotovka i provedeniye Velikoi Oktyabrskoi Sotsialisticheskoi revolyutsii v Bashkirii (fevral 1917—iyun 1918)*. Sbornik dokumentov i materialov (*Preparation and Carrying out of the Great October Socialist Revolution in Bashkiria [February 1917-June 1918]*). Collection of Documents and Materials), Ufa, 1957, pp. 365-66.

Workers' control bodies took measures to increase the mining of coal in the Donets and Moscow basins, in the Urals and other parts of the Soviet Republic.

Strict accounting of the finished goods and semi-manufactures, raw materials and fuel was particularly important for satisfying the primary needs of industry and the population. There was an acute shortage of fabrics of all kinds in the country, while hundreds of millions of yards of fabrics were hidden by the capitalists in factory warehouses and wholesale distributive centres. In the course of March and April 1918 huge stocks of fabrics, sugar and other goods were found in Moscow, which at the existing ration rates were enough to satisfy the needs of the city's entire population for about six months.

Local Soviets and factory committees ran up against difficulties in organising control over the financial side of the operation of enterprises and offices. Banking and bookkeeping demanded special knowledge and skills, which the workers' representatives lacked. That financial control in the first months after the October Revolution was weak is shown by the results of a survey of 600 Moscow enterprises made in February 1918. At that time only 32 per cent of the factories covered by workers' control kept accounts of raw materials, 27 per cent of fuel, while financial control was exercised at only 8 per cent. The employers tried to prevent workers' control over finances, to hamper it or reduce it to a mere formality.

To deceive workers' control bodies the capitalists and their agents falsified the reports and money documents and engaged in swindling operations. With the connivance of bank employees manufacturers withdrew money from current accounts, leaving the enterprises without working capital and the workers without wages. In Baku, as S.G. Shahumyan pointed out, "a whole system of plunder by the oil industrialists was exposed: they looted everything possible at the oilfields and withdrew money on forged cheques from the current accounts."<sup>\*</sup>

Workers' control bodies had to learn on the go how to control the financial operations of enterprises, to know

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<sup>\*</sup> S. G. Shahumyan, *Statyi i rechi. 1917—1918 (Articles and speeches. 1917-18)*, Baku, 1929, p. 213.

how much money was needed in each case, and who was to spend it. Gradually workers' control bodies gained experience in this field too. After the nationalisation of private banks, the possibilities for financial control over the activity of enterprises were broadened. On December 19, 1917, the State Bank appealed to all factory committees to intensify control over the issue of money from the current accounts. "Prevent the bourgeoisie from withdrawing money from the bank for its foul deeds, exert every effort to make our control really effective."\* The Economic Council of the Northern Area approved on March 24, 1918, instructions on the procedure for financing industrial enterprises. Each application for the issue of money had to be endorsed by the factory committee, while the balance sheet of an enterprise and a detailed estimate of how the requested sum would be spent had to be endorsed by the workers' control commission. At the beginning of May 1918 the Executive Committee of the Simbirsk Soviet of Workers', Soldiers' and Peasants' Deputies instructed the Textile Workers Union, jointly with the Trade and Industry Commissariat, "to establish proper accounting in all cases when mills receive money through local Soviets or from Moscow via Tsentrotexil (Central Textile Organisation) and also from current accounts elsewhere".\*\*

This is how workers' control bodies, relying on the assistance of local Soviets, gained experience in controlling the financial activities of the capitalists, and acquired the financial experience which they subsequently utilised in managing the nationalised industry.

Workers' control was also important in introducing a new labour discipline in industry. "This," Lenin wrote, "is the most difficult, but the most gratifying task, because only its fulfilment will give us a socialist system. We must learn to combine the 'public meeting' democracy of the working people—turbulent, surging, overflowing its banks like a spring flood—with *iron* discipline while at work."\*\*\*

\* *Pravda*, December 19, 1917.

\*\* *Borba za ustanovleniye i uprochniye sovetsoi vlasti v Simbirskoi gubernii (mart 1917—iyun 1918)*. Sbornik dokumentov (*Struggle for the Establishment and Consolidation of Soviet Power in Simbirsk Gubernia [March 1917-June 1918]*). Collection of Documents), Ulyanovsk, 1957, p. 215.

\*\*\* Lenin, *Collected Works*, Vol. 27, p. 271.

To introduce a new discipline of labour a long time and a lot of organisational, educational and explanatory work by the Communist Party, workers' control bodies and trade unions was required. This was all the more necessary because during the imperialist war many new industrial workers had been recruited from among the peasants and from among ruined small tradesmen and artisans.

In the very first days after the Great October Socialist Revolution workers' control bodies and advanced trade union organisations began the campaign to strengthen labour discipline. At the head of this campaign, the Party helped the working people understand their new position, the essence of the new discipline of labour, without which socialism could not be built. The Communist Party was guided by Lenin's proposition that after the victory of the socialist revolution "for the first time after centuries of working for others, of forced labour for the exploiter, it has become possible to *work for oneself* and moreover to employ all the achievements of modern technology and culture in one's work".\*

### **Workers' Control as a Practical Training School of Soviet Executives**

Workers' control over social production and distribution played an important part in training Soviet executives. Even before the victory of the October Revolution Russian progressive workers understood the role of workers' control as a school of production management. The factory committee at the Putilov Works wrote in its appeal of April 1917: "Getting used to self-administration at individual enterprises, the workers are preparing for the time when the private ownership of factories and plants will be abolished and the means of production, together with the buildings erected by the workers, will pass into the hands of the working class. That is why, doing little things we must constantly remember the great and main goal to which the working people are striving."\*\*

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\* Ibid., Vol. 26, p. 407.

\*\* *Putilovets v tryokh revolyutsiyakh*. (Sbornik materialov po istorii Putilovskogo Zavoda) (*The Putilov Worker in Three Revolutions*).

The proletariat of Russia, having won the revolution, turned from an oppressed class into the ruling class. The Communist Party put before the working class the task of gaining the necessary skills in economic management in the shortest possible time. The active participation of advanced workers in factory committees, control commissions and other workers' control bodies helped accomplish this important task.

In workers' control bodies the people of the Soviet Republic passed the first practical school of independent economic activity. Advanced workers learned to engage in all aspects of production and divine the "secrets" of management. That was an intricate and difficult task.

Working in factory committees, control commissions, local Soviets and other elected bodies, they acquired experience in production organisation very quickly. The training of personnel in workers' control bodies was of great importance for the transition to the socialist nationalisation of the means of production, because without this it would have been impossible to manage the nationalised industries.

Courses of workers' control and technical training, organised by local Soviets for members of factory committees and control commissions, were an important aid to the training of future production executives. The programme of such courses, set up in the Zamoskvorechye District of Moscow, for example, included lectures on the general tasks of workers' control in industry and on problems of analysing balance sheets and bookkeeping. Studies of political economy, production organisation, bookkeeping, analysis of balance sheets and commercial arithmetic were conducted at the short-term evening courses opened by the Workers' Control Council of the Central Industrial Area. Courses to train staff for workers' control bodies were also opened by the cultural and educational department of the Moscow Soviet, the Petrograd Soviet, the Workers' Control Council in Kaluga, in the Urals and many other cities and industrial centres. The Executive Committee of the Barnaul Soviet of Workers' and Soldiers' Deputies recorded in its decision of January 13, 1918: "On

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[Collection of Documents on the History of the Putilov Works]), Leningrad, 1933, p. 333.

a motion of the Bolshevik Party it is decided to organise courses for instructors of workers' control, workers' insurance and the organisation of sick-benefit funds."\*

Practical activity in workers' control bodies and study at special courses ensured the training of the first contingents of Soviet executives. Under the leadership of the Communist Party thousands of splendid executives and organisers were advanced and trained from among the masses.

During the period of the nationalisation of large-scale industry many people who had been active in workers' control bodies were put on the governmental boards of enterprises, supervised the factories which were taken over by the state and became the first managers and talented organisers of Soviet industry. For example, in 1918 V. Y. Chubar, a metal worker who had been vice-chairman of the Petrograd Council of Factory Committees and an active member of the All-Russia Workers' Control Council, was appointed the first chairman of the board of the trust in charge of the nationalised Sormovo-Kolomna plants. Subsequently, Chubar became one of the leaders of the Communist Party and the Soviet state. L. M. Nikiforov, chairman of the Vladivostok Workers' Control Council, was advanced by the Communist Party to important Party and governmental posts in the Far East. The managerial board of the Nevsky Shipbuilding and Machinery Plant in Petrograd, nationalised in January 1918, consisted of six members of the factory committee, one representative of the Metalworkers' Union and three representatives of People's Commissariats. The board of the Lezhnev Spinning and Weaving Mills in Ivanovo-Voznesensk included six representatives of the mill committee and control commission. The boards of other nationalised factories and mills were formed in the same way. According to the figures of the All-Russia Central Council of Trade Unions, in 1919, 338 (64 per cent) of the 529 members of managerial boards of nationalised enterprises in the metalworking industry were workers and 191 (36 per cent) were other employees.

Advanced workers who displayed their abilities in factory

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\* *Borba trudyashchikhsya za ustanovleniye Sovetskoï vlasti na Altaye (Struggle of the Working People for the Establishment of Soviet Power in the Altai)*, pp. 132-34.

committees, control commissions or city and gubernia workers' control councils were promoted to posts in the Supreme Economic Council, regional, gubernia and uyezd economic councils. The Economic Council of the Northern Area was formed on the basis of the Central Council of the Petrograd Factory Committees. In 1920 workers made up 57.2 per cent of the members of the Presidium of the Supreme Economic Council and presidiums of gubernia economic councils; the proportion of workers on the boards of the central administrations and departments was 51.4 per cent. In January 1921 Lenin wrote that "about a thousand workers, members and delegates of trade unions, participate in the work of management boards and manage factories, head offices and higher bodies".\*

The experience of the first socialist changes in Soviet Russia convincingly showed that the Communist Party learned to find organisational talents among the workers and the working peasantry, talents which capital had formerly crushed, stifled and destroyed by the thousand. The wide participation in workers' control bodies enabled the working class to advance its organisers, "people with sober and practical minds, people who combine loyalty to socialism with ability without fuss (and in spite of muddle and fuss) to get a large number of people working together steadily and concertedly within the framework of Soviet organisation".\*\*

Bourgeois critics of workers' control, despite the obvious facts, deny that its introduction ensured the organisation of production at industrial enterprises and the functioning of banking and trading establishments. "The shop committees were powerless to discipline a recalcitrant worker," so claims Daniel Bell, writing in *World Politics*. "If a committee did so, it was voted out and another replaced it."\*\*\* The book by E. H. Carr, a British historian, contains the assertion that "workers' control as a form of organisation scarcely outlived the first few weeks of the revolution" and that as a result of the disorganisation of production and

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\* Lenin, *Selected Works*, Vol. 3, p. 580.

\*\* Lenin, *Collected Works*, Vol. 27, pp. 262-63.

\*\*\* D. Bell, "One Road From Marx", *World Politics*, July 1959, Vol. XI, No. 4, p. 506.

management all industry was faced with collapse.\* All these assertions run counter to the facts and are a distortion of reality.

The available facts and figures provide striking evidence how the victorious proletariat made use of workers' control to combat the sabotage of the capitalists and organise production. Workers' control bodies engaged in the supply of enterprises with fuel and raw materials, ensured the sale of the finished product, solved financial problems and supervised labour discipline. All this is ignored or distorted by the ideological armour-bearers of imperialism.

Of course, there were shortcomings and mistakes in the activity of workers' control bodies. In that period these were inevitable because they were mistakes made by people who were setting out to build a new society for the first time in the history of mankind. They had to explore new ways, to grope for a proper solution of the emerging problems which could not be foreseen in advance. Moreover, the Communist Party and the working class of Soviet Russia had to tackle this highly intricate task in a country beset by economic chaos, the sabotage of the bourgeoisie and Civil War. Naturally, the road to socialism was not strewn with roses. Lenin and the Communist Party pointed out that only the energy and bold initiative of the masses could surmount the difficulties and lead Russia to socialism.

Bourgeois literature denies the outstanding role workers' control played in preparing the ground for the nationalisation of industry and the transition to workers' management of production. In his book *The Russian Soviet Republic*, the American historian E. A. Ross, speaks of the unsuccessful attempt of the Russians to nationalise their industry by introducing workers' control.\*\* But workers' control only had to prepare the ground for nationalisation, to ensure the possibility of actually managing production. Without the school of management which the working class passed in control bodies nationalisation of industry would have been impossible. Workers' control thus prepared

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\* E. H. Carr, *The Bolshevik Revolution 1917-1923*, Vol. 2, London, 1952, pp. 72-73.

\*\* See E. R. Ross, *The Russian Soviet Republic*, New York-London, 1923, p. 354.

the conditions for nationalising all large-scale industry, for socialising production.

None of the attempts to discredit workers' control, "to prove" the utopian nature of the very idea of workers' control over the capitalists, hold any water. However much the apologists of capitalism distort the truth about workers' control, it went down in history as the first step of the people of Soviet Russia to socialism, as an effective measure in the struggle against the sabotage of the bourgeoisie and as a dependable way of unfettering the creative energies of the people who were beginning to build a new life.

The experience of workers' control in the Soviet Union is of tremendous international significance because workers' control as Lenin said, is not only a "Russian phenomenon", and this has been confirmed by the experience of socialist construction in the other countries of Europe and Asia.

When the Communist Party introduced workers' control it was fully aware that this was an incomplete but necessary step to socialism; it was impossible to introduce socialism in industry by decree "because socialism can only take shape and be consolidated when the working class has learnt how to run the economy and when the authority of the working people has been firmly established. Socialism is mere wishful thinking without that".\*

In the workers' control bodies the people themselves undertook the great task of building up the industry of a vast country without the exploiters and against the exploiters. Control of production taught the workers many things. In his speech at the Sixth All-Russia Extraordinary Congress of Soviets Lenin summed up the results of the first year of the Soviet Republic by saying that the tasks which the Communist Party had set the workers' control bodies had been fulfilled: from workers' control the country was drawing near to workers' administration of industry on a national scale.\*\*

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A study of the essence and importance of workers' control of production and the practical experience of its

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\* Lenin, *Collected Works*, Vol. 28, p. 139.

\*\* *Ibid.*, pp. 139-40.

application in the Soviet Union leads to the following main conclusions:

1. The slogan of workers' control was put forward by Lenin who had taken into account Russia's political and economic development after the bourgeois democratic revolution in February 1917, and the objective economic prerequisites which had made workers' control not only possible but necessary. The socialisation of production which had reached a gigantic scale under imperialism was a sign of the complete material preparedness for the socialist revolution and demanded the organisation of general accounting and control. This made it possible to go over from one form of control, effected in the interests of state-monopoly capitalism, to workers' control of production in the interest of all the working people. In conditions of the economic collapse resulting from the imperialist war, and the rapacious misrule of the capitalists in Russia, only workers' control, the direct intervention of the workers in the running of the enterprises, could prevent the approaching economic catastrophe. There was, thus, an urgent need and objective possibility for the revolutionary intervention of the working class in the sphere of production and circulation. The economic situation of Russia in 1917 attested to the crying contradiction between labour and capital which could be resolved only by the victory of the socialist revolution and the socialisation of the means of production in the interest of the working people.

2. From April to October 1917, the period when the Communist Party prepared the working class of Russia for the seizure of political power, workers' control played an important part in releasing the energy of the masses and in their political education. The idea of workers' control, which Lenin tirelessly advocated and developed, was simple and comprehensible to the people. They understood that control and accounting was the only salvation from economic disaster. At the same time the bourgeoisie refused to recognise workers' control bodies and continued to disorganise production. All this objectively made the workers realise that to establish real control over production it was first necessary to win political power. The slogan of workers' control was thus not only an economic,

but also a political slogan which prepared the masses for the assault on capitalism, for the socialist revolution.

3. After the victory of the Great October Socialist Revolution, the role and importance of workers' control radically changed. The decree on workers' control, acclaimed by the masses of Soviet Russia, defined the tasks of workers' control in the new historical conditions. Lenin and the Communist Party stimulated in every way the initiative of the workers in implementing the decree and specifying its propositions as applied to local conditions. As a result, from November 1917 to April 1918, instructions on the practical application of workers' control were drawn up in most gubernias of Russia and control was introduced at most of the country's large enterprises. Workers' control did not spread at the same pace in every part of the country. It was established rather quickly in Petrograd, Moscow, Nizhni Novgorod, Ivanovo-Voznesensk, Kharkov and also in the Donets Basin, the Urals and in some other industrial centres where large groups of industrial workers were concentrated. In areas where there were few industrial enterprises and they were not concentrated, the development of workers' control was slower. This was true of Byelorussia, Turkestan, Kazakhstan and some predominantly agricultural gubernias in Central Russia. The spread of workers' control to all industry by the summer of 1918 was a big victory for the Communist Party and of great importance for strengthening the economic positions of the Soviet state.

4. The Russian bourgeoisie replied to the workers' control decree by organised sabotage. Practically everywhere the capitalists refused to recognise the workers' control bodies, stopped financing the enterprises, and closed down factories and mills, which further increased the country's economic chaos. It was in these conditions that the workers had to establish their control over production breaking down the sabotage of the capitalists and the managerial personnel loyal to the bourgeoisie. In the course of this struggle, the workers were often forced to take over management of production to prevent the closing of factories. Workers' control saved industry from destruction at the hands of the capitalist saboteurs.

5. The workers, taking part in control bodies in fac-

tories, districts, cities and gubernias, gained considerable economic experience very quickly. They handled problems of production organisation, learned proper accounting, gradually mastered the financial workings of enterprises and acquired experience in the supply of industry with fuel and raw materials. In this dynamic and concrete work, the people learned to manage production without the capitalists. Workers' control was thus the first school in independent economic activity for thousands of advanced workers, ensuring the gradual transition from workers' control to workers' management, which at many enterprises was effected through the continuous extension of the rights and duties of factory committees and control commissions with the simultaneous curtailment of the rights of the owners or their management.

6. Workers' control over production helped to consolidate the gains of the October Revolution in the economic sphere, and facilitated the socialist nationalisation of industry. Without the school of management which the workers passed through in control bodies it would have been extremely difficult to nationalise industry. Thousands of able production executives were trained in workers' control bodies and they supervised the factories, mills and mines which passed to the possession of the entire people.

Soviet reality daily proved the correctness of Lenin's proposition that any ordinary worker or peasant can learn and does learn to administer industry and the state once he has decided to do it.

7. Workers' control helped to release the creative energies of the people and stimulated the display of their initiative in building a new life. In control bodies workers learned a new approach to the means of production which shortly afterwards were to become public property, the property of the entire people. Gradually a new attitude to labour and a fresh understanding of the need for conscientious labour discipline arose among the workers, and labour productivity increased. Workers' control was the first test of strength for the working people of Soviet Russia.

8. The rich and varied experience in establishing and developing workers' control of production in Soviet Russia is of international significance. This experience demonstrates that each genuinely democratic government must

begin changes in the economy first of all by establishing control over production, entrusting it to the workers and trade union organisations, encouraging in every way their initiative in the development of control and accounting. This is fully confirmed by the experience of workers' control in the European and Asian People's Democracies.

The ideologists of anti-communism have tried to distort the essence and importance of workers' control in the U.S.S.R. This is, on the one hand, a manifestation of the hatred of the imperialist bourgeoisie for the Soviet working class which for the first time in history blazed the trail to socialism. On the other hand, the apologists of capitalism pursue another objective too: by slandering workers' control in the Soviet Union they seek to prevent the young Afro-Asian states, which have recently discarded the yoke of colonialism and taken the road of independent political and economic development, from utilising Soviet experience in workers' control of production. But the falsifiers are incapable of destroying the truth. The peoples of the world are taking an ever greater interest in our country, which first began the historical transformation of the economy by instituting workers' control.

## **2. NATIONALISATION OF INDUSTRY**

### **Elaborating the Programme for the Nationalisation of Industry and Preparing the Conditions for It**

The programmatic demand for the socialisation of the means of production and circulation was deeply elaborated both in the works of Lenin and in documents of the Communist Party during the period of preparation for the socialist revolution in Russia. The lofty principles of socialism were concretised for the first time in a programme of practical measures, in a system of demands which were lucid and understandable to the workers and poor peasants. This was a genuinely scientific programme based on an objective analysis of reality, the external and internal position of Russia, her economy and the balance of her class forces.

On the eve of the April conference of the Communist Party, Lenin wrote of the nationalisation of the banks and syndicates as an immediate, real task of the working class, in his articles "The Tasks of the Proletariat in Our Revolution" and "Political Parties in Russia and the Tasks of the Proletariat". Lenin proved the importance of these revolutionary demands in his report on the current situation at the April Party Conference. Pointing as an example to the sugar producers' syndicate as fully prepared for socialisation, Lenin said: "Here our proposal must be direct and practical: these already fully developed syndicates must be taken over by the state. If the Soviets intend to assume power, it is only for such ends. There is no other reason why they should do so."\*

Lenin's propositions on the nationalisation of the banks and syndicates as the primary task of the proletariat in the socialist revolution were further elaborated in the resolution "On the Economic Situation", adopted by the Sixth Congress of the Communist Party in August 1917. The Congress put forward the task of organising social production not in the interest of the capitalists and the financial tycoons, but in the interest of the workers and the poor peasants. For this a number of revolutionary economic changes were required. "It is necessary to intervene in the sphere of production for the purpose of planned regulation of production and distribution and it is also necessary to nationalise and centralise banking, nationalise a number of syndicated enterprises (for example, the oil, coal, sugar, metallurgical and also transport enterprises),"\*\* it was stressed in the economic platform of the Bolsheviks.

Nationalisation of the land, workers' control, socialist nationalisation of the basic means of production and the organisation of a planned economy in the interest of the people were the main points of the economic programme of the October Revolution. This programme embodied the age-old aspirations of the working masses for deliverance from capitalist exploitation, poverty and starvation, for the establishment of a new society where the workingmen are the masters of the state and all material and spiritual treasures are the possession of the people.

\* Lenin, *Collected Works*, Vol. 24, p. 242.

\*\* *KPSS v resolutsiyakh...*, Part I, pp. 377-78.

In September 1917 Lenin wrote a pamphlet *The Impending Catastrophe and How to Avoid It*, in which he again stressed the urgency of nationalising the banks and the syndicates and offered theoretical grounds for the objective possibility and necessity of their socialisation.

"The banks and the more important branches of industry and commerce have become inseparably merged," Lenin wrote. "This means, on the one hand, that it is impossible to nationalise the banks alone, without proceeding to create a state monopoly of commercial and industrial syndicates (sugar, coal, iron, oil, etc.), and without nationalising them. It means, on the other hand, that if carried out in earnest, the regulation of economic activity would demand the simultaneous nationalisation of the banks and the syndicates."\* Demonstrating and developing this important conclusion, Lenin pointed out that under imperialism the banks became all-powerful monopolies. In these conditions, without taking over the banks, without regulating banking operations, it was impossible to exercise control over production and distribution, over the country's entire economic life.

Lenin conclusively showed that there was not the slightest technical difficulty in uniting the banks, that their nationalisation was fully possible and economically expedient even in the course of preparing the socialist revolution.

Lenin taught that after the victory of the socialist revolution, the working class would take over the banks and utilise them for building socialism, in its own interests. "A single State Bank, the biggest of the big, with branches in every rural district, in every factory, will constitute as much as nine-tenths of the *socialist* apparatus. This will be country-wide *bookkeeping*, country-wide *accounting* of the production and distribution of goods, this will be, so to speak, something in the nature of the *skeleton* of socialist society."\*\*

Imperialism, with the banks dominating industrial production, led to the greatest interconnection and interdependence of the various sectors of the economy. The interlocking of the banks with the biggest industrial and trading

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\* Lenin, *Collected Works*, Vol. 25, p. 335.

\*\* *Ibid.*, Vol. 26, p. 106.

enterprises resulted in the formation of finance capital. Lenin demonstrated that in these conditions it was impossible to restrict nationalisation to the banks and not to nationalise the biggest industrial syndicates.

The objective possibility and necessity of nationalising Russia's large-scale industry was prepared by the entire course of the country's economic and political development in the epoch of imperialism. Russia's oil industry, for example, had been "socialised" on a tremendous scale by the preceding development of capitalism: a few oil kings actually dominated the entire industry which was organised on a country-wide scale and run by thousands of executives, technicians and engineers. The coal, metallurgical, sugar and other industries were no less "ready" for nationalisation both technically and economically. Russia had not only the economic objective prerequisites for the socialisation of the means of production. The development of monopoly capitalism also created the force which was destined to effect this greatest revolutionary transformation, the proletariat, the most advanced class of our age.

Much attention was paid to the use of state capitalism in Lenin's programme of the transition to socialism in Russia. Lenin put forward the task of the forcible unification of the small and medium-sized enterprises which did not belong to syndicates, the "syndicating" of these enterprises by industries in unions on the scale of uyezds and gubernias. Forcible syndication would facilitate the enlargement of production and greatly ease accounting and control over production and distribution by the proletarian state.

Lenin held that such "unionisation" was fully feasible in the period of the preparation for the socialist revolution inasmuch as it "will not in itself alter property relations one iota and will not deprive any owner of a single kopek".\* Lenin stressed this point because the bourgeois press intimidated the small and middle entrepreneurs by assertions that the Socialists in general and the Bolsheviks in particular wanted to "expropriate" them. Forcible organisation of such unions would be one of the means of combating the impending economic catastrophe.

With political power passing into the hands of the work-

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\* Ibid., Vol. 25, p. 344.

ing class and the poor peasantry, such state-capitalist enterprises would be utilised in the interest of building socialism.

After the victory of the October Revolution, the Communist Party undertook to apply the programme of socio-economic changes it had elaborated. The first revolutionary economic act of the Soviet state was the abolition of private property in land and its conversion into the property of the entire people. The Decree on Land, adopted by the Second All-Russia Congress of Soviets on October 26, (November 8), 1917, proclaimed the confiscation of the landed estates and the nationalisation of all land in the country. The nationalisation of the land ensured the abolition of the class of landowners and struck a blow at the economic positions of the Russian bourgeoisie as a whole, inasmuch as all the mineral wealth (oil, coal, ores, etc.), forests and waters also became the property of the Soviet state.

Workers' control over social production and distribution, as shown earlier, played a tremendous part in preparing the ground for the socialist nationalisation of industry. Lenin early in 1918 stressed that after workers' control the confiscation of factories was quite easy.\*

The organisation of the Supreme Economic Council and economic councils in the localities was an important preparatory measure for the nationalisation of industry. In the decree of the Central Executive Committee and the Council of People's Commissars, published on December 5, 1917, it was pointed out that the "task of the Supreme Economic Council is to organise the national economy and state finances. For this purpose the Supreme Economic Council shall draw up general rules and plans for regulating the country's economic life, shall co-ordinate and unite the activities of central and local regulating institutions..." The Supreme Economic Council was given the right of "confiscation, requisition, expropriation and forcible syndication of various sectors of industry and trade and other measures in the sphere of production, distribution and state finances".\*\* The tasks of the departments

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\* See Lenin, *Collected Works*, Vol. 26, p. 467.

\*\* *Sobraniye uzakoneni i rasporyazheni rabocheho i krestyanskogo pravitelstva* (*Collection of Statutes and Decrees of the Workers' and Peasants' Government*), 1917, No. 5, Article 83.

and sectoral committees of the Supreme Economic Council were to regulate the activities of individual sectors of the economy and prepare for the nationalisation of key large-scale industries.

At a meeting of the Presidium of the Supreme Economic Council, held in mid-December 1917, Lenin submitted a draft decree on the nationalisation of the banks and the necessary relevant measures, in which he outlined the major tasks of the Supreme Economic Council for the immediate future. He proposed a number of emergency revolutionary measures to arrange the country's economic life, combat starvation, speculation and sabotage by the capitalists and old-caste officials, and economic chaos. Lenin regarded the nationalisation of all joint-stock enterprises as an urgent measure. Article 1 of the draft read: "All joint-stock companies are proclaimed the property of the State". Members of the boards and directors of the joint-stock societies and also big shareholders were obliged "to continue to conduct the affairs of these enterprises in good order, observing the law on workers' control, presenting all shares to the State Bank and submitting to the local Soviets of Workers', Soldiers' and Peasants' Deputies weekly reports on their activities".\* This procedure of socialisation was subsequently utilised in the decree of June 28, 1918, on the nationalisation of all large-scale industry. Lenin stressed that the workers and other employees of nationalised enterprises "must exert every effort and adopt extraordinary measures to improve the organisation of the work".\*\* The draft envisaged the annulment of foreign and internal state loans, the introduction of universal labour conscription and other measures for the proper accounting and distribution of products, improvement of the operation of railways, especially the delivery of food, fuel and other goods essential for organising production.

A big part in preparing and carrying out the nationalisation of industry was played by local economic councils set up at the end of 1917 and the first months of 1918 in the most important industrial areas and centres of the Soviet Republic. An Economic Council of the Northern Area was

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\* Lenin, *Collected Works*, Vol. 26, pp. 391-92.

\*\* *Ibid.*, p. 394.

set up in Petrograd; an Economic Council of the Central Industrial Area, in Moscow; the Urals Economic Council, in Yekaterinburg; the Southern Area Economic Council, in Kharkov. Gubernia economic councils were organised in Samara, Saratov, Kostroma, Ivanovo-Voznesensk, Vladimir, Astrakhan, Arkhangelsk and elsewhere.

The nationalisation of the banks in the first months of Soviet power was of great importance for the organisation of the socialist economy. On October 25 (November 7), 1917, an armed detachment of the Military Revolutionary Committee occupied the State Bank. The Soviet Government took all necessary measures to break the sabotage of bourgeois officials and keep the State Bank functioning. Workers' control was instituted over the operation of private banks and on December 14, 1917, they were nationalised. The decree of the All-Russia Central Executive Committee stressed that the banks were nationalised "in the interests of resolutely uprooting banking speculation and completely liberating the workers, peasants and the entire working population from exploitation by banking capital and for the purpose of forming a single people's bank of the Russian Republic, genuinely serving the interests of the people and the poorest classes".\* All banking was declared a state monopoly and the private joint-stock banks and banking houses were merged with the State Bank.

The nationalisation of the banks was an important revolutionary economic measure. It undermined the financial domination of the bourgeoisie at the root. The nationalised banks were utilised in organising the socialist machinery of state bookkeeping and accounting of production and distribution.

Delay in nationalising the banks, as shown by the experience of Turkestan, created additional difficulties. In Turkestan the banks were nationalised only between April and June 1918. Taking advantage of this delay, the bourgeoisie engaged in financial sabotage on a large scale. Private banks refused to finance enterprises at which workers' control had been introduced, and disrupted the

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\* *Sobraniye uzakoneni i rasporyazheni rabochego i krestyanskogo pravitelstva* (Collection of Statutes and Decrees of the Workers' and Peasants' Government), 1917, No. 10, Article 150.

payment of wages. Owners did not deposit money received for the sale of goods on the current accounts of their enterprises and sought to withdraw their capital from the banks by every possible means. In April 1918 the Soviet Government gained possession of all the branches of the Russian State Bank. After the nationalisation of the private banks all money operations in the territory were handled by the Turkestan People's Bank and its branches in the localities. The Soviet Government of Turkestan received the opportunity to organise the financing of the nationalised enterprises and to control the enterprises remaining in private hands.

Following the nationalisation of the banks, the Soviet Government annulled the loans contracted abroad by the tsarist and the bourgeois Provisional Government, thereby liberating the country from financial dependence on, and exploitation by, foreign capital, from the annual payment of several hundred million rubles in interest alone, quite apart from the redemption of the loans.

The measures of the Soviet Government in gaining possession of the transport system were of great significance. In Russia, with its vast territory, the railway system was particularly important. Socialisation of the railways was a primary task crucial for the organisation of all economic life. The nationalisation of the railways was an integral part of the economic programme of the October Revolution. The railways were among the biggest capitalist enterprises in the country and the development of capitalism as such prepared them for socialisation.

In the first months of 1918, the Soviet Government gained actual possession of most of the state-owned railways, which was of great importance for restoring the economy wrecked by the imperialist war, and for the defence of the Republic. The merchant marine was nationalised in January 1918. All sea-going and river merchant vessels became the property of the state, of the entire people.

To protect the economy from economic intervention by the capitalist states, the Council of People's Commissars issued a decree on April 22, 1918, instituting a monopoly of foreign trade. This monopoly was a prime instrument in ensuring the economic independence of the Soviet land which was surrounded by capitalist states, in building a

powerful socialist industry and developing a diversified economy.

The Soviet Government envisaged the establishment of state-capitalist enterprises in which the capitalists would work under state control, as a transitional measure for the nationalisation of industry. Lenin thoroughly demonstrated that the unification of scattered enterprises on the basis of state capitalism would be a big step forward ensuring victory in the struggle against anarchy, bred by small property.

Lenin pointed to the enrolment of capitalists in organising the leather and other sectors of the light and food industries as an example of the practical utilisation of state capitalism in the initial period of socialist construction. In January 1918 the All-Russia Leather Workers' Union concluded an agreement with the Society of Leather Producers, which laid down that tanneries had to work in accordance with the state plan and with the help of government subsidies, while their entire output would be placed at the disposal of the Soviet Republic. Manufacturers were enlisted to work in the Leather Committee. Capitalists were also included in the sectoral administrations of the textile and sugar industries.

State-capitalist enterprises, however, did not become widespread chiefly because the Russian capitalists, hoping to restore the bourgeois system with the help of foreign imperialists and internal counter-revolution, refused to work under the control of the proletarian state and sabotaged its economic measures.

### **The First Stage of the Nationalisation of Industry and Its Distinctions**

From the very first days of the October Revolution, the Communist Party prepared for the planned nationalisation of industry. In November 1917 the Council of People's Commissars discussed the nationalisation of the entire coal industry in the Donets Basin, and in January 1918 preparations began for nationalising the oil industry. Simultaneously a decree on the nationalisation of the country's entire large-scale industry was drafted.

The nationalisation of large-scale industry was actually started by the Communist Party and the Soviet Government immediately after the victory of the October Revolution. It expressed the policy of the Communist Party and the Soviet Government with regard to capitalist ownership of the means of production, formulated in the economic platform of the Sixth Party Congress and in the programme declarations of the Soviet Government. That was a revolutionary process of creating socialist property relations.

In the first months of the socialist revolution, the Soviet authorities in the centre and in the localities nationalised a considerable number of large factories. This was dictated by the great country-wide importance of these enterprises, on the one hand, and was a reply to the sabotage of the capitalists, their refusal to recognise the workers' control decree and other revolutionary acts of the proletarian dictatorship, on the other. A few enterprises were nationalised because of their indebtedness to the Treasury. These motives at times were intertwined.

Bourgeois historians and economists deliberately say nothing about the fact that the Russian capitalists in their attempts to disrupt nationalisation did not stop at destroying and squandering the national wealth. To save their capital and enterprises, bankers and industrialists concluded contracts and agreements with foreign capitalists for the sale of enterprises, stocks and other securities and transferred their money to foreign banks. For example, in Vladivostok the Siberian Bank and the International Bank transferred 10 million rubles abroad. Forty million rubles belonging to the Dobrovolny Flot were transferred to a Japanese bank in Tsuruga. Owners of the Kunst and Albers Company handed over the keys of their safes to the British consul, and so on and so forth. To crush the attempts of the bourgeoisie to circumvent the laws of the Soviet state and to hand over their enterprises to foreigners, the Congress of Factory Committees, held in Vladivostok at the end of February 1918, decided: "Persons guilty of such actions shall be immediately arrested and tried by a revolutionary court and the property transferred to foreigners shall be confiscated. Local consuls shall be warned that the property of their compatriots who entered into criminal transactions with Russian subjects will be confiscated without

compensation and they themselves will be deported from Russia.”\*

The American, British and French imperialists, not expecting that the Soviet state would last long, bought up shares and securities intensively and sought to lay their hands on Russian industry and the country's mineral wealth: oil, coal, gold, platinum, etc.

Lenin, exposing the manoeuvres of the Russian and foreign capitalists, stressed that no machinations with securities would help the imperialists: they would not save anyone or enrich anyone because the heaps of securities they were getting would turn out to be merely useless heaps of scrap paper.\*\*

To cut short the shady deals of capitalists with shares and securities, the Soviet Government introduced the obligatory registration of shares, bonds and other interest-bearing securities, Russian and foreign, held both by citizens of the Russian Soviet Republic and by foreign citizens residing within its bounds. Simultaneously the sale, reorganisation, merger and lease of enterprises was prohibited. These measures were also extended to various industrial companies and joint-stock societies. The Soviet Government thereby put an end to the attempts of the Russian capitalists to sell or, under the guise of reorganisation, liquidate factories and mills. These steps helped to preserve many large enterprises which subsequently became the property of the people.

The Soviet Government, proceeding from the general interests of the state, started by nationalising all large enterprises of the engineering, steel, coal and power industries located in Petrograd, Moscow, the Urals, the Donets Basin and other major industrial areas.

At the end of December 1917 the Putilov Works, the largest in the country, passed into the possession of the Russian Republic by decision of the Soviet Government, in view of the large debt of the joint-stock company to the Treasury. The property of the Electrical Lighting Company of 1886 was confiscated by the decree of the Council of People's Commissars of December 16, 1917. Taking this

\* P. M. Nikiforov, *Zapiski premjera DVR (Memoirs of the Prime Minister of the Far Eastern Republic)*, Gospolitizdat, Moscow, 1963, p. 53.

\*\* See Lenin, *Collected Works*, Vol. 26, p. 461.

decision, the Soviet Government noted that this society, while receiving government subsidies for a number of years, "by its management brought the enterprise to complete financial bankruptcy and to a conflict with the employees which threatened to stop the operation of the enterprise".\* Many large enterprises in Petrograd, whose owners sabotaged the economic measures of the government and refused to obey the law on workers' control, curtailed production and tried to close down the factories, were taken over by the state in January 1918, in accordance with the decrees of the Council of People's Commissars.

Between December 1917 and February 1918, the Council of People's Commissars and local government bodies confiscated a number of important enterprises in Moscow and Moscow Gubernia. The property of the Elektropredacha (Electric Transmission) Joint-Stock Company in Moscow was nationalised by decision of the Supreme Economic Council of January 26, 1918. In deciding this question account was taken of the following: 1) The enterprise of Elektropredacha was of general state importance because it supplied power to large factories of Bogorodsk, Pavlovo-Posad and Orekhovo-Zuyevo and was linked with the distributive network of Moscow; 2) because of the Decree on Land, the fuel (peat) and the land belonging to Elektropredacha had become state property; 3) without large financial support by the state the enterprise of Elektropredacha could not function properly; 4) the above enterprise was closely linked technically and financially with the enterprise of the Electrical Lighting Company of 1886 which already belonged to the state.

The Soviet Government attached great importance to the nationalisation of the metalworking and mining enterprises in the Urals. Urals industrialists refused to recognise the Soviet Government and its decrees and were preparing to close down all the mines and works in the area. In these conditions the Urals Regional Soviet asked the Council of People's Commissars for help in combating the malicious sabotage of the capitalists. After examining the situation in the Urals, Lenin spoke up for the confiscation of the plants belonging to the saboteurs. On December 7,

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\* *Izvestia*, December 17, 1917.

1917, the Council of People's Commissars decided to confiscate all the property of the joint-stock company of the Bogoslovsk mining area and declared it the property of the Russian Republic because of the refusal of the joint-stock company's administration to comply with the workers' control decree. The property of joint-stock companies in eight large industrial districts of the Urals were confiscated by subsequent decrees of the Council of People's Commissars issued in December 1917 and January 1918.

A delegation of the Simskaya Soviet of Workers' and Soldiers' Deputies was in Petrograd at the time when the decree nationalising enterprises in that district was issued. The delegates cheered the event and pledged:

- 1) to raise labour productivity at all enterprises;
- 2) submit a report on the operation of the enterprises in their district not less than once every two months;
- 3) establish strict order and labour discipline at the enterprises;
- 4) distribute the output of the enterprises, according to the plan of the People's Commissariat of Trade and Industry, etc.

These pledges were subsequently approved by the workers of all enterprises in the Simskaya mining district.

Many factories and mines in the Urals were nationalised by local Soviets. This was the case in the Kizel mining district. The regional Soviet pointed out that this district was the biggest coal producer in the Urals and that the old management had discontinued financing the enterprise in order that coal extraction could be brought to a halt, causing a catastrophe on the railways.

In April 1918 the Ufa Gubernia Soviet nationalised the large plant of the Magnezit Joint-Stock Company which employed about 1,500 workers. This plant was the only producer of magnesite brick and powder in Russia. It was learned that the shareholders intended to hand over their shares to German and Austrian subjects. In view of this, the Ufa Gubernia Soviet decided to nationalise the plant immediately.

By mid-May 1918 most of the heavy industry large enterprises in the Urals had been nationalised. By that time the regional board of the nationalised enterprises had under its jurisdiction 76 former private mining and metalworking

enterprises, and, together with the former state-owned plants, it operated 90 enterprises with 90 blast furnaces and 88 open furnaces. At the end of June 1918 as many as 195 enterprises were nationalised in all Urals industries—a high rate of nationalisation.

The nationalisation carried out in the Donets Basin and other industrial areas of the Ukraine was of great importance. The joint conference of the metal- and mine-workers' unions of the Donets and Krivoi Rog basins, held in Kharkov early in December 1917, unanimously called for the nationalisation of the key industries. Between November 1917 and March 1918 most of the large enterprises in the Ukraine were nationalised. By the end of March 1918, 230 coal pits and ore mines had been nationalised in the Donets Basin alone.

The basic industries—coal, steel and engineering—were nationalised first. These included the country's main coal and steel producers in the Donets and Krivoi Rog basins. Almost one-third of the Donets and Krivoi Rog collieries and iron ore mines were taken over or confiscated by local Soviets on the initiative of workers' organisations.

As reprisals for sabotage the Soviet state confiscated the enterprises not only of Russian but also of foreign capitalists. In mid-December 1917 the Soviet Government issued a decree confiscating the entire property of the Russian-Belgian Metallurgical Company in view of its refusal to comply with the workers' control decree. The Nizhnedneprovsk thin sheet mills, the Yekaterinoslav steel, sheet and pipe rolling mills of the Shoduar Joint-Stock Company and other works were nationalised at the same time.

Industrial enterprises in the Ukraine, in the Donets Basin first of all, were nationalised not only by the Ukrainian governmental bodies but also by the Government of the Russian Federation. This was due to the fact that many joint-stock companies in the Ukraine were of country-wide importance and their boards were in Petrograd. A considerable number of enterprises in Kharkov and Donets basins were nationalised by the Council of People's Commissars of the Russian Federation before the proclamation of the Ukraine a Soviet Republic.

The building of the socialist economy in the Ukraine was interrupted by the invasion of German troops who

occupied the entire territory of the Ukraine by the end of April 1918. Capitalism was restored in the Ukraine and the nationalised enterprises and land were returned to the industrialists and landowners. All the gains of the working people were abolished. Famine, mass unemployment and industrial chaos hit the Ukraine. In the iron and steel industry alone, the number of workers dropped from 120,000 to 20,000. The mining of iron ore was completely stopped at Krivoi Rog, and the Donets collieries were almost 100 per cent idle; production came to a halt at most of the biggest iron and steel works: of the 65 blast furnaces in the south, only two were in operation during June, July and August 1918.

The nationalisation of the Baku oil industry loomed large in the plans of the Communist Party and the Soviet Government. The Baku oilfields and refineries were of country-wide importance. The Soviet Government instructed the Supreme Economic Council, which organised a Chief Oil Committee, to draw up a plan for nationalising the oilfields.

The Baku Bolsheviks, headed by S. G. Shahumyan, did much work in preparing and carrying out the nationalisation of the oil industry. Lenin directly guided all the preparatory work in this field. On June 1, 1918, the Baku Council of People's Commissars decided to nationalise the oil enterprises and place them under the jurisdiction of the Baku Economic Council.

The Russian and foreign capitalists did everything in their power to prevent the nationalisation of the oil industry. Besides their sabotage of all the measures taken by the Soviet Government, they devised various combinations and put forward projects for setting up mixed oil companies for the sole purpose of protecting their positions in the industry. The oil industrialists advanced a plan to establish one oil company which would have a monopoly of the extraction, processing, transporting, storing and marketing of oil and oil products both on its own account and on orders of individual oil firms and the government. Seeking to intimidate the Soviet Government with the difficulties involved in organising oil production, the industrialists claimed that the workers, without the help of the capitalists, would not be able to cope with the administration of the oilfields and allied enterprises. They proposed

that the state should agree not to nationalise the industry in return for their promise to bend every effort to make sure that the state should not be short of fuel and other oil products. The capitalists also hoped to delay nationalisation by making use of their agents who wormed their way into various economic organisations.

The decree on the nationalisation of the oil industry, adopted by the Council of People's Commissars on June 20, 1918, put an end to the sabotage and intrigues of the bourgeoisie and its lackeys. All the oil extracting, refining and marketing enterprises, oil pipelines, storages and other installations passed into the hands of the state. The decree also introduced a state monopoly of trade in oil and oil products. By nationalising the oil industry, the Soviet Government put an end to the numerous attempts of the foreign imperialists to gain control of the country's oil resources.

Apart from the nationalisation of the oil industry, the Baku Council of People's Commissars nationalised the merchant marine and the railways in June 1918. The nationalisation of the oil industry and the Caspian Merchant Marine crushed the sabotage of the oil industrialists and shipowners. This made it possible, prior to the seizure of Baku by interventionists, to send to Soviet Russia tens of millions of poods of oil and oil products in the spring of 1918, which was of great importance for alleviating the fuel shortage and fighting economic chaos in the country.

Preparations for the nationalisation of the biggest engineering works in the country—Sormovo, Kolomna, Bryansk and others—were started by the Supreme Economic Council in the first months of 1918. The capitalists launched a frenzied campaign against the nationalisation of this key heavy industry. To disrupt nationalisation they devised and publicised a plan for setting up a large state-capitalist trust, proposing to include in it the largest metallurgical and engineering enterprises of the Central, Southern and Urals areas of Russia. The project was backed by Russian and German capitalists. Submitted to the Supreme Economic Council in January 1918 by A. P. Meshchersky, director of the Sormovo and Kolomna plants, it was supported by opportunists.

Workers of the engineering plants resolutely opposed the manoeuvres of the capitalists. A joint meeting of workers'

organisations at the Kolomna Plant, together with representatives of the Soviet of Workers' Deputies and Metalworkers' Union, held on February 26, 1918, declared that the activity of the plant management was harmful to the working class and detrimental to an expansion of production. It passed a resolution "to appeal at once to all the central organisations and the Council of People's Commissars to remove the Kolomna Plant from the hands of the joint-stock company and transfer it to the possession of the Russian Republic". This was also demanded by the workers of the Sormovo Plant. A meeting of the plant's workers' committee on April 17, 1918, decided "to make a vigorous protest against the project of Mr. Meshchersky on uniting the plants into a trust; at once to remove Mr. Meshchersky from managing the plants and, if need be, to hold the entire company legally responsible; to seek from the Supreme Economic Council the nationalisation of the Sormovo, Kolomna, Kulebask and other allied plants".

On April 18, 1918, the Council of People's Commissars discussed the question of setting up a state-capitalist engineering trust, but rejected this project and went on record in favour of the complete nationalisation of the engineering and metalworking industry. A conference to discuss questions pertaining to the nationalisation of the biggest engineering plants was convened in Moscow in mid-May 1918. In a message of greeting addressed to the conference Lenin wrote: "Having heard the statement made by the comrades elected as the workers' delegation at the conference of representatives of large metal works, and bearing in mind the resolution adopted by the conference, I am able to say that in my opinion the Council of People's Commissars will certainly be unanimously *in favour* of immediate nationalisation if the conference exerts every effort to secure planned and systematic organisation of work and increased productivity."\*

The conference adopted a resolution on the nationalisation of the engineering plants and drew up instructions for administering the nationalised enterprises. All the enterprises belonging to the Sormovo Joint-Stock Company and the Kolomna Joint-Stock Company were nationalised by

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\* Lenin, *Collected Works*, Vol. 27, p. 388.

decision of the Supreme Economic Council of June 19, 1918. A State Association of Engineering Plants was organised on the basis of the Sormovo-Kolomna group.

The nationalisation of individual enterprises and entire industries proceeded in all areas. Many enterprises located in the central gubernias and in the outlying areas were confiscated between December 1917 and February 1918 by decision of the Soviet Government and also of local Soviets.

Paper mills and printing-houses were among the first to be nationalised all over the country. The Soviet state swiftly gained possession of the main establishments of the printing industry and thereby deprived the counter-revolutionaries of the chance to utilise them for their own ends. In the Crimea, the Yalta Soviet of Workers', Soldiers' and Peasants' Deputies, on April 13, 1918, decided to nationalise all printing-shops in the city and declare them state property. The decision stated: "All paper, ink and metal for the casting of rollers and binding materials (card-board, calico, etc.) should be paid for at cost price (payment must not exceed 10,000 rubles per owner)." In this case partial compensation was paid to the owners of the nationalised establishments.

From the very first months of the October Revolution, the Soviet Government also began to nationalise large factories in the light and food industries.

The textile industry held first place among Russia's light industries as regards fixed assets and the number of workers. Textile mills were largely united in various joint-stock and other companies and some of them were quite large, employing from five to ten thousand workers. The Ramenskoye Mill had 8,290 workers, the Prokhorov Trekhgornaya Mill 7,000 workers, the Khludov Mill in Yartsevo 8,526 workers, the Pokrovskaya Mill 6,000 workers, etc. The Large Kostroma Linen Mill held first place in the world in the number of spindles.

The first textile mills were confiscated by the Council of People's Commissars and the Supreme Economic Council because of the sabotage of the capitalists and their refusal to recognise the workers' control decree or continue operations. On November 17, 1917, the Council of People's Commissars of the Russian Federation declared the mill of the A. V. Smirnov's Likino Textile Company in Vladimir Gubernia

the property of the Russian Republic. Taking this decision, the Council of People's Commissars was guided by the fact that the "closing of the mill which was filling orders for the army and serving the needs of the poorest consumers, was impermissible, that the materials of an investigation of the mill's affairs pointed to the malicious will of the employer who clearly sought to lock out the workers and to sabotage production and that in the interest of the economy, the broad mass of consumers and the 4,000 workers and their families it was necessary to operate the mill. . . ."\*

In the first half of 1918 the Soviet state took over many large enterprises of the food industry: confectionary factories, fish canneries and cold storages, distilleries, sugar refineries, etc. At the beginning of May 1918 the Council of People's Commissars decreed the nationalisation of the sugar industry. All the refineries together with their property and buildings passed into the possession of the Russian Republic. To provide the refineries with raw material it was decreed that all lands, whose crop rotation included sugar beet, must continue sowing this crop in future.

Summing up the first results of the nationalisation of large-scale industry Lenin wrote in March 1918 that "the factories have almost ceased to be private property and will undoubtedly cease to be such in the very near future (it will be no trouble at all for the Soviet Government in its present situation to introduce the appropriate decrees)".\*\* The task was to organise the operation of the confiscated and nationalised enterprises, to introduce the strictest accounting and control of production and distribution and to raise labour productivity. The rates of nationalisation ran ahead of the mastery of production. In his report "On the Immediate Tasks of the Soviet Government" at a meeting of the All-Russia Central Executive Committee, on April 29, 1918, Lenin said: "I told every workers' delegation with which I had to deal when they came to me and complained that their factory was at a standstill: you would like your factory to be confiscated. 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

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\* *Natsionalizatsia promyshlennosti v SSSR (Nationalisation of Industry in the U.S.S.R.)*, p. 291.

\*\* Lenin, *Collected Works*, Vol. 27, p. 205.

have you calculated what you will produce? Do you know the connection between what you are producing and the Russian and international market? Whereupon it turns out that they have not learnt this yet. . . .”\*

In these conditions the task of mastering the operation of enterprises, of *actually socialising production*, was put to the foreground. The rates of further nationalisation of large-scale industry depended on the swift accomplishment of this task.

The advanced personnel of nationalised factories and mills in Petrograd, the Donets Basin and the Urals set an example in organising production along new lines. The newspaper *Vperyod (Forward)* wrote on June 19, 1918, that at the Asha-Balashov Works in the Sinskaya mining district “the repaired blast furnace No. 2 was blown in and thus two blast furnaces are operating to full capacity. Open furnace No. 2 will be put into operation on July 1 and the construction of open furnace No. 3 is being successfully completed. The overhauling of the sheet rolling mill at the Minyar Works has been finished”.

A plan for creating a single economic body of all the Urals enterprises was drawn up in June 1918 by the regional board of the nationalised enterprises of the Urals. In view of the occupation of the Donets Basin and the southern steel works, the question was raised of developing in the Urals of industries which could promote the general advance of the country's economy. Attention was mainly concentrated on the steel and engineering industries, especially the manufacture of locomotives, rail wagons, motors, farm machinery and spare parts and the production of ferromanganese which previously was completely imported. It was also planned to organise the rolling of pipes, to build an electrical equipment plant, start automobile production, etc.

The Petrograd workers were in the front ranks of the builders of the new life; by their example they helped the workers of the entire country to start socialist production. Large engineering and other plants employing tens of thousands of skilled workers were located in Petrograd.

In June 1918 the Petrograd metalworkers, under the

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\* *Ibid.*, p. 297.

leadership of the Economic Council of the Northern Area, undertook to draw up the first programme of operation for the biggest engineering and metalworking enterprises of Petrograd for July and August 1918 and then a second production programme for a much greater number of enterprises and for a longer period. Similar work was also done in the Donets Basin and other industrial areas.

The results of the first stage of nationalisation show that on June 1, 1918, of the 512 nationalised enterprises 218 (42.7 per cent) were in the mining and metalworking industries. In addition 17 fuel, 18 electrical equipment and 42 chemical enterprises were nationalised. In all these industries, 295 enterprises (57.6 per cent of the total) were nationalised. Thus, more than half of the enterprises which became the property of the Soviet Republic were in heavy industry. The economic programme of the October Revolution, it will be recalled, provided in the first place for the nationalisation of the key heavy industries.

All this refutes the fabrications of bourgeois falsifiers of Soviet nationalisation of industry who seek to discredit the socialist changes effected in Soviet Russia.

The authors of numerous books and articles in the capitalist countries have tried ever since 1918 to prove that nationalisation carried out by the Bolsheviks was effected spontaneously, without a plan, and led to industrial chaos. For example, in his book *The Russian Revolution* James Mavor says outright that all was done "without a plan and from a variety of motives. Sometimes a factory owner had made himself obnoxious to the government or had incurred the dislike of the Che-ka. His factory was 'nationalised' by the first or 'confiscated' by the second".\* The nationalisation of industry is described in the same vein by another British historian who asserts that it was "no part of the initial Bolshevik programme" and from the very beginning was regarded not as a result desired as such but as a counter-measure against sabotage. The upshot was that "any element of planning was quite absent".\*\* Such statements are repeated with slight variations by most bourgeois economists and historians.

\* J. Mavor, *The Russian Revolution*, London, 1928, p. 308.

\*\* E. H. Carr, *The Bolshevik Revolution 1917-1923*, Vol. 2, London, 1952, pp. 81-82.

## The Decree on the General Nationalisation of Large-Scale Industry and Its Implementation

In the spring of 1918 Lenin said that one of the major tasks of the Soviet government was "completion of the nationalisation of all factories, railways, means of production and exchange".\* The Soviet Republic, after concluding the Brest Peace and gaining a peaceful respite, began economic construction. During this period preparations for the planned systematic nationalisation of the key large-scale industries were conducted on a wide scale.

The first All-Russia Congress of Economic Councils, held at the end of May and early in June 1918, focused attention on completing the nationalisation of large-scale industry and organising production along socialist lines. Representatives of the trade unions and co-operative organisations took part in the Congress. The Congress resolution "On the Economic Situation and Economic Policy" stated that it was necessary to go over from the nationalisation of separate enterprises, "to the consistent nationalisation of industries, in the first place, the metalworking and engineering, chemical, oil and textile industries". Another Congress resolution dealing with the organisation of industry and its immediate tasks pointed to the need for "expedient and planned nationalisation both of entire industries and individual enterprises".

Lenin made a big speech in the Congress stressing the task of the planned organisation of social production in the interest of the working people. Under socialism, Lenin said, "social production and distribution on scientific lines" are subordinated to the aim "of easing the lives of the working people and of improving their welfare as much as possible".\*\*

The Soviet state, nationalising separate enterprises and industries, accumulated great experience in nationalising and managing the socialised enterprises. The huge preparatory work of socialising the main means of production, started immediately after the victory of the October Revolution, had been completed by the summer of 1918.

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\* Lenin, *Collected Works*, Vol. 27, p. 319.

\*\* *Ibid.*, p. 411.

On June 28, 1918, the Council of People's Commissars, "with the aim of resolutely combating economic chaos and consolidating the dictatorship of the working class and the peasant poor", adopted the historical decree on the nationalisation of the country's large-scale industry. This decree, signed by Lenin, called for the nationalisation of the largest enterprises of the mining, metallurgical, metal-working, textile, electrical equipment, timber and wood-working, tobacco, glass and ceramic, leather, cement and other industries and also steam flour mills, local public utilities, railways, some food enterprises, etc. They were declared the property of the Russian Socialist Federative Soviet Republic.

The Council of People's Commissars laid down that all enterprises proclaimed the property of the state "are considered in free rental use of the former owners" until the Supreme Economic Council issues a special order for each enterprise individually. Members of the board, directors and other managers of nationalised enterprises were held responsible both for the preservation of the enterprises and their proper operation. The decree stipulated that all office employees, technical personnel, workers, directors, members of the board, and executives of the nationalised enterprises are in the service of the state and receive from the income and working capital of the enterprise a salary or wages at the rates existing prior to nationalisation. Should members of the technical and administrative personnel of nationalised enterprises abandon their posts, they must bear responsibility before a revolutionary tribunal in accordance with the full severity of the law. The boards of all enterprises were instructed to draw up urgently a balance sheet of the enterprises as of June 1, 1918. The Supreme Economic Council was commissioned to work out and send to all the nationalised enterprises detailed instructions on the organisation of management and the tasks of workers' organisations.

An analysis of the decree shows that it was thoroughly conceived and drawn up with great knowledge of the situation in different industries. It was mainly enterprises belonging to joint-stock and other companies that were subject to nationalisation; these included the biggest factories, works, collieries, mines, etc. But the decree also

affected a considerable number of enterprises owned by individual capitalists. Nationalisation was effected: a) depending on the size of the fixed assets of enterprises or the value of their property with the minimum in different industries fluctuating from 1,000,000 to 200,000 rubles; b) regardless of the fixed capital, in the case of enterprises of great importance or of rare production; c) depending on the volume of output.

Enterprises were nationalised without any compensation. Neither the shareholders nor the owners of individual enterprises received any redemption whatsoever from the Soviet Government. This policy conformed to the nationalisation practices which had taken shape by June 28, 1918, and had been caused chiefly by the malicious sabotage and counter-revolutionary struggle of the capitalists against the Soviet state.

The Supreme Economic Council, guided by Lenin's decree, set out to organise management of the nationalised enterprises in large-scale industry. Soviet economic organisations in the first place assumed jurisdiction of heavy industry enterprises (mines, metal, engineering and other works) and also of light industry enterprises of national importance. During the removal of nationalised enterprises from the hands of their former owners careful accounting and evaluation was made of equipment and property, stocks of raw materials, fuel, semi-manufactures and finished goods and also of the working capital.

At this stage too the capitalists tried to save their enterprises from nationalisation. During the evaluation of enterprises they understated their value, tried to prove that the enterprises were operating at a loss and hence there was no sense in the Soviet Government taking them over. Many employers sought to utilise the last months of their administration to withdraw as much money as possible and to deprive the enterprises of working capital. Factory committees and control commissions resolutely combated these intrigues of the bourgeoisie, they exposed and smashed the machinations of the capitalists and their henchmen.

The take-over of enterprises in large-scale industry was faster and best organised in Moscow, Petrograd and the Urals. The workers of the country's biggest industrial centres marched in the front ranks of the builders of the

new life both in preparing for the general nationalisation of large-scale industry and in carrying it out.

In Moscow and Moscow Gubernia the actual transfer of large-scale industry to the jurisdiction of Soviet organisations began immediately after the issue of the decree. The nationalisation of all works producing dynamos, electric motors, transformers, measuring instruments and other electrical equipment, which belonged to joint-stock and other companies, was carried out in Moscow in July. The nationalisation of the entire coal industry began in Moscow Region by decision of the Presidium of the Supreme Economic Council. At the end of November 1918, of the 29 operating pits, 22 were socialised and turned over for operation to the Chief Coal Committee.

In Petrograd many of the biggest enterprises were nationalised at the end of 1917 and early in 1918. After the publication of the nationalisation decree, the Economic Council of the Northern Area began to nationalise the enterprises of large-scale industry still held by the capitalists. The nationalisation of large enterprises in Petrograd was almost complete by the end of 1918.

Ten joint-stock mining companies and also a large number of individual enterprises—mines, mills and workshops—were placed under the jurisdiction of the Urals Economic Council in August 1918, by decision of the Supreme Economic Council. The further nationalisation of industrial enterprises, mines and goldfields in the Urals was interrupted by the occupation of the area by interventionists and whiteguards.

Much was accomplished in nationalising the textile mills in the second half of 1918. Under the decree of June 28, 1918, nationalisation covered enterprises belonging to joint-stock and other companies which processed cotton and had a fixed capital of not less than one million rubles; or which processed wool, flax, silk and jute and had a fixed capital of not less than 500,000 rubles; or which processed hemp and had a fixed capital of not less than 200,000 rubles. All dyeing mills, regardless of the size of their fixed capital, were also subject to nationalisation.

On the day the decree was issued a conference of factory committees of the Textile Workers' Union of Moscow Gubernia passed a resolution on the active participation of

workers' control bodies in the nationalisation of the industry. Factory committees and control commissions were instructed to take every measure in helping to nationalise the industry. To this end they had to pick the future management of mills, organise effective control at warehouses to prevent looting of the people's property, take an exact inventory of all the property of the mills and ensure their reliable guarding. A conference of representatives of governmental boards of textile mills held in July 1918 for the purpose of "most rationally utilising the textile industry in the interest of the workers' and peasants' state" stressed the need to nationalise all enterprises in the shortest time by extending the decree of June 28, 1918, to the entire textile industry.

*Pravda*, summing up the first results of nationalisation of the textile mills, wrote on August 4, 1918: "Reports are coming in from the provinces how the decree on the nationalisation of the textile industry is carried out. All textile production in Kostroma Gubernia has been placed under control and a system of licenses for the shipment of all fabrics has also been introduced. Nationalisation has been carried out by the local economic council. The example of Kostroma Gubernia is being followed by Saratov and Smolensk."

At the end of 1918, 34 large textile mills in Ivanovo-Voznesensk, Teikov, Serpukhov, Vyazniki, Vyshny Volochok and other towns became the property of the Soviet Republic on the basis of a decision of the Supreme Economic Council. According to the data of the Central Textile Administration, in 1918 altogether 70 mills were nationalised, including 53 in November and December.

In the leather industry the state took over enterprises belonging to joint-stock and other companies with a fixed capital of not less than 500,000 rubles. Of the 30 nationalised enterprises 16 were in Moscow, 5 in Petrograd, 3 in Vyatka Gubernia, 2 in Tver Gubernia, etc. More than 13,000 workers were employed at all the enterprises subject to nationalisation. The total annual output of the nationalised tanneries processed about 13 per cent of all the hides (without the Ukraine) and about 17 per cent of the skins. The nationalised shoe factories accounted for about 50 per cent of the entire production of footwear in the Soviet

Republic; these enterprises also contributed 35 per cent of the saddlery and 39 per cent of the transmission belts.

After the publication of the decree the nationalisation of large-scale industry proceeded at a fast pace throughout the country with the active participation of the masses vitally interested in completing the expropriation of the capitalists and in building a socialist economy. Hundreds of large factories and works located in Tula, Voronezh, Ivanovo-Voznesensk, Nizhni Novgorod, Kazan, Samara, Saratov, Astrakhan, the northern gubernias, Western Siberia and other areas became state property in a short time. While on June 1, 1918, more than 500 large enterprises were nationalised by the central and local authorities, on August 31, 1918, according to the industrial census there were more than 3,000 nationalised large factories, works, mines, etc., with more than half of them in heavy industry. By the end of 1918 the Supreme Economic Council had actually taken over 1,125 large enterprises, including 155 mining, 188 metalworking and engineering, 28 fuel, 26 electrical equipment, 88 chemical and 113 various mining enterprises.

Summing up the results of the major socialist changes in the economy during the first year of the Soviet state, Lenin said: "We accomplished instantly, at one revolutionary blow, all that can, in general, be accomplished instantly; on the first day of the dictatorship of the proletariat, for instance, on October 26 (November 8), 1917 the private ownership of land was abolished without compensation for the big landowners—the big landowners were expropriated. Within the space of a few months practically all the big capitalists, owners of factories, joint-stock companies, banks, railways, and so forth, were also expropriated without compensation."\*

Large-scale industry in Soviet Russia was nationalised in the main during the first year of the socialist revolution. This fact of historic importance was noted in the Programme of the Communist Party adopted by the Eighth Congress in March 1919. It recorded the demand: "Steadfastly to continue and consummate the expropriation of the bourgeoisie, which has been started and completed in

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\* Lenin, *Collected Works*, Vol. 30, p. 109.

the main, the conversion of the means of production and circulation into the property of the Soviet Republic, that is, the common property of all the working people.”\*

In 1919 Soviet economic bodies completed the take-over of large-scale industrial enterprises from the former owners.

The liberation of the Urals and Siberia from the white-guard troops created the conditions for completing the nationalisation of large-scale industry in the Urals. Its nationalisation, started in the first months of the revolution, was practically finished by the end of 1919.

The nationalisation of large-scale industry in the principal industrial areas was completed in 1920-21. According to the data of the Supreme Economic Council, by December 1920, 4,547 large enterprises in all industries had been nationalised. These included 127 enterprises in the mining industry; 582 various metalworking and engineering works; 244 enterprises of the chemical industry; 445 enterprises engaged in the mining and processing of stone, earth and clay; 157 enterprises of the woodworking industry; 629 textile mills; 146 paper mills and printing-houses; 2,174 food factories.

In the period of the Civil War and foreign intervention, the Communist Party pursued the policy of War Communism; the Soviet Government nationalised all medium and a considerable part of small-scale industry. This measure was not provided for in Lenin's programme of socialist transformation. It was a temporary policy dictated by the war and the intervention. After the defeat of the interventionists and the end of the Civil War, during the transition to peaceful construction in 1921, many of the small enterprises were denationalised.

### **Highlights of the Nationalisation of Industry in the Non-Russian Soviet Republics**

After the restoration of Soviet power in the territories liberated from the interventionists and the whiteguards, the socialist changes interrupted by the occupation were resumed. In the economic sphere the nationalisation of industry was of prime importance.

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\* *KPSS v resolyutsiyakh . . .*, Part I, p. 421.

In the declaration on its economic programme the Provisional Workers' and Peasants' Government of *Soviet Ukraine*, adopted on January 26, 1919, proclaimed the need for the early nationalisation of industry: "The Provisional Workers' and Peasants' Government of the Ukraine proclaims the immediate nationalisation of all basic industries, extending it to all the other capitalist industries as the appropriate governmental, technical and workers' apparatus is organised."\*

In fulfilment of this programme, the Government of Soviet Ukraine nationalised individual large enterprises and entire industries. On April 2, 1919, the Economic Council of the Ukraine declared the nationalisation of all enterprises which mined iron and manganese ore, with all their movable and immovable property. In mid-April the entire metalworking industry, apart from small establishments, was nationalised. It is interesting to note that the decree instructed the old managements of enterprises "to draw up a report for the entire year 1918", that is, for the period when the Ukraine was temporarily under the power of the German invaders and the bourgeois nationalist Central Rada, and also "to hand over to the new administration bodies all materials, archives, files, inventory and balances on current accounts. . .".\*\*

By the beginning of June 1919, 87 engineering and metallurgical enterprises had been nationalised in the Ukraine. Nationalisation of the engineering and metalworking works was completed in 1920. On July 1, 1920, the Ukrainian Metal Organisation had under its jurisdiction 335 enterprises in these industries in 12 gubernias of the republic.

The Soviet Government and the Communist Party of the Ukraine, nationalising the republic's large-scale industry, were guided by Lenin's directives on the need to master the operation of these enterprises. It was necessary to organise the work of the nationalised enterprises, to institute the strictest accounting and control of production and distribution and to raise labour productivity. The Gov-

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\* *Robitnichy kontrol i natsionalizatsia promislovosti na Ukraini* (*Workers' Control and the Nationalisation of Industry in the Ukraine*), pp. 405-07.

\*\* *Ibid.*, pp. 464-65.

ernment and the Economic Council of the Ukraine paid constant attention to these questions.

All the activities of the Ukrainian Economic Council in building a socialist economy proceeded in close co-ordination with the Supreme Economic Council of the R.S.F.S.R. and with its active support. This co-ordination and co-operation gradually developed into a close alliance and on March 8, 1919, the Government of the Ukraine decided to merge the Ukrainian Economic Council with the Supreme Economic Council. On the basis of this decision the Supreme Economic Council of the Russian Federation and the Ukrainian Economic Council on March 25 agreed to pool the marketable goods resources of the republics and to formulate a single production plan for both republics. This agreement was of great economic and political importance, and served as the basis for the close fraternal union of the Ukrainian and Russian Soviet Socialist Republics.

In the second half of May 1919 the Ukrainian Economic Council started to nationalise the coal industry of the Donets Basin. But nationalisation could not extend to the entire area because Soviet power had been restored only in five districts. Nationalisation of the coal and other industries in the Ukraine was completed after the defeat of Denikin. The Organisational Bureau for the Restoration of Industry in the Ukraine, set up early in January 1920, nationalised many enterprises in the Donets Basin in the second half of that month. Nationalisation of the coal industry was completed at the end of August 1920.

All electrical equipment plants and chemical factories, woodworking factories, tanneries, textile mills, cardboard factories and printing-houses and other light industries were nationalised in the Ukraine in 1920 and the beginning of 1921.

Industry in the Ukraine was nationalised in the most intricate circumstances of the Civil War, widespread sabotage by the bourgeoisie, the misrule of the nationalists, the intervention of the foreign imperialists who had owned many enterprises there. But nationalisation was swift. This was facilitated by the maturity of the Ukrainian proletariat, who understood that only rapid and efficiently

organised socialist nationalisation could save industry from utter degradation.

The completion of the nationalisation of industry throughout the Ukraine in 1921 was a big victory for the Soviet state in the economic sphere. As a result, it gained key positions in the coal, steel, engineering and electrical equipment industries. A solid basis was laid for the restoration of the economy and the development of socialist construction in the Ukraine and throughout the Soviet Union.

The socialist nationalisation of industry in *Byelorussia* was greatly delayed by the German occupation. At the beginning of 1919 many steel and other enterprises were nationalised in the Ukraine, and in Soviet Russia all heavy industry enterprises and many large factories of light industry became state property, while in *Byelorussia* only a few enterprises were nationalised in the Western part which had not been occupied by the Germans.

The Soviet Government of *Byelorussia* began the planned nationalisation of industry in January 1919.

To prepare for it it was necessary to ascertain the situation in each industry, the number of employed workers, the productivity of the enterprises, their importance, transport conditions, supply of raw materials and fuel, etc. For these purposes congresses of factory committees were held by industries.

The *Byelorussian* Economic Council passed decisions on nationalisation after a detailed study of the situation at each enterprise. For example, in the chemical industry only factories abandoned by their owners were nationalised. Other factories were given financial assistance and raw materials after a survey. Thanks to the help of the state, some factories which had been idle during the German occupation were restarted.

Socialist construction in *Byelorussia* proceeded with the fraternal assistance of the Russian Republic. At the first *Byelorussian* Congress of Soviets of Workers', Peasants' and Red Army Deputies (February 14-17, 1919), Y. M. Sverdlov, on behalf of the Central Committee of the Russian Communist Party, and the All-Russia Central Executive Committee, told the delegates that the R.S.F.S.R. was prepared to render every assistance and support to the

people of Byelorussia in defending their freedom and independence. The Congress decided to negotiate with the Government of the R.S.F.S.R. for the establishment of federal ties between Soviet Russia and Soviet Byelorussia.

The owners of many enterprises fled together with the invaders when Byelorussia was liberated from German occupation. The workers took over the management of most of those factories, while the others stood idle. To organise production at the abandoned enterprises, the Economic Council of Byelorussia decided on March 4, 1919, "to nationalise all factories, works and other industrial enterprises whose owners had fled".

The socialist nationalisation of Byelorussian large-scale industry in the first half of 1919 embraced the textile, leather, metalworking, glass, woodworking and other industries. Simultaneously, the Economic Council took measures to gain possession of all the electric stations in the republic. As a result, at the end of February 1919 a considerable part of Byelorussian large-scale industry became the property of the entire people.

The working class of Byelorussia set out to run the republic's economy. Organisational work, stock-taking of the industry thoroughly destroyed by the four years of war, and a mobilisation of the remnants of what the German imperialists had not managed to evacuate was under way in the localities. The Soviet Government of Byelorussia, organising production, tried to make the transition from the private capitalist mode of production to socialist construction brief and painless.

Socialist construction, however, was interrupted by the attack of the White Poles who towards the end of the summer overran most of the republic's territory. The long-suffering Byelorussian people once again endured all the horrors of occupation for another year. It was not until July 1920 that Soviet power was restored again in the republic. Inventories of raw material and finished goods were again taken in all gubernias. The Economic Council of Byelorussia started to organise the operation of the formerly nationalised enterprises and to complete the nationalisation of all large-scale industry. In 1921 the Economic Council of Byelorussia had under its direct jurisdiction 360 nationalised enterprises.

In *Lithuania* the nationalisation of industry was proclaimed at the time Soviet power was established in December 1918. The Manifesto of the Provisional Revolutionary Workers' and Peasants' Government of Lithuania, of December 16, 1918, proclaimed the nationalisation of the land of the landowners and kulaks, churches, monasteries and clergy with their draught cattle and implements and also the nationalisation of the forests, waters and mineral resources. "All railways, postal institutions, telegraph and telephone networks, factories, works, banks, and wholesale warehouses are declared the property of the entire working people of Lithuania."\*

The Soviet Government of Lithuania, undertaking the restoration of the republic's economy, encountered tremendous difficulties: the republic was ruined by the war and German occupation; most of the enterprises were idle. For example, of the nine tanneries in Vilnius only one was in operation. The equipment of almost half the factories and works had been removed to Germany. The invaders had engaged in rapacious timbering. In many places the railways and highways were destroyed and bridges blown up. There was large-scale unemployment in Vilnius, Kaunas and other industrial centres.

In these hard conditions the Soviet Government of Lithuania could not at once undertake the nationalisation of industry. It was necessary to institute workers' control at the operating factories, to compile a list of all industrial establishments, and ascertain their provision with equipment, raw materials and fuel. That is why, declaring the nationalisation of industry in its Manifesto, the Lithuanian Government laid down that all enterprises and banks "must be handed over to the organs of Soviet power by their former masters, owners and possessors in full order, according to the definite instructions of the revolutionary workers' government".\*\*

At the end of February 1919 the Lithuanian and Byelorussian Soviet Republics were united into the Lithuanian-Byelorussian Soviet Socialist Republic; a Government and a joint Supreme Economic Council of Lithuania and Bye-

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\* *Natsionalizatsia promyshlennosti v SSSR (Nationalisation of Industry in the U.S.S.R.)*, pp. 338-39.

\*\* *Ibid.*, p. 339.

lorussia were set up. After the unification of the republics, the rate of nationalisation in Lithuania was stepped up and it encompassed enterprises in a wider range of industries.

The Supreme Economic Council took the decision to nationalise enterprises after a careful study of their condition, proceeding from the interests of the state. The nationalised enterprises were given financial assistance, and measures were taken to ensure their normal operation. Deciding to take over the Imperial Hosiery Factory, the Supreme Economic Council of the Republic gave the board credits for repairs and the initial outlays for the resumption of production. At the same time it was considered desirable to unite the entire handicraft hosiery industry around the Imperial Factory which was instructed to supply the craftsmen with raw materials, tools and orders.

The entire industry engaged in the dry distillation of wood was placed under control in March 1919. The decision of the Supreme Economic Council pointed out that "all products of dry wood distillation (liquid and solid) such as turpentine, resin, charcoal, etc., are monopolised. . .". Provision was made for organising a trust to include all the scattered dry wood distillation factories and to unite the factory owners into a union of dry wood distillation. This decision was in line with Lenin's ideas on the expediency of combining small-scale enterprises into trusts, which would make it easier for the Soviet Government to control its activity, and then to carry out the socialist nationalisation of the new trusts.

At the end of March 1919 the Council of People's Commissars of Lithuania and Byelorussia issued a decree on the nationalisation and sequester of industrial enterprises, which established a single nationalisation procedure in the territory of Lithuania and Byelorussia. The decree stated: "The nationalisation and sequester of industrial enterprises shall be effected solely by the Supreme Economic Council and approved by the Council of People's Commissars. The administration of all nationalised enterprises shall be transferred to the Supreme Economic Council of Lithuania and Byelorussia. Henceforward no institution except the Supreme Economic Council of Lithuania and Byelorussia shall have the right to nationalise or

sequester enterprises (or alienate them in any other form).”\*

The Soviet state in Lithuania, making socialist changes in the economy, drew on the rich experience accumulated by Soviet Russia and relied on its fraternal assistance. The Council of People's Commissars of the R.S.F.S.R. helped Lithuania with food, raw materials and money to restore the economy.

In March 1919 the White Poles and counter-revolutionary bands, with the support of foreign imperialists, launched an attack on Soviet Lithuania. At the end of August 1919 Soviet power was overthrown in Lithuania and the building of the new life was interrupted.

The Provisional Soviet Government of *Latvia*, formed in December 1918, proclaimed the nationalisation of the land and outlined measures for socialising other means of production. “The right to private property in other means of production, just as in trading establishments, means of communication, banks, etc., must be abolished step by step, and to these ends all of them shall be immediately subordinated to strict workers' control.” An eight-hour working day was introduced for all workers; all the decrees of the Russian Socialist Federative Soviet Republic protecting the interests of the working class came into force. The Manifesto of the Soviet Government of Latvia pointed out that “the transition to socialism is not a matter of one day, but we are resolutely taking the road to socialism. On the ruins of Latvia devastated by imperialism, we will at once begin to build a new, socialist palace of labour.”\*\*

The Soviet Government in Latvia had to work in exceptionally difficult conditions. The economy had been ruined by the imperialist war and the misrule of the German invaders and the bourgeois nationalists. Only 3,000 workers remained in Riga, the heart of Latvian industry.

At a special plenary meeting of the Moscow Soviet of Workers' and Red Army Deputies on April 3, 1919, Lenin said that most of Latvia “has suffered misfortunes such as Moscow workers cannot conceive—the misfortunes of in-

\* *Bulleten Vysshego Soveta Narodnogo Khozyaistva SSR Litvy i Belorussi (Bulletin of the Supreme Economic Council of the Soviet Socialist Republic of Lithuania and Byelorussia)*, 1919, No. 1, pp. 5-6.

\*\* *Natsionalizatsia promyshlennosti v SSSR*, pp. 339-40, 341.

vasion and repeated devastation of the countryside by the hordes of marching troops".\*

In these appalling conditions of economic collapse, faced with the bitter resistance of the overthrown exploiting classes, the people of Latvia began to revive industry. First of all, measures were taken to restore the woodworking industry, cement mills and chemical factories which could begin work with the technical facilities to hand.

The Council of People's Commissars of the R.S.F.S.R. helped fraternal Latvia to restore her economy. Soviet Russia and the Ukraine helped Latvia with food, industrial raw materials, fuel and oil products. Goods exchange between Latvia and the R.S.F.S.R. was established.

On January 8, 1919, the Latvian Government issued a decree putting into force in the republic all the decrees issued by the Council of People's Commissars of the R.S.F.S.R. prior to December 25, 1918. This is how the decrees on the nationalisation of the banks and railways, the monopoly of foreign trade and the nationalisation of all large-scale industry came into force in Soviet Latvia.

In January 1919 all large enterprises in heavy industry, including the metalworking, chemical, woodworking and other industries were nationalised.

In Latvia, as in the other republics, the nationalisation of industry proceeded amidst sharp class struggle. "The urban bourgeoisie whose property had to be nationalised put equipment out of commission and squandered raw materials and capital. The Riga bourgeoisie even tried to ignore the demand of the Soviet authorities for information about its property and income. Under the leadership of the Communist Party of Latvia, the workers successfully crushed the resistance of the bourgeoisie."\*\*

By a decree of March 8, 1919, the Soviet Government of Latvia laid down that alienation of trade, industrial, agricultural and other economic enterprises should be made, on the basis of a special decree or order of the government, by the uyezds executive committees. It was stipulated that the property of persons with a total value

\* Lenin, *Collected Works*, Vol. 29, p. 256.

\*\* *Ocherki istorii Kommunisticheskoi partii Latvii (Essays on the History of the Communist Party of Latvia)*, Part I, 1893-1919, Riga, 1962, p. 492.

of more than 10,000 rubles would be "taken over by the Soviets without any compensation of the former owners". Exceptions could be allowed only by decision of the respective commissariat or uyezd executive committee. In such a case the former owner could be given by way of compensation a sum not exceeding 10,000 rubles. Enterprises with a total value not exceeding 10,000 rubles "are not confiscated but requisitioned". The value of these enterprises was to be deposited by the "appropriate institutions in the People's Bank on the current account of the former owners". The decree warned that all enterprises were subject to confiscation irrespective of their value if the owner tried to conceal the real value of his property or if the given enterprise was of an obviously profiteering nature. This decree did not apply to enterprises whose owners had fled, sabotaged the decisions of the Soviet Government or supported the counter-revolutionary forces. The procedure for nationalisation laid down by the decree of the Soviet Government of Latvia, differed from that used in the R.S.F.S.R., the Ukraine, Byelorussia and other parts of the country. This procedure, dictated by local conditions, did not alter the socialist nature of the nationalisation of industry.

By May 1919 the Commissariat of Industry of Latvia had under its jurisdiction 111 operating enterprises: 36 engineering and metallurgical works, 36 diverse chemical factories, 18 woodworking factories and shops, eight textile mills, one electric station and two electrical equipment plants, and also ten printing-houses. Local Soviets in the uyezds and the rural localities of Latvia did considerable work in restoring industry.

In 1919 Soviet power lasted only five months in Latvia. In May 1919 the imperialist powers—the United States, Britain and Germany—pooling their forces, launched a new intervention against Soviet Latvia and established a bourgeois dictatorship there.

In *Estonia* socialist nationalisation of various enterprises began in January 1918. The Soviet state took over the most important enterprises. Some were nationalised as a reprisal for sabotage by their owners, others because of the need to restart closed factories. On January 15, 1918, the Executive Committee of the Tartu Soviet of Workers',

Soldiers' and Agricultural Workers' Deputies decided "to nationalise the factories and workshops that were technically best equipped, and register all technical offices and bureaus."\*

In mid-March 1918 the revolution in Estonia was interrupted. The German troops occupied the entire territory and for eight months the German forces and the Estonian bourgeois nationalists ruled the country.

German imperialism inflicted great harm on Estonia's economy: large quantities of food and raw materials, and much equipment were removed from the country.

The liberation of Estonia from the invaders began in November 1918, and the Estland Labour Commune was proclaimed in Narva on November 29, 1918. The Soviet Government of the Estland Labour Commune issued an appeal to workers, peasants and soldiers on December 8, 1918, stating: "The Government of the Estland Labour Commune has decided to proclaim as operative all decrees of the Soviet state issued prior to the country's occupation by the German imperialists. Henceforward the land, factories, works, railways and all the wealth of Estland shall belong to the working people. The proletariat is again the master of Estland."\*\*

But the building of Soviet Socialist Estonia did not continue for long. The counter-revolutionary forces, with the support of foreign imperialists, took to the offensive and Estonia became a bourgeois republic.

In the second half of 1918 and in 1919 socialist changes were carried out in *Turkestan* in complete isolation from Soviet Russia. Contact with the R.S.F.S.R. was maintained solely by radio. All this hampered socio-economic transformations in the territory. In this respect, *Turkestan* was in worse conditions than the other republics, which maintained uninterrupted links with Soviet Russia and relied on its support.

Overcoming all difficulties, the people of Soviet *Turkestan*, led by the Bolsheviks, undertook socialist construction. During this period the Soviet authorities nationalised

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\* *Velikaya Oktyabrskaya sotsialisticheskaya revolyutsia v Estonii* (*The Great October Socialist Revolution in Estonia*), p. 390.

\*\* *Natsionalizatsia promyshlennosti v SSSR*, pp. 336-37.

the none-too-numerous enterprises in the manufacturing industry, and also food factories and flour mills.

Altogether 770 enterprises were nationalised in the Turkestan Republic between 1918 and 1920—all factory industry and some of the handicraft enterprises. The nationalisation of industry in Turkestan during the Civil War and in complete isolation from Soviet Russia played a big part in defeating the troops of the counter-revolutionaries and in the struggle against economic chaos and starvation. After the end of the Civil War, nationalised industry became the basis for large-scale socialist construction in the Central Asian republics.

From the very first days after the restoration of Soviet power in *Azerbaijan* at the end of April 1920, the people began to organise industry and resumed socialist construction. The Baku workers, under the leadership of the Communist Party, exerted heroic efforts to eliminate the chaos in the oil industry caused by the rapacious management of the foreign interventionists and Musavatists.\* Suffice it to say that the number of operating wells declined to 960 in 1920 as compared with 3,500 in 1913. The other industries were also ruined. Of the 69 silk weaving mills in Nukha, only three were operating; two-thirds of the looms stood idle at the large Tagiev Textile Mills. Most of *Azerbaijan's* enterprises were not working at all.

During the rule of the invaders and bourgeois nationalists in Baku, the oil industry, nationalised in June 1918, was returned to its former owners. By decree of May 24, 1920, the *Azerbaijan* Revolutionary Committee nationalised the entire oil industry in the Apsheron Peninsula. The decree laid down that all oil producing, refining, marketing and transport enterprises passed into the possession of the state.

The oil industry of Baku was restored with the fraternal assistance of the R.S.F.S.R. Thanks to the selfless efforts of the workers, railwaymen and seamen of *Azerbaijan*, 160 million poods of oil and oil products had been sent to Soviet Russia by the end of 1920. That was a remarkable present of *Azerbaijan's* working people to the Eighth All-

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\* Musavatists—members of the counter-revolutionary bourgeois-landowner nationalist party in *Azerbaijan*.—*Ed.*

Russia Congress of Soviets. "Thanks to the great zeal displayed by the workers in the Azerbaijan Republic, the friendly relations we have established with them and the capable managers provided by the Supreme Council of the National Economy," Lenin said at the Congress, "the oil situation is now favourable, so that we are beginning to stand on our own feet in the matter of fuel as well."\*

Between June and December 1920, the Soviet Government of Azerbaijan also nationalised the steel industry, many chemical factories, cement mills and brick works, iron ore and copper mines, clothing workshops, textile mills, 46 ginneries, 68 silk reeling and 30 silk twisting mills (although the latter were almost all idle), 23 printing-houses, etc.

The socialist nationalisation of the entire oil industry and of some enterprises in other industries put the Soviet power in Azerbaijan in firm control of all the key positions in the republic's economy by the end of 1920. "The nationalisation of large-scale industry was the greatest revolutionary event in the life of the Baku proletariat and the entire Azerbaijanian people."\*\* That was a great victory for the people of Azerbaijan on the economic front scored under the leadership of the Communist Party of Azerbaijan and with the fraternal assistance of the Russian Soviet Republic.

Soviet power in Armenia and Georgia took root much later than in the other borderlands of tsarist Russia. That is why socialist changes in their economy were carried out only after the nationalisation of industry in Soviet Russia had been completed. This affected both the pace and the methods of nationalisation. In all other areas the nationalisation of industry had been preceded by workers' control which played an important part in preparing for nationalisation and was the first school in production management for the workers. In Armenia and Georgia workers' control did not become widespread. In 1921 War Communism was replaced by the *New Economic Policy*, which also laid its imprint on the socialisation of the means of production in these republics.

\* Lenin, *Collected Works*, Vol. 31, p. 509.

\*\* *Istoria Kommunisticheskoi partii Azerbaidzhana (History of the Communist Party of Azerbaijan)*, Part 1, p. 365.

In *Armenia*, Soviet power was established at the end of November 1920. The Declaration proclaiming Armenia a Soviet Socialist Republic stated: "By the will and desire of the revolutionary working masses of Armenia, the Communist Party of Armenia proclaims Armenia a Soviet Socialist Republic. Henceforward the Red Banner of Soviet Armenia shall protect her working people from the age-old yoke of the oppressors." The economic programme envisaged that the peasantry of Soviet Armenia "will receive for use all the land belonging to the beks, khans and meliks,\* and also the monasteries, churches and mosques", and that "all more or less large factories and works shall be declared the property of the Soviet Socialist Republic of Armenia, and their creators, the workers, shall become masters of free labour".\*\*

The three years' misrule of the Dashnaks\*\*\* utterly wrecked the economy. The copper mines were flooded, the copper smelters were idle and the production of wine brandy was curtailed. In 1919 gross output of agriculture was only about one-sixth of that in 1913 and of industry, only one-twelfth. Poverty and starvation ruled in Armenia.

The Communist Party of Armenia, drawing on the experience of the Russian proletariat, rallied the people to the building of a new life. On December 10, 1920, the Revolutionary Committee of Armenia issued a decree nationalising the banks; nationalisation of the land was announced on December 28; a law on the nationalisation of all the forests with all buildings of importance for forestry was promulgated on January 10, 1921: a decree nationalising the mineral wealth was signed on January 11 and a decree nationalising the rivers, lakes, ponds, etc., on January 31. Irrigation systems, canals serving flour mills and other canals with all installations passed into the possession of the state. The railways, post and telegraph, printing-houses and various cultural institutions were nationalised in the same period.

\* Meliks, khans, beks—feudals in Transcaucasia.—*Ed.*

\*\* *Velikaya Oktjabrskaya sotsialisticheskaya revolyutsia i pobeda Sovetskoj vlasti v Armenii*. Sbornik dokumentov (*The Great October Socialist Revolution and the Victory of Soviet Power in Armenia*. A Collection of Documents), Yerevan, 1957, pp. 431-34.

\*\*\* Dashnaks—members of the counter-revolutionary nationalist party in Armenia.—*Ed.*

Socialist construction in Armenia, which was proceeding successfully at the end of 1920 and the beginning of 1921, enraged the counter-revolutionaries. In February 1921 the Dashnaks started an anti-Soviet rebellion in Yerevan, expecting support from the foreign imperialists. On April 2, 1921, the Dashnak rebellion was crushed by the combined efforts of the Red Army and the armed working people of Armenia.

The Soviet Government resumed the socialist changes in the economy that had been interrupted by the Dashnak uprising. In April 1921 many key enterprises in the republic's industry were nationalised.

Socialist nationalisation of the means of production in Armenia and other revolutionary changes were carried out with the fraternal assistance of Soviet Russia. "The new Armenia is now building fast," A. Myasnikov, the first Chairman of the Council of People's Commissars of Armenia, wrote on January 25, 1922. "She is advancing her agriculture, placing public utilities on their feet, educating the people, taking care of the needy, and so on. True, all this is being done with great difficulty; there are many obstacles in the way, many fresh thorny problems lie ahead, but the main job has been accomplished in Armenia and things have started moving."\*

The socialist gains of the people were reflected in the Constitution of the Socialist Republic of Armenia adopted by the First Congress of Soviets of Workers', Peasants' and Red Guard Deputies on February 3, 1922. The abolition of private property in the land, the conversion of the land into state property, nationalisation of the railways, banks and large-scale industry were legally recorded into the Constitution.

Of all the outlying areas of Russia, *Georgia* was the last to take the road of socialism. During more than three years of misrule by the Mensheviks, the economy of Georgia fell into complete decay. Most industrial enterprises were idle, economic chaos, unemployment and starvation prevailed. The Soviet Government undertook to restore the economy and transform it along socialist lines.

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\* *Velikaya Oktyabrskaya sotsialisticheskaya revolyutsia i pobeda Sovetskoi vlasti v Armenii*, p. 589.

The Revolutionary Committee of the Georgian Soviet Socialist Republic began its activity in the economic sphere by issuing an order on March 4, 1921, forbidding the capitalists. "on pain of severe penalties . . . to close establishments and enterprises, and dismiss factory and office workers".\* This measure was intended to prevent sabotage by the employers. Shortly afterwards the railways and the Baku-Tbilisi-Batumi oil pipeline passing across the territory of Georgia were nationalised. On April 20 all the Transcaucasian railways were combined in a single network. All this was of great significance for the economic recovery of the Transcaucasian republics.

Preparing to nationalise industry in Georgia, the republic's Supreme Economic Council made a list of all the industrial and trading establishments. Factory committees played an important part in the organisation of accounting at industrial enterprises and in controlling the activities of the owners and their management.

When the preparatory work was completed, the Revolutionary Committee of Georgia issued a decree on June 13, 1921, nationalising the mining and manufacturing industries. All enterprises which in their last normal year of operation up to the date of the publication of the decree had over 20 workers and no machinery or over ten workers and some machinery or, regardless of the number of workers, had a motor of over 25 h.p., were declared the property of the Georgian S.S.R. All enterprises with an output worth not less than 20 million rubles in 1920 were also subject to nationalisation. The decree did not extend to enterprises belonging to co-operative organisations or held in concession by subjects of foreign states.

The clauses of the decree reflecting the principles of the New Economic Policy are very interesting. Clause 6 stated that all industrial enterprises not subject to the nationalisation decree "can continue to function or be reopened". Clause 7 gave the Georgian Supreme Economic Council broad powers in the socialisation of separate enterprises. The Supreme Economic Council had the right "for general

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\* *Borba za uprocheniye Sovetskoi vlasti v Gruzii*. Sbornik dokumentov i materialov (1921—1925) (*Struggle for the Consolidation of Soviet Power in Georgia*. A Collection of Documents [1921-25], Tbilisi, 1959, p. 6.

state consideration" to release from immediate nationalisation separate enterprises, "leaving them in the hands of their present owners, and also to denationalise enterprises that had previously been nationalised".

An analysis of the decree shows that it took into account both local economic and political conditions and also the experience of nationalising industry accumulated by the fraternal socialist republics, especially Soviet Russia.

In the Georgian Republic industry was nationalised somewhat differently than in the other Transcaucasian Soviet republics. In Azerbaijan and Armenia, no special decrees nationalising all large-scale industry were issued. In these republics, as described earlier, the Soviet Government made a general declaration of its programme proclaiming the abolition of private ownership of the means of production. Subsequently, on the basis of these declarations, governmental agencies nationalised entire industries and separate factories.

The actual socialisation of enterprises in Georgia began in mid-June 1921 and was almost complete by the end of the year. On June 16, 1921, the Revolutionary Committee of the Georgian Republic decreed the nationalisation of electric stations: all electric stations with a capacity of more than 20 h.p. were declared the property of the republic. At the same time, the Supreme Economic Council issued regulations governing the take-over of the nationalised electric stations. The nationalisation of all oil and paraffin oil storages with a capacity of over 1,000 poods was announced on July 6, 1921.

On the basis of a decree of the Revolutionary Committee of June 13, 1921, the Presidium of the Supreme Economic Council decided on July 30, 1921, to nationalise 76 manufacturing enterprises in Georgia: 51 in Tbilisi, 10 in Batumi, 4 in Kutaisi and a number of enterprises elsewhere.

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Soviet nationalisation of the means of production between 1917 and 1921 offers a model of socialist nationalisation in the interest of the working people. Having nationalised large-scale industry, the Soviet state converted it into public property, property of the entire people.

Capitalists, Russian and foreign, and their ideological armour-bearers have sought to discredit Soviet nationalisation of industry. Kautsky and other opportunists claimed that nationalisation of industry in the Soviet Republic was of an anarcho-syndicalist and not a socialist character, that the enterprises confiscated from the capitalists did not become the property of the entire people, but of individual collectives of workers.

In his book *The Proletarian Revolution and the Renegade Kautsky*, Lenin scathingly criticised these inventions of the enemies of socialism. On the basis of a false interpretation of one phrase in a speech by Lenin, Kautsky tried to make his readers believe that in Soviet Russia the factories had become the property of the workers. Deliberately ignoring Soviet legislation on the socialist nationalisation of the means of production, Kautsky hypocritically advised that factories should be turned over to the state or the community, or a consumer's society. Lenin gave the following appraisal of Kautsky's "economic analysis": "This is not criticism, it is the trick of a lackey of the bourgeoisie, whom the capitalists have hired to slander the workers' revolution."\* The facts show, Lenin stressed, that "... the factories are being turned over to the Republic *only*, that they are managed by an organ of Soviet power, the Supreme Economic Council, which is constituted mainly of workers elected by the trade unions".\*\*

Present-day apologists of capitalism continue to repeat these slanderous inventions about the anarcho-syndicalist nature of the nationalisation of industry in the Soviet Union. They are doing this in the teeth of the facts for the sole purpose of slandering and denigrating the socialist economic changes which were effected in the U.S.S.R. for the first time in the world. They are vilifying the heroic working class of Russia who had the honour to initiate the revolutionary reconstruction of society. The enemies of socialism are distorting the facts to make it seem as though the entire working class of Russia was contaminated with anarcho-syndicalism and that the workers everywhere wanted to seize the enterprises and were opposed to nation-

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\* Lenin, *Collected Works*, Vol. 28, p. 316.

\*\* *Ibid.*, p. 317.

alisation. To "prove" this false thesis, bourgeois economists and historians point to instances of enterprises being confiscated by the Soviets on the initiative of the workers. The ideologists of anti-communism interpret all such cases as seizure, as appropriation of the factories by the workers. But this is a malicious falsification of the truth. First, the workers usually made the decision to confiscate an enterprise in response to the sabotage by the capitalists and to prevent the closing of the factories and the further breakdown of industry; second, they appealed to the local or central Soviets to approve their decision; third, they always stressed that they considered the confiscated enterprises the property of the entire people.

Only in occasional, extremely rare cases, did backward workers, influenced by the anarchists, declare the enterprises the property of those particular workers. Such instances are cited in the collections of documents about the October Revolution and the first socialist changes in the Soviet land. In April 1918, for example, about 50 workers tried to seize the Luginsk goldfields in the Trans-Baikal area. This attempt was resolutely denounced by workers of other enterprises who repulsed the anarchists and placed the goldfields "under their own supervision pending special orders by the regional Soviet".\* In Irkutsk Gubernia, the Cheremkhovo Soviet which was headed by M. Buisky, an anarcho-syndicalist, announced on January 3, 1918, that all the mines of the Cheremkhovo district and the adjacent factories were turned over to the ownership of the workers as represented by the Soviet of Workers' and Peasants' Deputies. The owners in the localities were to be the workers as represented by their mine committees. No nationalisation of the mines and factories would be "allowed". In response to this decision, a general meeting of the Metalworkers' Union of Irkutsk appealed to the Cheremkhovo miners "to refrain from this isolated, arbitrary decision of questions affecting the entire proletariat equally. The right to the national mineral wealth belongs to

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\* *Za vlast Sovetov. Sbornik dokumentov o borbe trudyashchikhsya Zabaikalya v 1917—1922 gg* (*For Soviet Power. A Collection of Documents on the Struggle of the Trans-Baikal Working People in 1917-22*), Chita, 1957, pp. 122-23.

all the working people, to the entire proletariat".\* This appeal of the Irkutsk metalworkers strikingly shows that the working class regarded the nationalisation of enterprises by the state as being in the interest of the entire working people. The All-Siberia Mineworkers' Congress, held in March 1918, passed a resolution on the nationalisation of the collieries and the resolution was implemented. This is how workers acted in cases when separate groups tried to consider themselves the owners of the confiscated enterprises.

The working class of the Soviet land, headed by the Communist Party, was resolutely opposed to anarcho-syndicalism. Such is the historical truth contained in the documents reflecting the events of the first years of the Great October Socialist Revolution. They conclusively demonstrate that the nationalisation of industry in the U.S.S.R. was of a socialist, and not of an anarcho-syndicalist character. This is clearly and precisely expressed in Lenin's statement that "not a single factory had been 'appropriated' by the workers, but *all* had been converted into the property of the Republic."\*\* Lenin and the Communist Party regarded "any, direct or indirect, legalisation of ownership of their particular products by workers of a separate factory or a separate trade"\*\*\* as the greatest distortion of the basic principles of the Soviet system and a complete renunciation of socialism.

What is striking about the books of bourgeois authors, whether published in the 1920s or the 1960s, is that the question of the nationalisation of industry is presented with amazing uniformity. For example, the report of the International Labour Office, published in 1920, stated: "Numerous witnesses testify to the fact that in the beginning the proletariat understood nationalisation to be a direct entry into possession of each factory by its workmen, and that the Soviet of each works had the widest possible powers not only as to the direction but as to the

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\* *Borba za vlast Sovetov v Irkutskoi gubernii (oktyabr 1917—iyul 1918)*. Sbornik Dokumentov (*Struggle for Soviet Power in Irkutsk Gubernia from October 1917 to July 1918*. Collection of Documents), Irkutsk, 1957, pp. 168-69.

\*\* Lenin, *Collected Works*, Vol. 28, p. 316.

\*\*\* Lenin, *Polnoye sobraniye sochinenii (Complete Works)*, Vol. 36, p. 481.

disposal of all mill and factory property.”\* The authors of the report say nothing as to who are the “numerous witnesses”, on whose testimony they so implicitly relied. Probably one of them is General Poole, Commander of the British interventionist forces in Northern Russia, who on January 11, 1919, wrote an official telegram to the War Office about the nationalisation of women in a number of Soviet cities and the contemplated nationalisation of children.\*\*

In books published in the 1950s and the 1960s the nature of Soviet nationalisation is described almost in the same vein. Professor Carr, for example, asserts that “sometimes nationalisations by local Soviets went hand in hand with claims for political autonomy”\*\*\* In 1963 we again find a familiar sentence: “The syndicalist tide was carrying Russia to the brink of economic collapse.”\*\*\*\* In the book *Russia and the Soviet Union*, issued by the University of Michigan in 1958, the author tries to convince the American youth that as a result of workers’ control most of the enterprises had been seized by the workers, and during nationalisation the government had to take away the factories from the workers. This was done but not at once because the “circumstances forced a temporary ‘tactical retreat’ from the doctrines”.\*\*\*\*\*

Bourgeois “students” of the Soviet nationalisation of industry diligently repeat the malicious inventions of Russian émigrés. Count Kokovtsoff peremptorily declared in his book *Five Years of Bolshevik Dictatorship* that the result of Bolshevik experiments in the economy could be best defined in two words: “disorganisation and destruction”. He alleged that the attempt of the Bolsheviks to build a socialist society on the ruins of the old system had failed completely. Voicing his dreams he wrote that “private property must be restored”.\*) Eroshkin, author of the book *The Soviets in Russia*, issued in 1919, sought to convince

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\* *Labour Conditions in Soviet Russia*, International Labour Office, London, 1920, p. 239.

\*\* *Le bolshevisme en Russie-Livre blanc Anglais*, Paris, 1919, p. 77.

\*\*\* E. H. Carr, *The Bolshevik Revolution*, p. 82.

\*\*\*\* P. H. Avrich, *The Bolshevik Revolution*, p. 54.

\*\*\*\*\* W. B. Walsh, *Russia and the Soviet Union*, p. 417.

\*) W. Kokovtsoff, *Five Years of Bolshevik Dictatorship*, London, 1922, pp. 10, 23.

American public opinion that the Bolsheviks had brought industry and trade to utter collapse.\*

At present similar slanders about the socialist economic changes in Russia are reproduced in numerous monographs, periodicals, and textbooks and repeated in university auditoriums. For example, in *The Course of Russian History*, published in 1958 by the Montana State University, it is claimed that the nationalisation of industry "brought production to a dangerously low level".\*\* The book, however, says nothing about the terrible destruction caused by the Civil War and foreign military intervention.

Bourgeois historians and economists keep on preaching about the "failure" of the nationalisation of industry in the Soviet Union. "One cause of the failure of Russia's nationalised industries," one author claims, "is that the intelligent minds occupied with them were too few."\*\*\*

The authors of works about the failure of Soviet nationalisation are not in the least perturbed by the fact that their assertions have nothing in common with reality.

It will be recalled that in the first months of the socialist revolution, the Soviet state did not have enough people well versed in economic affairs. That is why it first introduced workers' control over production, which was a school of management for thousands of workers. In the very first year of the revolution, hundreds and thousands of organisers came to the fore from among the workers and they supervised the nationalisation of industry. This ensured the success of the nationalised industries.

The argument against Soviet socialist nationalisation that the working masses were not interested in it, that it supposedly offered them no "prospect of personal gain" holds no water. In reality Soviet nationalisation was successful precisely because the working people were vitally interested in it. They fought for nationalisation and cheered its arrival. The working people gained directly from the nationalisation of the means of production: they were freed from exploitation and began to work for themselves, for the general good.

\* M. K. Eroshkin, *The Soviets in Russia*, New York, 1919, p. 21.

\*\* M. C. Wren, *The Course of Russian History*, New York, 1958, p. 594.

\*\*\* E. A. Ross, *The Russian Soviet Republic*, p. 354.

Lastly, about the claims of those who assert that Soviet nationalisation failed. Its failure would have spelt the fall of the Soviet system. The Soviet state, subjected to an economic blockade and gripped in a ring of battlefronts, would not have been able to hold out and win without having in its hands an industry that provided the army with armaments and supplies. Some bourgeois scientists understood this. For example, A. A. Heller in his book *The Industrial Revival in Soviet Russia* wrote in 1922 about the nationalisation of industry: "It is no exaggeration to say that the Soviet Government has been the main factor in preserving and keeping alive Russia's shattered industrial system. . . ." Heller notes that in applying its policy of nationalisation, the Soviet Government "has worked constantly, in the face of innumerable obstacles, toward the reorganisation and reconstruction of Russia's industrial life".\*

The nationalisation of industry signified the abolition of the big bourgeoisie as a class, the undermining of the economic basis of capitalism and the first steps in laying the economic foundation of socialist society. Public ownership of the means of production was the basis of socialist relations of production; it created the conditions for the gradual advance of the material and cultural standards of the working people.

The enterprises nationalised by the Soviet state, Lenin pointed out, are "of a consistently socialist type (the means of production, the land on which the enterprises are situated, and the enterprises as a whole belonging to the state)".\*\* All possibility of the exploitation of man by man is completely precluded at Soviet socialist enterprises.

After the victory of the socialist revolution and the nationalisation of industry the position of the working class radically changed: it possessed, together with all the other working people, the means of production, for the first time in history it received the opportunity to work for itself and its society. Social production was organised not to enrich the capitalists but to satisfy the needs of all members of society.

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\* A. A. Heller, *The Industrial Revival in Soviet Russia*, New York, 1922, p. 134.

\*\* Lenin, *Selected Works*, Vol. 3, pp. 817-18.

The socialist nationalisation of industry created the requisites for a new organisation of production and social labour, opened up boundless possibilities for the display of initiative and constructive effort by the masses in building a new society, for the development of the personality, and created the conditions for the application of the titanic creative forces inherent in the people.

The new, socialist relations of production, which arose on the basis of the socialisation of the means of production, opened up scope for a rapid and powerful development of the productive forces without parallel in history.

The nationalisation of industry was of decisive significance for the building of socialism in the U.S.S.R. It enabled the working class, under the leadership of the Communist Party, in a short time to cope with economic chaos, to restore the economy, successfully accomplish the complex and difficult tasks of industrialising the country, transform the entire economy along socialist lines and achieve the victory of socialism.

### **The Nationalisation of Industry in the New Soviet Regions and Republics in 1939 and 1940**

Under the Treaty of Riga concluded in 1921, Western Ukraine and Western Byelorussia were incorporated into the Polish bourgeois state; for almost 20 years Ukrainians and Byelorussians in the Western regions endured social and national oppression. After the attack of Nazi Germany on Poland, the Soviet Union took the Ukrainian and Byelorussian population under its wing. The people of the Western Ukraine and Western Byelorussia received the opportunity freely to decide their own destiny and to reunite with their Ukrainian and Byelorussian brothers.

On October 26, 1939, the People's Assembly elected by the working people of *Western Ukraine* unanimously proclaimed the establishment of Soviet power on the territory of the Western Ukraine.

A declaration adopted by the People's Assembly on October 28, 1939, noted that the working people of the Western Ukraine at meetings and rallies unanimously called for

the nationalisation of the banks and large-scale industry. Expressing the will of the entire people of the Western Ukraine and following the example of the Union of Soviet Socialist Republics, the People's Assembly proclaimed the assets of the banks, all large factories, mines and railways "the property of the entire people, that is, state property". The People's Assembly urged the working people vigilantly to guard the banks, factories, electric stations, railways and other means of production which had become the property of the people. The land was also nationalised.

On November 1, 1939, the Extraordinary Fifth Session of the Supreme Soviet of the U.S.S.R. unanimously promulgated a law on the incorporation of the Western Ukraine into the U.S.S.R. and its reunion with the Ukrainian Soviet Socialist Republic. This historical decision was joyfully welcomed by the entire Ukrainian people.

At that time the Western Ukraine was an agrarian area with a poorly developed industry. About 85 per cent of the gainfully occupied population were engaged in agriculture and only 4 per cent in industry. Western Ukraine had 4,026 enterprises of the manufacturing industry, not counting small workshops, with a total of 71,271 workers.

Industry was concentrated chiefly in Lvov Region, which had 1,689 manufacturing enterprises employing 33,833 workers; here were most of the metalworking plants and chemical factories, half of the woodworking enterprises, one-third of the food factories, etc.

Most enterprises had little equipment and were of a semi-handicraft character. As a rule, factories operated below capacity and only a few months in the year. This affected the material condition of the working class. Unemployment was widespread; Lvov had 35,000 unemployed; in Strij there were 3,000 unemployed among a population of 36,700.

In November 1939 the Government of the Ukrainian Republic and Soviet governmental bodies in the Western Ukraine carried out extensive preparations to nationalise the means of production. The People's Commissariats of the Ukraine drew up lists of all the enterprises subject to nationalisation. Prior to actual socialisation, enterprises continued to operate under the control of the workers and representatives of the appropriate People's Commissariat.

Special commissars were appointed to the enterprises. The workers themselves and their elected bodies—factory committees and control commissions—were very active. An eight-hour day and Soviet labour laws were introduced in industry.

The socialist nationalisation of industry in the Western regions of the Ukrainian Republic began at the end of November and early in December 1939. Towards the end of November 1939 the People's Commissariat of the Oil Industry of the U.S.S.R. took over more than 2,000 oil producing and refining, gas and ozocerite enterprises.

The pace of nationalisation swiftly gathered momentum and in the first months of 1940 all large-scale industry in the Western regions was socialised and became an integral part of the socialist industry of the Soviet Ukraine.

On October 29, 1939, the People's Assembly of *Western Byelorussia* unanimously adopted a declaration proclaiming the establishment of Soviet power throughout the territory of Western Byelorussia and asking the Supreme Soviet of the U.S.S.R. to admit Western Byelorussia into the Soviet Union, incorporating it into the Byelorussian Republic.

The next day, on October 30, 1939, the People's Assembly, complying with the will of the voters, adopted a declaration on the confiscation, without compensation, of the lands held by the landowners, monasteries, and the estates of top government officials, on the nationalisation of the banks and large-scale industry. "Henceforward the banks with their assets, all large industrial enterprises, mines, railways," the declaration stated, "are proclaimed the possession of the entire people, that is, state property. The working people of Western Byelorussia will thus obtain powerful weapons for their economic liberation—banks and large-scale industry. This will help to advance the economy which will be ensured by the free labour of workers who will now be the owners of factories and mills."\*

As in the Western Ukraine, large-scale industry was

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\* *Narodnoye (natsionalnoye) sobraniye Zapadnoi Belorussii* (28—30 oktyabrya 1939). *Stenografichesky otchet* (People's [National] Assembly of Western Byelorussia. October 28-30, 1939. Stenographic Record), Minsk, 1946.

poorly developed in Western Byelorussia. The manufacturing industry consisted mainly of small establishments of the woodworking, textile, leather, ceramic and food industries. Altogether, there were over 10,000 enterprises employing 40,000 people; most of the establishments were handicraft or semi-handicraft shops. Large-scale production had been steadily declining and many enterprises had fallen into decay. The nationalisation of large industrial enterprises in Western Byelorussia began at the end of November and early December 1939. Commissars were sent to all the nationalised enterprises to organise control over production and take stock of equipment, raw materials, semi-manufactures and finished goods, and also of money resources.

The nationalised enterprises were placed under the jurisdiction of the appropriate People's Commissariats of Byelorussia. On December 9, 1939, *Sovietskaya Byelorussia* wrote that "the People's Commissariat of the Light Industry of Byelorussia is completing the take-over of nationalised factories in the Western regions. It is receiving 45 tanneries, glass and rubber footwear factories. These include the large Niemen Glass Factory, two rubber footwear factories in Lida, etc. . . . Now that the workers themselves have become the owners of the enterprises socialist order is introduced here. The People's Commissariat is taking measures to restart idle factories. The productive capacity of all enterprises will be doubled in the near future." At the beginning of December the People's Commissariat of Local Industry began to take over 12 establishments, including three nail factories and three factories producing farm machinery. By January 1940 the People's Commissariat of the Food Industry had taken under its jurisdiction after nationalisation 160 enterprises, including 12 starch and molasses factories, seven creameries and eight breweries.

The socialist nationalisation of industry in the Western regions of Byelorussia was completed at the beginning of 1940.

The swift socialist nationalisation of industry was of decisive importance for launching socialist construction in the Western regions of the Ukraine and Byelorussia, for the general advance of the economy and the improvement of the people's living standards. In the new Soviet regions many factories began to work in two or three shifts. Enter-

prises closed down long ago resumed operations, and industrial output increased. Nationalisation made possible the early restoration and reconstruction of factories, the concentration of production at the larger enterprises and the fuller utilisation of productive capacity. For example, the Stanislav Locomotive and Wagon Yards which earlier produced 11 locomotives and repaired 235 wagons a month, in November 1939 produced 15 locomotives and repaired 350 wagons, expanding operations by 42.5 per cent. In the Drogobych Region 311 idle enterprises resumed work, in Stanislav Region 100, etc.

Socialist construction in the Western regions of the Ukraine and Byelorussia enjoyed great assistance from the entire Soviet people. Thousands of specialists, engineers, technicians, physicians, teachers, etc., were sent to the new regions. Simultaneously, measures were taken to supply the industrial enterprises of these regions with highly efficient machines, equipment and raw materials. As a result the economy and culture advanced rapidly.

Soviet *Bessarabia* was occupied by Rumanian troops in 1918, and the area remained for many years under the heel of the Rumanian usurpers. The Soviet Union never reconciled itself to the predatory seizure of Bessarabia and for 22 years the Soviet Government sought to resolve this conflict with Rumania by peaceful means. The day of liberation for the people of Bessarabia arrived on June 28, 1940, when the Soviet and Rumanian governments reached an understanding on the return of Bessarabia. Simultaneously, Northern Bukovina, inhabited by Ukrainians, joined the Soviet Union. The population of Bessarabia enthusiastically acclaimed the news of their return into the fraternal family of the Soviet peoples.

In the very first days after Bessarabia's liberation, workers' committees were set up at most factories. Commissars were appointed to all the large enterprises; these were experienced Party functionaries and Soviet officials, engineers and other specialists who arrived from the Soviet Moldavian Autonomous Republic and also from other Soviet republics to render fraternal help in organising production and effecting socialist changes.

Workers' committees at enterprises exercised control functions. They took effective measures to ensure normal

operation, cut short attempts at sabotage by the capitalists and guarded the equipment, raw materials and other property. All this was of prime importance for maintaining production and preserving the enterprises and greatly facilitated the socialist nationalisation of industry.

The Seventh Session of the Supreme Soviet of the U.S.S.R., guided by the principle of free development of nationalities, adopted a decision to form the Moldavian Soviet Socialist Republic in accordance with the wishes of the working people of Bessarabia and the Moldavian Autonomous Soviet Socialist Republic for the reunion of the entire Moldavian population in one republic.

Prior to liberation, Bessarabia had 1,486 industrial enterprises employing on the average less than ten workers and only 13 factories with more than 100 workers in each.

As a result of the colonial policy pursued by Rumania only the food industry actually survived in Bessarabia. In 1937 it contributed 92.4 per cent of the entire output of the manufacturing industry. Metalworking accounted for 0.9 per cent, woodworking for 2.9 per cent, textile 1.7 per cent and building materials 0.1 per cent. Such was the structure of industry.

The establishment of the Moldavian Soviet Socialist Republic was of great importance for the swift economic regeneration of Bessarabia. The operation of all Soviet laws was restored in her territory. Socialist changes in the economy began with the nationalisation of the land and industry. A decree of the Presidium of the Supreme Soviet of the U.S.S.R. of August 15, 1940, stated: "The operation of Soviet laws on the nationalisation of the land, in conformity with the Decree on Land, adopted by the Second All-Russia Congress of Soviets on October 26 (November 8), 1917, is hereby restored on the entire territory of Bessarabia as of June 28, 1940, and the entire land of Bessarabia with its mineral wealth, forests and waters is proclaimed state property, that is, property of the entire people."\* On the same day the Presidium of the Supreme Soviet of the U.S.S.R. adopted a decree on the nationalisation of banks,

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\* *Sbornik zakonov SSSR i ukazov Presidiuma Verkhovnogo Soveta SSSR (1938—noyabr 1958)* (Collection of Laws of the U.S.S.R. and Decrees of the Presidium of the Supreme Soviet of the U.S.S.R. [1938-November 1958]), Moscow, 1959, pp. 27-28.

industrial and trading establishments, the rail and water transport system and means of communication of Bessarabia. "In view of the liberation of Bessarabia and her reunion with the Soviet Union and the restored validity of Soviet law on her territory concerning the abolition of private property in the means and instruments of production" all industrial enterprises employing more than 20 workers or employing over 10 workers and having an engine of not less than 10 h.p. were declared nationalised. Electric stations, printing-houses, health, cultural and educational institutions were also nationalised.

All large enterprises (by Bessarabian standards) and also hospitals, sanatoriums, hotels, cinemas, museums, higher and secondary educational establishments were nationalised by one decree of the Presidium of the Supreme Soviet of the U.S.S.R. This is explained by the fact that in the other fraternal republics, similar institutions had long ago become socialist property and, therefore, it was necessary at once to socialise them in Bessarabia too so as to create for its population living conditions and opportunities for the development of culture, education, art, etc., equal with those enjoyed by all the peoples of the Soviet Union. It is characteristic that the decree spoke of restoring on the territory of Bessarabia the laws whose validity had been interrupted when the area had been seized by bourgeois Rumania. This was added confirmation that the Soviet Union had always regarded Bessarabia as an integral part of the country.

The nationalisation of industry in Bessarabia was completed at the beginning of October 1940. It was effected with the utmost support and direct participation of the people. Workers, engineers and technicians of enterprises subject to nationalisation, under the guidance of commissars and workers' committees, ensured their uninterrupted operation. They rendered great help to the nationalisation commissions in taking stock of equipment, tools and other property which made for speedy nationalisation. Altogether, 487 industrial enterprises were nationalised. The Government of Moldavia also took over a considerable number of enterprises which did not come under the nationalisation law but had been abandoned by their owners who had fled to Rumania when Bessarabia had been liberated.

The socialist changes effected in Bessarabia in the very first months after liberation promoted the swift growth of the economy. Unemployment was abolished as enterprises idle for years were recommissioned and new factories were opened. Socialist nationalisation created conditions for combining small enterprises of the same type and organising large factories based on them.

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For more than 20 years the peoples of Latvia, Lithuania and Estonia languished under the yoke of bourgeois nationalists and fascist dictatorship. At the end of September and in October 1939, the Soviet Government, striving to protect the Baltic area from seizure by nazi Germany and to reinforce the security of the frontiers of the U.S.S.R., offered to sign a treaty of mutual assistance between the U.S.S.R. and the governments of the Baltic states. Pressed by their peoples, the governments of Latvia, Lithuania and Estonia accepted this offer aimed at strengthening peace.

In the summer of 1940 the threat of nazi aggression in the Baltic area mounted. The bourgeois governments of Latvia, Lithuania and Estonia were ready to sacrifice the national independence of their states. They were conducting secret talks with the nazis, violating the mutual assistance pacts with the Soviet Union. In these circumstances the Soviet Government brought additional Red Army units into Latvia, Lithuania and Estonia. In mid-June 1940 the masses of Latvia, Lithuania and Estonia, under the leadership of the Communists who came out from underground, rose up to fight against fascism and overthrew the bourgeois governments. Power in the Baltic states was taken over by the people.

On July 21, 1940, the People's Seim of *Latvia* unanimously proclaimed Latvia a Soviet Socialist Republic and applied to the Supreme Soviet of the U.S.S.R. to admit Soviet Latvia to the Union. Fulfilling the will of the voters, the People's Seim on July 22, 1940, passed a Declaration calling for the nationalisation of the banks and large enterprises. "All large trading and industrial establishments and banks were proclaimed the possession of the entire people, that is, state property. The Seim instructed the govern-

ment at once to examine and approve the list of enterprises and institutions subject to nationalisation. On the same day the People's Seim adopted a declaration proclaiming the land the property of the entire people. All land with its mineral resources, forests, lakes and rivers became state property.

Soviet Latvia inherited from the bourgeois system an industry backward technically and economically. During the 20 years of rule by the nationalist bourgeoisie, the republic's heavy industry which prior to 1913 held a leading place in the economy, fell almost into complete decay. The output of the metalworking plants dropped more than two-thirds as compared with 1913. Factories, which had been damaged or partly evacuated during the First World War, had not been restored.

During the years of the fascist dictatorship many enterprises worked below capacity, and the number of unemployed at times reached 50 or 60 per cent of the labour force. Riga alone had more than 7,000 unemployed. Small industrial establishments prevailed in bourgeois Latvia.

The Soviet Government of Latvia swiftly prepared for the nationalisation of the republic's large-scale industry and banks; on July 25, 1940, it promulgated a law on nationalisation with an appended list of enterprises subject to immediate nationalisation. This list enumerated 864 enterprises, including 60 metalworking plants, 37 chemical factories, 108 textile mills, 98 woodworking factories, 135 printing establishments, 155 building enterprises, 87 food factories, etc. The nationalised enterprises employed a total of about 70,000 people and produced approximately 80 per cent of the republic's total industrial output. The textile industry held first place—it employed 15,000 workers and contributed 23.2 per cent of the value of the output of all nationalised industry; the food industry came next—it had 9,100 workers and accounted for 17.3 per cent of the output.

State commissars were appointed to all the nationalised factories, plants, workshops, flour mills, etc. For large and especially important enterprises, the commissars were directly appointed by the Minister of Finance and the Minister of Trade and Industry. The commissars were entrusted with two main tasks: to implement nationalisa-

tion and, prior to the actual take-over of the enterprise by the state, watch over production, controlling the activity of the owners or their managers. The Finance Ministry prohibited owners from reducing the scale of operations or closing down the enterprises; managements at enterprises declared nationalised but not yet taken over by the state were held responsible for the rate of operation and supply. Thus, for a very short time state commissars, together with workers' committees, exercised jointly the functions of workers' control, the initial experience of which had been gained by the Latvian workers in the heroic days of 1918-19.

A commission consisting of representatives of the trade union, a workers' committee and one or two trusted book-keepers was set up to prepare and carry out the nationalisation. Wherever necessary and possible a representative of the technical personnel was also put on the commission. They were directed by the commissars. The commissions ascertained the condition of the equipment, took an inventory of the machinery and tools and of the stocks of raw materials, semi-manufactured and finished goods and checked the financial resources.

Special meetings of the state commissars, at which all questions pertaining to the nationalisation of industry were discussed in detail, were arranged in Riga, other cities and some districts of the republic, by the city and district Party committees. It was pointed out, for example, at a meeting of commissars in the Eighth District of Riga that enterprises should be handed over to the state "with the same caution as a running clock is moved from one wall to another: not a screw in the mechanism must be moved. It is for this that the commissar is responsible". State commissars nominated the future directors of enterprises, and after an enterprise was turned over to the director the state commissars wound up their activity, remaining there only if the former owner of the enterprise was appointed director.

The actual handing over of enterprises was completed in August 1940. At most enterprises nationalisation proceeded in an organised way; individual cases of open or concealed sabotage were cut short at once. In some cases the workers'

commissions established that the owners and managerial personnel prior to nationalisation had misappropriated part of the finances of the enterprise or concealed some of the finished goods. The guilty parties were prosecuted.

The banks and all credit institutions were nationalised simultaneously with industry, and the railways and water transport were taken over somewhat later. The decree of the Presidium of the Supreme Soviet of the Latvian S.S.R. on the nationalisation of the marine and river shipping lines of October 5, 1940, established compensation for the nationalised vessels, amounting to 25 per cent of their value.

The Constitution of the Latvian Soviet Socialist Republic adopted by the People's Seim in August 1940 recorded: "The economic foundation of the Latvian S.S.R. is the socialist system of economy and the socialist ownership of the means and instruments of production, established as a result of abolishing the capitalist system of economy and private ownership of the means and instruments of production at large industrial enterprises and nationalising these enterprises, the banks, transport and means of communication for the purpose of completely eliminating the exploitation of man by man and building a socialist society."\*

Summing up the results of 1940, an eventful year in the life of the Lettish people, and the socialist changes in the republic's economy, V. Lacis, Chairman of the Council of People's Commissars of Latvia, in a speech made at the Ninth Congress of the Communist Party of Latvia in December 1940 said that "now enterprises with tolerable equipment operate at full capacity, which has never been the case in the whole history of bourgeois Latvia".\*\*

On July 21, 1940, the People's Seim of *Lithuania*, expressing the will of the electorate, proclaimed Lithuania a Soviet Socialist Republic and appealed to the Supreme Soviet of the U.S.S.R. to admit Soviet Lithuania to the Union. The next day the People's Seim passed a declaration proclaiming the land the property of the entire people and on July 23 decreed the nationalisation of the banks and all large-scale industry.

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\* *Konstitutsia (Osnovnoi zakon) Latviiskoi Sovetskoi Sotsialisticheskoi Respubliki (Constitution [Fundamental Law] of the Latvian Soviet Socialist Republic)*, Moscow, 1940, p. 3.

\*\* *Proletarskaya Pravda*, December 21, 1940.

Soviet Lithuania inherited from the Smetona regime a backward economy with a poorly developed industry. On January 1, 1940, Lithuania had 1,224 industrial enterprises employing more than five people. The food industry with 431 enterprises and the textile industry with 87 mills were the biggest in the country.

The Government of Soviet Lithuania, in keeping with the directives of the People's Seim, on July 24, 1940, promulgated laws establishing the procedure and dates for the nationalisation of the banks and industry. Governmental commissars were appointed to the big banks. Their duty was to watch over the current accounts and the assets of banking credit institutions and ensure the current financing of the economy. The law called for the socialisation of the banks within three days. The actual take-over had to be effected by a commission of from three to five people, consisting of representatives of trade unions and workers' committees with the commissar as chairman. The quick and well-organised nationalisation of the banks ensured financial control over the economy, created conditions for the successful nationalisation of industry, and prevented the possibility of financial sabotage and various abuses by bankers and industrialists.

The law on the nationalisation of large-scale industry called for the nationalisation of all industrial enterprises employing more than 20 workers and establishments with over ten workers, having an engine. The government instructed the Ministry of Industry, together with the state controller, to appoint governmental commissars to all large and particularly important nationalised enterprises; to all other enterprises commissars were appointed by the uyezd councils by agreement with the trade unions. The commissars had to complete the nationalisation of enterprises within five days after the promulgation of the law.

Commissions, headed by the commissar and consisting of representatives of the Ministry of Industry, the trade unions and the workers' committees, were set up to take over the nationalised enterprises.

The Communist Party and the Government of Lithuania sought to carry through nationalisation without disturbing the operation of industry. The Central Committee of the Communist Party of Lithuania appealed to the workers to

prevent sabotage by the owners and their henchmen, actively to join in socialist construction, to observe labour discipline and raise labour productivity.

Reporting the progress of nationalisation, the newspaper *Truzhenik*, (*Workingman*) wrote in a leading article on July 31, 1940, that the nationalisation commissions were enjoying the most enthusiastic support of the workers everywhere. "Every honest worker wants to help in some way so that the nationalisation of enterprises be successful, so that everything to the smallest detail be taken into account and the employers should not be able to conceal anything."

The Council of Ministers of Lithuania set up a nationalisation commission to regulate and co-ordinate all relevant matters. By the end of 1940, 902 industrial enterprises employing 38,600 workers and 1,597 trading establishments had been nationalised.

At the beginning of October 1940, the Presidium of the Supreme Soviet of the Lithuanian S.S.R. adopted a decree on the nationalisation of the merchant marine, providing for the payment of compensation to shipowners amounting to 25 per cent of the value of the vessels. Similar compensation was to be paid to the shareholders of the Lithuanian-Baltic Lloyd and Skuba companies. Subsequently partial compensation was also paid during the nationalisation of buses, lorries, garages, repair shops and filling stations.

In a short time the state gained all the key positions in the economy: it took over the banks, large-scale industry, transport, means of communication and trade. Sneckus, Secretary of the Central Committee of the Communist Party of Lithuania, stressed in his radio speech on New Year's eve 1941 that the Soviet state "handed over to the people 1,828 large industrial and trading enterprises. The working people of Lithuania are building a new socialist industry without factory owners and are steadily advancing forward with it."

The State Duma of *Estonia* on July 21, 1940, proclaimed Estonia a Soviet Socialist Republic and, simultaneously with the People's Seims of Soviet Latvia and Soviet Lithuania, applied to the Supreme Soviet of the U.S.S.R. for the admission of Estonia to the Soviet Union. On July 23, 1940,

the State Duma adopted a declaration proclaiming the land the property of the entire people and nationalising the banks with all their property, all large factories and mills and transport enterprises.

The bourgeois government of Estonia during the years of its rule drove the republic's economy into a blind alley. Industry was in a disastrous state: factories were working far below capacity, many were closed down and were falling into decay. The large Baltiisky and Becker ship-building wharves were reduced to ruins. Tens of thousands of unemployed were doomed to starvation.

On July 25, 1940, the Soviet Government of Estonia formed a Chief Nationalisation Committee. District Party committees and nationalisation commissions operated in the localities. The Ministry of the Economy appointed representatives to all the banks and credit institutions and commissars, to industrial enterprises. The representatives and commissars controlled all the banks and industry and ensured the country's normal economic life. In their activity they relied on the support of the people. Workers' committees set up at all large enterprises watched that the owners should not sabotage production and loot money and property.

The first list of banks and industrial enterprises subject to nationalisation was published on July 26: it included 103 banks and various credit institutions and 491 enterprises, of which 246 were in Tallinn. Meetings of workers were held at the factories to discuss the decision on the take-over of the enterprises by the state and the appointment of governmental commissars, and elect take-over committees.

The nationalisation of industry proceeded very rapidly. "The nationalisation of the large industrial enterprises is being completed," *Truzhenik* reported on July 31, 1940. "All the banks, insurance companies, means of transport and about 680 large industrial enterprises have been nationalised. The take-over of enterprises by governmental commissars is proceeding everywhere in an organised way with the active participation of the workers."

By the beginning of 1941, 906 industrial enterprises, 412 large trading establishments, the railways, water transport and means of communication had been nationalised

in Soviet Estonia. The decree of the Presidium of the Provisional Supreme Soviet of the Estonian S.S.R. on the nationalisation of the marine and river vessels provided for the payment of compensation to the owners of 25 per cent of the value of the nationalised ships.

On January 1, 1941, state industry accounted for 79 per cent of the republic's gross output, co-operative industry for 19.3 per cent and private industry for 1.7 per cent. The swift completion of nationalisation was of great importance for the economic advance of Estonia.

The socialist nationalisation of industry in the Baltic republics did not result in economic break-down as bourgeois economists have claimed, and continue to claim. On the contrary, production developed very fast. Nationalisation stimulated labour enthusiasm everywhere and labour productivity rose. Factories began to work at full capacity. The output of agricultural machinery at the Liepaja factory increased by 100 per cent.

In Lithuania industrial output at the end of 1940 increased by 145 per cent as compared with the last months of 1939, and at some factories doubled or trebled.

In Estonia the gross output of state and co-operative industry increased nearly 45 per cent in the fourth quarter of 1940 as compared with the same period of 1939. In the first half of 1941 industrial output and labour productivity continued to increase. As a result, during the first incomplete year of the operation of industry along socialist lines production rose 66.8 per cent.

In the course of the socialisation of production, unemployment was abolished in the Baltic republics. In Lithuania 40,000 unemployed had received work by the end of 1940. In Estonia the number of workers increased by 23,000 at the end of 1940. In Tallinn more than 7,000 unemployed received jobs.

The example of the Baltic Soviet republics once again demonstrated the great transforming and constructive power of the socialist system. One year of free life was sufficient for the new Soviet republics to make big progress in industry. This once again conclusively showed that socialist ownership of the means of production, and not private ownership, is the source of genuine progress.

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The rich experience in socialist nationalisation of the means of production accumulated by the Communist Party and the Soviet state leads us to the following conclusions:

1. Socialist nationalisation of large-scale industry was the main demand in the economic programme of the Communist Party adopted on the eve of the socialist revolution in Russia. Putting forward this revolutionary demand, the Party proceeded from the material ripeness of large-scale industry for nationalisation, resulting from the entire development of Russia's economy in the epoch of imperialism. The conflict between the productive forces and the capitalist relations of production was aggravated to the extreme by the rapacious use of the means of production during the First World War; the contradiction between labour and capital reached the highest point and could be resolved only by a socialist revolution and the abolition of the capitalist ownership of the means of production.

2. The Bolshevik Party headed by Lenin for the first time in history tested in practice the correctness of the laws governing the revolutionary remaking of society and the expropriation of the expropriators, discovered by Marxist science. The working class under the leadership of the Communist Party took the road of socialism when the forms and methods of socialist nationalisation of the means of production and the speed of this revolutionary process were not yet known. They were elaborated in the course of preparing and effecting the socialist revolution, proceeding from the political and economic conditions at its different stages.

The situation which arose in the country in the first months after the victory of the October Revolution confronted the Soviet state with the task of beginning nationalisation first of the enterprises most important to the economy. The furious resistance offered by the bourgeoisie to the revolutionary economic measures speeded the nationalisation of industry. It was necessary to overcome the sabotage of the bourgeoisie and to prevent the further break-down of production. In the period of the "Red Guard attack on capital", nationalisation was effected by the Council of People's Commissars and the Supreme Economic Council and also by local Soviet bodies.

3. The Communist Party and the Soviet Government, while nationalising separate enterprises, were simultaneously preparing a decree on the nationalisation of the country's entire large-scale industry. The peaceful respite following the Brest Peace made it possible to complete this work, and the decree on the nationalisation of the biggest joint-stock and other enterprises was issued on June 28, 1918. This historical document was a practical embodiment of the Communist Party's economic programme. By the end of 1918 the nationalisation of large-scale industry had been completed in the main. As a result, the Soviet state swiftly gained positions of command in industry, which ensured the success of all further socialist changes.

4. Large-scale industry was first of all nationalised in Petrograd, Moscow, the Urals, the Donets Basin and Baku. The experience accumulated by the Russian Soviet Republic was utilised in nationalising industry in the other Soviet republics. The Communist Party and the Soviet Government rendered the peoples of the fraternal republics great help in making socialist changes in the economy.

Many areas of the Soviet land were captured by the counter-revolutionary and interventionist forces and bourgeois order was restored there. After liberating the occupied territories the formerly nationalised enterprises again became the property of the entire people. This affected the periods and rates of nationalisation of the means of production. In Georgia, where Soviet power was established later than in the other outlying regions, nationalisation of industry was carried out in 1921-22, under the New Economic Policy, which laid its imprint on this process.

5. Nationalisation of the means of production in Soviet Russia was carried out without compensation, the former owners of enterprises getting no redemption whatsoever. This, however, did not mean that the Communist Party in general ruled out the possibility of paying a certain amount of compensation to former owners. Lenin considered it possible for former owners to reserve their right to a small income, provided they were loyal to the Soviet state and were willing to work under its control. In 1918 in the Crimea and in 1919 in the Latvian Republic the payment of certain compensation to owners of small enterprises was

allowed, namely, to those who did not participate in sabotage and conscientiously complied with the decrees of the Soviet Government. But when the bourgeoisie refused to co-operate with the Soviet Government, took part in counter-revolutionary plots and fanned the Civil War, the nationalisation of industrial enterprises could only be carried out without compensation.

6. To prepare the ground for the socialist nationalisation of the means of production, Lenin and the Communist Party planned to make wide use of state capitalism, to combine small enterprises into trusts and to form unions of capitalists who would work under the control of the Soviet state. Russia was a country with an average capitalist development level; alongside gigantic monopoly associations—syndicates and trusts—there were many thousands of small establishments. In view of this, state capitalism would be a big step forward. Lenin attached great importance to the organisation of state capitalist enterprises. When political power was in the hands of the working class and the basic sectors of the economy became the property of the people, state capitalism did not represent a danger to the Soviet state. But the resistance of the bourgeoisie prevented the full application of Lenin's plan in Russia. Lenin's ideas on the possibility and expediency of utilising state capitalism to prepare for the socialist nationalisation of the means of production have been extensively applied in some People's Democracies.

7. Beginning with the second half of 1918, the Soviet state had to carry out the socialist nationalisation of the means of production in the context of Civil War and foreign intervention. The war compelled the Communist Party and the Soviet Government to subordinate the country's economy and all its forces and resources to the defeat of the intervention and internal counter-revolution. As a result, all middle-size industry and a considerable number of the small enterprises were nationalised in 1919-20. Everything the Soviet state managed to do in the few months of peaceful construction—nationalise the basic means of production, organise workers' management of enterprises and entire industries, arrange mass accounting and control of production and distribution, introduce new principles of labour discipline and stimulate the creative

powers of the masses—was of tremendous economic, political and military importance. It was these revolutionary changes that prepared the ground for the defeat of the interventionists and the counter-revolutionaries.

8. As a result of the socialist nationalisation of industry, all the basic means of production became socialised property, the property of the entire people. Nationalisation released the working people from exploitation by Russian and foreign capitalists. Public ownership of the means of production formed the basis for the development of socialist relations of production, which were first of all expressed in the new attitude to the means of production, in conscious labour discipline, co-operation in work, stimulation of the people's constructive activity and socialist emulation.

The abolition of private property and the entire system of capitalist production relations signified that the economic laws of capitalism ceased to operate in the country. Instead of them new economic laws inherent in the socialist mode of production arose and gradually developed. The economic laws of socialism struck root as the means of production were socialised and socialist relations of production gained in strength. Satisfaction of the people's needs became the aim of social production.

9. The socialist nationalisation of industry, carried out in 1939 and 1940 in the new regions and republics of the Soviet Union, enriched experience in this sphere. First of all it took place in a different political situation from that of Soviet Russia between 1917 and 1921. In September 1939 the Soviet Union saved the peoples of Western Ukraine and Western Byelorussia from enslavement by Nazi Germany. Under the agreement between the Soviet Government and the royal Government of Rumania Bessarabia rejoined the U.S.S.R. The peoples of the Baltic republics overthrew their fascist governments, and units of the Red Army, stationed in their territory in accordance with the concluded agreements, prevented the counter-revolutionary forces from unleashing civil war. The Soviet Union also protected these republics from intervention by the imperialist powers in their domestic affairs. In these conditions, the people in the new regions and republics were able to undertake revolutionary changes in the economy in the very first days after the establishment of Soviet power.

10. Industry and the banks in the new Soviet regions and republics were nationalised very swiftly. While in Soviet Russia the nationalisation of large-scale industry took more than a year, in 1939 and 1940 a little more than a month was needed for the socialisation of the main enterprises of large-scale industry and of the banks. All the large and medium-size enterprises were nationalised within three or four months. These fast nationalisation rates were dictated by objective necessity. The new Soviet regions and republics became part of the Soviet Union, a country in which socialism had been built and socialist ownership of the means of production and circulation ruled unchallenged. The industry, banks, credit institutions, rail and water transport, means of communication, large-scale trade in the new regions and republics had to become a component part of the single national economy of the Soviet Union. This could happen only after the abolition of private ownership of the means of production and circulation as a result of their swift nationalisation.

11. The nationalisation of industry in the new Soviet regions and republics was carried out almost everywhere without compensation. In the Western Ukraine, Western Byelorussia, Bessarabia and Northern Bukovina almost all the large enterprises had belonged to Polish and Rumanian capitalists. In the Baltic republics the bourgeoisie had supported fascist regimes and steadily betrayed the national interests. In these conditions expropriation of the means of production was a legitimate act. The only exception was the nationalisation of ships in the Baltic republics—their owners were to get partial compensation; in the Lithuanian Republic there was also compensation for nationalised buses, lorries and motor transport enterprises. The reason was that these were means of production belonging chiefly to small owners.

12. The Soviet state was able swiftly to gain key positions in the economy of the new regions and republics because the people had before them the inspiring example of many Soviet republics. Fully isolated, the bourgeoisie could neither foil nor retard the nationalisation of industry. In these exceptionally favourable conditions the Soviet Government and the Communist Parties of the new republics were able to carry out systematic nationalisation of

industry in a short time and actually take over the enterprises without disturbing production.

13. The Soviet governments of Latvia, Lithuania and Estonia, undertaking the nationalisation of large-scale industry and banks, had the experience of the first socialist changes in their republics during the great October Socialist Revolution.

New developments in the Baltic republics began where they had been interrupted in 1919. The working class of these republics had not reconciled itself to the restoration of capitalism and during the years of bourgeois rule fought, under the leadership of the Communist Parties, for the restoration of Soviet power.

14. The people of the new regions and republics, carrying out revolutionary changes in the economy, relied on the fraternal assistance of all the peoples of the Soviet Union. Tens of thousands of Soviet officials and economic executives, engineers and technicians, doctors, teachers, and agronomists were sent to these regions and republics from other parts of the Soviet Union.

The industrial enterprises of the new regions and republics, received adequate supplies of raw materials and semi-manufactures, were able quickly to replace obsolete machinery and other equipment and to restart factories which had been idle for years. All this made it possible to work at full capacity, to go over to operation in two or three shifts and thus abolish unemployment.

15. The new Soviet regions and republics became full-fledged members of the Union of Soviet Socialist Republics and their economy, an integral part of the Soviet economy developing on the basis of a single plan and common aims. This facilitated and accelerated the building of the material and technical basis of socialism in the new regions and republics.

The example of Latvia, Lithuania and Estonia graphically confirmed the Marxist proposition that large-scale capitalist production ripened long ago and can easily be nationalised if all the necessary political prerequisites are created.

16. The socialist nationalisation of industry in the U.S.S.R. is of great international significance. The people's age-old dream of deliverance from capitalist exploitation

was realised in the Soviet Union for the first time in history. The working people, as represented by the workers' and peasants' state, became the owners of the means of production, themselves began to manage industry, coping with all the difficulties of the organisational period. All this exerted a tremendous revolutionising influence on the working people of the world. The socialist nationalisation of industry became a programmatic demand of the advanced detachments of the working class. Hatred of the imperialist bourgeoisie for the proletariat of Soviet Russia which deprived the Russian and foreign capitalists of their property in the means of production was mixed with fear of their own working class. It is for this reason that all the instruments of imperialist propaganda were, and are, being utilised to slander the socialist changes in the economy made by the Soviet working class under the leadership of the Communist Party. The falsifiers of history seek to distort the Soviet experience of nationalising industry and prevent the people of other countries from benefiting from it.

In books, articles and lectures bourgeois scientists accuse the Soviet working class of "seizing" factories; they deny the socialist nature of the Soviet nationalisation of industry and attempt to "prove" that it was of an anarcho-syndicalist character and supposedly led to the complete break-down of industry. But this entire campaign of slander, stepped up in recent years, cannot wipe out the historical significance of Soviet experience. The peoples are carefully studying it. What makes the socialist economic changes in the Soviet Union important is that this is the experience of a great people who for the first time in the world built a socialist society and are now engaged in the full-scale building of communism.

Soviet experience is also attracting other peoples because the socialist changes were effected in a vast country which had different modes in the economy, an unequal level of industrial development in various areas and big national and other distinctions. This experience had been utilised by the People's Democracies in Europe and Asia. It will be gratefully accepted by other peoples too.

## Chapter Two

### SOCIALIST NATIONALISATION OF INDUSTRY IN THE EUROPEAN AND ASIAN PEOPLE'S DEMOCRACIES

#### 1. THE PREREQUISITES FOR THE NATIONALISATION OF THE MEANS OF PRODUCTION IN THE PEOPLE'S DEMOCRACIES

The Great October Socialist Revolution brought about the most profound change in the life of the peoples of the U.S.S.R. and exerted a decisive influence on the historic destiny of all mankind. It ushered in a new era in world history, demonstrated in practice the correctness of the laws of the socialist revolution discovered by Marxism-Leninism and opened up the road to socialism and communism for the working people, to a society free of class oppression, national inequality and exploitation of man by man. Lenin brilliantly foresaw that the general features and laws of the socialist revolution in Russia would be inherent in all countries taking the road of the revolutionary abolition of the capitalist mode of production. "Now we have already very considerable international experience," Lenin pointed out in 1920, "which most definitely shows that certain fundamental features of our revolution have a significance which is not local, not peculiarly national, not Russian only, but international."\*

The experience of the U.S.S.R. shows that the main prerequisite for the victory of the socialist revolution and the building of a new, socialist society is the winning of power by the working class in the political sphere, while in the economic sphere it is the abolition of capitalist property and the establishment of public ownership of the basic means of production, the socialist transformation of agriculture and the balanced development of the economy aimed at building socialism and communism.

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\* Lenin, *Selected Works*, Vol. 3, p. 375.

Stressing the importance of the general laws of the socialist revolution, Lenin pointed at the same time to the possibility of there being different forms and rates for the revolution in different countries, a wealth of different forms for the transition from capitalism to socialism.

"All nations will arrive at socialism—this is inevitable," Lenin wrote, "but all will do so in not exactly the same way, each will contribute something of its own to some form of democracy, to some variety of the dictatorship of the proletariat, to the varying rate of socialist transformations in the different aspects of social life. There is nothing more primitive from the viewpoint of theory, or more ridiculous from that of practice, than to paint, 'in the name of historical materialism', *this* aspect of the future in a monotonous grey."\*

The experience of the European and Asian People's Democracies which have taken the revolutionary road in different historical conditions from those obtaining in the Soviet Union has corroborated this Leninist prediction.

A revolutionary situation arose in a number of European countries during the Second World War. The anti-fascist patriotic forces united, and the working class and the peasantry formed an alliance which grew into a mighty force in Poland, Czechoslovakia, Yugoslavia, Albania, Bulgaria, Hungary and Rumania. As a result, a National Democratic Front was established in Poland, a National Front of Czechs and Slovaks in Czechoslovakia, a People's Liberation Front in Yugoslavia, a Fatherland Front in Bulgaria, and so on. The peoples of these countries rose up to fight against fascism for national independence and democracy. The specific features of the struggle for liberation in each country were determined by the local conditions. In Yugoslavia guerrilla warfare began almost immediately after the country's occupation and soon grew to broad dimensions; in the struggle for the liberation of Poland, Polish divisions fought side by side with Soviet troops, etc.

The countries of Central and South-Eastern Europe greatly differed in their levels of political and economic development. Czechoslovakia, for example, was a bourgeois-democratic republic with a highly developed industry

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\* Lenin, *Collected Works*, Vol. 23, pp. 69-70.

and intensive agriculture in which capitalist farming prevailed. The country had a large working class led by the Communist Party. In Poland and Hungary capitalism had reached an average level of development. Capitalist production was less developed in Bulgaria, Rumania and Yugoslavia. Albania was economically the most backward country among them. In none of these states had the problems of the bourgeois-democratic revolution been fully solved and big landownership and other remnants of feudalism still existed. Bulgaria was the exception; despite the insufficient development of capitalism, there were almost no feudal remnants and practically no class of landowners.

The destinies of the Central and South-East European countries were also shaped differently between 1938 and 1945. In 1938, following the Munich compact of the Western powers, nazi Germany occupied the border regions of Czechoslovakia. This country was one of the first victims of Hitlerite aggression in Europe. In March 1939 the Czechoslovak Republic ceased to exist as an independent state: Czech lands were annexed by Germany in the form of the so-called protectorate; Slovakia was turned into a puppet fascist state; Horthy Hungary seized the Transcarpathian Ukraine. In April 1939 fascist Italy, supported by nazi Germany, annexed Albania. In September 1939 nazi troops occupied Poland thus starting the Second World War in Europe. Shortly before the attack on the Soviet Union the nazis, together with Italian and Hungarian troops, occupied Yugoslavia. Thus, Czechoslovakia, Poland, Yugoslavia and Albania were enslaved during the preparations for, and at the very beginning of, the Second World War.

The fate of Hungary, Rumania and Bulgaria was different. They became satellites of Hitlerite Germany. In March 1944 nazi Germany occupied Hungary to keep control over it; the nazis acted the same way in Rumania. The economy of these countries was looted.

A national liberation movement spread in the countries of Central and South-Eastern Europe in the course of the Second World War. The working class, led by the Communists, was the driving force of this movement, which directly influenced its nature and social consequences. The anti-fascist, anti-imperialist struggle directed against

German nazism, collaborationists and landowners, culminated in the rise of a new form of political organisation of society, the People's Democracy, which at first represented the democratic dictatorship of the working class and the peasantry. In the second stage of its development, the people's democratic system began to discharge the functions of proletarian dictatorship. In Bulgaria the development of the dictatorship of the proletariat started immediately after the victory of the people's uprising on September 9, 1944.

"The People's Democracy," it is pointed out in the Programme of the C.P.S.U., "reflected the distinctive development of the socialist revolution at a time when imperialism had been weakened and the balance of forces had tilted in favour of socialism. It also reflected the distinctive historical and national features of the various countries."\*

In *Poland*, the national liberation struggle of the people against the nazi invaders began in the first years of occupation. Its organising and inspiring force was the Polish Workers' Party (P.W.P.), founded in January 1942 as a Marxist-Leninist party. Under its leadership the working class headed the struggle of the people for national and social liberation. In November 1943 the Central Committee of the Polish Workers' Party published a declaration *What Are We Fighting For?*, which was a programme for creating a People's Poland. The preamble of the declaration stated: "After liberation from the nazi yoke Poland cannot and will not be the Poland prior to September 1939 in which the working masses of town and country were barred from the government and had no right to settle the destinies of the state and the people." The declaration contained anti-fascist, anti-imperialist and anti-feudal demands. It called for the formation of a Provisional Government which "should rely on the anti-fascist People's Front, while all its actions should be in the spirit of democracy and freedom"; the implementation of profound socio-economic changes—confiscation of the property of the nazis, nationalisation of industry, abolition of big estates and land reform; establishment of firm alliance and friendship with the Soviet Union. The accomplishment of these tasks

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\* *The Road to Communism*, Moscow, p. 464.

was to ensure Poland political and economic independence and open up to the Polish people the road to socialism.

As a result of its energetic anti-fascist activity, the Polish Workers' Party rallied together the democratic forces who were operating underground and together with them formed on the eve of the New Year 1944 an underground Parliament, *Krajowa Rada Narodowa*. This is how a national democratic front, uniting the working class, peasantry, intelligentsia and middle strata of the urban population, arose in Poland on the initiative and under the leadership of the P.W.P. The beginnings were thus laid for the creation of a new revolutionary democratic government. The *Krajowa Rada Narodowa* began its activity by setting up a new type of state authority in the localities, People's Councils, and the formation of a People's Army of which the guerrilla detachments of the People's Guard formed the core. In the economic sphere its programme called for the handing over of the land to the peasants and "the nationalisation of large-scale industry, collieries, mines, banks and transport".\* Under the leadership of the *Krajowa Rada Narodowa*, of which the Communists were the leading force, the national liberation struggle of the Polish people against the German nazi invaders began to develop into a people's democratic revolution.

On July 21, 1944, the *Krajowa Rada Narodowa* promulgated a law setting up the Polish Committee of National Liberation, which was to act temporarily as the Government of the Polish Republic. The next day the Committee published a Manifesto, outlining a programme for building a new, democratic Poland. The July Manifesto, issued at the time when the Soviet Army started the liberation of Poland, was of great political significance. The Manifesto urged the Polish people to defeat the German invaders, democratise the country, form an independent people's state, confiscate the property of the nazis and make radical changes in the economy. The Manifesto, like the earlier programme documents of the Polish Workers' Party and the *Krajowa Rada Narodowa*, emphasised the importance of Polish-Soviet friendship and formulated the de-

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\* *Kształtowanie się podstaw programowych Polskiej Partii Robotniczej w latach 1942-1945*, p. 471.

mand for the establishment of the new Polish frontiers along the Oder-Neisse line.

The Krajowa Rada Narodowa and the Polish Committee of National Liberation consistently carried out the tasks formulated in the July Manifesto. True, at that time the working class still shared political power with representatives of bourgeois and other political parties, but as the democratic reforms developed, it gradually became the leading social force and concentrated ever greater power in its hands. After the liberation of the whole of Poland a land reform was implemented, the landowning class was abolished and the economic positions of the big bourgeoisie were undermined. Thus, the anti-fascist, anti-imperialist and anti-feudal tasks of the people's democratic revolution were accomplished in Poland in 1945.

In 1946 and 1947 the struggle between the proletariat and the bourgeoisie entered its decisive phase. The bourgeoisie headed by Mikolajczyk made desperate attempts to prevent any revolutionary socialist transformations and to bring the country back to the road of capitalist development. But the deep socio-economic changes made by the people's democratic government, on the initiative of the P.W.P., struck solid root. As a result, the bourgeoisie was defeated at the elections to the Legislative Diet of the Polish People's Republic held on January 17, 1947, on the basis of universal, equal and direct suffrage by secret ballot. The bourgeoisie was no longer represented in the new government and the working class assumed full political power. The conditions for building socialism arose in Poland and the People's Democracy began to discharge the functions of proletarian dictatorship.

The healing of the political split in the working-class movement and the merger of the Polish Workers' Party and the Polish Socialist Party were of great importance for the success of socialist construction in Poland. This process was consummated in December 1948 at the unity congress of the Polish Workers' Party and the Polish Socialist Party which merged into one Marxist-Leninist party, the Polish United Workers' Party.

The national liberation movement in *Czechoslovakia* began in the first months of occupation. It grew after the Soviet Union was attacked by the nazi hordes. In Czecho-

slovakia, as in Poland, the Communist Party was the leading force in the struggle against the invaders. The defeat of the nazi troops and the armies of their satellites at Stalingrad was of decisive importance for the development of the guerrilla movement in Czechoslovakia. In the course of this struggle, all the patriotic, anti-fascist forces of the people united against the invaders and the collaborationist bourgeoisie.

The National Front of Czechs and Slovaks, set up with the active participation of the Communist Party, united under the leadership of the working class, the peasantry, the intelligentsia and the anti-fascist bourgeoisie. The Slovak national uprising which flared up on August 29, 1944, marked the culmination of the struggle of the Czechoslovak people against the invaders and the collaborationists. The liberation struggle of the Czechoslovak people began to develop into a people's democratic revolution.

At the end of 1944 the Soviet Army began to liberate the territory of Czechoslovakia. On April 4, 1945, the first Government of the National Front of Czechs and Slovaks was formed in Kosice, Eastern Slovakia. The next day the government published its programme which went down in history as the Kosice governmental programme (its draft was drawn up by the Communist Party of Czechoslovakia). The programme called for deep socio-economic changes in Czechoslovakia after the liberation of the entire country. It declared that the new government of the Czechoslovak Republic "must be a government of a broad national front of Czechs and Slovaks made up of representatives of all social sections and political trends which waged at home and abroad a liberation struggle for the overthrow of the German and Hungarian tyranny". The programme further provided for the arrest and punishment of people who had collaborated with the enemy, the complete renewal of the state apparatus, the holding of elections, the placing of the property of nazis and war criminals and also the key industries under national administration,\* implementation

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\* The question of nationalisation of large-scale industry was raised by Czechoslovak Resistance groups as early as 1941-42. The Kosice programme does not explain what is meant by placing the key industries "under national administration" and in what form this should be done.

of a land reform, the granting of broad political and democratic freedoms to all the working people, joint struggle with the Soviet Army against nazi Germany and the complete extirpation of fascism.

In foreign policy, friendship with the U.S.S.R. was the basic content of the Kosice programme: "We are convinced," it declared, "that the liberation of the Czechoslovak Republic will be consummated with the assistance of the Soviet Union and that with its support the freedom and independence and also the further happy development of the republic will be ensured for all time. . . ."\*

The Kosice programme did not directly formulate the tasks of the socialist revolution. But it enabled the working class to undermine the political and economic rule of the big bourgeoisie in the course of carrying out its democratic reforms.

The elections to the Legislative National Assembly in 1946 represented an important landmark in the development of the people's democratic revolution in Czechoslovakia. The elections ended in a convincing victory for the Communist Party which gained 114 out of 300 seats and became the leading political party in parliament. As a result, a new National Front government headed by Klement Gottwald was formed. The government included eight Communist Ministers.

Bourgeois reactionaries in Czechoslovakia, sensing that the ground was slipping from under their feet, began to mobilise their forces for the restoration of capitalism. The bourgeoisie stepped up economic sabotage and sought to frustrate the fulfilment of the two-year plan. It drew on the assistance of the Anglo-American imperialists and frenziedly prepared a counter-revolutionary coup. It was in a hurry because general elections were to be held in May 1948 and there was every ground for expecting the Communists to poll more than 50 per cent of the vote. In view of this, the bourgeoisie openly came out against the people's democratic rule.

The Communist Party of Czechoslovakia exposed the plans of the bourgeoisie and prevented it from taking the initiative. The political crisis in February 1948 ended in

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\* *Pravda*, April 11, 1945.

the defeat of the counter-revolution. Political power in the country was completely taken over by the working class. The February victory opened up to the people of Czechoslovakia the road to socialism.

In *Bulgaria*, the organised struggle against nazi Germany and its henchmen grew to broad dimensions in mid-1942. A Fatherland Front uniting the main anti-fascist forces in the country was organised under the leadership of the Bulgarian Workers' Party (Communists). On July 17, 1942, the underground Christo Botev Radio Station broadcast the programme of the Fatherland Front, which urged the working people and all the progressive forces in the country to unite in the struggle for uprooting fascism and creating a people's state. The programme of the Fatherland Front formulated the following main tasks:

1. To prevent Bulgaria's involvement in the criminal nazi war; to break the alliance of Bulgaria with nazi Germany and the other Axis states, to free Bulgarian soil from the German nazi soldiers and Gestapo bandits.

2. To restore the political rights of the people, specifically freedom of the press and freedom of assembly, to annul all anti-constitutional, anti-popular and fascist laws, fully to extirpate fascist oppression.

3. To protect the national wealth from foreign control and create conditions for the economic development of Bulgaria as a free and independent state.

The programme of the Fatherland Front served as the banner of struggle for Bulgaria's patriotic forces against fascism from August 1942 to September 1944. The heroic national liberation struggle headed by the Bulgarian Workers' Party culminated in the victorious people's uprising of September 9, 1944, which overthrew the political and economic domination of nazi Germany and the royal fascist dictatorship and established a People's Democracy. The success of the people's democratic revolution in Bulgaria was determined by the entry of the Soviet Army into Bulgaria and the defeat of the nazi forces.

The first government of the Fatherland Front was set up in Bulgaria. True, the Communists received only four posts in it but, together with the other democratic forces, they held key positions in the state. The Communists played a leading part in the local committees of the Fatherland

Front. In these conditions the presence of bourgeois representatives in the government did not prevent the development of the socialist revolution.

In 1944 and 1945 important democratic measures were carried out to uproot fascism, bring to trial the war criminals, combat sabotage, gain positions of command in the economy and develop the co-operative movement in the countryside. All these changes were effected in sharp class struggle against the bourgeoisie.

The Bulgarian Workers' (Communist) Party, with the support of the people, prevented the bourgeoisie from disorganising the country's political and economic life and undermining the unity of the Fatherland Front. The solidarity of the masses and their resolve to build a people's state grew in the course of this struggle. Elections to the National Assembly were held in Bulgaria in November 1945. The Fatherland Front scored a great victory at the polls: 88 per cent of the electorate voted for its candidates. The Bulgarian Workers' Party gained 94 seats and became the leading party in Parliament.

The further efforts of the Bulgarian Workers' Party to strengthen the dictatorship of the working class and lay the foundations for socialism were marked by political victories of the people at the referendum on the abolition of the monarchy and the proclamation of Bulgaria a People's Republic (September 1946) and at the elections to the Grand National Assembly (November 1946). This time the Bulgarian Workers' Party received more than 50 per cent of the vote. Georgi Dimitrov headed the new government of the Fatherland Front.

In 1947 the people's democratic system in Bulgaria scored complete victory over the bourgeoisie in the economic sphere and People's Democracy took solid root.

In *Hungary*, the national liberation struggle against fascism, of which the working class and the Communist Party were the leading force, resulted in the formation of the Hungarian National Independence Front on December 2, 1944. The next day, the programme of the Independence Front, proposed by the Communist Party, was made public at a mass meeting in Szeged. The first point of the programme called for Hungary's immediate entry into the liberation war against German nazism and its accomplices.

The programme put forward demands to punish the war criminals, carry out a broad land reform, establish state control over the cartels and big banks, nationalise the oil fields, coal and bauxite mines and institute an eight-hour working day by law. In foreign policy, the programme envisaged a break with the chauvinist predatory aspirations of Hungarian imperialism and the establishment of close friendship with "the mighty Soviet Union, the great defender of the peoples' freedom and independence". The programme of the Independence Front also provided for the formation of a Provisional Government of Hungary.

A Provisional National Government, consisting of representatives of different political parties, including the Communists, was formed on December 22, 1944, in Debrecen, on territory liberated by the Soviet Army.

The formation of this government attested to the political success of the democratic forces and exerted a tremendous influence on the entire country, including the territory still occupied by the nazis. On December 28, 1944, the Debrecen Government declared war on nazi Germany, but actually the Hungarian Army had no opportunity to take part in hostilities.

The Communist Party of Hungary, working for the establishment and consolidation of the people's democratic system, took into account the experience of the socialist revolution in Hungary in 1919. At that time the Hungarian Soviet Republic existed for 133 days. One of the first measures of Soviet Hungary's Government in those days was the immediate nationalisation of the landed estates, industrial enterprises, banks, transport and trading establishments without compensation. The nationalisation of the property of the capitalists and landowners created the prerequisites for radical changes in the life of the working people. In making the revolutionary changes after the Second World War, Hungary's working class utilised the rich experience of the proletarian dictatorship in Hungary in 1919.

Between 1945 and 1947 the Communist Party of Hungary worked to unite the Left forces, to win a majority in Parliament and in the government and undermine the positions of big capital in the economy. Particularly important political events were the proclamation of Hungary a republic and the abolition of the monarchy on February 1,

1946; the establishment of a Left bloc in March, 1946;\* the exposure of a bourgeois counter-revolutionary plot at the end of 1946, in which a leading part was played by Prime Minister Ferenc Nagy, one of the leaders of the Smallholders Party; and, lastly, the big victory of the democratic forces headed by the Communist Party at the parliamentary elections in August 1947.

Parallel with the struggle for political power the working class scored big successes in the economic sphere too: by the end of 1949 the people's democratic government had gained all leading positions in the economy. The dictatorship of the proletariat was consolidated both politically and economically and the Hungarian people were all set to build the foundations of socialism.

The organisation of an Anti-Fascist Patriotic Front at the beginning of 1943 was of decisive importance for developing the national liberation struggle in *Rumania*. Under the leadership of the Communist Party, the country's anti-fascist freedom-loving elements united in the Front. Subsequently, in June 1944, a National Democratic Bloc was formed, uniting on the basis of a broad platform drawn up by the Rumanian Communist Party, the country's main political parties (the Communist Party, Social-Democratic Party, Peasant Party and Liberal Party).

The working people of Rumania had suffered from the oppression of the German monopolies and the arbitrary rule of its own government, which had aroused anti-fascist sentiments. In the summer of 1944 the Soviet Army inflicted a crushing defeat on the nazi and Rumanian forces at Jassy and Kishinev and entered Rumanian territory. With the Soviet Army drawing near to Bucharest, conditions became favourable for overthrowing the hated fascist dictatorship of Antonescu. On the call of the Communist Party, the people and detachments of Workers' Guards in Bucharest rose up and on the night of August 22, 1944, overthrew nazi rule. A people's democratic revolution began in the country. The Rumanian Army turned its guns against the nazis and, together with the Soviet forces, helped to liberate Hungary and Czechoslovakia.

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\* The bloc included the Communist Party, the Social-Democratic Party, the Peasant Party and the Council of Trade Unions.

The victorious uprising did not, however, place power in the hands of the working class at once. It was captured by the reactionary bourgeoisie and the monarchists who sought to stem the development of the revolution. The new government headed by General Sanatescu, together with the king and his entourage, prevented the abolition of fascism and the country's democratisation.

The people of Rumania, led by the Communist Party, waged a struggle for the establishment of people's rule and it was consummated in the formation of a democratic government headed by Dr. Petru Groza on March 6, 1945. Representatives of the working class played a decisive part in the government.

The people's democratic government and the Communist Party of Rumania worked energetically for democratic changes, for winning over the masses and politically isolating the bourgeois and monarchist forces.

In 1946 and 1947 Rumania's democratic forces continued step by step to wrest political and economic positions from the bourgeoisie. This was facilitated by the development of workers' control over production and the institution of state control in industry. The people's democratic government did much to restore and reconstruct the economy.

The parliamentary elections in November 1946 were of great significance for the further development of the people's democratic revolution in Rumania. A bloc of democratic parties was formed on the initiative of the Communist Party. It was opposed by the "historical" parties of Maniu and Bratianu and the party of Right-wing Social-Democrats headed by Petrescu. The elections resulted in a resounding victory for the democratic bloc, whose candidates polled 80 per cent of the vote. Liberal and Right-wing Social-Democratic leaders, Bratianu and Petrescu, were rejected.

In December 1946 the people's democratic government took over the National Bank of Rumania; in 1947 it carried out a monetary reform, stopped inflation and organised industrial administrations which united large and medium private and state enterprises according to industry and nature of activity. These measures, which undermined the economic power of the bourgeoisie, helped to rally the masses around the working class and the Com-

munist Party and prepared the conditions for ousting the last representatives of the bourgeoisie (Tatarescu Liberals) from the government, abolishing the monarchy and proclaiming Rumania a people's republic on December 30, 1947. Political power in the country was fully taken over by the working class. People's Democracy began to exercise the function of dictatorship of the proletariat.

The surrender of royal *Yugoslavia* on April 18, 1941, did not signify the capitulation of the Yugoslav peoples to the fascist invaders. From the very first days of occupation, the Communist Party deep underground began to prepare for an all-out liberation struggle. A Liberation Front of Slovenia was organised in Ljubljana on April 27, 1941, on the initiative of the Central Committee of the Communist Party of Slovenia. Underground fighting detachments began to spring up in Yugoslavia.

After the attack of nazi Germany on the Soviet Union, the Central Committee of the Communist Party of Yugoslavia appealed to all the peoples of the country to help "by every possible means in the just struggle of the great and peace-loving socialist country, the Soviet Union".\* General Headquarters of guerrilla detachments were organised. An armed uprising against the invaders and their accomplices spread in all areas of Yugoslavia between July and October 1941. A mass resistance movement arose and it resulted in the formation of the People's Liberation Army and the liberation of large territories from the enemy in the second half of 1941.

New organs of power, People's Liberation Committees, were set up in the areas freed from the invaders and in some parts of the country still occupied by the nazis. These committees became the revolutionary organs of people's rule. The Communist Party headed the struggle of Yugoslavia's people for their liberation and the country's regeneration along new, democratic lines.

The Anti-Fascist Vece of People's Liberation, the first country-wide political body of new Yugoslavia, was organised in November 1942. A National Liberation Committee of Yugoslavia which acted as a Provisional Government

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\* *Sbornik dokumenata i podataka o narodnooslobodilackom ratu jugoslovenskih naroda*, t. 1. knj. I. Belgrade, 1952, p. 16.

was set up in November 1943 at the Second Session of the Vece. The Committee was headed by Josip Broz Tito.

Early in September 1944 the Soviet Army crossed the border of Yugoslavia and its forces linked up with units of Yugoslavia's People's Liberation Army and began joint operations against the common enemy. Belgrade, the Yugoslav capital, was liberated after bitter fighting on October 20, 1944.

The liberation of Yugoslav territory was completed on May 15, 1945, and people's rule was consolidated throughout the country. The Constituent Assembly of Yugoslavia which opened on November 29, 1945, adopted a declaration abolishing the monarchy and proclaiming the Federative People's Republic of Yugoslavia. The working class headed by the Communist Party of Yugoslavia took power into its hands. The Constitution of the Federative People's Republic of Yugoslavia, adopted on January 31, 1946, legislatively consolidated the political and socio-economic gains of the people's revolution, and the country embarked on the road to socialism.

After the occupation of *Albania* by fascist Italy, the people did not reconcile themselves to their enslavement and rose up to fight the invaders. A guerilla movement spread throughout the country under the leadership of the Communists and it developed into the people's liberation war for the freedom and independence of Albania.

After the attack of nazi Germany on the Soviet Union, the Albanian people stepped up their struggle against the Italian invaders and the Albanian feudal elements and part of the bourgeoisie who had openly collaborated with the fascists. The Communist groups in the country united and founded the Communist Party of Albania early in November 1941. National Liberation Councils, organs of people's rule, were set up in the liberated areas. A National Liberation Front of Albania was formed in September 1942.

The surrender of fascist Italy created a new situation in Albania and enabled the People's Liberation Army to free almost the entire country. But on September 10, 1943, the troops of nazi Germany invaded Albania and occupied all the bigger cities and important ports. The People's Liberation Army kept up the struggle and by mid-1944 had liberated the entire southern part of the country. In May

1944 an Anti-Fascist National Liberation Committee was formed which acted as the Provisional People's Democratic Government of Albania. Elections to the Constituent Assembly were held early in December 1945. On January 11, 1946, the Constituent Assembly proclaimed Albania a people's republic, and on March 14, 1946, the Constitution of the Albanian People's Republic was adopted. The Albanian people began to build the foundations of socialism.

The Soviet Union and its armed forces made a decisive contribution to the defeat of nazi Germany. They liberated the German people from nazi oppression and created the conditions for the peaceful democratic development of Germany. The liberation of Germany from nazism was a turning point in German history.

The remnants of the fascist state machine were demolished in *East Germany* under the leadership of the working class, and new democratic administration bodies were established from top to bottom. The struggle of the working class for the building of a peace-loving, anti-fascist democratic state was fully supported from the very first days by the Soviet occupation authorities who consistently applied in East Germany the decisions of the Potsdam Conference, gave the working people democratic freedoms, accorded them every support and protected them from imperialist intervention. The national interests of the German people—the extirpation of nazism and militarism—coincided with the interests of the Soviet Union and all the peoples who sought guarantees against fresh aggression by the German imperialists and militarists. "The entire activity of the Soviet military administration proceeded from the principles of proletarian internationalism and was infused with the spirit of socialist humanism. . . . Its aim was to help the German people organise a new, democratic life."\*

The unity of the working-class forces was the key to solving these problems. Unity of action by the Communist Party and the Social-Democratic Party was an important prerequisite for organising new free trade unions in East Germany. The Federation of Free German Trade Unions was formed in 1945. In the spring of 1946 the Communist

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\* *Grundriß der Geschichte der deutschen Arbeiterbewegung*, Dietz-Verlag, Berlin, 1963, S. 202.

Party and the Social-Democratic Party of East Germany united on the basis of Marxist-Leninist ideology and formed the Socialist Unity Party of Germany (S.U.P.G.). The healing of the political split in the working-class movement helped to heighten the role and activity of the working people in political affairs and economic construction in this part of Germany.

Between 1945 and 1948 all fascist organisations and unions were disbanded in East Germany, the war criminals were punished, enterprises belonging to the Hitler Reich, and to active nazis and monopolies were confiscated, a land reform was carried out and workers' control over production was instituted. These and other democratic changes transformed the life of the people in East Germany and steered it into the channel of peace and constructive endeavour.

An entirely different situation emerged in West Germany occupied by the forces of the United States, Britain and France. The governments of these powers, violating the Jalta and Potsdam agreements, did not demilitarise the economy and democratise life in West Germany and did not take measures to uproot nazism. Most of the active nazis and war criminals either escaped punishment altogether or were subjected to mild punishment for the sake of form. That was a policy aimed at perpetuating the division of Germany, prolonging indefinitely the occupation regime, reviving militarism and creating a new source of war danger in Europe. This policy of the Western powers logically led to the birth of the revanchist Bonn Government in West Germany.

In reply to the separatist actions of the Western powers which legalised the division of Germany, the patriotic forces in East Germany headed by the S.U.P.G. took measures to form a people's democratic republic. On October 7, 1949, the Ninth Session of the German People's Council proclaimed the formation of a people's democratic state, the German Democratic Republic. The working class in the republic, having consolidated its power both politically and economically, began to lay the foundations of socialism in mid-1952.

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The defeat of militarist Japan in August 1945 created favourable conditions for the victory of the socialist revolution in China, Korea and Vietnam. The victory of the revolution in *China* was of particularly great importance, and it gave a tremendous impetus to the liberation struggle of the Asian peoples and countries.

Under the influence of the Great October Socialist Revolution in Russia, the Chinese people, guided by their Communist Party, began the revolutionary struggle as early as 1924. It was of an anti-feudal, anti-imperialist and bourgeois-democratic character. In the course of the armed struggle which lasted more than 20 years, liberated areas arose in China. These were bases of the revolution in which democratic rule of the people was established. It was in these areas that the Communist Party of China gained its initial experience in making democratic changes.

After the defeat of Japan, in 1945, the conditions arose for the peaceful development of the revolution in China. But the Kuomintang clique, headed by Chiang Kai-shek and backed by the U.S. imperialists started a civil war. Between 1945 and 1949, in the course of the revolutionary civil war, the People's Liberation Army of China defeated the Kuomintang forces. The liberation war of the Chinese people ended in the formation of the Chinese People's Republic in 1949. "The great victories of the people's liberation war and the people's revolution in China put an end to the period of domination by imperialism, feudalism and bureaucratic capital in the country."\* A new, socialist stage of the people's revolution began in China in 1949.

The Common Programme of the Chinese People's Political Consultative Council, adopted on September 29, 1949, declared that the Chinese People's Republic was a republic of the people's democratic dictatorship—"state power of the people's democratic united front of the working class, peasants, petty bourgeoisie, national bourgeoisie and other patriotic democratic elements, founded on an alliance of the workers and peasants and led by the working class".\*\*

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\* *Zakonodatelniye akty Kitaiskoi Narodnoi Respubliki (Legislative Acts of the Chinese People's Republic)*, Moscow, 1952, p. 50.

\*\* Ibid.

Korea was liberated by the Soviet Army from the Japanese yoke in August 1945. This created the prerequisites for the development of democratic freedom and the formation of a people's democratic state in Korea. The Communists who emerged from underground restored the Communist Party of Korea in September 1945. New democratic organs of power, People's Committees, were organised all over the country. An All-Korea Congress of delegates of the People's Committees and democratic mass organisations met in Seoul on September 6, 1945, and proclaimed Korea a democratic republic. The Congress elected a government, the Central People's Committee.

On September 8, 1945, American troops landed in South Korea. By agreement between the countries which participated in the war against Japan, U.S. forces occupied the part of Korea located south of the 38th parallel. They established a military occupation regime in South Korea and at the end of 1945 disbanded the Central People's Committee and the People's Committees in the localities. The aggressive actions of the U.S. imperialists resulted in the division of Korea.

In *North Korea* the people received full freedom to make democratic changes. When ousting the Japanese invaders from the country, the Soviet Army took under its protection private and state property and all industrial enterprises and thereby saved the people's wealth. The Japanese colonial administration was fully abolished in North Korea. Japanese officials and national traitors were ousted from governmental offices and industrial enterprises, a step which at once undermined the internal reactionary forces. All actions by the Soviet Army in North Korea were marked by respect for the sovereign rights of the Korean people and the spirit of proletarian internationalism. As a result, all the prerequisites were created in North Korea for the development of democratic freedoms, for the swift restoration of the economy and the regeneration of national culture.

A people's democratic revolution headed by the Communist Party began in North Korea. Elections to the People's Committees, provisional organs of people's rule in the localities, were held in October and November 1945, on the basis of universal and equal suffrage; the Provisional Peo-

ple's Committee became the central organ of power. In August 1946 the means of production were nationalised and the people's democratic government gained key positions in industry. The People's Democracy began to discharge the functions of the dictatorship of the proletariat.

The merger of the Communist Party and the New People's Party into the Korean Workers' Party in August 1946 was of great importance for the development of the people's democratic revolution in North Korea. The merger of these parties consolidated the unity of the working class and helped to rally all the working people to the construction of the new society.

Elections to the Supreme People's Assembly were held in Korea in August 1948. In the southern part of Korea these elections were held secretly. On September 9, 1948, the Supreme People's Assembly proclaimed the formation of the Korean People's Democratic Republic. This was the response of the democratic forces to the separate elections held in South Korea in May 1948 and the setting up of a puppet government of the American occupation authorities. The formation of the Korean People's Democratic Republic consummated the long struggle of the Korean people for their freedom and independence.

The *Democratic Republic of Vietnam* (D.R.V.) was proclaimed on September 2, 1945, as a result of the victory of the August Revolution. The drawn-out struggle of the Vietnamese people for national liberation ended in the defeat of the French colonialists. The rout of the Japanese Kwantung Army by the Soviet Army in August 1945 was of decisive importance for the victory of the August Revolution.

The August Revolution in Vietnam was a national liberation revolution directed against imperialism and feudalism. Its leading force was the proletariat led by the Communist Party of Indochina which as early as May 1941 rallied the democratic forces in a United National Front, the Viet Minh. Alongside the proletariat and the peasantry, the National Front included the urban petty bourgeoisie, national bourgeoisie and patriotic-minded landowners. The August Revolution liberated the Vietnamese people from colonial oppression, abolished the monarchy and created a popular democratic system in the D.R.V.

In March 1946 France officially recognised the Democratic Republic of Vietnam. But the French imperialists were bent on abolishing the gains of the August Revolution and restoring their rule in Vietnam. To these ends a series of provocations against the Vietnamese peoples and governmental agencies of the D.R.V. were organised, and in December 1946 the French colonialists launched an aggressive war against the young people's republic.

The people of Vietnam were forced to defend their independence arms in hand, and an all-out Resistance war against the foreign aggressors began. In the course of the war the People's Army rapidly gained in size and strength and struck powerful blows at the aggressors. The French forces sustained huge losses and, notwithstanding American help, were faced with the threat of total defeat. In February 1954, on a motion of the Soviet Union, the Foreign Ministers of the U.S.S.R., France, Britain and the United States met in Berlin and decided to convene another conference in April 1954 to examine the question of ending the war in Indochina. In France herself the movement of the people for peace in Vietnam assumed a tremendous scale. The French colonialists had to consent to peace negotiations and thereby admit their defeat. Under the Geneva agreements, Vietnam was temporarily divided into two parts: the Democratic Republic of Vietnam, north of the 17th parallel, and the so-called Republic of Vietnam, south of it. The Geneva agreements called for free general elections in July 1956 for the national unification of the country. But the Saigon authorities, acting on orders of the imperialist powers, sabotaged the elections and Vietnam remained divided. The Vietnamese people, however, have not reconciled themselves to this and have continued the struggle for the country's reunification along democratic lines.

The people of the Democratic Republic of Vietnam, having upheld their national independence in gallant struggle, resumed their peaceful endeavours to build a new life. A land reform was carried out in the D.R.V., industrial enterprises belonging to the French colonialists were confiscated and social life was democratically reconstructed.

The people's democratic government, relying on the assistance of the other socialist countries, swiftly restored the war-wrecked economy and began to build a socialist

economy. The working class and its vanguard, the Vietnam Workers' Party, became the leading force of the People's Democracy.

The Soviet Union established good-neighbourly relations with all the People's Democracies in Europe and Asia and rendered them disinterested economic assistance, which was of great importance for eliminating the post-war breakdown and restoring industry and agriculture. The U.S.S.R. had suffered from nazi aggression more than any other state but, guided by the great principle of proletarian internationalism, the Soviet people did not leave the fraternal People's Democracies in a lurch and extended them all necessary assistance. Iron ore and coal, oil and oil products, building materials and machine tools, automobiles and tractors—everything necessary to revive the semi-demolished and paralysed factories and resume peaceful labour—were sent to the People's Democracies. The Soviet Union helped them cope with food difficulties although it was short of foodstuffs itself. In 1945 thousands of tons of various food products were delivered to Czechoslovakia by the Soviet Union which enabled the country "to overcome the grave food situation in large industrial cities, Prague, Ostrava and Brno, and in Eastern Slovakia..."\* In 1947 serious food difficulties arose because of drought and they were further complicated by the sabotage of the bourgeoisie. "The Soviet Union undertook to provide Czechoslovakia with 200,000 tons of wheat and 200,000 tons of feed grain. And when it turned out that even this was insufficient, the U.S.S.R. offered an additional 200,000 tons of grain."\*\* In 1945 and 1946 Rumania was hit by severe drought and only Soviet aid saved the country from starvation. Similar help was rendered to the population of Albania, Hungary, East Germany and other countries. This strengthened fraternal relations between the U.S.S.R. and the People's Democracies and saved these countries from economic enslavement by the imperialist states.

The Soviet Union rendered the fraternal Chinese people particularly generous assistance in restoring and developing

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\* *Istoria kommunisticheskoj partii Chekhoslovakii (History of Communist Party of Czechoslovakia)*, Gospolitizdat, 1962, p. 564.

\*\* See Jiří Houška a Karel Kára, *Otazky lidové demokracie*, Prague, 1955.

the economy. The Soviet Union sent to the Chinese People's Republic industrial plant and thousands of highly competent specialists in different fields who helped to organise the building of large factories and mines, master new machinery and explore the country's natural resources. Altogether, the U.S.S.R. helped to build more than 200 large industrial enterprises, shops and installations. Entirely new industries—aircraft, automobile, tractor, heavy and precision engineering—were built up in China with Soviet assistance. The republic received 1,400 designs of modern industrial enterprises and over 22,600 sets of scientific and technological documents. The Soviet Union gave the C.P.R. long-term credits of more than 1,800 million rubles on favourable terms and also transferred to the C.P.R. Government all its rights to the joint administration of the Changchun Railway with all the property belonging to the railway. Other economic and technical assistance too was extended. At the request of the C.P.R. Government the large-scale training of Chinese specialists was organised in the U.S.S.R. In ten years about 10,000 Chinese engineers and technicians and skilled workers received practical training in the U.S.S.R. and 11,000 graduated from Soviet higher educational establishments and studied at post-graduate courses. Soviet scientists have given the Academy of Sciences of China great help in developing science, establishing new scientific institutions, drawing up a long-term research work plan and training scientific personnel.

All this, as repeatedly noted by the Chinese leaders, was of tremendous importance for building socialism in the C.P.R. and was a manifestation of fraternal friendship permeated with the spirit of truly proletarian internationalism.

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The socialist revolutions in the European and Asian People's Democracies which reflected general laws also had their specific features. The struggle to establish the dictatorship of the proletariat in the People's Democracies proceeded in a different historical situation from that in Russia and with a different alignment of the class forces—weakening of imperialism and a change in the relationship of forces in favour of socialism. All this determined the

following main specific features of the socialist revolutions in the People's Democracies.

1. Broad sections of the people, including patriotically-minded intellectuals and some strata of the bourgeoisie, rose up to fight against fascism and militarism during the Second World War in the European and Asian countries enslaved by nazi Germany and militarist Japan. The working class which was led by Communist and Workers' Parties and acted in alliance with the peasantry, was the leading force of the national liberation struggle everywhere. As a result, national and patriotic fronts were formed in all these countries and the struggles of the peoples for social and national emancipation merged with the revolutionary struggle of the working class for the abolition of the capitalist mode of production.

All this made it possible in a number of countries, alongside national liberation, anti-fascist, anti-imperialist and anti-feudal problems, to undertake tasks of a socialist nature almost at once (Bulgaria, Poland, Czechoslovakia, Yugoslavia).

2. The dictatorship of the proletariat in the European People's Democracies was consolidated by revolutionary changes which undermined the political and economic positions of the bourgeoisie and exposed its counter-revolutionary activity. This raised the prestige of the working class and the Communist Parties and rallied round them all the truly democratic forces. In the People's Democracies the bourgeoisie was thus deprived of power not by a single revolutionary blow, as was the case in Russia in October 1917, but gradually, as the forces and prestige of the working class grew.

The socialist revolution in China and North Vietnam began at a time when a camp of socialist states was already in existence and socialism had been turned into a world system. This facilitated the victory of the socialist revolutions in China and North Vietnam, ensured them the fraternal, economic assistance of the socialist states in laying the foundations of socialism, industrialisation, etc.

3. The socialist stage of the people's democratic revolution began in the period when the representatives of the working class and the working peasantry were in the government together with representatives of bourgeois par-

ties.\* To establish the dictatorship of the proletariat in these conditions, there was no need to win power by force of arms, as in Russia in October 1917. The task was to strengthen the positions of the working class in the government and to transfer all political power into its hands.

The socialist revolution in the European People's Democracies was effected peacefully, without civil war. For the first time the proletariat used parliamentary forms of struggle, alongside other forms, to gain political power. This was possible because the working class was at the helm at the first stage of the revolution, it ensured the solidarity of all the democratic forces, politically isolated the bourgeoisie and won a majority in Parliaments and in the governments.

The Communist and Workers' Parties, waging a political struggle in Parliaments and in the governments for political power, for revolutionary changes, constantly relied on the people and their revolutionary activity. That is why at decisive moments it has always received active and powerful support from the working people.

4. A multi-party system has been preserved in a number of European and Asian People's Democracies at the second stage of the revolution; there are parties expressing the interests of the middle strata in town and country. Representatives of these parties are in the government and hold leading posts in other organs of power. At the Third Congress of the Polish United Workers' Party in March 1959, Gomulka pointed out that the Party "exercised political leadership in the state not alone but jointly with the allied parties, the United Peasant Party and the Democratic Party, in the ranks of the People's Unity Front. The programme of this Front is the programme of building socialism, it is a broad platform for co-operation by all the allied political parties."\*\*

People's Democracy in the European and Asian countries at the very first stage had a broader social basis than Soviet power in Russia. Co-operation with non-Communist parties in these countries facilitated and accelerated socialist construction and promoted the re-education of the non-

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\* The only exception was Albania where a one-party system emerged after the victory of the people's democratic revolution.

\*\* See *III Zjazd Polskiej Zjednoczonej Partii Robotniczej*, Warsaw, 1959.

proletarian working people. But the class struggle between the working class and the bourgeoisie in these countries, especially in Poland, Czechoslovakia, Hungary and China, was very acute at some stages.

5. The struggle between the working class and the bourgeoisie in the People's Democracies proceeded in the economic as well as the political sphere. Successes of the working class in the political struggle ensured major socio-economic changes: land reforms were carried out and industry, banks, transport and means of communications were nationalised. As a result, the reactionary forces were deprived of their economic basis. Simultaneously, the economic positions of the foreign monopolies too were abolished in the People's Democracies. All key sectors of the economy were taken over by the people's state, and the dictatorship of the proletariat rested on a strong economic foundation.

6. The political rift in the ranks of the working class was abolished in the course of the people's democratic revolution in the countries of Central and South-Eastern Europe—the Communist and Socialist parties merged on the basis of the ideology of Marxism-Leninism. The healing of the split in the working-class movement helped to establish genuine unity in the trade unions, reinforced the rights of the working class and the working peasantry and was of great importance for ousting the agents of the bourgeoisie from the ranks of the working class and for the victory of the proletariat over the bourgeoisie.

7. The struggle of the working people of the German Democratic Republic for the dictatorship of the proletariat and socialist transformation of the economy was complicated by the relentless subversive activity of the Federal Republic of Germany and international imperialism: various political provocations were staged, false rumours were circulated, attempts were made to lure over specialists and skilled workers, profiteering was cultivated, etc. The open boundary with West Berlin was utilised to these ends for a long time.

In North Korea and North Vietnam the building of socialism is proceeding despite the division of Korea and Vietnam as a result of aggressive actions by the imperialist powers. As they build socialism the peoples of these states

simultaneously and tirelessly work for the unification of their countries on a democratic basis, for the deliverance of the entire nation from the yoke of imperialism and colonialism.

## **2. WORKERS' CONTROL IN INDUSTRY AS THE FIRST STEP TO SOCIALISM**

Summing up the experience of the October Revolution in Russia, Lenin noted that "the first step that every socialist workers' government has to take is workers' control".\* The historical experience of the Soviet Union, which is of international importance, demonstrates that at a definite stage in the transition period from capitalism to socialism, workers' control is a form, tried and tested, for enlisting the masses in managing production, a form of revolutionary action by the workers which unfetters the initiative and creative powers of the people in building the new life.

In each European and Asian People's Democracy workers' control over production was introduced with an eye to local conditions and distinctions, the alignment of class forces and the specific features of the transition period from capitalism to socialism. In the People's Democracies, just as in Soviet Russia, workers' control played an important part in saving industry from destruction, supervising production, combating the sabotage of the bourgeoisie and preparing for the socialist nationalisation of the means of production.

Everywhere workers' control was an important practical school in industrial management. The future executives of the people's factories, mines and electric stations were trained in its bodies. Various organisations—factory committees, factory councils, trade union bodies at factories—performed the functions of workers' control in the People's Democracies. The state legislative acts, which served as the basis for workers' control, also differed in their content. But notwithstanding all the differences and distinctions, workers' control had one common feature—it was the revolutionary control of the proletariat over the bourgeoisie.

\* Lenin, *Collected Works*, Vol. 28, p. 139.

The Communist and Workers' Parties in the People's Democracies attached great importance to workers' control and regarded it as an integral part of the people's democratic revolution. Workers' control frequently arose spontaneously, on the initiative of the masses. The workers themselves undertook to restore and manage the abandoned enterprises. The Communist Parties supported and directed the activities of workers' control bodies.

In most People's Democracies, workers' control bodies sprang up earlier than free trade unions. Gradually, in many People's Democracies the decisive part in organising workers' control was taken over by the trade unions (Czechoslovakia, Bulgaria, Rumania, German Democratic Republic, Chinese People's Republic).

Participation in workers' control helped to foster in millions of workers a feeling of responsibility for the future of industry, an awareness of their historical role in building the new life.

In *Poland* factory committees were organised even during the occupation, on the initiative of the Polish Workers' Party. During the country's liberation, workers, directed by factory committees, guarded the enterprises from destruction and looting by the occupation forces.

Hundreds of factories, mines and electric stations in Poland were saved from destruction solely by the vigilance and courage of the workers who sabotaged the dismantling and removal of machinery, guarded the enterprises arms in hand, entered into direct struggle against the enemy and prevented the nazis from blowing up the enterprises at the eleventh hour before they fled. For example, miners at the Eminencja colliery in Silesia, on learning in mid-January 1945 that units of the Soviet Army were drawing near, took measures to safeguard the mine and its equipment, although the Germans were still running it. Workers of the Barbara colliery foiled the plan of the occupation forces to destroy it: they found the bombs planted by the Germans and rendered them harmless. Work at the pit was resumed the very next day after liberation.

During liberation a considerable part of Poland's industrial enterprises was taken over by the workers and actually became state property. Under the guidance of factory committees, the workers took measures to resume

production and restore the enterprises damaged during the war.

The revolutionary initiative of the people in setting up workers' control bodies was legislatively formalised. The main points of a draft decree on workers' control were printed in the newspapers and broadcast over the radio in January 1945, which helped thousands of factory committees to organise their work properly. Shortly afterwards, on February 6, 1945, the Krajowa Rada Narodowa adopted a decree on the establishment of production councils. According to the decree, which came into force in May 1945, production councils, as trade union bodies, were set up at enterprises employing more than 20 hired workers. The interests of the workers at enterprises employing from five to twenty people were represented by delegates. Production councils and delegates were elected at private, state and municipal enterprises. If a state enterprise was managed by a board of several people, it included representatives from the production council or delegates. The decree laid down that production councils and delegates were to be elected by secret ballot for one year and the enterprises at which work was seasonal, for the season. The number of members of a production council depended on the number of workers employed at the enterprise.

Production councils had to see to it that the activity of the factory managements conformed to the interests of the state and its economic policy; to handle questions of working conditions, cultural and other services and problems related to hire and dismissal. Their duties also included the approval of the labour regime at enterprises and mediation in all conflicts between workers and employers.

The decree instructed factory managements to arrange joint meetings with the production councils at least once a month on questions pertaining to the operation of enterprises (increase of labour productivity, introduction of new machinery and manufacturing processes, labour discipline, safety and labour hygiene); to submit every three months a detailed report on the situation at the enterprise to the production councils.

The role and significance of workers' control at state and private enterprises differed. At state enterprises production councils directly participated in managing produc-

tion and solved all problems in close contact with the factory management. At private enterprises, however, they exercised the functions of active workers' control, watched over the course of production, the observance of state interests, and cut short the sabotage of the bourgeoisie and its agents. The decree on workers' control provided for the application of various sanctions against saboteurs: persons violating the decree were subject to imprisonment of three months or a fine of up to 10,000 zlotys or both if the crime committed did not call for more severe punishment.

The decree on workers' control in Poland and its application took into account the historical distinctions and economic conditions in which the people's democratic revolution proceeded. At the same time many provisions of the decree had much in common with the Leninist decree on workers' control in Soviet Russia.

After the country's liberation had been completed, governmental agencies in the centre and the periphery were consolidated and a system of industrial management was organised. The Provisional Government replaced collective management at state enterprises by one-man management. To consolidate the principle of one-man management, a national industrial conference, held on June 2 and 3, 1945, restricted the rights of the production councils. They became consultative bodies of factory directors in solving problems of production organisation and management. At private enterprises workers' control continued along the old lines.

Before long, however, it became clear that the change in the functions and tasks of workers' control bodies slackened the influence of the trade unions and did not stimulate the initiative of the workers. In view of this, at the end of June 1945, the Secretariat of the Central Committee of the Polish Workers' Party found it necessary to restore the right of production councils to control all activities of enterprises and also to enhance the role of the trade unions in the country's economic and political life.

Workers' control helped cope with the economic sabotage of the bourgeoisie and the attempts of the capitalists to seize enterprises which had become the property of the state; it facilitated the struggle of the Polish Workers'

Party for the nationalisation of industry and the introduction of socialist relations of production.

Workers' control over production in *Czechoslovakia* began the moment the country was liberated from the Nazi forces. During the occupation period the German monopolies had seized most of the big enterprises. Their henchmen fled before the arrival of the Soviet troops and workers took over the management of abandoned factories. At many enterprises they removed the owners and managers and began to organise production on their own. Factory committees were set up.

Trade unions played a big part in organising workers' control in Czechoslovak industry. Representatives of the Central Council of Trade Unions were delegated to the Manufacturers' Union of *Czechoslovakia* and its branch organisations and also to bodies representing manufacturers, tradesmen and artisans in various urban areas. In the Central Council of the Manufacturers' Union half of the seats were given to the trade unions and a delegate of the Central Council of Trade Unions acted as vice-chairman. Together with the chairman, he signed all documents; without his signature they were invalid. Such broad powers enabled the trade unions to exert an influence on the affairs and decisions of the Manufacturers' Union, protect the interests of the workers and to guide the activities of workers' control bodies at enterprises. The positions of the trade unions in industry were so strong that in 1945 and 1946 the capitalists did not venture to engage in open sabotage and directly oppose the revolutionary economic changes of the people's democratic government.

In the first months of the people's democratic revolution in *Czechoslovakia*, workers' control over production was not introduced "from above", it was a product of the revolutionary initiative of the working masses who were guided by the Kosice programme. The factory councils enjoyed broad rights: they controlled the expenditure of money—without their signature cheques were invalid; the withdrawal of finished goods and other material resources could be made only on passes signed by a representative of workers' control; the delivery of raw and other materials and fuel to enterprises was also controlled by the workers. In a number of cases the workers directly managed the enter-

prises, but as a rule the factory councils influenced operations through the national administrations.

Since workers' control in industry had not been introduced by legislative act, it was necessary to legalise the activity of the workers' control bodies. It was not so much the workers themselves and their trade unions who were interested in the promulgation of a workers' control law as the bourgeoisie, which hoped in this way to restrict the rights of the workers at the enterprises. The draft law was drawn up by the Central Council of Trade Unions but it was "not liked" by the bourgeoisie—it needed a different law. A sharp struggle was fought over the draft. In the course of the discussion of the draft by the government A. Zapotocky, on behalf of the Central Council of Trade Unions, told the Ministers representing the bourgeois parties that since they did not like the law there was no point in arguing about it—the working class did not need the law because at the factories they enjoyed sufficient rights without it. This statement had a sobering effect, and on October 24, 1945, the President signed a decree on factory councils and councils of enterprises in the wording suggested by the Central Council of Trade Unions.

The decree formulated in detail questions pertaining to the activity of factory councils in industry. The factory councils were not given all the rights they exercised at enterprises in the first months after the country's liberation—they could not issue orders relating to the management of the enterprises. Despite this restriction wide opportunities were opened for effective workers' control. The decree compelled factory managements and factory councils to work in close contact, ensuring by joint effort the uninterrupted operation of the enterprises.

The duties of the factory councils were: to defend the economic, social, cultural and other interests of the personnel; to see that the production activity of the enterprises conformed to the general economic interests and the existing economic laws; to take part in meetings of factory managements aimed at achieving maximum production results and successful operation, and also in the elaboration of corresponding plans; to ensure co-ordination between the economic activity of enterprises and the socio-political interests of the state. Factory councils could, if necessary,

call general meetings of the personnel and discuss various questions pertaining to the operation of enterprises. They also had to report on their activities at general factory meetings.

Factory councils had a right to participate in solving all questions pertaining to working conditions and safety, the hiring and dismissal of workers; to take part in drawing up and carrying out production and commercial plans of enterprises and see that these plans be in line with the state economic plans; to watch over the technical, administrative and economic sides of the operation of enterprises and to make proposals for improving the work of the enterprises along these lines. Factory managements had to examine attentively the proposals of factory councils and give them information and explanations on all questions they were interested in. Members of factory councils could attend all the meetings of factory managements.

Factory councils were elected by the workers and other employees of enterprises by secret ballot. One of the provisions of the decree was that managements could not transfer a member of the factory council to another job or dismiss him without the consent of the factory council. Similar rights were enjoyed by former members of factory councils for two years after leaving the council.

Factory councils actively participated in the take-over of private enterprises after the decree on their nationalisation was published. In 1947 and early 1948 workers' control in Czechoslovak industry helped combat the sabotage of the bourgeoisie, such as the concealment of stocks of raw materials and goods, the deliberate slowing-down of production processes, attempts to transfer enterprises to foreigners, direct acts of sabotage, and so on.

When Czechoslovakia went over to the building of socialism, workers' control in the form in which it was exercised at state and capitalist enterprises between 1945 and 1948 was no longer necessary. Socialist production relations arose in industry, and factories and mines were headed by directors representing the people. That is why the tasks both of the workers and the trade unions changed too. Prior to 1949, there were two workers' bodies at enterprises: factory councils and trade union committees. In 1949

they were merged. The trade union organisations preserved the right of control, but its content changed.

In *Bulgaria*, control of the country's economy was essential for consolidating the people's democratic system. Production committees of the Fatherland Front at enterprises played an important part in carrying out this primary task. They were charged with workers' control in the first months of the people's democratic revolution. These committees ousted counter-revolutionary elements from enterprises and economic organisations, and controlled the economic and financial activity of enterprises and the fulfilment of the orders of the revolutionary government by the capitalists. The higher bodies of the Fatherland Front (regional committees and National Committee) had special economic departments which directed all the work of the Front committees at enterprises. Workers' control had to break down the resistance of the bourgeoisie in the economy and to utilise the available resources and experience for its restoration. At the same time workers' control opened before the working class wide opportunities to learn how to manage large-scale industrial production.

The Bulgarian reactionary forces offered economic resistance to the government of the Fatherland Front. The capitalists closed down enterprises, dismissed workers, tried to remove equipment abroad, concealed raw materials, finished goods and the actual profits. In October 1944 the Victoria Factory which produced enamel kitchen utensils was closed down. The owners claimed they did not have the necessary materials, although, as was subsequently established, they deliberately took no steps to provide the factory with raw materials. Many workers were left jobless. When workers of the Trud Foundry which was producing kitchen ranges and parts for iron ovens raised output by 60 per cent, the owner began to engage in sabotage: he stopped giving the new raw materials he had and issued old metal for the forgings. This at once reduced production and lowered quality.

To stamp out the sabotage of the capitalists, restore industry and provide the population with basic necessities, the National Committee of the Fatherland Front issued early in December 1944 an appeal to all Front committees and trade union groups at factories and offices to intensify

control. A special circular formulated in detail the duties and rights of the production committees. They had to control the fulfilment of the laws and governmental orders, watch over the use of raw materials, combat profiteering, take part in determining the production outlays and prices of goods and give the management recommendations on the administrative and economic guidance of enterprises. The circular forbade Fatherland Front committees to substitute for the employers and assume the management of factories.

Production committees did much to raise labour productivity at many enterprises, expand production, protect the interests of the workers and combat the sabotage of the capitalists. After trade union organisations were set up at factories, they took over the functions of workers' control in the spring of 1945. The first Constituent Congress of the General Workers' Trade Union was held in Sofia in mid-March 1945. In its resolution it urged union members to mobilise all forces for the restoration of industry and transport. Fulfilment of these tasks was entrusted to the new workers' control bodies, the factory committees.

In their activities the factory committees made use of the experience of workers' control over production accumulated by the Fatherland Front committees; what actually happened was that some workers' control bodies were replaced by others, the role of the trade unions was enhanced, but the aims of control were not changed.

The Central Committee of the General Workers' Trade Union and the Board of the Bulgarian Manufacturers' Union signed an agreement on June 12, 1945, on the conclusion of collective agreements. This agreement legally consolidated the right of factory committees to control production. The Bulgarian Manufacturers' Union recognised these committees as the sole representatives of the workers at all private enterprises. The agreement provided for the holding of joint conferences of the employers, factory committees and workers on questions of production organisation.

Gradually, the factory committees, making use of their opportunities, restricted the rights of the employers and directed the development of production in accordance with the interests of society. "Today's manufacturer, the owner

of an enterprise, is not and cannot be the unlimited master of his enterprise," Georgi Dimitrov said in January 1946. "The government of the Fatherland Front does not take away the enterprise from the manufacturer, but he must consider the interests and rights of the workers and subordinate his personal interests to the interests of the national economy and the entire people."\*

The sharp class struggle at enterprises impeded the restoration of industry. In many cases employers tried to blame the trade union committees which supposedly hampered the proper production organisation, for the inadequate work of the factories. The 12th Plenary Meeting of the Central Committee of the Bulgarian Workers' Party, held in November 1946, adopted a resolution on the role and functions of trade union committees at factories and offices obliging Communist members of trade unions to exercise workers' control without violating the principle of one-man management. The responsibility of the capitalists to the people's democratic government for the operation of enterprises was thus enhanced and their attempts to blame shortcomings in production they themselves had caused on trade union organisations, were cut short.

Workers' control over production in Bulgarian industry was exercised before the nationalisation of all the basic means of production in December 1947. The factory committees constantly encountered the employers' sabotage. The difference as compared with 1944 and 1945 was that open resistance gave way to covert sabotage, which also inflicted no little harm on the economy. The capitalists resorted very often to the deliberate lowering of the quality of goods. The workers exposed the saboteurs and the people's government severely punished them.

The people's democratic government, encouraging and directing the activities of workers' control bodies in industry, at the same time steadily extended and deepened control over the capitalists along state lines by distributing the raw materials, fixing the prices of manufactured goods, and determining their assortment and quality. The declaration of the Central Committee of the Bulgarian Workers' Party of September 28, 1945, on the economic policy of the

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\* Георги Димитров, *Съчинения*, том 12, стр. 17.

Party, called for support of the capitalists who were ready to co-operate with the people's government. At the same time it pointed out that "under the present conditions industrialisation and prosperity cannot be achieved without intervention, guidance and control by the state".

After the adoption of the two-year economic plan at the beginning of 1947, the state began to set assignments for the output of goods by private enterprises. Through state control the people's government mobilised the resources of the industrial bourgeoisie for the restoration of the economy; it cut short sabotage and restricted economic anarchy.

A specific combination of workers' and state control was thus effected in Bulgaria between 1944 and 1947. It helped the people's democratic state to develop its organisational functions in the economy, create an apparatus and the staff to manage large-scale production after its socialisation.

In *Hungary*, as in the other European People's Democracies, the working class played the decisive part in saving industrial enterprises from destruction and looting. As they were fleeing the country, the nazis ordered the removal of industrial equipment, goods and other resources to Germany. The people, especially the workers, refused to carry out these orders and displayed valour in saving the enterprises and equipment. On December 4, 1944, the German occupation forces and the Nilasists\* ordered the evacuation of Csepel, the largest enterprise in the steel and engineering industry, but could not carry it out because the workers scotched their plans. The newspaper *Szabad Nep* which was then published underground in Budapest, describing these events, reported that the population was outraged by the evacuation order and had arranged a demonstration against the Germans and the Nilasists. The Hungarian troops stationed in this district supported the workers. As a result, the evacuation order was declared a "mistake", and on January 10, 1945, Csepel was liberated by the Soviet Army. In Miskolc the nazis blew up the electric station and bridges and ordered the destruction of the Diósgyőr steel plant. The workers prevented the blowing up of the plant and the dismantling of its equipment.

The selfless actions of the workers saved from destruc-

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\* Nilasists—Hungarian fascists.—*Ed.*

tion and evacuation a number of large enterprises which subsequently played a big part in reviving the country's industry. The enterprises in areas liberated by the Soviet Army were as a rule abandoned by their owners who had fled together with the Germans. The workers everywhere set up factory committees which took over the management of enterprises and unflinchingly laboured to resume production and restore the ruined factories. There was a mass movement to save all industry.

At the Weiss Manfred Works in Csepel the workers set up a factory committee immediately after the arrival of the Soviet Army and took over the management of this key heavy industry enterprise. The surviving shops were commissioned first of all, and restoration of the entire works began. A month later, on February 10, 1945, more than 5,000 workers were employed there. Csepel workers took part in rebuilding the bridges across the Danube and the airfield and in producing pontoons. To combat sabotage all German and Nilasist elements were ousted and control over the activities of the managerial staff was instituted. The factory committee took a number of measures affecting the primary needs of the workers: the wage system was put in order, the payment of allowances for children under 14 was introduced, canteens were organised and the restoration of the hospital began. The workers undertook to reconstruct the plant.

Workers' committees at many other factories, railways and electric stations acted in the same way. In cases when the owners were absent workers' control turned into workers' management. Moreover, the workers, setting up their management at such enterprises, did not settle the question of ownership and did not appropriate the means of production. There were instances where the workers received no wages for two or three months but did not leave their jobs. Factory committees played an important part at enterprises where the owners remained. The latter as a rule assumed a wait-and-see attitude—they were in no hurry to organise production, to invest capital, took no steps to obtain raw materials, etc. But despite the actions of the owners the workers stayed on the job.

The activities of the factory committees, which won wide recognition in Hungary, at first relied only on the revolu-

tionary initiative of the people. At the beginning of 1945 the Communist Party raised the question of investing workers' control with the force of law. On February 15, 1945, the Minister of Industry issued a decision on factory committees at capitalist enterprises which legalised workers' control. In accord with this decision, factory committees were elected at enterprises employing 50 and more workers, and delegates at the others. The competence of factory committees extended to all questions pertaining to working conditions and the organisation of labour, including wages and labour conflicts. The committees had to watch over the organisation of production, promote better use of equipment, the introduction of new work methods and improvement of the operation of enterprises. Factory committees were also called upon to purge enterprises of fascist elements. The decision compelled owners to submit to the factory committees a full report every three months on the production process and the economic position of the enterprise as a whole. At enterprises employing more than 200 people the committees had a right to examine all affairs, including business accounts. At enterprises belonging to joint-stock companies and co-operatives representatives of the factory committees had a deliberative vote at all meetings of the management or shareholders.

The decision on factory committees gave the workers broad opportunities and rights to control production and influence the operation of enterprises. It helped strengthen the people's democratic rule in the country, essentially restricted the rights of the capitalists and helped the workers learn how to manage production. During this period the Hungarian bourgeoisie was unable and hardly tried to resist the institution of workers' control over production.

In the summer of 1945 workers' control was further extended. On June 5, 1945, the Minister of Industry issued a new regulation concerning workers' control, which envisaged the setting up of factory committees at enterprises employing 20 and more workers. Workers' control was also extended to all state enterprises except the railways and post office. Factory committees were given broader rights: they could check the business accounts, demand of management or owners any documents of interest to them, except those which were production secrets; all documents

pertaining to the development of enterprises and other cardinal questions of their operation had to be signed by representatives of the factory committees and were invalid without their signature.

The Communist Party and the trade unions were above all interested in the establishment of workers' control at state enterprises. This was a step directed against the bourgeois parties which, relying on their positions in the government, sought to utilise state enterprises for their own ends.

Workers' control in Hungarian industry in 1945 and 1946 helped restrict the power of the big capitalists. As the conditions for the development of state control in industry were created, the tasks and functions of factory committees were changed: they began to pay more attention to social and cultural measures, questions of labour relations and also to control over the fulfilment by enterprises of the decisions and orders of the government and other state agencies.

In *Rumania* workers' control over production was exercised from August 1944 when the country was liberated and up to the nationalisation of industry in June 1948. But workers' control in Rumanian industry was legislatively formalised much later than in Poland, Czechoslovakia, Hungary and Yugoslavia. One distinction was that in the first six months after liberation (August 23, 1944-March 6, 1945) it was not instituted at all enterprises, and was openly resisted by the bourgeoisie which sabotaged the democratisation of the country's economic life. This was possible because prior to March 6, 1945, state power was in the hands of the henchmen of the big bourgeoisie who sought to shunt Rumania back on to the capitalist road.

Workers' control in Rumanian industry was of great importance, above all, as an instrument of struggle against subversive activity by the bourgeoisie. The capitalists utilised every means to disorganise the economy, cause unemployment, starvation and economic chaos. But the sabotage of the bourgeoisie did not daunt the working class, with the Communist Party at its head.

At enterprises where the workers established effective control operations improved. On January 4, 1945, *Scinteia*

reported that at the large Malaxa steel plant, at which 7,000 workers were employed, "95 per cent of the evacuated machines have been returned and restored and most of them recommissioned in the last six weeks, that is, since the plant has been run by men elected by the workers. The plant has received big orders from the Rumanian railways, Tramcar Line Company and others".

The reactionary forces frightened by the successes of the workers took to open violence. On February 19, 1945, a group of legionaires\* tried to arrange re-elections of the factory committee at the Malaxa plant in order to put their supporters on it. The workers properly rebuffed them. The next day a few hundred armed legionaires captured the plant. But this fascist attack too ended in complete failure: the workers disarmed the legionaires; on the same day full order was restored at Malaxa and work was resumed. A few days later, on February 24, reactionary elements opened fire on a peaceful demonstration.

After the establishment of a democratic government in Rumania workers' control was instituted at all industrial enterprises. The functions of workers' control were exercised by production commissions set up at the factory committees. A special production management commission was organised by the Executive Committee of the General Confederation of Labour to direct the activities of the workers' control bodies. At that time main emphasis was placed on the restoration of industry.

The capitalists, however, did not stop their subversive activities. The working class under the leadership of the Communist Party had to wage an incessant struggle against the bourgeoisie, and each government decision had to be carried out in struggle. Here is how the situation in industry was described by a worker who after nationalisation became director of a large factory: "While we were fighting to push up production, the capitalist employers were sabotaging the work in every way. They did not supply raw materials, or necessary tools. They refused to use Soviet raw materials (for example, coal) under the pretext that it was no good and allowed machinery to go

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\* Legionaires—members of the Rumanian fascist party (the Iron Guard).—*Ed.*

out of commission." At the largest coal area in the country, the Petrosani Company failed to supply the mines with the necessary equipment and materials or to provide food and work clothes for the miners, creating unbearable conditions.

In face of the organised resistance of the Rumanian bourgeoisie workers' control, exercised by the trade unions, could not bring about a decisive turn in the operation of industry. The government took measures to intensify state control over the activity of the capitalists. Two decrees were adopted: a law of June 10, 1947, establishing sectoral industrial boards and placing private and state enterprises under their jurisdiction, and a law of July 15, strengthening general economic control.

Twenty-seven sectoral boards were set up in industry which supplied enterprises with fuel, raw materials and equipment, supervised and controlled production, the distribution of finished goods, prices, etc. These industrial boards, whose establishment resulted in the liquidation of cartels and syndicates, became a major instrument of the people's democratic state in combating economic chaos and capitalist sabotage. Through its representatives who held key posts in the administrative councils of industrial boards, the government directed the activity of private factories in the interests of the state. The law setting up the industrial boards encouraged the initiative of employers aimed at developing production. The law reflected Lenin's well-known proposition about uniting manufacturers with the object of ensuring state control over the activity of the capitalists and improving production organisation.

The law on general economic control compelled the owners of factories and trading firms to keep strict account of the stocks of raw and other materials and finished goods, to abide by all instructions of state economic bodies concerning the use of the stocks and to keep to the prices of goods set by the state.

To exercise general economic control a special body, the State Economic Control Board, was set up in the Ministry of Industry and Trade. It had its branches in the districts and cities. Representatives of the State Economic Control Board were sent to the country's most important enterprises.

The organisation of sectoral industrial boards and the introduction of state economic control did not abolish workers' control of production through the trade unions. Interaction between the state and the workers' control bodies was ensured both by central bodies and the primary Party and trade union organisations. Representatives of the State Economic Control Board worked at enterprises in close contact with the production commissions. The sectoral boards and general economic control in Rumania were in effect state bodies of workers' control, its new form. This is one of the distinctive features of workers' control in Rumania.

The working people taking an active part in the activities of industrial boards and other state and workers' control bodies gained the necessary experience and knowledge to manage the economy. Describing the activities of the workers' control bodies at industrial enterprises, G. Apostol, leader of the Rumanian trade unions, wrote at the beginning of 1948: "The special production committees, composed of the best workers and technicians, are of major importance in securing increased output. They consider all practical suggestions advanced by the workers and experts and supervise the carrying out of these proposals. The masses of the people are becoming increasingly conscious of the decisive role they are playing in building the new Rumania."\*

The workers' control bodies also kept the Communist Party and the people's democratic government informed about the productive capacity of factories, their equipment, manufacturing processes, stocks of raw materials and semi-manufactures, the financial resources of enterprises, and so on. This valuable information gave a clear picture of the condition of industry. It played an important part in drawing up the nationalisation decree and during the actual socialisation of the means of production in Rumania.

In *Yugoslavia*, even prior to the complete expulsion of the nazi invaders from the country, measures were taken in the liberated areas to weaken the economic positions of

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\* *For a Lasting Peace, for a People's Democracy!*, March 15, 1948, p. 4.

the bourgeoisie. In many instances workers introduced control over production, took over on their own initiative the management of factories abandoned by the owners and combated the sabotage of capitalists who did not resume the operation of enterprises.

Workers' control, which arose in mid-1945 as a result of the revolutionary initiative of the working class, was legislatively consolidated by the law on workers' delegates promulgated on July 23, 1945. Under this law, delegates were elected at all capitalist, co-operative and state enterprises employing more than four people. The delegates represented the interests of the workers and other employees on all questions. They conducted their activity in contact with the managers (directors) of enterprises and the trade union organisations. Their purpose was to give the managers recommendations aimed at improving production organisation, making fuller use of equipment, bettering the quality of goods, etc.

The law of July 23, 1945, was amended on November 2, 1945, substantially extending the tasks of the delegates. Their duties included protection of the social, economic and cultural interests of factory and office workers; assistance to management in the proper organisation of labour and the maintenance of labour discipline; control over the organisation of production at enterprises and plan fulfilment (except at military plants).

For their part, trade union organisations at enterprises had a right to submit proposals to the director on raising labour productivity, improving the living and working conditions of the workers and also on personnel matters. It was stipulated that the director and other managerial personnel of an enterprise consult members of the staff or representatives of the trade union organisation on all questions of management.

Workers' control at state and co-operative enterprises facilitated better organisation of production, while at capitalist enterprises, it restricted the freedom of the capitalists to dispose of the means of production and finished goods at their own discretion, and in many cases helped to stamp out the sabotage of the employers who did not want to work their factories to capacity or continue production at all.

One of the first measures of the working class of *East Germany* after the abolition of the nazi regime was to set up workers' production councils at enterprises, ensuring the participation of the workers in solving major economic problems. Soon after they were organised the production councils began to exercise workers' control in industry. Workers' control over production in East Germany was not introduced by a state decree (there was no single state body at that time), and the advanced workers themselves, under the guidance of the Communist Party which had emerged from underground, instituted control at factories, electric stations, railways and mines, and actively helped to eradicate the remnants of nazism, sought to speed the restoration of industry and to bring life back to normal. At the Sächsische Aufbau Werke in Zwickau which belonged to the Auto Union concern, the management fled taking all the money. A semi-demolished idle plant was all that remained. But this did not dismay the workers. They took over the plant and restored it by their own efforts. The workers at many enterprises acted the same way and results were best where the production councils and the trade unions held the initiative and decisively influenced the operation of enterprises.

A conference of factory production councils was held in Erfurt in September 1945. It outlined the main tasks of the councils in controlling production. The proposals of the conference were widely discussed at East German enterprises. They served as the basis for the draft on the production councils which was then elaborated and approved by an economic conference arranged by the Communist Party of Germany at the end of 1945. The Communist Party set before the production councils the following primary tasks: 1) to rally the workers and other employees to purge industry of war criminals and active nazis; 2) to ensure the training of managers of the confiscated enterprises from among advanced and capable workers, engineers and technicians; 3) to take an active part in solving problems of production and management of enterprises which remained in private hands; 4) to undertake the restoration of all enterprises producing non-military goods, etc.

In 1945 and 1946 production councils at enterprises arose on the initiative of workers not only in Eastern zone

but also in other zones. It was necessary to legalise the activity of the production councils, and on April 10, 1946, the Allied Control Council issued Order No. 22 which "for the purposes of protecting the professional, economic and social interests of factory and office workers" allowed the establishment and activity of production councils all over Germany. The order stipulated that "elections of members of production councils must be made on the basis of democratic principles by secret ballot". The production councils were given the right to supervise the organisation of production; to represent the interests of the workers before the employers on questions of wages, hire and dismissal, labour protection and medical service; to submit proposals for improving work methods; to co-operate with the authorities in destroying the war industry and denazifying enterprises.

In conformity with Order No. 22, elections of production councils were held at all enterprises in East Germany. At 44,000 enterprises employing 2,000,000, 118,000 people were elected to the councils. This was a broad democratic measure to which the Communist Party and the trade unions attached great importance. The elections had been preceded by reports of the old councils which had been discussed in detail. The meetings were also utilised for ousting nazis and war criminals from industry and for uprooting fascist ideology.

As workers' control bodies the production councils concentrated their efforts on production organisation, a rise in labour productivity, the saving of raw and other materials, and combating sabotage. Actually, from 1945 to 1947 production councils at enterprises discharged managerial as well as control functions. Subsequently, as the state-owned enterprises grew stronger and the principles of one-man management were developed, the functions of production councils were restricted; executives who had received their training in production councils began to manage the enterprises. Trade union organisations started to ensure the interests of the workers and to handle questions of labour protection and social insurance.

At private enterprises in East Germany the production councils, exercising workers' control, enjoyed equal rights in all production matters with employers who had to give

the councils information on all questions of interest to them. Production councils engaged in matters pertaining to labour organisation, watched over plan fulfilment and took measures to ensure priority production of necessities for the population. They also saw to the strict observance of the laws on wages, labour protection and social insurance. The councils were called upon to restrict the exploitation of wage-workers by the employers.

By 1948 almost all workers employed at private enterprises had become trade union members. The functions of the production councils began to merge with those of the trade union and the former gradually withered away. The trade unions began to exercise workers' control over production at private enterprises.

The labour law promulgated by the Provisional Chamber of the German Democratic Republic on April 19, 1950, opened up new opportunities for the active participation of the millions of factory and office workers in social and economic life and secured to them the right to exercise control at enterprises through the trade unions. Factory trade union committees had the right to participate in the work of control bodies and thereby "supervise the observance of the law" at enterprises. Factory and office workers at people's enterprises could participate in the management of the enterprises by examining production plans at meetings of the personnel and production conferences. The labour law also extended to private industrial enterprises. Employers had to "inform the factory trade union committee on questions of production and management of the enterprise".\* The labour law thus secured to trade union organisations at private enterprises the right to workers' control over production.

Workers' control in East German industry played a big part in training executive personnel from among the workers, office employees and engineers. This is clearly demonstrated by the following figures: at people's enterprises 52.4 per cent of all executive posts were held by former factory and office workers, 17.8 per cent by en-

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\* *Konstitutsia i zakonodatelniye akty Germanskoi Demokraticheskoi Respubliki (Constitution and Legislative Acts of the German Democratic Republic)*, 1953, pp. 284-85.

gineers, 23.6 per cent by commercial personnel and only 6.2 per cent by former managers.

The situation as regards workers' control was different in the American, British and French occupation zones in Germany. The production councils elected at enterprises in these zones were unable to exercise all the rights given them by Order No. 22 of the Allied Control Council. Their activities were very limited and confined mostly to fact-finding; subsequently the occupation authorities stopped them altogether.

In the *Chinese People's Republic* workers' control in industry covered a longer period than in the other People's Democracies. This was determined by the specific features of the transition period from capitalism to socialism. Workers' control was exercised by the trade unions and had different forms and tasks at different stages of the revolution.

On November 22, 1949, the All-China Trade Union Federation adopted temporary rules on the conclusion of collective agreements between workers and employers at private trading and industrial establishments. The collective agreements recorded the rights and duties of both sides "in order to promote the labour enthusiasm of factory and office workers and an active attitude to production on the part of employers and thereby accomplish the current task—to develop production for the benefit of both labour and capital".\* The collective agreements had to ensure the interests of the workers and restrict exploitation.

The rules on the conclusion of collective agreements contained no provision about the participation of trade unions in the management of enterprises. They were given this right in the law on the trade unions, promulgated by the Central People's Government Council on June 28, 1950. This law vested the trade unions with broad rights at state and co-operative enterprises and somewhat restricted rights at private enterprises. At the latter the trade unions could "participate in consultative conferences for adjusting relations between labour and capital and conclude collec-

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\* *Zakonodatelniye akty Kitaiskoi Narodnoi Respubliki (Legislative Acts of the Chinese People's Republic)*, p. 288.

tive agreements with employers" and also apply a policy of developing production. It was their duty to combat all "violation of governmental laws and legal regulations and also actions harming production".\*

Instructions, drawn up by the Ministry of Labour and approved by the State Administration Council on April 21, 1950, called for the establishment at private industrial and trading establishments of "consultative conferences of representatives of labour and capital" to "facilitate the co-ordination of various questions pertaining to the improvement of the operation of the enterprise and the working conditions of the personnel". At the same time city consultative conferences of representatives of labour and capital by industries and trades could be organised. The consultative conferences of representatives of labour and capital were advisory bodies in which both sides enjoyed equal rights and equal representation (as a rule, two to six representatives from each side).

The law on trade unions and instructions on consultative conferences opened up real possibilities to the workers at private establishments for controlling their activities and the process of production. These opportunities were increasingly utilised as the political consciousness of the workers grew and the organisational activities of trade unions were extended.

Workers' control in industry was further developed in 1952 in connection with the movement against the "five evils": bribery, evasion of taxes, looting of state resources, dishonest fulfilment of government orders and stealing of state economic information. During this period workers' control was established at all capitalist enterprises; it became more effective, control bodies could intervene in production matters, and this greatly restricted the rights of the employers. The latter could conclude various sale and purchase transactions and obtain credits from the State Bank only with the consent of the trade union organisation. During the period of keen struggle against capitalist sabotage and abuses workers' control of this type helped break down the resistance of the bourgeoisie, raised the

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\* *Zakonodatelniye akty Kitaiskoi Narodnoi Respubliki*, pp. 304, 305-06.

class consciousness of the working class and facilitated the creation of conditions for the socialist transformation of capitalist enterprises.

The decision to intensify the work of the trade unions at private enterprises, adopted by the All-China Trade Union Federation in December 1953, somewhat restricted the rights of the workers' control bodies. The malicious sabotage of the bourgeoisie had been crushed and it was necessary to give greater independence to factory owners who manifested a desire to co-operate with the people's state.

Workers' control played a big part in the conversion of capitalist enterprises into state-private establishments, which began in 1956. After this process had been completed workers' control at the mixed state-private enterprises was preserved but its content changed, inasmuch as the task in this period was "to go over from workers' control over production to direct management of production on the part of the state led by the working class".\*

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The rich experience in utilising workers' control in the European and Asian People's Democracies to restrict the power of capitalists and prepare the socialist nationalisation of production shows that:

1. Workers' control over industry in the People's Democracies was a product of the revolutionary endeavour of the masses led by the Communist and Workers' Parties. The forms and methods of workers' control had their distinctions in each People's Democracy. In some countries it was legislatively formalised (Czechoslovakia, Poland, Hungary, Yugoslavia, China); in others it was exercised by the trade unions. But in all the People's Democracies the working class, instituting control over production, first of all took measures to save the factories from destruction and looting and to revive production.

2. The workers, exercising control at industrial enterprises, in many cases ran up against the resistance of

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\* *Materialy VIII Vsekitaiskogo syezda Kommunisticheskoi partii Kitaya (15—27 sent. 1956) (Materials of the Eighth Congress of the Communist Party of China [September 15-27, 1956]), p. 301.*

the bourgeoisie. Sabotage was displayed in various subversive actions and its intensity depended on the alignment of class forces and the economic positions retained by the capitalists. In Czechoslovakia, Poland and Hungary, for example, the introduction of workers' control was not resisted at first. The factory owners (those who had not fled) assumed a wait-and-see attitude. Subsequently, they tried to regain their lost positions but the workers resolutely and successfully upheld their gains. In Rumania and Bulgaria, on the contrary, the bourgeoisie at once began actively to resist workers' control and engage in open sabotage. In all the People's Democracies, despite the different conditions of its origin and application, workers' control was a big revolutionary democratic achievement of the people, which restricted the economic power of the bourgeoisie and exploitation of labour by capital.

3. In all the People's Democracies trade unions played a leading part in workers' control, while in Bulgaria and Rumania the activity of workers' control bodies was regulated by agreements between the trade unions and the associations of employers. The Communist and Workers' Parties guided the activities of workers' control bodies through their members who held leading positions in the trade unions and also directly worked at enterprises.

In many countries workers' control was instituted at state enterprises too. At the first stage of the people's democratic revolution, the question of political power was not yet finally solved in a number of countries. Workers' control at the confiscated and nationalised enterprises, especially in Czechoslovakia and Hungary, prevented the bourgeois parties which were represented in the government from utilising the enterprises taken over by the state in their own selfish interests.

At state enterprises workers' control as a rule was expressed in helping the administration better to organise operations and dealt with questions of working conditions and wages. At private enterprises it was control of the workers over the bourgeoisie and it largely helped restrict exploitation and regulate capitalist production in the interests of the people's democratic state.

4. The Communist and Workers' Parties of the People's Democracies creatively utilised the rich and diverse expe-

rience of workers' control in the Soviet Union. This was reflected in the laws on workers' control in Czechoslovakia, Poland, Hungary and Yugoslavia, the law on the rights of trade unions in China and in other documents—in all the practical activities of workers' control bodies in the People's Democracies.

5. Workers at factories, electric stations, mines and railways who participated in the activities of the control bodies learned how to manage production. Workers' control was a revolutionary measure which stimulated the constructive activity of the workers and enhanced their class solidarity and political consciousness. It prepared the conditions for the socialisation of production and the full victory of the proletariat over the bourgeoisie in the economic sphere.

### **3. FORMS AND METHODS OF THE SOCIALIST TRANSFORMATION OF INDUSTRY**

The confiscation, sequester or placing under state administration of property which had belonged to fascist states, monopolies, active nazis, war criminals and collaborationists were major socio-economic measures in the European and Asian People's Democracies in the first stage of the revolution. These revolutionary actions of the people's democratic government undermined the forces of the big bourgeoisie but did not finally crush it.

In these conditions the governments in all the People's Democracies were faced with the task of consolidating the changes effected in political and economic life and making the next decisive step towards socialism—to nationalise all large- and middle-scale industry.

As long as large- and middle-scale industry in the People's Democracies remained in the hands of the bourgeoisie, the dictatorship of the proletariat had no solid economic basis and could not effect the socialist remaking of the entire economy. Only by socialising the basic means of production in industry could the working class further extend the building of socialism's foundations. Socialist nationalisation of the main means of production in industry is a basic law of the socialist revolution discovered

by Marxism-Leninism and tested in practice for the first time by the proletariat of Soviet Russia. Soviet experience conclusively demonstrated that it is the socialist nationalisation of the means of production in industry that consolidates political victory and lays the foundations for the socialist economy.

Only the nationalisation of industry could ensure the People's Democracies political and economic independence and put an end to the interference of the imperialist powers in their internal affairs.

Thus, the primary task of the working class in the People's Democracies was to nationalise the means of production, to transfer them to the possession of the working people as represented by the people's democratic state. The working class, the Communist and Workers' Parties of the People's Democracies accomplished this historic task.

Confiscation of the property of the monopolies, fascists and national financial bourgeoisie which betrayed the country, was the primary demand of the people of *Czechoslovakia* during the struggle for national liberation. This revolutionary demand, as noted earlier, was embodied in the Kosice programme of the National Front government which called for radical economic reforms designed "fully to deliver the economy from foreign influence and to turn over to the people's management all property owned and possessed by citizens of enemy states, especially Germany and Hungary, by German and Hungarian citizens of the Czechoslovak Republic who actively assisted the Germans in defeating and occupying Czechoslovakia and also all other Czechoslovak citizens who betrayed their people and actively assisted the German and Hungarian occupation forces".\*

The government began to carry out the Kosice programme during the liberation of Czechoslovakia by the Soviet Army in April and May 1945. The workers, guided by their elected factory councils, took over all industrial enterprises which had belonged to nazis and traitors. The working class sought fully to rid the country of fascist elements and to uproot fascism for ever. "National administrations were

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\* *Pravda*, April 11, 1945.

set up by national committees in co-operation with factory councils at enterprises and in banks which had belonged to Germans and Hungarians. National administrations were also set up at enterprises and banks which had belonged to traitors among the Czechoslovak bourgeoisie and at all factories where this was dictated by the need to ensure uninterrupted production. This was a measure of great revolutionary significance. It was enthusiastically acclaimed by the workers and all the other working people because they saw in it the first step towards socialisation. When the President of the Republic on May 19, 1945, issued a decree on national administration, this primary economic measure of the national democratic revolution had actually been effected from below.\*\* The decree extended to large-, middle- and small-scale industry. "From the class viewpoint these measures signified the complete undermining of the economic foundations of the German part of the bourgeoisie and weakening of the positions of the Czech and Slovak bourgeoisie.\*\*\*"

National administrations were also set up at factories where German managers had been in charge during the occupation. This was done to ascertain the state of affairs at the enterprises and the activity of their owners during the occupation. The decree also provided for the organisation of national administrations at enterprises which were not subject to confiscation but whose owners did not wish to organise production, which threatened the normal operation of industry and hampered the restoration of the country's economy. National administrations could thus be practically organised at almost all enterprises.

The placing of industrial enterprises under national administration did not finally settle their future. It was not a decree on the confiscation or nationalisation of industry. "Part of the Czechoslovak bourgeoisie, not affected by the national democratic revolution, sought to get hold of the property of Germans, Hungarians and traitors. It wanted to solve the question of national administration

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\* *Istoria Kommunisticheskoj partii Čechoslovakii (History of the Communist Party of Czechoslovakia)*, p. 555.

\*\* Viktor Knapp, *Vlastnictví v lidové demokracii. Právni úprava vlastnictví v Československé Republice*, Prague, 1952, p. 510.

in a bourgeois way. This part of the bourgeoisie expected to buy for a song the enterprises subject to confiscation.”\*

National administrations were set up at enterprises swiftly and in an organised way; in the course of three weeks national managers were appointed to 8,700 industrial establishments. By August 31, 1945, national administrations had been established in all banks and insurance companies and at 9,045 industrial establishments employing 923,486 workers, that is, more than half of all the factories. All enterprises of state importance were placed under national administration.

National administrations were a transitional form to the nationalisation of industry. The working class had a say on the composition of the national administration; candidates for national managers as a rule were agreed upon with factory committees or general meetings of the workers. At large plants the composition of the national administrations was determined by the Ministry of Industry and at medium and small factories, by local, district and regional national committees.

A keen class struggle was fought over national administration in industry. The capitalists realised that national administration spelt the beginning of the end of private ownership of the means of production. They sought to get into the national administrations through personal contact, bribery and other means, and utilise them in their own interests. Foreign firms objected to the organisation of national administrations at enterprises which belonged to them and utilised diplomatic channels for bringing pressure to bear on the Czechoslovak Government. But all their attempts were foiled by the joint action of the Communist Party and the revolutionary trade unions backed by all the working people.

National administrations operating under the control of the workers preserved the industrial enterprises and huge material resources and helped normalise the country's economic life.

The decree of June 19, 1945, on the punishment of nazi criminals, traitors and their accomplices also greatly undermined the positions of monopoly capital in Czecho-

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\* See Jiří Houška a Karel Kára, op. cit.

slovakia. It laid down that the property of all persons convicted of any of the crimes cited in the decree was subject to complete or partial confiscation.

The people's democratic government confiscated the property of nazi Germany, the nazis, war criminals and traitors, and initiated revolutionary changes in industry. The future of the property taken over by the state was finally settled by the people's democratic government on the initiative of the Communists after a sharp struggle against the bourgeoisie.

The working class pressed for the nationalisation of large-scale industry. "The demand for nationalisation was caused by the need to tear up the economic roots of the Munich betrayal, to consolidate national freedom and ensure the transition to socialism. The Communist Party proceeded from the bitter experience of 1918-20, when the working class, owing to the treachery of the leaders of the Social-Democratic Party, missed the opportunity to strike at the bourgeoisie in the most sensitive spot—the economy. The demand for nationalisation fully corresponded to the national interests and to the socialist demands of the workers who sought to breach the defences of the capitalist system and are marching ahead consciously and purposefully to socialism."\*

Resolutions demanding the nationalisation of factories were passed at workers' meetings throughout the republic. Thousands of such resolutions, letters and telegrams were sent to the government, countering the resistance of bourgeois parties. For example, on July 7, 1945, a conference of mine councils at the Most lignite mines in north-western Bohemia demanded that the "Government of the Czechoslovak Republic immediately promulgate a law on the transfer of all mines to the ownership of the state without the payment of compensation". A memorandum issued by the conference and signed by delegates from 59 mines stressed that "the co-operation of the miners in these areas with the Government of the Czechoslovak Republic would be impossible if such an important industry were left in the hands of private capital".\*\*

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\* *Istoria Kommunisticheskoi partii Chekhoslovakii (History of the Communist Party of Czechoslovakia)*, p. 569.

\* *SUA Praha, MP, 4-4-7.*

At the beginning of July 1945 the National Front of Czechoslovakia, on the initiative of the Communist Party, passed a decision on the nationalisation of industry. A Central Commission to draft a decree on the nationalisation of industry was formed at the Ministry of Industry on July 18, 1945. It consisted of representatives of the Ministry of Industry, Central Council of Trade Unions, Central Manufacturers' Union, all political parties and the State Economic Council. The Commission elaborated the main principles of nationalisation. The draft decree it prepared called for the nationalisation of enterprises which employed from 150 to 500 workers as a minimum, depending on the industry. The representatives of bourgeois parties in the Commission did not venture openly to oppose nationalisation. The main struggle was fought over its scope. In a number of instances bourgeois representatives succeeded only in slightly raising the minimum conditions for nationalisation. The first stage in the struggle for the nationalisation of industry ended in a big victory for the forces of the working class.

A huge meeting of delegates from factory committees, sponsored by the Central Council of Trade Unions, was held on August 23, 1945. Representatives of the workers of Czechoslovakia's capital were informed about the draft nationalisation decree, the elaboration of which was completed on that day. A. Zapotocky, Chairman of the Central Council of Trade Unions, assured the workers that nationalisation of industry would be carried out in full even if some men did not like it. On the same day workers at the Vitcovici steel plants and mines arranged a mass meeting on the city square and demanded of the government the immediate nationalisation of the industrial enterprises of Vitcovici and the mines of the Ostrava-Karvina area which were of country-wide importance. The meeting declared: "We will not work at enterprises if private owners or people who have never understood the interests of the working class and the state are left in charge. We do not ask but rightly demand that this will of the people be carried out."\* The workers everywhere demanded the immediate nationalisation of industry.

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\* *Československá demokracie*, August 24, 1945.

The struggle for nationalisation entered its decisive stage in mid-September. On September 13 the government began to discuss the draft nationalisation decree. Sharp clashes occurred at the very first meeting; representatives of the bourgeoisie (above all Ministers of the People's Clerical Party and the Slovak Democratic Party) vehemently objected to examining the draft decree, considering it premature: they proposed that the draft be turned over for consideration to economic Ministers and political parties. By the efforts of the Communists these initial attacks of the bourgeois parties were repulsed. Then the bourgeois parties concentrated their efforts on amending a number of clauses and provisions of the draft, trying to save some industries and enterprises from nationalisation. For example, the government debated for several hours the proposal to nationalise the Bata corporation.

A keen battle was fought over the point, which enterprises come under the concept of "key industry", on the basis of which criteria should enterprises in various industries be nationalised. The bourgeois representatives said that the draft decree went farther than the Kosice programme and proposed that at the first stage nationalisation be restricted to financial and credit institutions, key industries and power sources. They claimed that the government would be unable to cope with any larger-scale action. The Communists refuted this argument and pointed out that the broadening of the Kosice programme stemmed from the people's demands and the political and economic situation in the country.

The bourgeoisie stopped at nothing in the struggle against nationalisation. It used formal legal arguments, fabricated false resolutions and letters supposedly sent by workers and threatened a boycott by Western firms. When the nationalisation of the sugar industry was being debated bourgeois representatives in the government called for organising co-operative in this branch, claiming that they were getting hundreds of telegrams and letters from sugar-beet growers and peasants objecting to nationalisation. The Minister of Agriculture exposed the falsification and demonstrated that most telegrams were of the same content, while the letters were not only of the same text

but even typed on the same typewriter, on the same paper and mailed in similar envelopes, addressed by the same hand.

The Communists in the government beat back all the attempts of the bourgeoisie to emasculate the nationalisation decree. They were supported by all the working people. There was practically no factory whose workers did not come out for nationalisation. Workers' resolutions calling for nationalisation were often signed by local organisations of all the political parties. There was an overwhelming movement for the socialisation of the means of production.

One of the biggest demonstrations in support of nationalisation was held in Bratislava by 15,000 workers on October 2, 1945. The meeting and demonstration ended in the adoption of a resolution which urged the Government of the Czechoslovak Republic and the Slovak National Council "to nationalise with all speed the banks, insurance companies, power plants and all large-scale industry, including agricultural and food enterprises". The meeting's participants declared that "they will work indefatigably at all enterprises of nationalised industry".\*

The bourgeois representatives in the government had to yield. This, however, was not surrender but merely a tactical retreat. In these conditions, President Beneš, in whom the Czechoslovak bourgeoisie and foreign imperialists placed their hopes, could not put off the nationalisation of industry. On October 24, 1945, he signed four nationalisation decrees: Decree No. 100—on the nationalisation of mines and some industrial enterprises; No. 101—on the nationalisation of some food factories; No. 102—on the nationalisation of joint-stock banks, and No. 103—on the nationalisation of private insurance companies.

Under the decree, the main enterprises of heavy and light industry became state property, people's enterprises. The entire mining industry and the main plants of the power, metallurgical and armaments industries were nationalised. In other industries nationalisation depended on the number of workers employed or the nature of the equipment. In the metalworking and electrical equipment

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\* *Pravda* (Bratislava), October 4, 1945.

industries, and in the precision engineering and optics industries, enterprises which employed more than 500 workers on an average between 1942 and 1944 were subject to nationalisation. Plants producing grey, Thomas and malleable pig iron and non-ferrous metals were nationalised if they had employed 400 and more workers during this period. Enterprises producing industrial porcelain and various building materials, and sawmills were nationalised if they employed more than 150 people on an average between 1938 and 1940. Depending on the number of people employed, cotton spinning, weaving, woollen and silk mills, clothing and shoe factories were nationalised. In the chemical industry all chemical pharmaceutical factories were nationalised, while enterprises producing various acids, chemicals, matches, mineral fertilisers, dyes, etc., were subject to nationalisation only if they had factory equipment.

Only two sectors were not affected by the nationalisation decree: printing and construction. The large printing-houses belonged to political parties and mass organisations and for this reason were not subject to nationalisation. In construction most of the establishments were small. Large industrial enterprises (Skoda, Bata and others) had their own building organisations which were nationalised. The decree did not extend to establishments belonging to producers' and other co-operatives. In certain cases individual enterprises could be exempted from nationalisation by special governmental instructions or decisions of the Minister of Industry sanctioned by the Minister of Finance. The question whether conditions were ripe for nationalisation in conformity with the decree was decided by the Minister of Industry.

All enterprises subject to nationalisation were divided into two groups: some were transferred to the possession of the state without compensation, i.e., were confiscated; in the case of others, the owners were entitled to compensation. Under the decree compensation was not paid for nationalised property which had belonged to the German Reich, the Hungarian kingdom, the German Nazi Party and Hungarian political parties and other institutions of these states; to persons of German and Hungarian nationality (except those who proved that they had

remained loyal to the Czechoslovak Republic) and also "to physical and juridical persons" who had engaged in subversive activity against the Czechoslovak Republic and supported the German and Hungarian invaders.

Enterprises not falling under these categories and not burdened by excessive debts were to be nationalised, with the former owners receiving compensation, the size of which was determined on the basis of the condition of the nationalised property and its financial balance. Compensation for nationalised enterprises was to be paid in securities, cash or other valuables.

The decree laid down that prior to the actual transfer of a nationalised enterprise into the possession of the state the person who owned this enterprise or property was responsible for managing it and conducting all its affairs with maximum care; persons committing deliberate actions directed at thwarting or seriously hampering nationalisation were punished by imprisonment and a money fine.

Under the decree on the nationalisation of the food industry, all main sugar refineries and distilleries became the property of the state. The nationalisation of other enterprises in the food industry was made conditional on productive capacity and the number of workers employed. The decree on banks pointed out that all joint-stock banks "shall be transferred to the possession of the state and converted ... into people's establishments (banks)".\* Decrees Nos. 101, 102 and 103 provided for the payment of compensation to former owners of nationalised enterprises and shareholders of banks and insurance companies in the same procedure as established by Decree No. 100.

The decrees on the nationalisation of industry and banks were fully approved by the working people. They acclaimed the people's democratic government and the initiator of nationalisation, the Communist Party. The nationalisation of the key industries and banks was a revolutionary economic measure of prime significance. It struck a resolute

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\* *Konstitutsia i osnovniye zakonodatelniye akty Chekhoslovatskoi Respubliki (Constitution and Main Legislative Acts of the Republic of Czechoslovakia)*, p. 253.

blow at capitalist private property and the position of foreign capital in Czechoslovakia.

On October 27, 1945, almost simultaneously with the decrees on the nationalisation of industry and the banks, the government issued Decree No. 109 on the management of production, which opened up before state agencies wide opportunities for exercising effective control over private enterprises: it made it possible to direct the activities of enterprises in the interests of the country, to regulate the volume of output and its assortment, etc. This decree was of advantage to the working class. It supplemented control from below over the activity of private enterprises by control from above.

Towards the end of 1946, 2,867 large industrial enterprises became the property of the people's democratic state. The nationalised sector employed 62 per cent of all the workers engaged in industry. The state removed from the hands of the capitalists all enterprises of the mining and metallurgical industry, 99 per cent of the enterprises in the power industry, 77 per cent in the chemical industry and 73 per cent in the metalworking industry, that is, the key sectors of industry.

The capitalists resorted to various manoeuvres—from forgery to bribery—to save their enterprises from nationalisation. The Anglo-American imperialists made an attempt to exert pressure on the Czechoslovak Government and compel it to abandon the nationalisation of property of foreign monopolies.

In their struggle against the revolutionary economic measures of the people's democratic state, the counter-revolutionaries relied on the bourgeois representatives in the government. During the approval of the lists of enterprises subject to nationalisation a keen struggle was often fought in the government even over individual factories. For example, members of the National-Socialist Party in the government tried to save the large Orion confectionery factory in Prague from nationalisation. At the height of the season it employed from 500 to 600 workers, but on January 1 only about 50 or 60 people (management and technical personnel) remained. Basing themselves on the letter of the law, the National-Socialists opposed the nationalisation of the factory. But at the

insistence of Communist Ministers, the government decided to nationalise it. It is highly indicative that the rank-and-file of the National-Socialist Party did not support their leaders—they were in favour of nationalising this factory.

After the nationalisation of the key industries and banks, the bourgeoisie still preserved strong positions in the flour-milling industry (73 per cent of the productive capacity), food (83 per cent), distilling (74 per cent), woodworking (76 per cent) and the building industry (87 per cent).

The decree on the nationalisation of industry did not extend to many medium and small enterprises which had belonged to the invaders and war criminals. About 11 per cent of all the workers were employed at these establishments which played an essential part in the economy. The bourgeoisie tried to lay its hands on them and to prevent their nationalisation.

The Gottwald government in the programme adopted in July 1946 provided for the merging of the confiscated factories with nationalised enterprises. The bourgeoisie, on the contrary, sought to have them transferred into private hands. It made use of the law on the return of property, according to which property confiscated from Czech citizens by the Germans during the occupation period had to be returned to the former owners or their heirs. The law envisaged small handicraft workshops, stores, etc. But the bourgeoisie through the courts sought to regain medium and large enterprises which were not subject to nationalisation; during the first months of 1947 a considerable number of decisions to return enterprises to former owners was passed by the courts.

This aroused the indignation of the people. The Communist Party and the trade unions declared that they would not allow the creation of new capitalist enterprises. Protest strikes were organised at those factories, which by court decision had to become private property once again. The biggest strikes were held in Varnsdorf, Ust nad Labi, Ceske Budejovice and a number of Slovak cities (Ponrad, Sered). As a result, the working people succeeded in getting the court decisions annulled. On March 18, 1947, at a meeting of the National Front of Czechs and Slovaks with the participation of delegates of political parties and

the Central Council of Trade Unions, agreement was reached on merging about 5,000 confiscated establishments, employing 130,000 people with nationalised enterprises. In the spring of 1947 about 1,200 confiscated establishments were merged with nationalised enterprises. But the representatives of the bourgeoisie, who under the pressure of the masses agreed to this, looked upon it as a temporary concession.

In its effort to regain the confiscated establishments the bourgeoisie resorted to the organisation of sham co-operatives. The nationalisation decree had stipulated that co-operative establishments were not subject to nationalisation. The bourgeoisie made use of this provision to organise from confiscated establishments co-operatives which actually were capitalist enterprises. Not seeing through this subterfuge, the National Committees, in a number of cases allowed the organisation of such co-operatives. For example, one of the new "co-operatives" had 170 establishments with 800 members. In 1948 such "co-operatives" were nationalised. In the long run, most of the confiscated establishments were merged with the nationalised enterprises; part of them were turned over to local governmental authorities and only a small number of establishments passed into private hands. Part of the confiscated establishments from the western regions where there was an acute shortage of workers were moved to Slovakia where 26,000 people received jobs at 340 such factories between 1946 and 1948.

A second stage of nationalisation, the transfer to state ownership of the main enterprises in industries still under the control of the capitalists, was necessary for the further development of socialist changes. Prior to February 1948 as many as 28.6 per cent of all industrial workers were engaged in the capitalist sector. While the private sector was fully abolished in the mining, steel and power industries, in the building industry private firms still employed 76 per cent of the workers, in printing 63 per cent, in the food industry 47 per cent, in the clothing industry 43 per cent, etc. The completion of nationalisation became a pressing matter. The bourgeoisie did not want to work in the interests of the people. It sabotaged the fulfilment of the national economic plan, disrupted the

supply of the population with food and manufactured goods, engaged in black-market operations and mustered its forces for an attack on the gains of the working people. At the same time the socialist sector in industry did not take long to demonstrate its advantages over the capitalist. The working people clamoured for the further nationalisation of industry.

The working class of Czechoslovakia, with the Communist Party at its head, accomplished this task at the end of February 1948 when it defeated the counter-revolutionary plot of the bourgeoisie.

A Congress of Factory Councils, held in Prague on February 22, approved by an overwhelming majority, 7,900 votes against 10, the Communists' proposals for the further nationalisation of industry and the completion of land reform. The workers demanded the nationalisation of all industrial establishments employing more than 50 people.

The Communist Party issued a militant slogan calling on the people to set up National Front Action Committees. "The Action Committees were set the following tasks: to put an end to the efforts of the reactionaries and saboteurs, to strengthen the unity of the people and ensure the transfer of all power to the working people."\* The Action Committees launched a determined drive on the economic positions of the capitalists. Just as in 1945, when national administration of the property of the occupationists and traitors was introduced, in February 1948, national administration was instituted at all enterprises subject to nationalisation in conformity with the demand of the Congress of Factory Councils, and also at enterprises where there was any danger of normal operation being upset. At the beginning of March national administration was instituted at 1,300 industrial enterprises and 500 large trading establishments. The National Committee of Czechia established another 477 national administration bodies and in Prague the Central National Committee organised 228 new national administration bodies. "All these measures, effected on the basis of the decisions taken by the Congress of Factory Councils, actually ushered in the

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\* *Istoria Kommunisticheskoi partii Chekhoslovakii (History of the Communist Party of Czechoslovakia)*, p. 611.

second stage of nationalisation.”\* While on February 1, 1948, there were 4,059 industrial establishments under national administration, on May 1, 1948, there were already 8,410 of these enterprises or 43.3 per cent of the total.

The National Assembly of the Czechoslovak Republic, complying with the will of the people, unanimously promulgated a law on April 28, 1948, on the further nationalisation of some industrial and other enterprises, according to which a large number of establishments in various sectors were transferred to the possession of the state. The law enumerated 24 categories of enterprises in the mining and manufacturing industries subject to nationalisation. In most cases an entire industry or special category of production was nationalised (for example, enterprises for the mining and processing of peat, the manufacture of ampules, soap making, the manufacture of cables, etc.). Nationalisation was made dependent on the volume of output or equipment (for example, enterprises for the working of stone which had not less than 10 grindstones or rock saws; brick and tile kilns with an annual capacity of not less than 2 million pieces, etc.). Alongside the categories enumerated in the law, all other enterprises which employed over 50 people after January 1, 1946, were subject to nationalisation, even if other nationalisation decrees did not apply to them or they had been exempted from nationalisation. The law included among the employed all persons working at home. Nationalisation did not extend to co-operative property.

For property nationalised under the new law compensation was paid in accordance with the procedure established by Decree No. 100 of October 24, 1945. No compensation was to be paid to owners of nationalised enterprises convicted by court for profiteering or other machinations; for action hampering the fulfilment of the two-year economic plans; for inflicting harm on nationalised enterprises and enterprises under people's administration or for similar crimes.

The new law in many cases merely legally formalised the situation which existed in industry. The people's democratic state only had to include formally in the

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\* M. Boucek, *Praha v unorú*, Prague, 1963, p. 264.

corresponding associations of nationalised industry the enterprises from which the capitalists had been driven out in the course of the February events or directly after them.

In 1948, 2,653 enterprises were nationalised in Czechoslovakia. With the completion of nationalisation, the share of the socialist sector in industry (the number of employed factory and office workers) reached 95 per cent. That was a decisive victory for the working class and the Communist Party. Nationalisation ensured the almost complete abolition of the capitalist sector in industry; socialist production relations took firm root in Czechoslovak industry.

The political and economic gains of the working people were reflected in the Constitution of the republic adopted by the Constituent National Assembly on May 9, 1948. In the section "Economic Structure" the Constitution proclaimed that minerals and their extraction, the sources of power and power enterprises, mines and metallurgical plants, industrial enterprises employing 50 persons (apart from enterprises belonging to people's co-operatives) banks and insurance companies, railways and other means of production "could be the property of the people only". The Constitution proclaimed that nationalised enterprises must not be transferred to capitalist private ownership.

At the end of 1948 Czechoslovakia had 3,848 capitalist enterprises employing altogether 48,342 people. In other words, mainly small establishments remained in the capitalist sector. The share of the capitalist sector together with handicraft production amounted to 15 per cent of the total industrial output. In 1949 this share was 12.2 per cent; in 1950 it dropped to 3.7 per cent, in 1951 to 1.6 per cent and in 1952 it shrank to 0.6 per cent. The socialist sector thus gained undivided domination in industry.

Czechoslovakia was the first People's Democracy to undertake the nationalisation of large-scale industry on the basis of state acts. In view of this, her legislation, her laws on questions of nationalisation, and practical experience have been of great interest to the other People's Democracies.

In *Poland* after the country's occupation all large- and middle-scale industry, means of transport and communication belonging to the Polish state and

Polish citizens were seized by nazi Germany and became the property of the big German monopolies. Only joint-stock companies in which Swedish and Swiss capital predominated remained independent.

The demand for the nationalisation of industry was put forward in the programme of the Polish Workers' Party during the years of occupation. The Party set the working class the task of gaining positions of command in the economy immediately after the country's liberation from the fascist invaders. *Glos Lodzi*, a newspaper published underground, wrote in December 1943 about the activities and tasks of factory committees: "Today they are waging an implacable struggle against the occupation forces and will emerge victorious from this struggle in order to become the owners of the factories tomorrow." The Polish Committee of National Liberation which temporarily discharged the functions of the republic's government proclaimed in its July 1944 Manifesto that national property, "large industrial, banking, transport and trading establishments in the hands of the nazi state and individual German capitalists, will be placed under temporary state administration. The property seized by the Germans from individual citizens, peasants, merchants, artisans, small and middle entrepreneurs, institutions and churches will be restored to their lawful owners. The property of Germans will be confiscated". This was a programme of democratic, anti-imperialist changes in the economy and it cleared the way for socialist revolution.

Fulfilling the programme expounded in the July Manifesto, the Economics and Finance Department set up by the Polish Committee of National Liberation began to take charge of enterprises on liberated territory which had belonged to the Polish state. Means of production which had been the property of nazi Germany, nazis and German joint-stock companies were confiscated and became state property. Industrial enterprises which had belonged to persons collaborating with the enemy and also enterprises which had been seized by the nazis from Polish citizens or which had remained without owners were placed under temporary state administration. The other enterprises remained privately owned.

The Economics and Finance Department, and then its

successor, the Ministry of Industry, set up special groups to handle the transfer of enterprises to the state; as a rule, these groups, arriving together with units of the Soviet and Polish armies, took control of enterprises, formed factory managements and organised the restoration of industry. Members of these operational groups were given special instructions and exact directives on what enterprises were to be transferred to the possession of the state or placed under its temporary administration.

The activities of the operational groups were of great importance for preserving industry and eliminating the economic break-down caused by the war and the five years' rule of the nazis in Poland. At many factories the operational groups organised production. In the Bydgoszcz region, the operational group took over 58 large and medium industrial enterprises in ten days. Factory managements were organised at 28 of them, and production was resumed. The other 30 were idle for a time solely because of the shortage of electric power.

By mid-August 1945 the operational groups, acting on behalf of the government, had transferred most enterprises to the possession of the state or placed them under its temporary administration. All enterprises which had belonged to the nazi state, nazi war criminals and collaborators, became state property. The confiscation of a part of industry, especially large enterprises, was of great importance for undermining the economic position of the imperialist bourgeoisie, and for reinforcing the people's democratic system.

In 1944 and 1945 the Polish Committee of National Liberation and then the Government of the Polish People's Republic accomplished a lot in confiscating industrial enterprises, gaining key positions in the economy and in reviving the country's economic life. At that time the people's government already controlled 90 per cent of the mines, 50 per cent of the iron and steel works and many enterprises in other industries. All this undermined the economic basis of capitalism and created the conditions for the development of the socialist sector of the economy.

The Polish bourgeoisie did not give up the struggle to regain most enterprises and restore capitalist relations of production in industry. It tried to utilise for its own ends

the governmental decree of March 2, 1945, according to which abandoned property (movable and immovable) that was not in the possession of the owner or his direct heirs after the beginning of the war was regarded as "abandoned". Such property was to be returned to its former owners. The Polish Workers' Party and the Krajowa Rada Narodowa favoured the return of small enterprises to their owners and the utilisation of private initiative for restoring the economy on a limited scale and under the control of the people's democratic government. This, however, did not suit the bourgeoisie. After Mikolajczyk had returned to the country and established the Polish Peasant Party, the struggle for the widespread return of industrial enterprises into private hands was intensified and became very acute in the autumn of 1945.

The people vigorously opposed the return of large enterprises to private owners. For example, a meeting of factory workers in Cestochowa, held in September 1945 on the initiative of the local committee of the Polish Workers' Party, protested against the return of the factories to the capitalists. "We declare an implacable struggle," the resolution stated, "against the so-called reprivatisation whose purpose is to hand over factories which are the property of the working masses to private owners. The working masses will never agree to the transfer of the land or enterprises which became the property of the people to the possession of the exploiters."\* Workers in other industrial centres thought and acted the same way.

The Polish Workers' Party and the Polish Socialist Party supported the workers' demands for a law on the nationalisation of industry so as to legally consolidate the revolutionary changes in industry effected in 1944 and 1945. The First Congress of Trade Unions held in November 1945 was an important landmark in the struggle for nationalisation. W. Gomulka declared at the Congress that in the prevailing situation "it is necessary to nationalise, with the help of the working class and the entire people, all large and medium industrial enterprises. This is dictated by the most elementary principles of justice and

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\* J. W. Golebiowski, *Walka PPR o nacjonalizację przemysłu*, pp. 282-83.

democracy".\* The Congress of trade unions called for the nationalisation of the basic means of production and circulation. The Congress resolution pointed out that in Poland "the conditions were fully mature for the nationalisation of large- and middle-scale industry, the banks and transport system and also other sectors of the economy (insurance companies, printing-houses, cinemas) which are of decisive significance for the state".\*\*

The nationalisation of large- and middle-scale industry, the transport system, banks and various credit institutions was discussed in detail at the First Congress of the Polish Workers' Party which opened on December 6, 1945. The decisions of the Party Congress marked out the bounds of nationalisation in industry and formulated the attitude of the Party to private enterprise. This served as the basis for drawing up a draft decree of the Krajowa Rada Narodowa on the nationalisation of large- and middle-scale industry, the railways and banks.

On January 2, 1946, the government submitted a bill on the nationalisation of large- and middle-scale industry, banks and the transport system to the Ninth Session of the Krajowa Rada Narodowa. During the preparations and discussion of the bill, the bourgeoisie tried to dilute it by numerous amendments. Demagogic propaganda was conducted against it. Capitalism's apologists asserted that nationalisation was a "threat" to civil freedoms, that the state was supposedly incapable of ensuring the management of industry and that nationalisation would result in economic break-down.

The main enemies of nationalisation were the leaders of the Polish Peasant Party, headed by Mikolajczyk, who were the bulwark of the country's reactionary forces. They proposed that nationalisation be restricted to enterprises employing over 100 people. This amendment would have limited nationalisation to the largest heavy industry enterprises in which foreign capital prevailed and would not have affected medium enterprises. In the chemical industry there were 66 workers per enterprise, in the metallurgical 75, textiles 71, leather 25, printing 25, tobacco

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\* *Glos ludu*, November 22, 1945.

\*\* *I Kongress Zwiaskow Zawodowych*, Warsaw, 1946, p. 195.

65, and so on. Out of the 32,707 industrial establishments, only 1,454 would have been nationalised. Moreover, many enterprises with less than 100 workers which were actually in the hands of the people's government would have to be returned to their former owners or their heirs. The Polish bourgeoisie would thus have regained its former economic positions. This was a well-conceived manoeuvre ultimately designed to restore capitalism in Poland.

Reactionary forces also made another attempt to block nationalisation. The leaders of the Polish Peasant Party launched a demagogic campaign against the payment of compensation for nationalised enterprises: exaggerating the amount of compensation, they sought to prove that its payment would prevent the country's economic recovery. Agents of foreign imperialism hoped to complicate the country's international position and to involve the Western powers in the struggle against the nationalisation of industry. The Polish Workers' Party exposed all the intrigues directed against nationalisation. Relying on broad support from the people, together with the Polish Socialist Party, it beat back these attacks and prevented the bourgeoisie from emasculating the revolutionary essence of the law on the nationalisation of industry.

The law on the transfer of the main sectors of the economy to the ownership of the state, adopted by the Krajowa Rada Narodowa on January 3, 1946, proclaimed that nationalisation was carried out "for the purpose of restoring the economy, in a planned way, ensuring the economic independence of the state and raising general welfare. . .".\* The law named the sectors of production and the enterprises subject to nationalisation. The nationalised enterprises were divided into two groups. One included enterprises to be transferred to the possession of the state without compensation; the other, enterprises to be taken over by the state with compensation.

Industrial, mining, transport, banking, insurance and trading establishments which had belonged to the German state and the former free city of Gdansk, German and

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\* *Konstitutsia i osnovniye zakonodatelniye akty Polskoi Narodnoi Respubliki (Constitution and Main Legislative Acts of the Polish People's Republic)*, 1953, p. 100.

Gdansk citizens and also persons who sided with the enemy became state property without compensation. The law did not extend to property which had belonged to persons of Polish or other nationality who had been persecuted by the Germans. Enterprises confiscated by the nazis from Polish citizens after September 1, 1939, were not subject to the operation of this article. Enterprises belonging to persons of Polish nationality were nationalised with compensation.

First to be nationalised under this law were the mines and mining enterprises; the oil and gas industry with oilfields, refineries and gas pipelines; the synthetic fuel industry; electric power stations; plants producing pig iron, steel and non-ferrous metals; war industry plants; the aircraft industry and explosives factories; sugar refineries; large and medium textile mills and also transport facilities and communication establishments (telephone, telegraph, radio). In these sectors all enterprises were nationalised. The nationalisation of flour mills, vegetable oil factories and breweries depended on their capacity.

The nationalisation law also applied to all enterprises which could "employ more than 50 people in one shift". Moreover, the Council of Ministers was given the right to raise "the minimum of 50 workers for industrial enterprises producing articles of limited consumption or poorly mechanised, or of an experimental or seasonal nature".\* The government was thus given the right to nationalise all enterprises, employing more than 50 people, but at the same time it was able, if nationalisation was considered inadvisable, to leave such enterprises in the hands of the former owners. This made for flexibility and enabled the state to take over in the first place the most important enterprises. Establishments belonging to co-operative organisations were not subject to nationalisation.

The law empowered the Council of Ministers to nationalise any enterprises "if they actually had a monopoly of production relating to important sectors of the economy". This provision also applied to banks and a number of other establishments and enabled the

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\* *Konstitutsia i osnovniye zakonodatelniye akty P.N.R.*, p. 103.

government to nationalise enterprises not mentioned in the preceding clauses of the law.

The law laid down that "compensation, as a rule, is paid in securities and in exceptional, economically justified cases, can also be paid in cash or other valuables". Compensation should be paid within a year after notification about the final amount of compensation set by a special commission. Interested persons could participate in examining questions that concerned them. The composition of the commissions and the procedure of their work were determined by the Council of Ministers.

The law envisaged criminal responsibility and strict punishment of persons guilty of destroying, concealing or damaging property subject to nationalisation, and also committing other actions designed to disrupt nationalisation. This warning in conditions of the acute class struggle over nationalisation, was of great importance. It gave the working class a strong legal weapon against capitalists engaged in sabotage.

A comparison of this law with Law No. 100 on the nationalisation of mines and some industrial enterprises in Czechoslovakia, reveals certain common points. At the same time the Polish law also has fundamental distinctions. In Poland the law of January 3, 1946, was all-embracing and served as the basis for nationalising almost all industry, whereas in Czechoslovakia nationalisation was effected in two stages and the law of October 24, 1945, applied only to large- and some middle-scale industry. Nationalisation in Poland was completed faster than in Czechoslovakia. This was a result of the different alignment of class forces in these countries, which ultimately determined the pace of nationalisation.

Nationalisation of industry in Poland was carried out in the teeth of resistance by reactionary elements in the country who were supported by British and U.S. imperialist circles. The majority of the people, however, approved the activity of the government aimed at expropriating the expropriators. The statement issued by the Central Commission of the Trade Unions, and entitled "An End to the Power of Capital in Poland", declared that capitalism, the system of large-scale cartelised industry, exploitation, profiteering and the poverty of the working masses, crises

and unemployment, "has ended its rule in Poland. This day will go down in the history of the working-class movement of our country as the day of labour's victory over capital and of justice over injustice".\*

Country-wide approval of the nationalisation law frustrated the plans of the Polish reactionary forces who were unable to prevent its implementation. In March 1946 a Nationalisation Commission was set up at the Economic Committee of the Council of Ministers. It was charged with formalising the documents on the transfer of the main sectors of the economy to the ownership of the state. On April 11, 1946, the Ministry of Justice issued instructions, agreed upon with the other Ministries concerned, listing the enterprises which, on the basis of the law of January 3, 1946, became the property of the state.

The law on the nationalisation of industry was the main state act on the basis of which the means of production and circulation were socialised in Poland. Subsequently, it was supplemented and specified by other governmental decrees, but they were of secondary significance.

At the end of 1946 all enterprises of the iron and steel and mining industry, all electric stations, almost the entire oil industry and most enterprises in other industries became state property as a result of nationalisation. In large-scale industry capitalist property was completely abolished. Only four enterprises employing 895 people or 0.1 per cent of all the workers engaged at corresponding enterprises remained in capitalist hands. According to statistics, there were 133,189 industrial establishments in Poland in 1946, including small and semi-handicraft workshops, employing 1,238,172 people. The socialist sector had 11,477 enterprises but they employed 944,832 workers or 79.5 per cent of the total engaged in industry. The socialist sector contributed 86.5 per cent of all industrial output.

The nationalisation of large-scale industry consolidated the people's democratic system and created conditions for successful economic recovery and the building of socialism.

The Constitution of the Polish People's Republic, adopted by the Legislative Diet of Poland in 1952,

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\* *Trybuna Robotnicza*, January 19, 1946.

legislatively consolidated the political and economic gains scored by the working class and the other working people under the leadership of the Polish Workers' Party. In the chapter "The Socio-Economic System" the Constitution proclaimed that socialist state industry was the decisive factor in transforming the socio-economic relations in the country. Mineral resources, water, state forests, mines, transport facilities, means of communication, banks, state industrial enterprises, etc., were declared the property of the entire people and subject to "special concern and protection by the state and all citizens".

In *Bulgaria* after the revolution of September 9, 1944, the people's democratic government gained important positions in different sectors of the economy which had belonged to the fascist state. As a result, the state became the owner of the 246 industrial enterprises, including the entire war industry, 85 per cent of coal production, 50 per cent of electric power capacity, 98 per cent of the railway lines with their enterprises and also the post, telegraph, telephone and many banking and credit institutions. Private monopolies were liquidated.

In 1945 the government confiscated the property of war criminals and other persons who had actively collaborated with the nazis. During that year more than 100 enterprises which had belonged to war criminals were confiscated in full or in part on the basis of court sentences. All movable and immovable property acquired by profiteering and other unlawful means was confiscated so as to further undermine the economic positions of the bourgeoisie. A corresponding bill, submitted to the National Assembly in January 1946 on the initiative of the Central Committee of the Bulgarian Workers' Party, was opposed by all the reactionary forces. In reply, the workers in January and February adopted thousands of resolutions demanding the passage of the bill. The reactionary forces retreated and on April 5, 1946, the National Assembly promulgated a law for the confiscation of unlawfully acquired property.\*

Property acquired after January 1, 1935, by various crimes, force, activities directed against the people, profiteering, etc., came under this law.

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\* *Държавен вестник (State Herald) No. 78, 1946.*

After the law was promulgated the bourgeoisie fought against its implementation. The capitalists bribed officials, made use of their agents in governmental agencies and in some parties of the Fatherland Front. They were assisted by elements entrenched in the judicial bodies. The Plovdiv Court, for example, contrary to irrefutable evidence of profiteering, acquitted many big employers, and only the determined protest of the workers compelled the court to review the cases and make the decision to confiscate the enterprises. On the initiative of the workers, 5,358 cases of confiscation were instituted in 1946 and 1947, of which 693 pertained to industrial enterprises. Altogether 2,300 industrial and trading establishments, warehouses, dwellings, etc., were confiscated. This was an important measure directed against the capitalists.

As a result of the partial expropriation of bourgeois property, effected between 1944 and 1947, the people's democratic government even prior to the nationalisation of industry gained important positions in the country's economy. The state controlled the entire transport system, means of communication and insurance and dominated the credit and banking system. More than one-third of the country's industrial output was produced at state and co-operative enterprises. In a number of key industries, the socialist sector prevailed.

Industry was nationalised in Bulgaria at the end of 1947, much later than in Czechoslovakia and Poland, owing to a number of internal and external factors; namely, the revolution of September 9, 1944, did not put an end to the monarchy; the international position of Bulgaria was not consolidated at once; the contradictions between parties of the Fatherland Front remained for a time. Only after a considerable preparatory work and the ousting of royalist and other reactionary elements was the people's government able to undertake decisive revolutionary changes in the economy.

The conditions for radical socio-economic changes in industry were created in 1947. A Peace Treaty regulating the international position of the country was signed on February 10, 1947. Right-wing counter-revolutionary elements in the Fatherland Front parties were removed from the leadership in 1947. Extending the drive on private

ownership of the means of production, the government instituted in 1947 a state monopoly of tobacco and alcohol: all tobacco factories and enterprises producing alcoholic beverages were taken over by the state.

The Central Committee of the Bulgarian Workers' Party at its 13th Plenary Meeting, held in October 1947, proclaimed it the Party's policy to abolish capitalism in the economy and build a socialist society. This policy was supported by all the parties of the Fatherland Front. The National Committee of the Fatherland Front in its declaration of October 26, 1947, emphasised the need to strengthen and extend the state sector of the economy. This programme was heartily supported by the Bulgarian people.

The new Constitution of the Bulgarian People's Republic, adopted by the Grand National Assembly on December 4, 1947, recorded: "The means of production in the People's Republic of Bulgaria belong to the state (property of the entire people), to co-operative associations or to private physical or juridical persons." Moreover, it was stressed that "property belonging to the entire people is the mainstay of the state in the development of the economy and it enjoys special protection". The Constitution recorded that the state could "nationalise, fully or in part, some sectors or individual establishments of industry, trade, transport and credit". Nationalisation must be carried out "in the interest of the state or society" and accompanied by "fair compensation". The Constitution banned private monopoly organisations and associations: cartels, trusts, and concerns. "No one must utilise the right of ownership to the detriment of the public interest,"\* it was proclaimed in the Constitution.

Industry was nationalised shortly after the adoption of the new Constitution. Early in December 1947 the Central Committee of the Bulgarian Workers' Party sent directives to Party organisations on nationalisation. Simultaneously measures were taken against possible attempts by the capitalists to inflict harm on enterprises before and during nationalisation: the sale, lease or

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\* *Konstitutsia i osnovniye zakonodatelniye akty Narodnoi Respubliki Bolgarii (Constitution and Main Legislative Acts of the People's Republic of Bulgaria)*, 1952, pp. 26-27.

dismantling of enterprises or their giving away as a gift were prohibited, as were the expenditure of money on non-productive purposes, the appointment of new managerial personnel, removal of raw materials, etc.

On the morning of December 23, 1947, the Council of Ministers adopted a nationalisation bill and submitted it for Approval to the Grand National Assembly; simultaneously the government instructed the Minister of Industry and Crafts to begin nationalising industry, guiding himself by the lists of enterprises attached to the bill. The law on the nationalisation of private industrial and mining enterprises adopted by the Grand National Assembly on December 24, 1947, proclaimed the nationalisation of all private enterprises producing rolled sheet metal, all plants of the metalworking and engineering industries, cement mills, oil refineries, chemical, soap and vegetable oil factories, cotton, woollen, linen and other spinning mills, hosiery factories, etc. The law listed all the branches of the heavy and light industries. The nationalisation of mining and manufacturing enterprises not mentioned in the law was made dependent on their "productivity and importance to the economy". Any enterprise of importance to the country's economy came under the operation of the law.

Only co-operative and handicraft establishments and also printing-houses which belonged to mass organisations were immune from nationalisation. But in these cases, too, the law carried an important reservation; enterprises, which were considered co-operative or handicraft but actually were not, were also subject to nationalisation. On the basis of this provision all co-operative establishments which were of a capitalist nature were taken over by the state.

Nationalisation extended to all movable and immovable property, to all the economic rights of enterprises and of their employees such as patents, privileges, concessions, samples, trade marks, models, etc. The law declared null and void all transactions between relatives concluded from January 1, 1947, and up to the day when the law came into force, "if in these transactions one of the parties is an owner or co-owner of a nationalised enterprise and if such a transaction harms the interests of the state".

The law also nullified all transactions concluded during this period which prevented or impeded nationalisation irrespective of who the parties to the transaction were. This article of the law was of great importance: many capitalists, sensing the approaching end of private ownership of the means of production, had tried by unlawful transactions, by making gifts and other actions, to save their enterprises and other property from nationalisation.

Nationalisation laws in Poland and Czechoslovakia also had clauses nullifying transactions which prevented or hampered nationalisation. But they did not specifically mention transactions between relatives. The experience of nationalisation in these two countries showed that the capitalists had made many attempts to preserve their property from nationalisation by transferring it to relatives. This was taken into consideration in Bulgaria when the nationalisation law was drafted.

The law on the nationalisation of industry in Bulgaria provided for the payment to former owners of the value of their enterprises in state interest-bearing bonds. The law stipulated as an exception that when required by the interests of the state the government may allow the amount of compensation to be fixed by mutual agreement or payment to be made partly or fully in cash. Owners of nationalised enterprises who actively served or helped the German and Italian fascists and their armies, the Bulgarian fascist police, gendarmerie, foreign agents, and so on, were deprived of the right to compensation.

The nationalisation law envisaged measures for crushing the resistance of the bourgeoisie and its henchmen. The section "Punishable Violations of the Law" set forth that all persons who committed actions for the purpose of violating or hampering nationalisation and also concealing or destroying property which was to pass into the possession of the state should be punished for sabotage and their property confiscated.

Many meetings were held in Sofia, Plovdiv, Ruse, Gabrov, Stara Zagora and other industrial centres at which the people acclaimed the nationalisation of industry and unanimously approved the revolutionary policy of the Communist Party.

On December 26, 1947, the Grand National Assembly adopted a law on the banks. All banking in Bulgaria was declared a state monopoly. On the day when this law came into force all joint-stock Bulgarian and foreign banks ceased to exist: their assets and liabilities were taken over by the Bulgarian People's Bank or the Bulgarian Investment Bank, depending on the nature of their activity. Shareholders in the nationalised banks had the right to compensation, which was to be paid by the Bulgarian People's Bank and Bulgarian Investment Bank.

On the strength of the law of December 24, 1947, the government nationalised 6,109 industrial establishments, including 2,813 factories. It took over 268 enterprises of the metallurgical, metalworking and engineering industries, 57 mining enterprises, 149 chemical factories, 16 electric stations, 595 textile mills, 1,205 food factories, etc.

As a result of nationalisation the state socialist sector gained dominance in Bulgarian industry. While prior to nationalisation the state owned 19.9 per cent of the means of production in industry, after nationalisation its share increased to 84 per cent. In addition, 8.9 per cent was at the disposal of co-operatives. The private sector thus retained only 7.1 per cent of the productive capacity in industry. Many industries were completely nationalised. The state also took over the entire banking system. In 1948 state and co-operative enterprises contributed 97 per cent of the total industrial output.

The cinema industry and radio were nationalised in February 1948; on March 6 a law was promulgated instituting state administration over the forest resources; a state monopoly of book publishing was introduced in May; in November 1948 vessels of the merchant marine of over 30 tons displacement were nationalised.

Nationalisation in industry abolished bourgeois production relations, and socialist production relations arose in their stead.

Describing the significance of nationalising industry, Georgi Dimitrov wrote: "Nationalisation, which has met with the unanimous approval of the people of Bulgaria, furnishes splendid opportunities for enlarging and reconstructing industry, for increasing and improving the quality of industrial output, and bringing down production

costs. The new executives of the state enterprises, the workers, engineers and technical personnel are now engaged in creating large-scale industrial enterprises by grouping together the smaller nationalised enterprises, especially in the engineering and chemical industries.’\*

The socio-economic changes in Bulgaria caused by the nationalisation of industry were not reflected in the Constitution adopted prior to the revolutionary reforms in the economy. In view of this the Presidium of the National Assembly promulgated a property law on November 2, 1951, which proclaimed: “Socialist property is the basis of the social system of the Bulgarian People’s Republic and the source of its wealth and might. It should be utilised only in the interests of socialist society. The safeguarding and consolidation of socialist property is the duty of each citizen.” The law also pointed out that the “people as represented by their socialist state are the sole owner of the national wealth”.\*\*

The law set forth that “all mineral and other natural subterranean wealth, forests, waters (including mineral and curative springs), natural power sources, railway and air transport system, banks, post, telegraph, telephone and radio broadcasting are the exclusive property of the state”. All other forms of property of “particular importance for the economy or state security” could also be declared the exclusive property of the state.\*\*\*

*Hungary*, in contrast to Bulgaria, did not confiscate industrial enterprises extensively. Only an insignificant amount of property of war criminals, confiscated on the basis of court sentences, passed into the possession of the state. The big bourgeoisie tried to prevent or disrupt the revolutionary changes in the country’s economy, which the people’s democratic government was preparing. Much preparatory work was needed before it was possible to undertake the nationalisation of industry. During this period the working class led by the Communist Party won over the majority of the people to its side, succeeded in

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\* *For a Lasting Peace, for a People’s Democracy!*, April 1, 1948, p. 2.

\*\* *Grazhdanskoye zakonodatelstvo Narodnoi Respubliki Bolgarii (Civil Legislation of the People’s Republic of Bulgaria)*, pp. 11-12.

\*\*\* *Ibid.*, p. 12.

isolating the big bourgeoisie and preparing and carrying out radical reforms in the economy.

In 1946 the people's democratic state promulgated laws on the nationalisation of the coal industry and electric power stations and placed individual enterprises of heavy industry under state administration. The nationalisation of the coal industry and electric stations was envisaged in the programme of the National Independence Front adopted as early as December 1944 which declared: "It is necessary for the state to take possession of the mineral wealth and the industrial enterprises in which the interests of society demand the abolition of speculative profit: electric stations, oilfields, collieries, bauxite and iron ore mines."\* The transfer of the coal industry to state ownership was effected in two stages: at first, the collieries were placed under state administration on December 1, 1945, and a law on the nationalisation of the coal industry was promulgated half a year later, on June 26, 1946. The law deprived the owners of the coalfields and pits of property rights as of January 1, 1946. All the property of the collieries and the stocks of mined coal were subject to nationalisation.

The coal enterprises of Hungary were united in the main in two trusts which also owned many auxiliary enterprises: electric stations, brick kilns, factories producing cement, carbide and lime. The coal trusts also owned shares in many large enterprises in heavy industry. In view of this they played a big part in the country's economy. The bourgeois parties sought to give a narrow interpretation of the nationalisation law: they asserted that it applied only to the coal mines and did not extend to auxiliary enterprises or affect the shares of other enterprises. This attempt by reactionary forces was beaten back. After nationalising the coal trusts 22.2 per cent of all industrial workers were employed in state enterprises.

The law on the nationalisation of the electric stations and electrical equipment promulgated on September 14, 1946, struck another blow at the positions of monopoly

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\* *Felszabadulás. 1944. Szeptember 26—1945. Április 4. Dokumentumok hazánk felszabadulásának és a magyar népi demokrácia megszületésének történetéből*, Budapest, 1955, 173, old.

capital. Electric stations with a capacity of over 20,000 kw which transmitted to the general grid not less than 50 per cent of the generated power were subject to nationalisation.

In November 1946 the Hungarian Government also took a decision to place under state administration individual enterprises of heavy industries which were making reparation deliveries. This was not a direct act of nationalisation, but since the enterprises were placed under state administration and the owners were deprived of the right to dispose of the enterprises and interfere in the production process, the decision was actually tantamount to nationalisation. The owners preserved a certain income, but their private property rights were greatly curtailed. In conformity with this decision, the state took over the management of enterprises of three large concerns: Rimamuran-Salgotarian Joint-Stock Company, the Weiss Manfred Combined Engineering Works and three plants (electrical equipment, shipbuilding and engineering) of the Hanz Joint-Stock Company. Sixty per cent of all the workers in heavy industry were employed by these three concerns. The state also took charge of all enterprises connected with these concerns (in which the latter owned 50 per cent of the capital): the Hungarian Car-Building and Engineering Works, the aluminium factories of Weiss Manfred—altogether 14 large enterprises.

The state thus extended its control over key positions in Hungary's heavy industry. At the end of 1946, 43.2 per cent of all industrial workers were employed at state enterprises or factories controlled by the state, while the metallurgical industry was fully taken over by the state.

This is how the people's democratic government step by step gained possession of the means of production, ousting private capital from industry and increasingly restricting the power of the monopolies.

At the parliamentary elections on August 31, 1947, the parties of the Left bloc received more than 60 per cent of the total vote. The Communist Party won 22 per cent of the vote and became the leading party in Parliament. The victory of the democratic forces created the conditions for completing the revolutionary economic changes in industry, for an all-out drive on private ownership of the

means of production and circulation. That was a pressing matter, inasmuch as Hungary had begun on August 1, 1947, to carry out a three-year plan for economic restoration and development with only 40 per cent of industry under state ownership. This made it necessary quickly to take over the leading positions in industry.

A considerable part of large-scale industry was transferred to the people's possession as a result of the nationalisation of the banks. Hungarian banks controlled many large enterprises: five of the biggest banks owned 60 per cent of all the shares of Hungary's industrial enterprises. In the face of obstinate resistance by the bourgeoisie the Hungarian Parliament adopted a law on November 21, 1947, on the nationalisation of the shares of the Hungarian National Bank and financial joint-stock companies (banks) of the first category. The nationalisation of shares was to be completed not later than March 31, 1948. The law provided for the payment of compensation to the shareholders. Many of them, learning that bank shares belonging to foreigners were not subject to nationalisation, began to sell their holdings to foreign firms. The government stopped these actions.

In conformity with the law, the government nationalised the shares of nine large banks and the industrial enterprises they owned: Lang Engineering Works, Hoferr Tractor Plant, Hungarian Steel Works, Rek Engineering Works and many other large manufacturing plants. All enterprises, more than 20 per cent of whose shares were held by the nationalised banks, were placed under state administration. There were 264 such enterprises. As a result, the state additionally undertook to administer more than 25 per cent of heavy industry, 25 per cent of the output of cotton fabrics, 30 per cent of artificial silk, 17 per cent of woollen fabrics and 70 per cent of sugar production, etc. After the nationalisation of the banks, the number of workers at state enterprises reached 58 per cent of the total.

The law of March 25, 1948, was a further step in the nationalisation of industry. It applied to all industrial and transport enterprises which employed more than 100 persons between August 1, 1946, and the date that the law came into force. Many other enterprises were also subject

to nationalisation, in particular all enterprises engaged in distributing electric power. The law also envisaged the nationalisation of enterprises employing less than 100 people if they were of importance for developing entire industries. These and other provisions greatly extended the bounds of nationalisation. In some cases the government, after representation by the appropriate Minister, could refrain from nationalising some enterprises if this was inexpedient from the viewpoint of the public interest.

Under certain conditions the nationalisation of enterprises owned by co-operatives was provided for. But in such cases the government, after representation by the Minister concerned, had to take a special decision. In Czechoslovakia and Poland co-operative enterprises were not subject to nationalisation.

The varying approach to nationalising co-operative enterprises is explained by the fact that in Hungary co-operatives were organised differently from other European People's Democracies: their activities were directed by the state co-operative centre and the state invested its capital in the co-operatives. Moreover, in Hungary co-operatives were not as widespread as, say, in Czechoslovakia and their nationalisation did not affect the interests of many people.

According to the law, the nationalisation of joint-stock companies had to be effected by the state acquiring ownership of the shares. The shareholders of nationalised companies had to hand them over to the state. Shareholders who did not hand over or did not register their shares in the period stipulated by law forfeited their right to compensation. The clause outlining the procedure of paying compensation noted laconically: "The state shall pay compensation for a nationalised enterprise to its former owner. The procedure of compensation shall be established by special law." The law said nothing as to who had the right to compensation and under what circumstances compensation was not paid. In exceptional cases if nationalisation deprived the owner or shareholder of the possibility of maintaining himself or his family he was allowed to receive an advance on account of compensation.

As a result of extensive preparatory work, "the bulk of large-scale Hungarian industry was nationalised so suc-

cessfully that neither the owners of the enterprises nor their hirelings could break the continuity of production".\* This is how the events of those days are described by an active participant: "Ordinary workers, Party and trade union leaders, assembled on March 25, 1948, in the building of the Central Committee of the Metalworkers' Union which had been the scene of many political storms. Everyone in the hall, which was jammed to capacity, tried to guess why they had been called together and why they had not been informed about the agenda in advance. They felt that some special political question would be taken up because leaders of the most diverse industries and organisations were present. Yet few thought that on this day they would become participants in a great historical event, participants in a new victory for the Hungarian working class, that they would leave the Metalworkers' Union building to which they had come a few hours earlier as ordinary workers, as government-appointed factory directors and that tomorrow in the name of the working class they would assume management of factories and plants, removing the capitalists, the former owners or their agents."\*\*

The law of March 25, 1948, affected more than 600 factories and works in all industries. Large-scale industrial enterprises which had formerly been placed under state administration also became the property of the entire people. As a result, the number of workers employed in the socialist sector rose from 58 to 83.5 per cent.

For more than three years, the working class under the leadership of the Communist Party fought for the socialist nationalisation of the means of production, gradually wresting from the bourgeoisie one economic position after another. The partial nationalisation of industry, first effected in 1946 and 1947, had taught the working people a great deal. All this facilitated the further nationalisation of industry and brought to the fore talented executives from the ranks of the workers. As a result, 67 per cent of the directors of the nationalised enterprises were former

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\* *For a Lasting Peace, for a People's Democracy!*, June 1, 1948, p. 1.

\*\* Antal Apro, "Tenth Anniversary of the Nationalisation of Large Enterprises", *Hungarian Trade Unions* No. 5-6, 1958, p. 3.

workers. Altogether 1,150 workers had been advanced to executive posts in the economy by the end of 1948.

Nationalisation in 1948 encompassed a wider range of enterprises than originally envisaged by law. In 1948 and 1949 the government became the owner of many enterprises which had belonged both to Hungarian citizens and to foreigners; to cover their indebtedness to the state the shares of the debtor enterprises became (fully or in part) state property.

The decree issued by the Presidium of the Hungarian People's Republic on December 28, 1949, on the nationalisation of industrial and transport enterprises, was another step concentrating the means of production in the hands of the state. According to the decree, all privately-owned industrial, transport, mining and metallurgical enterprises which employed ten or more people on any job between September 1, 1949, and the date of the entry of the decree into force, were subject to nationalisation. The decree also applied to all enterprises generating or distributing electric power; all printing-houses; all foundries employing five or more workers; all flour mills with a daily output of over 150 centners; all automobile repair shops and garages with a production floor space of over 100 sq m; and all vessels and tugboats with a motive power of over 30 h.p.

This decree applied to about 2,700 enterprises employing 50,000 people, including 1,400 manufacturing establishments, 400 small building firms, 600 printshops, 220 transport enterprises and 80 catering establishments. Many of the nationalised enterprises were small. In a number of other European People's Democracies such enterprises had not yet been nationalised at that time. This specific feature of nationalisation in Hungary is explained by the insufficient development of industry. While in Czechoslovakia establishments employing 20 or 30 workers were considered small, in Hungary they were regarded as large establishments.

On the basis of the decree of December 28, 1949, the state nationalised a number of other industrial establishments, including 60 large foreign enterprises which remained outside the socialist sector.

The 1949 nationalisation decree had another feature not

found in corresponding state acts of other European People's Democracies: it spoke of providing work to the former owners of the nationalised enterprises in line with their vocation and knowledge. This provision was of considerable significance because it facilitated the employment of bourgeois specialists in socialist industry and enabled the former capitalists to engage in socially useful work.

The decree on the nationalisation of industrial and transport enterprises provided for the payment of compensation. It stated that "a former owner who has lost the opportunity to maintain himself and his family in view of the nationalisation of his enterprise can obtain, within a month after the entry of the present decree into force, by decision of the corresponding Minister and in conformity with the property status of the enterprise, an advance on account of compensation not exceeding 15,000 forints".\* The concrete procedure for the payment of compensation was to be determined by a special law. In conformity with the decree of 1949, many small capitalists received compensation. As a rule it amounted to 15,000 forints, although in some cases it reached 50,000 forints. Altogether more than 30 million forints were paid as compensation for nationalised establishments.

As a result of nationalisation in 1948 and 1949 the socialist sector began to dominate Hungarian industry.

In *Rumania* revolutionary democratic changes in political and economic life began later than in the other People's Democracies, because of the long preservation of the monarchy in the country and the relationship of the class forces which was unfavourable to the working class at the first stage of the people's democratic revolution. The Rumanian Workers' Party kept the questions of expropriating the expropriators on the agenda all the time, but succeeded in undertaking the abolition of private ownership of the means of production only after lengthy preparations when the conditions for it had matured.

To prepare for the nationalisation of industry, the people's government first of all instituted its control over the

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\* *Konstitutsia i osnovniye zakonodatelniye akty Vengerskoi Narodnoi Respubliki (Constitution and Main Legislative Acts of the Hungarian People's Republic)*, pp. 207-08.

large industrial enterprises and banks. On December 20, 1946, Parliament adopted a law on the nationalisation of the Rumanian Bank and the organisation of the National Bank of Rumania. Other important prerequisites for nationalisation included the establishment of industrial administration; the development of state and workers' control; the restoration and reconstruction of the economy; the introduction, in July 1947, of production programmes with monthly and quarterly assignments for industries and for all enterprises in each industry.

A census of factory industry was taken in October 1947 and it provided the government with detailed data about all industrial enterprises. In particular, the census revealed the high degree of concentration. In 1947 Rumania had 4,562 enterprises employing 445,000 people; 791 or 17.2 per cent of all enterprises each employed more than 100 workers and they had a labour force of 339,000 or 76.2 per cent of the total. Thus, it was sufficient to nationalise only these enterprises for the state sector to take a leading position in industry.

The political and economic conditions for the socialist nationalisation of industry were finally shaped after the abolition of the monarchy in December 1947 and the proclamation of Rumania a People's Republic and the victory of the democratic forces headed by the Rumanian Workers' Party at the elections to the Grand National Assembly in March 1948.

The Constitution of the Rumanian People's Republic, adopted in 1948, proclaimed that "all the subterranean natural wealth, mineral deposits, forests, waters, natural sources of power, railway, motor, river, sea and air transport system, post, telegraph, telephone and radio belonged to the state as the property of the entire people". The Constitution stipulated that the law should determine the procedure for the transfer to state ownership of the enumerated property which at the moment the Constitution entered into force was held by private persons. The Constitution further laid down that "when the common interests demand it, the means of production, banks, and insurance companies, which are the property of private persons, physical and juridical, may become state property, that is, the people's property on terms envisaged by the

law".\* This provision gave the government the right to nationalise industry in the interests of the state.

On June 11, 1948, the National Assembly adopted a law on the nationalisation of industrial, banking, insurance, mining and transport establishments, drafted on the initiative of the Rumanian Workers' Party. Nationalisation covered enterprises of all Rumanian industry which the law grouped into 77 branches. Moreover, enterprises were not nationalised in accordance with a single principle. Many heavy industrial enterprises were nationalised in accordance with special lists (enterprises of the iron and steel, non-ferrous metals, engineering, shipbuilding, coal, oil and building materials industries, etc.). Altogether 28 such lists were appended to the law. Other enterprises were nationalised depending on the number of workers employed (metallurgical plants employing 100 and more workers). In a number of industries all enterprises were nationalised (enterprises producing and processing iron ore, gold, silver and non-ferrous metals; enterprises producing cement and window glass, sugar refineries, etc.). The nationalisation of many enterprises depended on the number or capacity of machinery, engines and other equipment, and also the volume of output.

The law pointed out that any enterprise came under its operation if between January 1, 1938, and June 11, 1948, it could be put under any category of enterprises subject to nationalisation. Together with the main enterprises all subsidiary establishments were nationalised. Companies which had several enterprises were fully nationalised if one of them came under the decree. These provisions of the law were of great importance because they considerably extended the bounds of nationalisation.

A special section of the law, "Compensation of Losses", consisted of six clauses setting forth the procedure for the payment of compensation. According to the law, compensation was not given to: "a) persons who were in the service of the state, district or rural administration bodies and unlawfully enriched themselves during their service, if this could be proved judicially; b) persons who illegally or

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\* *Konstitutsia i osnovniye zakonodatelniye akty Rumynskoi Narodnoi Respubliki (Constitution and Main Legislative Acts of the Rumanian People's Republic)*, Moscow, 1950, pp. 41-42.

fraudulently fled from the country and also those who did not return to the country upon the expiration of the term of operation of the documents issued by the Rumanian authorities".\*

The nationalisation of industry was carefully prepared: the condition of each enterprise had been studied in advance, directors appointed and the necessary instructions given to the Party organisations in the localities. The workers unanimously supported nationalisation and actively assisted state agencies in the immediate take-over of enterprises and in ensuring their uninterrupted operation. All this brought good results—the people's democratic state gained possession of all industrial enterprises in one day.

Socialist nationalisation placed in the hands of the state 1,609 enterprises, including 20 metallurgical, 112 metal-working plants and shipyards, 20 coal companies, 25 oil and gas joint-stock companies, 156 building material factories, 42 chemical factories, 151 textile mills, 15 insurance companies, etc. Not a single private enterprise remained in sectors of production like non-ferrous metals, cement, refractories, window glass, cellulose, paper, cardboard, cotton and silk yarn, etc.

The nationalisation of industry had some peculiar characteristics in Rumania. To begin with, in no other People's Democracy, except Bulgaria, did the law carry such detailed enumeration of the nationalised industries and enterprises. Like in Bulgaria, nationalisation also extended to establishments belonging to co-operative organisations if their property was capitalist in nature.

After the implementation of the law, all large and medium and also some of the small establishments in Rumania became the property of the entire people. They formed the socialist sector which in 1952 contributed 96.5 per cent of the country's industrial output. Socialist property in the major industrial enterprises, transport system, banks, forests, and mineral resources became the unshakable foundation of People's Democracy in Rumania. Nationalisation has for ever put an end to the domination of foreign capital over the country's economy.

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\* Ibid., pp. 194-95.

The historical achievements of People's Democracy in building socialism were reflected in the new Constitution of the Rumanian People's Republic adopted by the Grand National Assembly on September 27, 1952. It is stressed in the Constitution that "the socialist system which plays the leading part in the economy of the Rumanian People's Republic is the foundation for the country's development along the socialist path. The people's democratic state, proclaiming the building of socialism its main task, is steadily consolidating and expanding the socialist economy which ensures an uninterrupted advance in the material and cultural standards of the working people".\*

During the occupation of *Yugoslavia* the German imperialists captured many industrial enterprises and the biggest banks. Most of the Yugoslav bourgeoisie betrayed the national interests and actively collaborated with the enemy. That is why the national liberation struggle of Yugoslavia's peoples was directed not only against the nazi invaders but also against the bourgeois collaborationists.

At the end of 1944, as the country's liberation was being completed, the government was confronted with the task of restoring industry. It was necessary in the first place to institute state control and resume the operation of enterprises abandoned by their owners, to confiscate the enterprises and all property which had belonged to collaborationists. This task was accomplished in the main on the basis of the decree on the transfer of the property of the people's enemies to the state, adopted by the Presidium of the Anti-Fascist Vece of National Liberation of Yugoslavia on November 21, 1944. Under the decree, the state assumed ownership of all property of the German Reich and its citizens who were on the territory of Yugoslavia; persons of German nationality except Germans who fought in the ranks of the People's Liberation Army and guerrilla detachments of Yugoslavia; war criminals and their accomplices; and also all property confiscated on the basis of verdicts of civil and military courts. All property of persons who had been interned by the occupation forces or who

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\* *Konstitutsia i osnovniye zakonodatelniye akty Rumynskoi Narodnoi Respubliki (Constitution and Main Legislative Acts of the Rumanian People's Republic)*, 1954, p. 34.

had fled from Yugoslavia during the Second World War was placed under state administration. Simultaneously the property of foreign capitalists was sequestered.

In May 1945 the government promulgated a new law, on the confiscation of war profits gained during the enemy occupation, which provided for the expropriation of property acquired by capitalists who collaborated with the enemy. Any increment in the property of physical and juridical persons and organisations during the occupation was considered war profit. This law thus opened wide opportunities for confiscating enterprises belonging to bourgeois collaborators.

On the basis of these and other decrees in 1944 and 1945 the state became the owner of most industrial enterprises and also of the biggest banks in Yugoslavia: The First Croatian Savings Bank, Croatian Republican Joint-Stock Bank, Ljubljana Credit Bank, etc. This undermined the economic power of big industrial and banking capital. By the end of the war the people's state had control of 88 per cent of industry and banking. Confiscation of the means of production and circulation which was of a punitive nature in Yugoslavia, as in the other People's Democracies, was one way of creating state property—the economic foundation of the people's democratic state.

The Constitution adopted on January 31, 1946, recorded: "In the Federal People's Republic of Yugoslavia the means of production are either the property of the entire people, that is, property belonging to the state or the property of people's co-operative organisations, or the property of private physical or juridical persons." The Constitution stresses that "property belonging to the entire people is the mainstay of the state in developing the economy" and "is especially safeguarded by the state".\*

The Constitution guaranteed the inviolability of private property and allowed private enterprise in the economy. But the right to private property was restricted: first, "the existence of private monopoly associations" was prohibited; second, private property could be "expropriated if this

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\* *Konstitutsia i osnovniye zakonodatelniye akty Federativnoi Respubliki Yugoslavii (Constitution and Main Legislative Acts of the Federative Republic of Yugoslavia)*, pp. 12-13.

was required by the public interest, but only on the basis of law". It was provided that the law "shall determine in what cases and in what amounts its value shall be compensated to the owner".\* Thus, the Constitution opened up before the government wide opportunities for nationalising factories, plants and mines still privately owned.

On December 5, 1946, the People's Skupstina adopted a law on the nationalisation of private industrial and economic establishments. All private enterprises of importance to the entire state and to the constituent republics in 42 sectors of the economy, including heavy, light and food industries, and also banks and insurance companies, were transferred to state ownership.\*\*

The law stipulated that owners of nationalised establishments would be paid compensation in the form of state securities. In certain cases the government could pay compensation in cash. The law also specified in what cases no redemption would be made.

On the basis of the 1946 law, all industrial establishments of national or republican importance and 70 per cent of the enterprises of local importance were nationalised. All foreign concessions were annulled and enterprises belonging to foreigners were nationalised. The state assumed control over foreign trade.

The nationalisation of industry in Yugoslavia was completed on the basis of a law promulgated on April 28, 1948, which amended and extended the 1946 law. It envisaged that all enterprises which in their nature and production potentialities were of all-Yugoslav or republican importance to the economy, to the health or the cultural development of the people, were transferred to the possession of the state. All immovable property still owned by foreign subjects, foreign institutions or foreign juridical persons also became state property. About 3,100 different establishments were nationalised under the 1948 law,

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\* *Konstitutsia i osnovniye zakonodatelniye akty Federativnoi Respubliki Yugoslavii*, pp. 12-13.

\*\* Establishments of importance to the entire state or to the constituent republics were approved as such by decrees of the Presidium of the People's Skupstina of the Federative People's Republic of Yugoslavia or Presidium of the People's Skupstina of a constituent republic prior to the entry into force of the nationalisation law.

including 657 electric stations, 220 brick works, 250 manufacturing enterprises of various kinds, about 200 printing-houses, several insurance and credit institutions, etc.

As compared with other European People's Democracies the socialist nationalisation of the means of production in Yugoslavia differed in that most large industrial enterprises became state property as a result of confiscation as early as 1944 and 1945, that is, much earlier than in the other People's Democracies. The state gained control of leading positions in the economy and the necessary material requisites for swift economic recovery and the launching of socialist construction were created.

*Albania* had the least developed industry among the European People's Democracies and was a backward agrarian country. Suffice it to say that in 1938 large-scale industry contributed only 9.8 per cent of the gross national product. The food industry was the most developed. Before the war a mining industry began to grow up and it was chiefly owned by Italian capital which dominated the other Albanian industries too.

As the country was liberated the working class gradually took over industrial enterprises, especially those which had belonged to Italian and German capitalists. During this period the confiscation of property was effected on the basis of a decision of the Anti-Fascist National Liberation Council of May 24, 1944. The law of January 13, 1945, on the confiscation of German and Italian property, was of great importance. Many industrial enterprises were taken over by the state on the basis of the law of 1945 and subsequent additional decisions.

The Constitution of the Albanian People's Republic, adopted in January 1946, proclaimed as the property of the entire people all industrial enterprises held by the state and also all mines and other mineral wealth, waters, mineral springs, air, rail and sea transport, banks, etc.

In 1946 and 1947 several laws on the nationalisation of industries and individual enterprises were promulgated on the basis of the Constitution. The expropriation of private property in industry, started in Albania early in 1945, was fully completed in 1947.

The confiscation of all property belonging to war criminals, active nazis and monopolies, carried out in conform-

ity with the decisions of the Potsdam Conference, was of prime importance for the democratic development of *East Germany*. On July 23, 1945, the Soviet Military Administration issued an order on the closing of the biggest banks; simultaneously the main insurance companies were also closed. This measure facilitated the confiscation of enterprises owned by the war criminals and undermined the forces of finance capital in East Germany.

The property of the war criminals, active nazis and imperialist monopolies was confiscated in East Germany in pursuance of the Potsdam decisions, by Orders Nos. 124 and 126 of the Soviet Military Administration of October 30 and 31, 1945. They called for the confiscation of property belonging to the German state, its central and local agencies; to the National-Socialist Party, its leadership and active members; German military authorities and organizations; disbanded fascist societies, etc. All monopoly associations were also subject to confiscation—the monopolies were held responsible for the war unleashed by nazi Germany and were regarded as war criminals.

Law No. 9 adopted by the Control Council for Germany on November 30, 1945, at the initiative of the Soviet Union, called for the confiscation of and control over the property of I. G. Farbenindustrie A. G. All enterprises of this chemical monopoly, one of the chief accomplices in most crimes of the nazi clique, were subject to confiscation and its war plants were to be destroyed. But this important law was implemented only in East Germany.

The confiscated enterprises were placed under the temporary management of the Soviet Military Administration. The latter set up central and local German commissions on the confiscation of property which had to determine the enterprises subject to confiscation. Shortly afterwards the Soviet Union renounced property rights to 3,800 enterprises, confiscated by the Soviet Military Administration, and gave the population of East Germany the opportunity to decide their future themselves. This magnanimous action of the Soviet state, prompted by the spirit of proletarian internationalism, was of prime significance for building the new life in East Germany.

In the spring of 1946 the Socialist Unity Party of Germany launched a campaign for deep socio-economic

reforms in East Germany. It called first of all for the abolition of the monopolies. On the initiative of the Saxony organisation of the S.U.P.G., approved by the plenary meeting of the Central Board of the Party, a proposal was made finally to settle the future of confiscated enterprises through a referendum. The appeal of the S.U.P.G. to the population of Saxony stated: "Your 'yes' will mean the placing of the enterprises of war criminals in the hands of democratic self-administration."\* In the referendum held on June 30, 1946, 94.1 per cent of the citizens of Saxony who were qualified to vote in their overwhelming majority (77.7 per cent) voted to hand over the confiscated enterprises to the people. That was a great victory for the democratic forces of East Germany won in bitter class struggle.

On the basis of the referendum, the Saxony Landtag passed a law on the confiscation of enterprises belonging to war criminals and active nazis. The Landtags of other provinces of East Germany, recognising that the Saxony vote reflected the will of the entire population of East Germany, also adopted laws in July and August 1946 on the confiscation of the property of war criminals. Altogether 9,281 enterprises were confiscated and turned over to the people in East Germany.

The confiscated enterprises included 38 coal mines, steel plants and other enterprises belonging to war criminal Flick; 59 enterprises of the electrical Siemens and A.E.G. concerns; 38 plants of the Continentale Gas-Gesellschaft, all plants of the Deutsche Erdöl A.G. and many other large enterprises. The confiscated enterprises included 3,843 factories and works covered by the census.\*\*

The confiscation of the enterprises of the war criminals and the imperialist bourgeoisie introduced radical changes into the political and economic life of the people in East Germany. The domination of the monopolies was abolished and the people gained control of key sectors of the economy. The basis of predatory German imperialism was destroyed for ever in East Germany and the conditions

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\* *Neues Deutschland*, June 14, 1946.

\*\* The census covered all enterprises employing more than 10 workers.

were created for the country's peaceful democratic development. This was achieved with the help and support of the Soviet state.

Nothing of the kind was done in the other parts of Germany occupied by the forces of the Western powers, although there too the working people, led by the Communist Party, demanded the confiscation of the property of war criminals, extirpation of nazism and the democratic reconstruction of socio-political life. The military administration of the United States, Britain and France, expressing the will of imperialist circles, prevented the implementation of the Potsdam and Yalta agreements, and preserved in West Germany the roots of nazism and militarism which subsequently, with the direct support of the U.S. monopolies and government, produced new poisonous shoots.

In East Germany the enterprises and other property confiscated from the war criminals were turned over at first to the possession of separate Länder, as in 1946 there was no German democratic state. In 1948 all the confiscated enterprises were declared the property of the entire people in East Germany. After the formation of the German Democratic Republic in 1949, the people's enterprises became state property. They served as the basis for a socialist sector in the republic's industry.

The democratic gains of the working people of East Germany were recorded in the Constitution of the German Democratic Republic adopted on October 7, 1949. The confiscation of the property of war criminals and the abolition of monopoly associations were legislatively formalised in the Constitution. "Property rights entail responsibilities," it is noted in the Constitution. "Their exercise must not violate the interests of the community. The misuse of property rights by building up a position of economic power to the detriment of the community will be met by dispossession without compensation and transfer of the property into the hands of the people. The enterprises of war criminals and active nazis are henceforth the property of the people. The same procedure applies to private undertakings serving a policy of war. All private monopoly organisations, such as cartels, syndicates, concerns, trusts and similar private organisations aiming at higher profits through the control of output, prices and

markets are dissolved and prohibited.”\* These important clauses in the Constitution guarantee that the economy of the G.D.R. will serve only the interests of the German people, the interests of peace.

“All mineral wealth and natural resources suitable for economic use, all mining and metallurgical enterprises designated for their use and all power facilities” were to be transferred into the hands of the people. This meant that private enterprises still preserved in these production sectors became state property.

The Constitution of the G.D.R. also determined in what cases and on what grounds private property could be further alienated. “Restriction and alienation of property,” it was pointed out in the Constitution, “can be made only for the good of society and on the basis of law. Restriction and alienation shall be made for corresponding compensation, if no other provision is fixed by law.” A special article envisaged the possibility of transferring to the possession of society, on the basis of law, private economic enterprises suitable for socialisation.

The Constitution thus gave the G.D.R. Government the right to nationalise private property by law, proceeding from the public interest.

The state socialist sector in industry assumed a leading place as early as 1950: it controlled all the large industrial enterprises in East Germany and contributed up to 78 per cent of the total industrial output. Altogether about 35,000 small and medium enterprises remained in the hands of the bourgeoisie.

As a result of the faster growth of the socialist sector the share of private capitalist enterprises in industrial output steadily declined.

To transform the private capitalist establishments into socialist enterprises in a peaceful way the S.U.P.G. and the G.D.R. Government steered their development into the channel of state capitalism. The state rendered private enterprises financial support, supplied them with fuel, raw materials and semi-manufactures, bought by contract their produce and placed orders with them. Private trading estab-

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\* *Constitution of the German Democratic Republic*. (1949), p. 15, printed by Tribün-Werk IV, Berlin.

lishments were utilised for the sale of goods produced by state industry. This was the basis for economic co-operation between the socialist and private capitalist sectors of industry.

Private capitalist establishments were converted into state capitalist enterprises in conditions of class struggle. The capitalists sought to restore bourgeois order and did not submit to the control of the people's state. The contradictions between the forces of socialism and capitalism were manifested more sharply in the G.D.R. because the ruling circles of the United States and West Germany, making use of the cold war, inspired and supported some private capitalist elements in the G.D.R. in their resistance to socialist construction.\*

The forms of state capitalism in the industry of the G.D.R. had fully exhausted their possibilities by the beginning of 1956 and were out of line with the new economic conditions. Socialist industry was rapidly developing; old factories were being modernised and new ones were being built. Heavy industry was rapidly advancing. At the same time light industry, in which private enterprise still played a considerable part, was noticeably lagging behind. The capitalists could not ensure the necessary expansion of production, frequently did not have the money to buy new machinery, etc. A transition to other forms of state capitalism—direct participation of the state in private enterprise—was needed. The capitalists themselves were in favour of it.

The G.D.R. Government empowered the German Investment Bank to participate in private capitalist enterprises as of January 1956. In a short time more than 200 capitalists proposed to the Bank that it acquire a 50-per cent interest in their factories. Among them were such large enterprises as the Gebrüder Weissbach boiler firm, and the Gebrüder Kreisel engineering and foundry firm. "By its participation in private enterprises," Walter Ulbricht said, "our state enables the employers to bind themselves

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\* See W. Ulbricht, "Der Kampf um den Frieden, für den Sieg des Sozialismus, für die nationale Wiedergeburt Deutschlands als friedliebender, demokratischer Staat." Referat und Schusswort auf dem V. Parteitag der Sozialistischen Einheitspartei Deutschlands, Berlin, 10 bis 16 Juli, 1958.

even more firmly with the workers' and peasants' state. Thereby these employers show that they are actively taking the road of socialism, inasmuch as this road is also opening up to them and the members of their families a clear perspective and provides them a secure livelihood.\*\*

Mixed state-private enterprises were left under the management of former owners who became administrative and economic executives of the enterprises. In such enterprises profit was distributed between the capitalists and the state in proportion to the invested capital. The capitalist also received a fixed salary equal to that of a director of a state factory of the same type.

Such a form of state-private enterprise was of advantage both to the capitalists and to the state. The state steered the activity of the mixed enterprises into the direction it needed. Exploitation of the workers at mixed enterprises was restricted, the activity of the capitalists was no longer aimed "merely at ensuring their personal interests and benefits", but served "the interests of all the working people of the German Democratic Republic".\*\*

Mixed enterprises were created only on a voluntary basis. If the German Investment Bank received an application from a capitalist to convert his establishment into a state-private enterprise, it made a study of it and only then adopted a decision. This policy towards private capital fully refuted the rumours spread in West Germany that private enterprises in the G.D.R. were being liquidated through taxation and other measures which placed their owners in a difficult position.

The number of state-private enterprises grew rapidly. While in 1956 there were only 144 of them, in the next two years their number increased to 1,541, that is, more than ten times over. The 5th Congress of the Socialist Unity Party of Germany held in July 1958 put forward the task of speeding up the conversion of private capitalist establishments into state-private enterprises. Many capitalists realised the need for it, and this process gained momentum. In the first half of 1959, 1,378 mixed enterprises

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\* See 3. Parteikonferenz der Sozialistischen Einheitspartei, Deutschlands, 1956.

\*\* Ibid.

were formed, almost as many as in the previous three years. At the end of 1959 the G.D.R. had 3,534 semi-state enterprises; in 1960 their number had increased to 4,455, in 1961 to 5,042 and in 1962 to 5,277. At the same time the G.D.R. still has 5,372 private enterprises.

Semi-state enterprises were most of all set up in the light and food industries (textile mills and shoe factories, enterprises producing food and beverages). There were also semi-state enterprises in the chemical, engineering and electrical equipment industries. As a rule, well-equipped enterprises with skilled workers and advanced technology became semi-state enterprises.

Most of their private part-owners are highly skilled specialists and the people's government is interested in utilising them as production organisers. To advance their skill the government opened special departments at two universities (the University in Leipzig and the Higher Economic School in Berlin). The capitalist part-owners began to take an active part in the country's political life. All of them are members of the Christian Democratic Union (every 14th of them is a member of some elective body, 20 are members of the People's Chamber and one is a member of the State Council of the G.D.R.).

The 6th Congress of the S.U.P.G. reaffirmed the government's policy with regard to the semi-state enterprises and guaranteed their owners their rights for a long period to come, up to the complete building of socialism in the G.D.R.

Despite the large number of semi-state and private enterprises the socialist sector holds the leading position in the republic's industry; it employs 83.4 per cent of all the workers and contributes 88.4 per cent of the total industrial output.

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The forms and methods of the socialist transformation of industry in the Asian People's Democracies have their distinctive features.

In *North Korea* units of the Soviet Army took charge of the industrial enterprises which had belonged to the Japanese imperialists and the compradore bourgeoisie who had fled during the defeat of militarist Japan. In the main these

were demolished and idle enterprises. Subsequently many of them were restored by Soviet specialists and turned over to the people's state in Korea.

On August 10, 1946, the Provisional People's Committee of North Korea promulgated a law on the nationalisation of industry, transport, means of communication and banks. The law stated: "All industrial enterprises, electric stations, collieries, mines and railways, built by Japan on the territory of Korea for the purpose of exploiting the Korean people, robbing their wealth and removing it to Japan, must belong to the Korean people and be utilised for the development of the Korean state and the advance of the Korean people's well-being." Japanese property and also banks and enterprises belonging to traitors of the Korean people, the law proclaimed, "shall be confiscated without compensation and declared the property of the Korean people, that is, they shall be nationalised".\*

The nationalisation of industry in Korea was effected by one state act. It not only expropriated the property of Japanese monopoly capital, but also undermined the economic position of the Korean bourgeoisie. The state sector in industry, controlling over 80 per cent of all industry, assumed a predominant position. These fundamental changes were legislatively recorded in the Constitution of the Korean People's Democratic Republic, adopted on September 8, 1948.

The nationalisation of industry did not extend to medium and small enterprises belonging to the national bourgeoisie, except in cases where their owners had actively collaborated with the Japanese monopolies. On October 4, 1946, the Provisional People's Committee of North Korea adopted a decision on the protection of the right to private property and on measures encouraging private enterprise in industry and trade, which laid down that "the confiscation of movable and immovable property which is the private property of Korean citizens can be made in exceptional cases and only on the basis of a decision of the People's Court or a special decision of the Provisional People's

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\* *Konstitutsia i osnovniye zakonodatelniye akty Koreiskoi Narodno-Demokraticeskoi Respubliki (Constitution and Basic Legislative Acts of the Korean People's Democratic Republic)*, Moscow, 1952, pp. 147-48.

Committee". Departments of industry, trade, land and forests and also provincial people's committees were allowed "to sell (in case of necessity) or to rent to manufacturers and tradesmen from among Korean citizens factories, plants, mines, timber workings and fisheries employing up to 50 workers and also dwellings, warehouses and trading premises which had belonged to the Japanese and now are in the possession of the people's committees".\* That was a distinctive peculiarity of the use of capitalism in the economy of the Korean People's Democratic Republic.

The people's government followed a policy of gradually transforming capitalist establishments into socialist enterprises. The development of private capitalist enterprises was placed under state control and they were gradually drawn into the channel of the planned economy. The simplest forms of state capitalism were employed—private enterprises received government orders for the manufacture of goods. The socialist transformation of private enterprises subsequently proceeded along the lines of uniting them in co-operatives. These, as a rule, were small semi-handicraft establishments which specialised in the processing of agricultural raw materials. In 1956, when the co-operative movement spread in agriculture, co-operation of private industrial and trading establishments assumed a wide scale.

The *Chinese People's Republic*, undertaking the transformation of the country's economy along socialist lines from the end of 1949 onwards, had before it the rich experience of socialist construction in the U.S.S.R. and the European People's Democracies and also in North Korea.

The vast and diverse experience in socialising the means of production accumulated in the socialist countries was utilised by the Chinese Communist Party with careful consideration of the country's peculiar historical conditions.

The great victories of the people's liberation war and the people's revolution in China put an end to the domination of imperialism, feudalism, and bureaucratic capital. The General Programme of the People's Political Consultative Council of China, adopted on September 29, 1949,

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\* *Konstitutsia i osnovniye zakonodatelniye akty K.N.-D.R.*, pp. 149-50.

envisaged the abolition of the special rights and privileges of the imperialist countries in China, the confiscation of bureaucratic capital and its transfer to the possession of the people's state. The General Programme demanded that all enterprises of great importance for the country's economic life or holding a monopoly position in the economy should be under state administration.

The confiscation of the factories, works, railways and banks which belonged to bureaucratic capital and foreign monopolies began in China in the course of the people's liberation war even prior to the formation of a single people's state. The confiscated enterprises which came to be known as public enterprises were placed at the disposal of the local revolutionary authorities. This is how the foundation of the state sector in the country's industry was laid in the first stage of the people's democratic revolution.

Confiscation placed in the hands of the state the biggest banks, almost all the railways, most of heavy industry enterprises and major branches of the light industry. The state took over Japanese assets which amounted to more than 66 per cent of all foreign investments in China (\$6,600 million in 1945) and also German investments (\$365 million in 1945) and Italian investments (\$146 million in 1945).

The confiscated enterprises which became public property gave the socialist sector predominance in industry. At the end of 1950 state enterprises contributed 100 per cent of the oil, 90 per cent of the steel, 78 per cent of the electric power, 71 per cent of the coal, 50 per cent of the pig iron and 45 per cent of the output of the engineering industry. In heavy industry the socialist sector thus at once assumed a dominant position. In light industry, however, the state owned only 33 per cent of the productive capacity.

The Constitution of the Chinese People's Republic, adopted on September 20, 1954, pointed out that the "state sector is the socialist sector of the economy based on ownership by the entire people. It is the leading force in the economy and the material basis for carrying out socialist changes by the state. The state shall ensure the priority development of the state sector of the economy.

The mineral wealth, waters and also the forests, virgin lands and other resources, which according to the law are state property, belong to the entire people”.\*

In the Chinese People's Republic, in contrast to the European People's Democracies (except the German Democratic Republic), the means of production which remained in the hands of the capitalists were not nationalised. They were gradually converted into socialist enterprises through the wide employment of various forms of state capitalism. The people's democratic state was interested in using state capitalism for developing the economy. The General Programme of the People's Political Consultative Council stated that “within the bounds of necessity and possibility, the development of private capital in the direction of state capitalism should be encouraged...”\*\*

Economic co-operation between the state and private capitalist sectors in China began in the sphere of circulation. This was expressed in the purchase by the state from private manufacturers of various goods and also in the sale of goods produced at state enterprises through the private trading network. This also included intermediary trade—the purchase by private trading companies of goods for the state from peasants and handicraftsmen. Private capital in the sphere of circulation was gradually placed under state control.

The temporary regulation governing private enterprises, adopted on December 29, 1950, allowed the existence of private enterprises of various types: individual and joint-stock companies. The state encouraged the activities of private enterprises aimed at satisfying the country's vital needs. The activity of capitalists could not go beyond the bounds “envisaged in the corresponding licence”; the state reserved the right to set plans for the production and the sale of important goods which are obligatory for public and private enterprises. Private enterprises had to abide by all labour laws. The temporary regulation governing private enterprises essentially restricted the profit obtained

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\* *Konstitutsia i osnovniye zakonodatelniye akty Kitaiskoi Narodnoi Respubliki (1954-1958) (Constitution and Basic Legislative Acts of the Chinese People's Republic (1954-58))*, Moscow, 1959, p. 32.

\*\* *Zakonodatelniye akty Kitaiskoi Narodnoi Respubliki (Legislative Acts of the Chinese People's Republic)*, Moscow, p. 58.

by the capitalists (dividends could not exceed 8 per cent annually).

Subsequently the state concluded long-term contracts with the capitalists, guaranteeing the sale of the entire output produced by their enterprises, and purchased the finished goods of private enterprises in a centralised way. These forms of state capitalism helped to tighten state control in the sphere of circulation. At the same time control also affected production.

Parallel with the purchase of goods, the state began to place orders with private enterprises for the manufacture of the goods it needed. The government issued an advance and then covered the production outlays and paid the capitalists a certain profit. In 1950, 25 branches of private industry were getting state raw materials for the manufacture of various goods on governmental orders; private engineering works were loaded up by government orders up to 70 per cent of their capacity and flour mills, 100 per cent.

Greater state interference in the private capitalist sector was bitterly resisted by the bourgeoisie (bribery, evasion of taxes, dishonest fulfilment of government contracts, etc.). The working class under the leadership of the Chinese Communist Party broke down its resistance. The successes registered by the socialist sector in developing industry were of decisive importance in this struggle. The state sector accounted for 34.2 per cent of total industrial output in 1949, 52.8 per cent in 1952, 54.1 per cent in 1953 and 59 per cent in 1954. During this period the co-operative and state-private sectors also grew: their share of industrial output increased from 2.5 to 16.1 per cent in five years.

Systematic transformation of private capitalist industry through the organisation of joint state-private enterprises began in 1954. Many capitalists applied for the conversion of their factories, works, flour mills, workshops, etc., into mixed enterprises. The reason was that mixed enterprises were provided with new equipment, state credits, raw material and semi-manufactures, and received orders and sold their output in a planned way.

The number of state-private enterprises in industry rapidly grew: 39 mixed enterprises were set up in 1953, 708 in 1954 and 1,449 in 1955. These were chiefly large

enterprises. At the end of 1954 state-private enterprises accounted for about 30 per cent of the capital, 25 per cent of the workers and other employees and 33 per cent of the output in capitalist industry. Various forms of state capitalism existed in 91 per cent of the private enterprises in 1955.

At mixed enterprises the capitalists participated in management, alongside the state, but the leading role belonged to the state. At such enterprises capitalists received a profit corresponding to their share but it was stipulated that the part of the profit to be distributed among shareholders must not exceed 25 per cent of the total.

The thorough conversion of capitalist establishments into state-private enterprises was carried out in 1956. Within a few months about 70,000 middle and small capitalist establishments became mixed enterprises, and the capitalist sector in industry ceased to exist. In trade 82.2 per cent of all private enterprises, including public-catering establishments, became state-private trading establishments.

At the converted enterprises the capitalists were no longer co-owners of the means of production. Each capitalist possessed only a share proportionate to the capital he invested in the enterprise. The capitalists no longer participated in management—mixed enterprises were fully administered by the state; former owners were only employed by the state for managing mixed enterprises if they were specialists in the field.

At this stage the distribution of profit was also changed: the capitalists no longer received profit corresponding to their part of the capital, but only a definite interest on the invested capital. Originally, this interest was fixed within a range of from one to six per cent annually but in July 1956 at all enterprises, "industrial and trading, large and small, profitable or unprofitable, irrespective of area and sector", the government set a single guaranteed interest rate of five per cent annually. Interest was to be paid for seven years beginning from 1956. That was a peculiar form of compensation to the capitalists for their shares. Moreover, the interest was paid from the profits of the enterprise. This method of redemption resembled to a certain extent

the method of paying compensation for nationalised enterprises envisaged in the laws of some of the European People's Democracies.

The taking over of the means of production from the bourgeoisie was to have been completed by 1962. But the Third Session of the All-China National People's Congress (2nd convocation), held in March-April 1962, prolonged the period for the paying of interest until 1965 inclusive.

In *North Vietnam* the state sector in industry began to take shape during the War of Resistance. The President of the Democratic Republic of Vietnam issued a decree on the right of ownership to the country's mineral resources which declared all the mineral resources of Vietnam state property. This decree was directed against foreign capital which controlled the mining of all minerals. Subsequently, the right to exploit mineral resources could be obtained only by Vietnamese citizens for a definite period. The government could take back "in the interest of the state the entire allotted area or part of it prior to the expiration of the term of exploitation".\* The Programme of the Vietnam Workers' Party, adopted by the Constituent Congress in February 1951, put forward the task of confiscating in the course of the liberation struggle the "property of the imperialist aggressors and traitors and place it at the disposal of the people's government".\*\* The industrial enterprises, collieries and mines confiscated in conformity with this Programme, although they were few, formed the state sector of the economy.

During the Second World War and the War of Resistance most large enterprises in North Vietnam were destroyed. The French colonialists, withdrawing from North Vietnam, put out of commission the remaining enterprises and removed the most valuable equipment and raw materials, which almost completely paralysed industry. In 1954 production of electric power dropped to 43.5 per cent of the pre-war level; coal, to 17.2 per cent; phosphates, 17.7 per cent; tin, 12.8 per cent; cement, 2.7 per cent and cotton fabrics, to 15.7 per cent.

\* *Demokraticeskaya Respublika Vietnam. Konstitutsia, zakonodatelniye akty, dokumenty* (Democratic Republic of Vietnam. Constitution, Legislative Acts, Documents), Moscow, pp. 243, 244-46.

\*\* *Ibid.*, p. 41.

At the beginning of 1955, shortly after the end of the war against the French colonialists, the state had at its disposal 21 enterprises, including five collieries, five apatite mines, seven paper mills and a tin smelter. Subsequently, the state sector has been constantly expanded by the building of new factories and works.

The enterprises of the national bourgeoisie were not nationalised in the Democratic Republic of Vietnam. The share of Vietnamese national capital in large-scale industry and banking did not exceed one per cent on the eve of the 1945 August Revolution. The D.R.V. Government pursued a policy of utilising the capitalist sector in industry for the republic's economic development. The programme of the Workers' Party of Vietnam declared that the people's democratic state should "encourage the national bourgeoisie, assist it and guide its business activity".\* During the restoration of the economy, the number of private enterprises swiftly grew and reached 3,889 in 1957. Most of these were small establishments and only 10 factories employed more than 100 people each. Consumer goods were produced by 2,412 establishments and means of production, by 1,447.

At the end of 1957 the share of the different sectors in the gross output of industry and the handicrafts was as follows: the state sector contributed 25 per cent of the total output; small commodity producers, 58.5 per cent and the private capitalists, 16.5 per cent.

Allowing the development of private enterprise, the people's democratic state at the same time began gradually to transform the private sector. It gave private entrepreneurs orders for the processing of raw materials and the manufacture of various goods, bought the finished goods, supplied them with raw materials, etc. As a result, in 1957 the state controlled about 60 per cent of the total output of private industry.

State-private enterprises arose in the D.R.V. in 1958; at the end of 1959 there were 300 mixed state-private enterprises in the republic, or 45 per cent of the total

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\* *Demokraticeskaya Respublika Vietnam. Konstitutsia, zakonodatelnye akty, dokumenty*, p. 41.

number of large and middle private capitalist establishments. They accounted for 68 per cent of all the capital, and 65 per cent of the workers in the private capitalist sector. In 1960 about 95 per cent of the private enterprises were converted into mixed state-private enterprises.

Simultaneously, the government promoted the co-operation of artisans, gradually leading them to the establishment of co-operatives of a semi-socialist and socialist type.

Socialist changes in the republic's economy were effected mainly between 1958 and 1960. By 1961 the share of the socialist sector in total industrial output had reached 79.3 per cent and in the republic's national income, 76.1 per cent.

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The socialist nationalisation of the means of production in the European and Asian People's Democracies has been marked by specific features connected with the historical and economic conditions of development, the internal and external situation in which these countries undertook the revolutionary transformation of their economies.

1. All European and Asian People's Democracies first of all confiscated the property of the German, Italian and Japanese invaders, war criminals and collaborationist bourgeoisie. The people's democratic governments in Poland, Czechoslovakia, Yugoslavia and Albania confiscated the property of fascist states and their citizens (except those who fought against fascism) and also collaborationists, war criminals and traitors. The property of Germany and Italy on the territory of Bulgaria, Hungary and Rumania passed into the possession of the U.S.S.R. as reparations. Simultaneously, the property of war criminals and persons who had collaborated with the nazis was confiscated on the basis of court verdicts or special laws. The confiscation of the means of production in all these countries was of great significance for uprooting the remnants of fascism and consolidating national independence.

Confiscation in the People's Democracies, which encompassed key positions in the economy, was one of the methods of transferring the means of production and

circulation to the possession of the state. It was particularly important in Czechoslovakia, Poland, Yugoslavia, the German Democratic Republic and the Chinese People's Republic. The confiscated property served as the basis for the socialist sector of the economy.

2. The Communist and Workers' Parties were the leading force in effecting socialist changes in industry. They headed the struggle of the working class for the conversion of the means of production into public socialist property. In this work they were guided by the Marxist-Leninist doctrine of the socialist nationalisation of the means of production as a basic law governing the socialist revolution. The Communist and Workers' Parties in the People's Democracies utilised Soviet experience in the socialist nationalisation of the means of production at all stages.

3. In most People's Democracies socialist nationalisation was the chief method of abolishing capitalist property and establishing socialist property. The economic gains of the working people achieved during the period of liberation in 1944 and 1945 and resulting in nationalisation, were legislatively consolidated. The big bourgeoisie was deprived of the means of production, while the people's democratic state received a solid economic basis. The nationalisation of industry performed a historic task—relations of production were brought into conformity with the social nature of production; socialist production relations developed at the nationalised enterprises. Nationalisation thus laid the foundation for the socialist reconstruction of the entire economy.

4. The rates of socialist nationalisation of the means of production and circulation greatly differed in various countries. These differences were connected with the conditions in which each country effected the revolutionary changes in the economy and they depended on the alignment of class forces.

5. The payment of compensation for the socialised property of the national bourgeoisie not discredited by collaboration with the enemy, is a characteristic feature of all European People's Democracies. Their laws provided for the payment of compensation when nationalising enterprises of the petty and some of the middle bourgeoisie

which was loyal to the people's democratic system. Compensation was also paid when nationalising the property belonging to allied foreign states and their citizens.

6. The revolutionary economic changes were made by the people's democratic government in face of bitter resistance by the bourgeoisie which tried to switch their countries back onto the capitalist path. The socialist nationalisation of industry inflicted a decisive defeat on bourgeois reactionary forces in the economic sphere. Simultaneously nationalisation struck a blow at foreign capital, barring the imperialist monopolies from the industries of these countries and ensuring their economic independence.

7. In the People's Democracies nationalisation did not apply to small-scale industry; the right of private property in some means of production was preserved, and this was reflected in the constitutions of these countries. The Communist and Workers' Parties considered it necessary to utilise private capital and enterprise for restoring and advancing the economy. The Constitution of the Bulgarian People's Republic, for example, states that "for the purposes of the most expedient development of the economy and advance of the people's living standard" the state also utilises private economic activity.

At present the private sector plays an insignificant part in the industry of the People's Democracies. Their governments pursue a policy of gradually restricting and ousting private capital from industry and uniting small producers, handicraftsmen and artisans in co-operatives.

8. State capitalism has been widely utilised in a number of People's Democracies (the German Democratic Republic, the Chinese People's Republic and the Democratic Republic of Vietnam). The experience of these countries fully confirms Lenin's important ideas about the use of state capitalism for the peaceful transformation of capitalist into socialist enterprises. Practical experience demonstrates the advisability of employing state capitalism both in economically backward and industrially developed countries, in big and small states which have taken the socialist road.

The bourgeoisie of the German Democratic Republic, China and North Vietnam did not at once agree to economic

co-operation with the people's democratic government along the lines of state capitalism. At first it tried to secure freedom of private enterprise. The working class by a series of economic measures made the bourgeoisie realise the need for state control. In a country building socialism, state capitalism is of great importance for the gradual re-education of capitalist elements and their drawing into socially useful work.

The road to socialism via state capitalism has nothing in common with various opportunist "theories" of the "peaceful growing" of capitalism into socialism. The peaceful conversion of capitalist establishments into socialist enterprises is essentially a revolutionary economic process effected after the victory of the socialist revolution in conditions of proletarian dictatorship.

## **Chapter Three**

# **STRUGGLE OF THE WORKING CLASS IN THE CAPITALIST COUNTRIES FOR DEMOCRATIC NATIONALISATION AS A PART OF THE STRUGGLE FOR SOCIALISM**

### **1. PARTIAL NATIONALISATION OF INDUSTRY IN WEST EUROPEAN COUNTRIES BETWEEN 1944 AND 1951**

The victory over nazi Germany in the Second World War, ensured above all by the heroic struggle of the Soviet people, radically changed the relation of world forces in favour of peace, democracy and socialism. An important part in the defeat of fascism and the deliverance of European states from its yoke was also played by the national liberation movements of the peoples, which assumed a wide scale in the countries of Central and South-Eastern Europe and also in France and Italy. The peoples of Europe suffered for many years under the heel of the German monopolies and their accomplices among the big imperialist bourgeoisie in the European countries who betrayed the national interests. In these conditions the struggle against nazism turned into a struggle against the German monopolies, the chief instigators of the war, and also against the collaborationists.

The Second World War weakened the forces of world capitalism and reaction and raised the prestige of socialism, and this determined the specific features of the political and economic development of European states after the war. In most European countries the working-class movement advanced after the victory over Germany, and the political consciousness of the working class sharply rose. The working people began to realise that the struggle for a lasting peace and genuine democracy demanded the extirpation of the roots of nazism in Germany, the liquidation of the German monopolies which had led to fascism

and war and also the demolition of the economic basis of the financial oligarchy through the confiscation in each country of the property of the collaborationist bourgeoisie and its transfer to the state. In the course of this struggle the striving of the working people for socialism was demonstrated with fresh force and the ideas of socialism won millions of new adherents. The working class regarded the nationalisation of industry and the banks as a primary means for overthrowing the power of capital.

Advanced workers in the European capitalist countries understood the need for expropriating the expropriators; they held that socialism was inconceivable without nationalising the means of production. This important theoretical principle was applied for the first time in the Soviet Union where, as a result of the socialist nationalisation of industry, the banks, transport and means of communication, the workers' and peasants' state gained all commanding positions in the economy. The example of the Soviet Union graphically demonstrated to the working people of many countries the advantages of public socialist property over private capitalist property. The advantages of socialism over capitalism were revealed with especial clarity during the Second World War.

The socio-economic changes in the People's Democracies of Central and South-Eastern Europe were also of great significance for the working class of the West European countries in its struggle for the uprooting of fascism and the democratisation of social life, for the nationalisation of the monopolies and the property of war criminals. Between 1944 and 1946 the European People's Democracies confiscated the property of all German monopolies, nazis, war criminals and persons who had collaborated with Hitlerite Germany, and some of them also implemented laws on the nationalisation of industry (Czechoslovakia, Poland and Yugoslavia).

The experience accumulated by the Soviet Union and the People's Democracies played an important role in the struggle of the working class of the West European countries for the nationalisation of industry, which was spearheaded against the monopolist bourgeoisie.

In the new situation the Communist Parties were the driving force of nationalisation in the European capitalist

countries. "They fought for the nationalisation of the industry owned by the German monopoly capitalists and the big bourgeois collaborators associated with them. The Communists demanded the nationalisation of enterprises and industries that were specially needed for the rapid rehabilitation of the shattered economy. They demanded, too, that the enterprises taken over by the state during the war should remain nationalised."\*

The demand for the nationalisation of industry, put forward by the Communist Parties of France, Austria, Italy, Britain and some other West European countries, was supported not only by the working class and other working people but also by some capitalists. The Communist Parties explained to the people that nationalisation would weaken the economic and consequently political grip of the monopolies, would promote the democratic reconstruction of social life and the economy and the struggle of the working people for improving their lot.

Simultaneously, the Communists told the people that the nationalisation of industry in conditions when the bourgeoisie preserves political power, notwithstanding its progressive significance, could not convert capitalism into socialism or create socialist oases in the capitalist economy. Although the nationalisation of industry is an important means of struggle against the domination of the monopolies, it does not solve the question of power. The Communist Parties warned the working people against replacing the slogan of struggle for political power by the slogan of nationalisation, explaining that without the overthrow of the bourgeoisie's political rule socialism was out of the question. This was a highly important fundamental principle for the working-class movement, as leaders of the Social-Democratic parties, acting on the premise that the bourgeois state stands above classes and that capitalism gradually evolves into socialism, tried to make the workers think that nationalisation would automatically bring about a transition to socialism, making the struggle for political power unnecessary.

The working class and its advanced detachments, the

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\* Friedl Frnberg, "Nationalisation under Capitalism—Attitude of the Communists", *World Marxist Review* No. 7, 1960, p. 27.

Communist Parties, while recognising the difference between nationalisation and socialism, regarded the nationalisation of industry as one of the chief instruments in preparing for the overthrow of the power of the bourgeoisie and the establishment of the dictatorship of the proletariat, as a primary component of the working people's struggle for socialism.

Under the pressure of the people industry was partly nationalised in Britain, France and Austria after the Second World War. But ultimately the relationship of class forces in these countries was balanced against the working class. No genuine unity of the working-class movement was achieved and as a result monopoly capital succeeded in preserving its position, imparting a bourgeois character to nationalisation and utilising it to its own ends. In Britain the monopolies were helped by the Right-wing reformist leaders of the Labour Party which plays a decisive part in the working-class movement. In France and Austria where the working-class movement assumed dimensions endangering capitalism and the Communist Parties were marching at the head of the masses, the bourgeoisie succeeded in retaining its political and economic domination both by strengthening the reactionary forces and making partial concessions. The bourgeoisie received powerful support from American imperialism which mobilised all its military, political and economic resources to preserve the capitalist system. In these conditions the working class could wrest from the bourgeoisie only separate concessions, could shake but not eliminate its rule.

In *Britain*, the reformists exploited the striving of the working class for socialism in their own political interests. In the programme of the Labour Party at the 1945 parliamentary elections, the Right-wing leaders promised the voters to nationalise key industries and establish "democratic socialism" in Britain. Nationalisation and the establishment of socialism were pictured in the programme as guarantees against fascism and a reliable basis for economic prosperity. It is these planks that set apart the Labour platform from the programme of the Conservatives and predetermined the outcome of the elections. The people gave preference to the Labour Party and elected a Parlia-

ment in which it had a majority. But on assuming office, the Right-wing Labour leaders forgot their promises to the electorate and followed a policy of bolstering up the political and economic positions of British imperialism which had been undermined by the Second World War. It was this aim that was ultimately served by the nationalisation of a number of industries, carried out by the Labour government between 1944 and 1951 and widely publicised as "socialist" nationalisation.

Nationalisation in Britain encompassed the Bank of England, the coal, power and gas industries, communication enterprises, the transport (rail, river and partly road) system, civil aviation and part of the steel works—approximately 20 per cent of all industry. It is easy to see that nationalisation covered the power and raw material producing industries and transport, which service the rest of industry remaining in private hands. This choice of nationalisation objects was not accidental: the output of the nationalised industries, transport and postal services, etc., formed part of the production costs of all the other industries. In view of this, an increase or cut in the price of coal, electric power or gas directly affected the profits of all capitalists and the position of the British monopolies in the world market. The most capital-intensive, least profitable and, as a rule, obsolete industries were nationalised; it was to the advantage of the monopolies to saddle the state and the taxpayers with the burden of developing them.

The first nationalisation bill submitted by the Labour government to Parliament concerned the Bank of England. It was adopted on December 19, 1945, with small amendments moved by the Conservatives, and came into force on March 1, 1946. This bill completely dispelled the apprehensions of the opposition with regard to the purposes of Labour nationalisation. The Bank of England passed into the possession of the state, but the Bank's shareholders, of whom there were about 17,000, did not suffer in the least. For 23 years, from 1922 onwards, dividends of 12 per cent had invariably been paid on shares of the Bank of England. On the motion of the government, shareholders of the Bank of England received for each £100 bank share state bonds for £400. These bonds carried

a guaranteed annual interest of 3 per cent. In other words, a shareholder, receiving for one share four 3 per cent bonds, retained the old 12 per cent dividend. Such a high income was guaranteed for 20 years and only after April 5, 1966, will the government be able to redeem its bonds.

The Labour government confined itself to nationalising the Bank of England, which even previously had actually performed the functions of a state bank, and it abandoned its intention to nationalise the country's private joint-stock banks, which undoubtedly was a direct concession to finance capital. Had the Labour government really pursued socialist aims, the nationalisation of all private banks would have been a necessary measure for promoting the nationalisation of industry and establishing control over the country's entire economic life. But this was not the case.

The conditions on which the Bank of England was nationalised in no way infringed on the interests of the British monopolies. It is indicative that the Stock Exchange, this sensitive barometer of the capitalist economy, reacted quite unequivocally to the nationalisation of the Bank of England: on December 18, 1945, the Bank shares were quoted at 388.15 and on December 20, 1945, the very next day after Parliament adopted the nationalisation law, the quotation rose to 392, or 3.85 points. At the same time the quotation of 3 per cent local bonds (which the government could redeem at any time, and not 20 years later as the shares of the Bank of England), somewhat declined. The Stock Exchange thereby clearly demonstrated the advantage of the new state bonds which replaced the shares of the Bank of England.

After nationalising the Bank of England, it was not difficult for the Labour government to get Parliament to approve its bills on the nationalisation of the coal, power and gas industries and the railways. The task was all the easier because these sectors were in a bad way; their fixed capital had morally and physically depreciated long ago, while their owners did not wish to modernise the pits or renew the rolling stock with their own resources. That was Problem No. 1 of Britain's post-war economy, which a Conservative government too would have had to solve had it won the 1945 elections. Both for the Conservative

and the Labour parties it was clear that without state interference it was impossible to raise these industries to a modern technical level.

Britain's *coal industry* had been gripped by a deep crisis ever since the First World War. Many mines had been sunk as far back as the last quarter of the 19th century. The equipment of most of them was worn out and obsolete, manual labour was widely utilised and production processes had to be mechanised. In view of this, labour productivity remained low and coal output was steadily declining. Working conditions in the pits were hard and the housing conditions were often deplorable. Occupational diseases, silicosis and rheumatism above all, were widespread among the miners. The number of accidents in the pits was growing: in 1938 there were 194 accidents per 1,000 workers employed underground and in 1943, 287. As a result many miners left the industry and moved to other sectors. The youth was not going into coal mining, especially underground jobs. The average age of the miners was steadily rising.

There was a long-standing need to reorganise the coal industry, replacing the obsolete equipment, fully reconstructing work both underground and on the surface and concentrating production at the big mines.

The *electric power industry* presented a highly variegated picture. At the time of nationalisation there were about 600 electric stations in the country, including small and obsolete plants which generated electricity of different tension and sold it at different rates. In London alone, for example, there were 75 electric stations. Some of these were in areas served by other plants. Their location did not meet technical requirements and private and municipal enterprises were chaotically intertwined. A similar situation prevailed at other large power-consuming areas. To increase the output of electric power, cut its cost and improve distribution it was necessary to reorganise the industry and create a country-wide power system. But this task could be accomplished only after nationalisation.

Britain's *gas industry*, although it was intimately connected with the coal industry, was a viable and profitable sector. At the same time it suffered from the same failings as the power industry: private and municipal

gas enterprises worked without co-ordination, the gas network was not circuited, which made it hard to organise the uninterrupted supply of gas to all areas the year round. The London area alone had about 35 various gas suppliers in 1943.

The bill on the nationalisation of the gas industry was debated in Parliament after the nationalisation of the coal and electric power industry and this predetermined the outcome of the vote.

The *railway system* was in no better technical shape than the coal industry. Rolling stock was worn out and obsolete; the fleet of wagons and locomotives was declining; a considerable number of locomotives had been in service longer than the stipulated period and more than 400 types of different locomotives were in operation. Suffice it to say that after nationalisation the British Transport Commission had to scrap more than one-third of the locomotives and passenger coaches and more than half of the goods wagons. The technical backwardness of the railways and lack of a uniform system led to an increase in rates and poor service.

The *internal waterways* also had to be thoroughly reconstructed. The network was obsolete and the equipment of canals was even worse than that of the railways.

The nationalisation of the coal and power industries and the transport system was thus in the interest of the British monopolies. Nationalisation did not encounter serious obstacles on the part of the mineowners and the power and transport companies, because they were paid generous compensation. More than that, the mineowners and the railway companies had a direct interest in selling the state their shares so as to avoid bankruptcy.

Nor did the Labour government intend to "harm" the mineowners and other capitalists whose enterprises were to be nationalised. For example, originally the Labour government set the total compensation to mineowners at £164.66 million. In the course of nationalisation, with the mineowners themselves participating in the evaluation of the property handed over to the state, the compensation sum was jacked up to £353.3 million, that is, more than double. In 1947 the Coal Board announced that the total sum of compensation would be £ 400 million.

The Labour government was as lavish in compensating the owners of power enterprises, gas works and transport companies. The compensation to transport companies was fixed at £1,132 million, to electric power companies £508 million and gas works £229 million.

It will be recalled that the bills of the Labour government on the nationalisation of these industries and the transport system did not encounter any serious opposition in Parliament. The Conservatives spoke against nationalisation more for the sake of form and did not make a single attempt to block these bills. As a rule, serious disputes flared up only over the amount of compensation. Here too the Labour leaders made concessions in all cases. It is indicative that almost all nationalisation bills were drafted by the Labour government on the basis of data supplied by special inquiry committees in which Conservatives predominated and, in large measure, the bills conformed to their recommendations.

The steel industry proved to be the stumbling block to the Labour nationalisation programme. Serious differences between the Labourites and the Tories flared up over the nationalisation of this important sector of the manufacturing industry: the relatively peaceful debates gave way to sharp polemic and bitter attacks. The passage of the bill on the nationalisation of the steel industry was influenced by the forthcoming parliamentary elections in 1950: both the Labourites and the Tories sought to "justify" the trust of their electorate. In these conditions the Labour leaders did not want openly to violate the promise given in the 1945 election programme, fearing to lose votes in the coming elections. The Conservatives and the tycoons of British industry backing them feared the nationalisation of the steel industry, inasmuch as they saw in it a real threat to "sacred private property" in other key sectors as well. Professor W. A. Robson, a British bourgeois economist, wrote that the attempt to nationalise the steel industry "seemed like a challenge to the central citadel of private enterprise. If that fell, everything else was threatened."\*

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\* W. A. Robson, *Nationalised Industry and Public Ownership*, London, 1960, p. 38.

In 1949 the nationalisation policy of the Labour Party was also influenced, on the one hand, by greater activity of world reaction and, on the other, the fundamental revolutionary changes in the economy effected in the European People's Democracies, which led to the abolition of capitalist production relations. This frightened the reactionary forces and the imperialist bourgeoisie in Britain who decided to take to the offensive and give the Labour Party battle on the question of nationalising the steel industry.

Advocating nationalisation, the Labour leaders pointed out that the steel industry had fallen technically behind. The majority of steel works did not correspond to the demands of modern large-scale production: their equipment was out of date, and the output of pig iron per blast furnace was lower than in the other developed capitalist countries. Large capital investment was needed to reorganise it, but the owners were in no hurry to modernise their plant: they were not short of orders and the mounting militarisation of Britain's economy promised fresh super-profits. At the same time the British monopolies which were consumers of iron and steel were interested in a serious reconstruction of the steel works because it would lower the prices of iron and steel. Such reconstruction could be made at the expense of the state after nationalisation.

Some monopoly circles were thus economically interested in the partial nationalisation of the steel industry, though they were apprehensive of its social consequences.

After prolonged discussion and keen struggle, the Labour Party retreated and Parliament passed the bill in a much curtailed form. Only works producing steel ingots and pig iron were to be nationalised. All the other enterprises, including the biggest modern works, remained in the hands of the private monopolies. The law was passed on November 24, 1949, but did not come into force until February 19, 1951.

Nationalisation proved to be very advantageous to the capitalists in all industries, it "made it possible to keep the prices of coal, steel, gas, electricity and transport substantially below those paid by the capitalists in Europe and America. These relatively lower prices added to the

margins of profit obtained by the British capitalist class as a whole. In all these respects nationalisation favoured the interests of the capitalists whilst their strongholds of wealth and power in finance and industry remained untouched and indeed were benefited.”\*

This is the essence of the nationalisation carried out in Britain after the Second World War which the Right-wing Labour leaders have advertised as “socialist”. The Labour leaders succeeded for a time in camouflaging the bourgeois nature of nationalisation. That is why these measures, “while in fact mainly benefiting the monopoly capitalists, were widely regarded at the time as instalments of the traditional aims of the Labour movement in the direction of socialism,”\*\* stated R. Palme Dutt, the then Vice-Chairman of the Communist Party of Great Britain.

In *France*, a number of industries were nationalised between 1944 and 1946. But nationalisation proceeded in different conditions and with a different alignment of class forces than in Britain. In the course of the country’s liberation from the nazi invaders the working class of France headed by the Communist Party launched a struggle for democratic reforms, for a revival of the French economy and improvement of the people’s conditions. It put forward demands to uproot fascism, to punish the war criminals, confiscate the property of the collaborationists, and nationalise the key industries and banks. This would undermine the economic and political might of the financial oligarchy which had betrayed the country’s national interests. All these demands were incorporated in the programme of the National Resistance Council, which was drawn up in March 1944, and corresponded to the interests of the people. Its implementation would have led to the democratic reconstruction of France’s political and economic life, facilitated control over industry by the working class and swift economic recovery.

The French Communist Party, fighting for the country’s national independence and radical democratic reforms, sought to rally the working masses round itself and to

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\* John Eaton, *Economics of Peace and War*, London, 1952, pp. 70-71.

\*\* *International Affairs*, No. 3, Moscow, 1960, p. 35.

bring about working-class unity. It saw in this the primary requisites for victory of the democratic forces in the struggle against the imperialist reactionaries. The Party accomplished this task to a certain extent. Seasoned in the hard battles of the occupation period, it became the biggest mass party in the country. Its prestige rose immeasurably and it rallied the working class to fight for the transfer of political power to the democratic forces.

In 1944 and 1945 the political situation in France in many respects resembled the situation in the countries of Central and South-Eastern Europe. France had a powerful Resistance movement, a National Front, a mass Communist Party, and the working people were ready "to exert every effort, to make any sacrifice to speed the victory over nazism and to end the war".\* After liberation, the workers sought to establish their control over production and displayed initiative in accelerating the commissioning of all factories. All this attested to the advance of the working-class movement and the existence of a revolutionary situation in France.

The demand to gain key positions in the economy held a central place in the programme of the National Resistance Council.

The programme was bitterly opposed by the French big bourgeoisie which rightly saw in it an encroachment on its political and economic domination. But the forces favouring nationalisation were so powerful that it was impossible to ignore them. Unable to prevent nationalisation, the French financial oligarchy did everything to reduce it to an ordinary capitalist take-over by the state.

The banks and insurance companies, and a number of production sectors were nationalised in France between 1944 and 1946 when the Communists were in the government. The Communists sought to carry out nationalisation in the interest of the workers and to spearhead it against the monopolies. The first step, the nationalisation of collieries in the biggest coal area in the departments of Nord and Pas de Calais, was taken in December 1944. Only the swift revival of the coal industry could facilitate

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\* *Oeuvres de Maurice Thorez*, Livre cinquième, Tome vingtième (Mai 1944-Mai 1945), p. 119.

the restoration of all French industry which had greatly suffered from the war and enemy occupation. At the end of 1944 industrial output in France dropped to 30 per cent and coal production to 37 per cent of the 1938 level. The nationalisation of the coal mines was of great importance for the general advance of the coal industry.

But the de Gaulle government, defending the interests of the monopolies, adopted a half-hearted decision with regard to the coal industry. The coal trusts were not deprived of property, but merely removed from managing the mines which were entrusted to the National Coal Company. This was called "preliminary nationalisation". The coal trusts were granted big compensation "for the use of equipment". The decision on "preliminary nationalisation" of the collieries aimed at returning the mines to the coal trusts at a suitable time. The workers gained nothing from such nationalisation, and it aroused the just indignation of the miners and other groups of the French proletariat. In response to the manoeuvres of the bourgeoisie, the Communist Party and the working people resumed with fresh force the struggle for the democratic nationalisation of the coal industry.

The Renault Automobile Works, the biggest trust in the country's automobile industry, whose owner actively collaborated with the nazis, was confiscated in January 1945. In March 1945 the Gnom and Rhone aircraft factories and in June the Air France, Air Bleu, and Air France Transatlantique were nationalised. This completed the first round of nationalisation which did not justify the hopes of the working class and aroused wide dissatisfaction with the government's policy.

At the 10th Congress of the French Communist Party in June 1945 Maurice Thorez said: "The facts show that the main commanding positions still remain in the hands of the trusts, which act directly or through intermediaries. This management by the trusts is not in the interests of the nation but contrary to its interests.

"The position would be different if genuine nationalisation were undertaken at once in conformity with the programme of the National Resistance Council, in conform-

ity with the demands of the Socialists and Communists formulated in our joint Manifesto.”\*

Elections to the Constituent Assembly were held in France in September 1945. They demonstrated that the prestige and influence of the Communist Party were mounting and its programme was winning new supporters all the time. The big bourgeoisie which expected to gain a majority in the Constituent Assembly had grossly miscalculated. It had underestimated the potentialities of the democratic forces which were working for radical socio-economic changes in the country.

After the elections, a Communist deputy was given the post of Minister of Industry in the government, replacing a Right-wing Socialist who had been upholding the interests of the monopolies. The stronger position of the Communists in the government facilitated the next round of nationalisation. This time it extended first of all to the banks. Five of the country's biggest banks were nationalised at the end of 1945—the Bank of France, Crédit Lyonnais, Société Générale, Banque Nationale pour le Commerce et l'Industrie and the National Discount Office—which had over 60 per cent of all the bank deposits in the country. The financial oligarchy sustained its first serious defeat, because the Bank of France was its chief citadel. But it did not surrender: it succeeded in saving from nationalisation the commercial banks so intimately interlocked with industry and trade. The oligarchy managed to preserve in the boards of the nationalised banks their former owners and other representatives of the “200 families”. The former shareholders of the nationalised banks received generous compensation.

The struggle for democratic nationalisation was intensified in 1946 after the resignation of de Gaulle and a number of Ministers who had sabotaged nationalisation. During this period, all the large enterprises producing electric power and gas, the 45 big insurance companies and the Banque de l'Algérie, were nationalised and the nationalisation of the coal industry was completed. The workers and the trade unions gained access to the administrative councils of the nationalised enterprises.

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\* *Oeuvres de Maurice Thorez*, Livre cinquième, Tome vingt-et-unième (Juin 1945-Mars 1946), pp. 86-87.

Nationalisation facilitated an improvement in working conditions and a slight increase of wages. Workers of the coal industry, for example, received a formal right to higher wages, a service bonus, two weeks annual paid holidays, payment of benefits, free transport to work and other privileges. Women employed at state enterprises and offices were given equal pay for equal work with men.

As a result of nationalisation the labour productivity of nationalised enterprises began swiftly to rise. The Communist Party rightly held that economic recovery was in the interest of the working people who suffered most during the war, the occupation and the post-war chaos. The workers at the nationalised enterprises worked selflessly, regarding nationalisation as the first important step towards the abolition of the power of capital, establishment of people's rule and subsequent transition to building socialism.

But the relationship of class forces in the country ultimately balanced against the working people. In 1945 and 1946 the Communist Party and the working class could not carry out the entire programme for nationalising the means of production and circulation. In particular, the steel industry was not nationalised and the banks and insurance companies were nationalised only in part. In all cases the former owners of enterprises or shareholders received large amounts of compensation. This happened for three reasons: first, the complete unity of the working-class movement was not achieved in France, the Communist and Socialist parties did not unite, although rank-and-file Socialists were heartily in favour of it; second, the Right-wing leaders of the Socialist Party, having signed jointly with the Communist Party a Manifesto on nationalisation and advocating it in words, actually thwarted nationalisation and defended the interests of the monopolies; third, in the struggle against democratic reforms, above all, the nationalisation of industry and credit institutions, bourgeois forces enjoyed the ever greater support of U.S. and British monopoly circles. The latter point once again proved the sagacity of the French Communist Party which warned the working class and the entire people as early as January 1945 that "international reaction which still possesses a powerful economic basis in Britain and especially in the

United States would spare no effort to rob the people of the fruits of their victory”.\*

In 1947 the French reactionary forces, supported by the Right-wing Socialist leaders, succeeded in ousting the Communist Ministers from the government. An open drive of big capital was launched to abolish the democratic gains won by the working class under the leadership of the Communist Party.

It is indicative that in France, just as in Britain, the coal and power industries, gas enterprises and a number of transport companies were nationalised, that is, the sectors serving the other industries and requiring big investments for their technical re-equipment. But in Britain this nationalisation was carried out, although under pressure from below, by the Labour government from above with the weak resistance of the bourgeoisie, while in France it was effected as a result of the mass movement of the workers, with the decisive part being played by the Communist Party whose representatives were in the government, in face of bitter resistance by the monopoly bourgeoisie. The British and the French bourgeoisie regarded nationalisation differently not because of a divergence of views on private property—on this point they were unanimous—but because different forces advocated nationalisation in these countries. In France, nationalisation in industry and other democratic changes could, under certain conditions, lead to the establishment of a people's democratic system. In Britain, however, nationalisation by a Labour government did not hold out such a threat to the financial oligarchy.

Another feature distinguishing nationalisation in France was that it invaded deeper into the sphere of banking and encompassed the insurance companies and the manufacturing industry. In view of this, nationalisation was fraught with a real threat to private property in key sectors of industry.

In *Austria*, a keen political struggle was fought over the nationalisation of industry between 1945 and 1947. The defeat of nazi Germany stimulated an advance of the

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\* *Oeuvres de Maurice Thorez*, Livre cinquième, Tome vingt-et-unième (Juin 1945-Mars 1946), p. 45.

working-class movement in Austria as in other countries. The Austrian working class, fighting for peace and democracy, demanded above all the abolition of political and economic rule by the German and Austrian monopolies which had led the country to the Anschluss, nazism and war. The struggle of the Austrian working people for the country's democratisation was headed by the Austrian Communist Party (A.C.P.) which sought to undermine the economic basis of the monopolies, to pave the way for radical socio-economic reforms and the taking over of power by the working class.

In mid-1945 the Austrian workers began an active drive for the confiscation of the property of war criminals and the nationalisation of industry and the banks. The conference of metalworkers, held in Vienna early in August 1945, passed a resolution demanding the nationalisation of large factories and also enterprises belonging to big capital and the nazis. Similar resolutions were adopted by workers in other industries. The nationalisation of industry and the banks became the unanimous demand of the working class which regarded it as the main element in the struggle for socialism.

On August 5, 1945, the Austrian Communist Party adopted a programme of broad democratic reforms and the restoration of industry and agriculture. The central points in this programme were nationalisation of all large-scale industry and giving the workers and trade unions the real opportunity to participate in administering enterprises and the country's entire economic life. Johann Kopenig, Chairman of the A.C.P., expounding the line of the Party on the nationalisation of industry, said that the Communist Party favoured the "immediate confiscation and nationalisation of the property of German and National-Socialist captains of industry and war criminals who had led Austria to disaster. It stands for the state taking over and nationalising key industries and large enterprises which remained ownerless as a result of the nazis' flight. This measure not only conforms to the interests of the people, it facilitates the extirpation of nazism and promotes peace and the democratic development of Austria."\*

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\* *Österreichische Volksstimme*, August 7, 1945.

The demand of the working class and the Communist Party for the nationalisation of all large-scale industry was supported by the trade unions. The Right-wing Socialists, who held a majority in the leading bodies of the Austrian Trade Union Federation, had to come out for nationalisation in order to preserve and consolidate their influence among the membership. For the same reasons a nationalisation plank was incorporated in the programme of the Austrian Socialist Party (A.S.P.) which in an effort to win the confidence of the workers sharply criticised capitalism. The position of this party was also effected by the radical change in the relation of world forces in favour of socialism, the general leftward swing of the masses and the fact that the working people held the capitalist system responsible for the Second World War.

But the Right-wing Socialists, advocating nationalisation in words, actually had no intention to effect fundamental democratic changes and, even less so, to support the struggle of the working class for the overthrow of the capitalist system in Austria. As in 1918, they tried to poison the minds of the people, to keep them away from the revolutionary struggle, claiming that nationalisation would impart socialist features to the bourgeois state and by itself ensure the gradual transformation of capitalism into socialism. This policy of the Socialist leaders was designed to befuddle and politically disarm the working class. It helped the Austrian bourgeoisie to recover from the defeat and the attendant upheavals and, relying on the support of the Western powers, to retain political power.

Between 1945 and 1947 the Right-wing Socialists did everything in their power to lend nationalisation in Austria a bourgeois character and carry it out in the interest of monopoly capital. In their turn, the Austrian monopolies, unable to ignore the demands of the working people for nationalisation, sought to confine it to definite limits and derive economic benefits from it.

Austria's heavy industry suffered badly during the Second World War. Some works were destroyed by bombing, others were put out of commission or blown up by the nazis. Huge resources were needed to restore the steel, engineering and chemical industries. The Austrian bourgeoisie did not want to restore these sectors with its

own capital, and it sought to shift the full burden onto the state.

Under the pressure of the working class, on September 5, 1945, the Provisional Government of Austria promulgated a law on the nationalisation of the electric power, mining and oil industries, the steel industry, a number of electrical equipment plants and the industry producing transport facilities. This decision, however, was merely of a declarative nature. The competence of the Provisional Government did not extend to the territory occupied by the United States, Britain and France and the latter refused to approve this law. In these conditions the nationalisation law could not be implemented.

At the elections in November 1945, the Austrian People's Party, the party of the big bourgeoisie, won. This encouraged the capitalists and they began to delay nationalisation and to look for different ways of utilising state resources to restore heavy industry. These schemes aroused the people's indignation and a fresh wave of demands for nationalisation swept the country. The leaders of the People's Party could do nothing else but declare that the party would live up to its election promises.

On July 26, 1946, the Austrian Parliament adopted the first nationalisation law after much procrastination and inter-party negotiations. The Communist Party called for the nationalisation of all key industries, the removal of former owners from management of enterprises, for management by representatives of the workers and for nationalisation without compensation. These demands were rejected as a result of the compact between the leaders of the People's Party and the Socialist Party. The adopted nationalisation law was limited in scope and bourgeois in nature yet it was a certain victory for the working class, inasmuch as its pressure compelled the Austrian bourgeoisie to agree to partial nationalisation. The nationalisation carried out at that time in Britain, France, Czechoslovakia and Poland also exerted a certain influence.

Under the first nationalisation law, three of the biggest commercial banks—Creditanstalt-Bankverein, Länderbank Wien Aktiengesellschaft and Hypotheken-und-Credit-Institute Aktiengesellschaft—passed into the possession of

the Austrian state. But nationalisation did not affect the insurance companies at all. The law further provided for the nationalisation of the biggest metal works and coal mines, the Bleiberger Bergwerks-Union A. G. which mined and processed non-ferrous metal ores, the Vereinigte Aluminium Werk A. G., the Österreichische Stickstoffwerke A. G., which produced nitrogen fertilisers, electrical equipment companies, some chemical and engineering works, altogether 33 joint-stock companies. Three mining and a number of other companies were also taken over by the state.

Most of the enterprises nationalised in 1946 were the property of German monopolies. Nationalisation did not affect many key positions of the Austrian monopolies and foreign capital. The reason was that the Austrian bourgeoisie, having dragged out the adoption of the nationalisation law, recovered from its defeat, gained in strength and succeeded in deleting the most important companies from the list of enterprises to be nationalised. This manoeuvre was effected by the bourgeoisie with the direct support of the occupation authorities of the Western powers.

The bourgeoisie and the Right-wing Socialists utilised nationalisation for anti-Soviet purposes; their formulation of the law provided for the nationalisation, among other enterprises, of former German property in Austria which, under the Potsdam Agreement, passed into the possession of the Soviet Union as reparations. But this crude provocation of the Austrian reactionary forces failed, and the rights of the Soviet Union to German assets in Eastern Austria were confirmed in the State Treaty of Austria.

The Austrian Parliament adopted the second nationalisation law on March 26, 1947; this law applied to the power industry (electric stations, with a capacity of over 200 kw, and the distributive network became state property). As a result of nationalisation, the state became the owner of enterprises accounting for 98 per cent of the production of iron and steel, 98 per cent of the coal, 90 per cent of the rolled stock, 94 per cent of the non-ferrous metals, 91 per cent of the extraction and refining of oil, 46 per cent of the electrical industry, 31 per cent of the engineering works and plants producing constructional steel and a considerable share of the chemical industry.

This is how large state capitalist property arose in Austria. Nationalisation in Austria, according to the Communist Party, was "wider and more embracing than in the other capitalist countries".\*

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The partial nationalisation of industry in West European countries between 1944 and 1951 was an important event in the history of the proletariat's class struggle. A study of the distinctions of nationalisation brings out the following points:

1. Nationalisation in Britain, France and Austria was carried out from 1944 to 1951 in conditions of an advance of the working-class movement caused by the defeat of nazi Germany and the growth of the forces of democracy and socialism throughout the world.

The positions of British and, especially, of French and Austrian monopoly capital were greatly undermined in the first post-war years—the people saw in the monopolies the main instigators of the Second World War responsible for all the destruction and suffering. Through nationalisation and other democratic changes, the working class sought to undermine the economic and political basis of the monopolies, it strove to take over power and begin to lay the foundations of socialism. This policy was consistently pursued only by the Communist Parties. But complete unity of the working-class movement was not achieved in France or Austria or above all in Britain.

2. The Right-wing Socialists in France and Austria, seeking to preserve their influence in the ranks of the working class and to win votes, were forced to support post-war nationalisation. In Britain the Labour Party came out as the initiator of nationalisation. Behind the cover of left phrases, the Right-wing Socialists tried to reduce nationalisation to the usual take-over by the bourgeois state and to carry it out in the interest of the bourgeoisie, and not of the working people. They exerted much effort to deceive the working class, to picture this nationalisation

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\* *Volksstimme*, March 4, 1958.

as a socialist measure and to divert the proletariat from the struggle for radical democratic reforms and political power. The Right-wing Socialists thereby disoriented a certain section of the working class, prevented the Communist Parties from rallying the proletariat around the demand for the democratic nationalisation of all key industries and the banks. This enabled the monopolies to recover from the post-war shocks and to impart a bourgeois character to nationalisation.

3. The big bourgeoisie could not fully ignore the democratic demands of the working class and had to agree to the partial nationalisation of industry. But this concession to the working class was of a temporary, tactical nature. The bourgeoisie succeeded in exploiting nationalisation for its own ends; sectors of production requiring large investments for modernisation, reconstruction or restoration were nationalised. The capitalists thus shifted onto the state and, ultimately, onto the people the financial burden of restoring heavy industry.

4. In France and Austria the monopolies in their struggle against the working class received powerful support from the Anglo-American imperialists and made use of the splitting policy of the Right-wing Socialists. This enabled them to bolster up their position, accumulate forces and launch a drive on the rights and democratic gains of the working class.

5. For the working class of Britain, France and Austria the struggle for the nationalisation of industry was the first serious test of strength in the offensive on private ownership of the means of production. Although ultimately it gained little from nationalisation economically, from the class angle it scored a big victory because bourgeois parliaments in a number of countries, under the pressure of the workers, were compelled to vote for nationalisation.

The struggle for nationalisation contributed to the political maturity of the working people and raised the prestige of the Communist Parties which once again proved to be the only parties that consistently and selflessly defended the vital interests of the workers and peasants.

## 2. BOURGEOIS NATIONALISATION AS A FORM OF STATE-MONOPOLY CAPITALISM

Nationalisation in Britain, France and Austria after the Second World War was of a bourgeois character. Monopoly capital in these countries steered post-war nationalisation into a channel of advantage to itself. The nationalised industries became a mechanism for the redistribution, in favour of the monopolies, of the surplus value created by workers at state enterprises.

The bourgeois nature of this kind of nationalisation is expressed in the fact that political power in these countries belongs to the bourgeoisie, and private ownership of the means of production and the exploitation of the working class remain the basis of the social system. The state intervenes in the economy in the interest of the big monopolies. The bourgeois nature of this nationalisation is also revealed in the large amounts of compensation which the capitalists received for the property taken from them. It is enough to point out that in Britain the state undertook to pay the former owners compensation totalling £2,800 million, a sum several times greater than the actual value of the nationalised property. In France, the shares of the nationalised companies were exchanged for state bonds which have to be redeemed within 50 years. Moreover, the former shareholders receive a 3 per cent annual interest on the new state bonds. Compensation for the four nationalised banks amounted to 12,200 million old francs. At the same time, in the five years from 1946 to 1950, the former shareholders of these banks received an income of 2,400 million old francs. In 1950 alone, the state paid compensation amounting to 27,000 million old francs for the 38 nationalised coal companies.

Nationalisation enabled many owners to sell unprofitable enterprises with obsolete and worn out equipment to the state at prices which no one would ever pay for them in a normal sale.

The Labour government "took certain 'liability' industries off the hands of private owners and by so doing, and by handsomely compensating them, effectively strengthened the eighty per cent of industry left in private hands".\*

\* C. Jenkins, *Power at the Top*, London, 1959, pp. 13-14.

The capitalists got the opportunity to invest the money received as compensation in new highly profitable sectors and to stimulate the activity of enterprises whose development held out the promise of big profits. For example Cory Brothers, a British coal company, invested their compensation money in the building of a huge oil refinery.

In France, former owners of the Société Sud Lumière used their compensation money to gain control over the Société pour l'utilisation et développement de l'énergie, which escaped nationalisation. It was a similar picture in the gas industry. The Board of the Compagnie Générale de Gas used the money received as compensation to found a new company which began to play a leading part in the industry next to the state-owned Gas de France. Its capital has risen 17 times (from 315 million to 5,500 million old francs).

In Austria, the situation as regards compensation was different. Here the monopolies did not get very much compensation, although they were not expropriated, as the Austrian working class had demanded. There were two reasons for this: most of the nationalised enterprises had belonged to the German monopolies and Nazi Germany and in such cases no compensation was paid at all; second, the political situation in the country was so tense and the position of the bourgeoisie so shaky that it could not demand such huge compensation for the nationalised enterprises as was received by the capitalists in Britain and France.

Owing to the low prices of their goods, the nationalised industries proved to be a source of additional profit for the monopolies. These industries supplied the monopolies with cheap electric power, fuel, raw materials, semi-manufactures and transport services at low rates, but themselves paid high prices for the goods or services of private companies. Naturally, such non-equivalent exchange is a source of enrichment to the monopolies.

In Britain, electric power rates in 1959 were only 40 per cent above the pre-war level, but the retail price index rose by 172 per cent and the prices of foodstuffs rose by 224 per cent. Electric power is no exception—the other nationalised British industries are in a similar position. It is also noteworthy that nationalised industries supply

electric power, coal, gas, iron and steel, etc., to the big monopolies at lower prices, than to medium and small capitalist enterprises. The population too is paying more for electric power and fuel. The electric power rates paid by industry are 20-25 per cent lower than those paid by private people and gas, 57 per cent lower. In 1956 the British steel monopolies were getting coal at a price approximately 8 per cent lower than that paid by the people or the nationalised railways.

In France, capitalist industry is getting coal at prices below the cost of production. For example, in 1949 the production cost of a ton of coal was 3,587 francs and the price charged to private enterprises, 3,483 francs. In other words, Charbonnages de France was losing 104 francs on each ton of coal sold to the capitalists. In 1955 the gap between the production cost and sales price increased to 450 francs in favour of the monopolies. The state electric power industry is in a similar position. Electricité de France supplied electric power to the monopolies at artificially low rates. The biggest aluminium monopoly L'Usine Pechiney pays 0.47 francs per kilowatt hour, while the rate for household needs is 14.85 francs, that is, 31 times greater. Another less influential French firm Kuhlmann pays a different rate—2.8 times higher than L'Usine Pechiney, but only one-eleventh of that charged to the people.

In Austria, iron and steel prices were frozen for years at the 1953 level and afterwards only increased slightly. The main consumer is the capitalist manufacturing industry (engineering first of all) which gets huge profits, running into hundreds of millions of schillings, on the difference between the steel prices in Austria and the world market. The Austrian monopolies are similarly exploiting the power, coal, and other nationalised industries.

All this clearly shows that in Britain, France and Austria the nationalised industries have been included in the system of state-monopoly capitalism and are utilised for redistributing the national income in favour of the monopolies.

Exploitation of the nationalised sectors by the monopolies is facilitated by the fact that in most cases the private capitalist forms of organisation are preserved in enterprises

even after nationalisation and they remain under the administration of the former owners or their placemen. In calling for nationalisation, the working class demanded the participation of its representatives in the management of the enterprises and in the regulation of all economic life. But the Right-wing Socialists deceived the hopes of the workers\* both in Britain and in Austria. Only in France did the Communists succeed at the first stage in winning for the workers and the trade unions the right to participate in administering the nationalised sectors, but before long the bourgeois reactionary forces, supported by the Right-wing Socialists, nullified this gain.

The developed interlocking between the state and private enterprises through the personal union of executives in the nationalised sectors and representatives of the monopolies, is characteristic of all West European countries. This is yet another indication of the bourgeois nature of the post-war nationalisation in Britain, France and Austria.

In Britain, the Labour government did not allow workers and trade union representatives who really upheld the interests of the proletariat (and not trade union officials) to administer the nationalised enterprises. For example, after the nationalisation of the Bank of England Lord Catto, the former president who was closely connected with the City, remained at his post. In October 1948, he was replaced by the former vice-president Cobbold who comes from an old banking family. The City was especially gratified by his appointment.

Monopoly capital representatives have taken similar positions in the coal, power, gas and other nationalised sectors. In March 1956 of the 272 members of the boards of enterprises in the nationalised sectors, 106, or 39 per cent, simultaneously held posts of directors in large private companies. The composition of the British Transport Commission which administers the nationalised railways is highly indicative: of its 9 members, 8 also hold 19 directorships in private companies.

In 1949 Attlee, replying to a question by the Tories, stated in the House of Commons that 131 members of the

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\* Although in Austria representatives of production councils are included in the supervisory boards of joint-stock companies—and this is a certain gain of the workers—actually their role is very limited.

boards of the nationalised enterprises had business ties, while 61 of them were directors of capitalist companies. Only 12 per cent of the board members were trade union officials and Right-wing Labour leaders. On coming to power in 1951, the Conservative Party further reduced this negligible Labour "stratum".

In France, too, representatives of monopoly capital dominate the administrative councils of nationalised enterprises and the boards of the state-owned banks.

The Credit Lyonnais is headed by Edouard Escarra who prior to nationalisation had been its director-general and is still closely associated with many large private companies. In Austria Josef Joham, director-general of Credit Anstalt, and the country's biggest financial magnate, was until his death the actual master of all the nationalised banks. Hans Melmer is a member of the supervisory board of the Credit Anstalt; altogether he holds 26 leading posts in the biggest companies. Credit Anstalt is represented through the members of its supervisory board in 85 joint-stock companies with a capital of over 3,000 million schillings (23 per cent of the country's entire joint-stock capital). Robert Harmer, chairman of the supervisory board of Länderbank, is a big manufacturer and the owner of two prospering enterprises. He runs the Food Industry Manufacturers' Union, is a member of the board of the brewery cartel, the German Chamber of Commerce, the Chamber of Commerce of Austria, four other companies, etc. Altogether the Länderbank is represented in 42 companies with a joint-stock capital of 2,388 million schillings. These striking examples of personal union between the leadership of nationalised banks and monopoly capital in Austria are not the only ones.

The financial oligarchy thus holds a dominating position in the nationalised industries and banks of West European countries. Personal union is everywhere a major form of direct subordination of the nationalised enterprises to monopoly capital. Hence it is not surprising that state enterprises are utilised by the monopolies in their own interests and facilitate their enrichment. Monopoly capital runs the nationalised sectors almost the same way as in the recent past when they were part of the private sector, with the only difference that the entire expenditure on

the development of the nationalised enterprises is borne by the state, while the monopolies rake in the profits.

At the same time it should be remembered that although the nationalised sectors in Britain, France and Austria are subordinated to the monopolies and serve their interests, they are a potential threat to them. To begin with, any nationalisation reveals the parasitic nature of private ownership and shows that the capitalist class is not needed for managing production. The bourgeoisie is afraid that nationalisation will create a dangerous precedent and therefore tries not only to restrict nationalisation and to denationalise state enterprises but also to compromise the very idea in the eyes of the people, to "prove" that nationalisation has not justified itself, that state establishments operate worse than private and only free enterprise can ensure economic prosperity. This is how the bourgeoisie seeks to undermine the faith of the working class in nationalisation in general.

Between 1944 and 1951 monopoly capital in Western Europe had to agree to nationalisation both for political considerations arising from the advance of the working-class movement, and for economic reasons stemming from the desire to ensure rapid post-war economic recovery and reinforce its own positions with the help of the state and at the expense of the people. But no sooner had the political and economic positions of Big Business grown stronger and the general alignment of forces balanced against the working class than the bourgeoisie launched a campaign against the democratic gains of the working people and began to fight actively for the return of the nationalised sector and the banks into private hands.

In Britain, the Conservative government passed bills in Parliament in 1953 for the denationalisation of the steel industry and road haulage. The Conservatives never concealed their plans with regard to these sectors. They were opposed to their nationalisation and, on coming to power, announced their intention to denationalise them. The law on the nationalisation of the steel industry had come into force on February 15, 1951, but the production and commercial activities of the nationalised firms had not been reorganised. This made it easier for the Conservatives to get down to denationalisation which was entrusted to a

special agency. The agency was allowed to sell the nationalised steelworks to the former owners or other capitalists at approximately the same price at which they had been bought by the Labour government, although some £250 million had been invested in the industry in the short time since nationalisation.

The capitalists were thus able to buy back the best, most profitable enterprises which had been reconstructed and modernised at the expense of the state. This operation brought huge profits to the British monopolies. Private automobile companies were interested in denationalising road haulage. A special board undertook the sale of lorries; by July 1955 it had sold 16,700 lorries out of the 33,000 owned by the state.

The denationalisation of the steel industry and part of road transport has not been enough to satisfy the monopoly bourgeoisie. The Federation of British Industries has been conducting an extensive political campaign against the state enterprises and against nationalisation in general. Its main arguments against nationalisation are: 1) the nationalised sectors as a whole are making a loss and not one of them yields big profits; 2) they do not cover investments with their own reserve funds and borrow money for these purposes from the government or private banks; 3) the interests of the consumers are not satisfied; 4) Parliament is unable effectively to control these sectors; 5) nationalisation does not make for greater efficiency.

The Federation of British Industries, citing these arguments against nationalisation and in defence of free enterprise, however, says nothing about the fact that the unprofitability of the nationalised sectors is only evidence of the wrong principles on which the Labour government carried out nationalisation, and does not testify against nationalisation as such. Nationalisation has increased the economic efficiency of the coal, gas and power industries and the railways. But since these sectors from the very outset had been saddled by the burden of huge compensation and had to renew their worn-out fixed capital, the profit they yielded was not really adequate to cover all the additional outlays, all the more so, since prices of their goods and rates for services were kept at a low level in the interest of the private monopolies. At the same time it is a fact

that from 1947 to 1958 these sectors yielded an income of more than £2,000 million. The "losses" of £200 million are a result of the need to pay £1,200 million in interest and to allow another £1,000 million for depreciation. There would have been no "losses" even in these conditions, had coal prices been set at the level of world prices and had the railways been able to obtain fair rates from the monopolies for their freight services.

The Labour government, carrying out nationalisation in the interest of the monopolies, bound the nationalised sector hand and foot. Monopoly capital received, on the one hand, the benefits of inordinately high compensation and low prices for the goods and services of the nationalised industries, and, on the other, the possibility to utilise for propaganda purposes the lie about the "unprofitability" of the nationalised sector and the "inefficiency" of nationalisation.

In the struggle against the nationalised sector, British monopoly capital is employing wide competition: private automobile companies compete with the railways and the nationalised road haulage service, private aviation companies with state enterprises, etc. As a result of the government's policy of support for the monopolies, state enterprises are losing in this struggle because they are being deliberately handicapped. The British Transport Commission as a rule places locomotive orders for state railways with private companies, and not at its own works. It is characteristic that when a new ferry for carrying trains across the Channel was needed the entire order was given to a private firm which set a high price. It was the same with air transport: from 1951 to 1956 private companies opened (with the blessing of the Conservative government) 50 new internal and 101 international airlines, while the nationalised air transport corporations had to dismiss workers and other employees as a result of the cutback on their operations. By this policy the Conservatives paved the way to denationalising the state air transport corporations.

In June 1962 the newly appointed chairman of the Transport Commission Dr. Beeching, former director of Imperial Chemical Industries, submitted a plan for a sharp curtailment of the railways, which came to be known as

the Beeching Plan. It called for the dismantling of 800 km of passenger lines, closing almost half of the railway stations and 400 out of the 500 locomotive yards and the dismissal of 150,000 railwaymen by 1970. All this was to be done on the pretext of raising the profitability of the railways.

The question naturally arises, why did the Conservatives choose this way of solving the question of the profitability of the railways? This should surely be done through extensive modernisation, as proposed by the Communists and Left Labour Party members. This could easily be done if the payment of huge compensation to former owners were to be discontinued. But this solution would hit the interests of many big monopolies. Profitable railways would successfully compete against private motor companies engaged in transporting goods and passengers. These companies are backed by automobile manufacturers and oil companies interested in the development of motor transport, and not of the railways. Moreover, another factor playing a considerable part is the crisis of the railways and the rest of the nationalised sector which brings grist to the mill of the Conservatives in the political struggle against the Labour Party.

In France, the monopoly bourgeoisie, unable to reject the demand for nationalisation when the working-class movement was on the upgrade, regarded it as a temporary measure, as a tactical concession. After ousting the Communists from the government, the French monopolies launched an open campaign to denationalise the state enterprises. True, the French bourgeoisie has long had to consider the powerful working-class movement in the country, in the first place the Communist Party backed by millions of people. That is why the French bourgeoisie cannot act as bluntly as the British monopolies. It is demagogically using as an argument in favour of denationalisation and against further nationalisation, the fact that the biggest state-monopoly enterprises (Electricité de France, Charbonnage de France, Gas de France) on the whole operate at a loss. It naturally says nothing of the fact that these "losses" are a result of the low prices for their services, a factor of great advantage to the monopolies and ruinous for the state.

Both in Britain and France the bourgeoisie is thus utilising one and the same method to discredit the nationalised sectors.

What economic results the nationalised sector could register if it had the opportunity to sell its goods and services on equal terms with the monopolies can be judged from the experience of the state automobile works, Régie Nationale des Usines Renault. It has a different status from all the other nationalised industries: it enjoys full independence financially and economically and utilises in its operations the market situation. Renault gets no financial subsidies from the state and the board reports to the government on the results of its activity only once a year. Enjoying such broad autonomy, Renault brings the state a considerable profit. It produces, in addition to motor-cars, railway equipment, farm machinery, including tractors, and also machine tools. Renault automobiles successfully compete with cars of private companies on the home market and are also exported. The company has its branches in many European and African countries and also in the United States. It should be added that the working conditions, social security and housing conditions of Renault workers are better than in the other nationalised industries. Air France has for years been an example of a prosperous and profitable state enterprise.

It is characteristic that spokesmen of French monopoly capital, criticising the coal and power industries for being unprofitable, at the same time are trying to denationalise first not these industries, but the Renault works and Air France. There are two reasons for this: first, Renault and Air France are the most prosperous state enterprises, and their fixed capital has been almost completely renewed in recent years, so that their return into private hands promises huge profits. Second, both enterprises constitute a dangerous precedent—they demonstrate the advantages of state over private enterprise and create a threat to private property. It cannot be said that the attempts of the bourgeoisie to return Renault and Air France into private hands have been entirely unsuccessful; the first step in this direction has been made—30 per cent of Air France's capital is now in private hands and this big and strong company is gradually being subordinated to private capital. Compag-

nie Générale Transatlantique, Compagnie des Messageries Maritimes and other large state marine shipping companies have been partly denationalised. Should reaction be intensified in France, the bourgeoisie would press even more vigorously for the denationalisation of the state-owned sector. Definite influence along these lines is also exerted by the Common Market in which France lays claim to a leading role.

The Austrian bourgeoisie took the partial denationalisation of state-owned industry in Britain, started by the Conservatives in 1953, as the signal for a similar drive on their nationalised industries and banks. Nationalisation had been forced upon the Austrian bourgeoisie and it had no intention of perpetuating it.

By the mid-1950s, the political and economic positions of the Austrian bourgeoisie had been sufficiently consolidated, and the post-war shocks were a thing of the past. The Austrian monopolies launched a campaign against the democratic gains of the people, above all the nationalised industries and banks. Denationalisation of industry loomed big in the 1956 election platform of the People's Party which speaks for Big Business. The campaign against the nationalised sector was launched under the slogans of fighting for a relaxation of state intervention in the economy and the "liberalisation" of economic life. The Austrian monopoly bourgeoisie sought to conceal by these demagogic slogans its desire to lay its hands on the enterprises in which the state had invested colossal resources totalling thousands of millions of schillings. Although these enterprises were actually under monopoly control, the capitalists could not run them at will, as they run their private establishments. They were unable to extract from them the maximum profits they get from their own factories. They were eager to grab the part of the profit that remained in the hands of the state.

Another reason for the denationalisation drive was the Austrian bourgeoisie's fear of the workers and their striving for socialism which became stronger after Austria's neighbours, the European People's Democracies, had embarked on the road towards socialism. The demand for the denationalisation of state industry and the banks became the chief slogan of the Austrian People's Party.

All this makes it clear why after the conclusion of the State Treaty, most of the former German property handed over to Austria was sold for a song to foreign, including German, capital. "No strengthening of the nationalised sector"—was the slogan of the bourgeoisie.\*

The Austrian bourgeoisie did not venture to launch a head-on attack on state ownership like the British Tories. It chose the French way of gradually converting state enterprises first into mixed and then private ones. In Austria this is done under the guise of "people's capitalism" by issuing so-called people's shares.

The Austrian bourgeoisie thus decided to denationalise the state-owned sector by selling its shares, supposedly to "democratise" the enterprises. The ownership of those shares, so claim the apologists of capitalism, turns the workers into "co-owners" of capitalist enterprises; they can take part in meetings of shareholders and influence the activities of enterprises, and so on and so forth. Friedl Fűrberg rightly stated that "the 'people's shares' in no way differ from the other shares issued by capitalist companies. The term 'people's shares' has been used to camouflage the process of handing back to private owners enterprises which were, or are, the property of the state."\*\*

At the 1956 elections the People's Party won more seats than the Socialists. As a result, the party succeeded in compelling the Socialists to agree to the reorganisation of the agencies in charge of the nationalised enterprises, which increased the influence of the monopolies in the state sector. The Ministry for Nationalised Enterprises was dissolved. Its place was taken by a new organisation *Österreichische Industrie und Bergbauverwaltungs GmbH*, in which representatives of the People's Party gained a leading position. The next step was the decision to annul clause four of the nationalisation law, according to which the nationalised enterprises had a right to invest part of their profits in expanding production and satisfying the needs of the workers. This clause was of vital importance

\* *Problemy sovremennogo kapitalizma i rabochy klass (Problems of Contemporary Capitalism and Working-Class Movement)*, Prague, 1963, p. 120.

\*\* *World Marxist Review* No. 7, 1960, p. 29.

and its annulment signified the complete loss of financial independence by the nationalised enterprises and undermined their further development.

The banks were the first nationalised establishments whose shares were sold. This step was facilitated by the fact that the nationalised sectors and banks had preserved the joint-stock form of organisation even after they had passed into the possession of the state. In January-February 1957, 40 per cent of the shares of two credit banks—Credit Anstalt and Länderbank—were sold. Denationalisation was next extended to industry. At the end of 1957, 24 per cent of the shares of the Rotax-Werk engineering company and the Jenbach engineering works were sold. In the same year, a number of oil firms were denationalised; they were captured by Anglo-American companies. By the middle of 1959 more than 70 former German enterprises, handed over by the Soviet Union to Austria in 1955, had also been sold.

Denationalisation in Austria extended above all to the manufacturing industry and oil refineries in which foreign monopolies were particularly interested. Nevertheless, direct and indirect state property in Austria remains quite large: it amounted to 72 per cent of the country's entire joint-stock capital on December 31, 1960.

The partial denationalisation of industrial enterprises and banks in Austria signified a direct offensive by the bourgeoisie on the interests of the working class and its democratic gains. The policy of the coalition government (which consisted of members of the People's Party and the Socialist Party) naturally aroused the people's dissatisfaction. The Socialists then decided to put up a show of "opposition" to further denationalisation. This led to certain disagreements in the government, of which the People's Party took advantage to hold early elections in May 1959, hoping to win an absolute majority in Parliament. But these hopes did not materialise: the Socialists polled a bigger vote, although in Parliament they gained one seat less than the People's Party. They utilised their success to regain the positions in the administration of the nationalised enterprises and banks they lost in 1956, but did not venture any farther. The people actually won nothing from their victory at the polls. During the election

campaign the Socialists had to come out openly against the denationalisation policy pursued by the People's Party. This to a certain extent tied their hands and served to stem the denationalisation process in Austria.

The Austrian Government, acting in the interests of the monopolies, has long been applying a policy which actually hampers the operation of the nationalised enterprises. "Nationalised banks subordinated to the Finance Ministry when granting credits raise the biggest obstacles to the nationalised enterprises; the nationalised oil administration has no marketing network and Austrian oil products are sold chiefly by the Mobile, Shell, Aral, and BP firms."\*

The Socialist leaders, participating with the People's Party in the coalition government, bear full responsibility for this policy directed against the interests of the Austrian people.

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A study of the economic and political consequences of bourgeois nationalisation shows:

1. The post-war nationalisation of industry in West European countries was utilised by the imperialist bourgeoisie as a way of saving capitalism in face of the rising working-class movement. The nationalised sector became part of the system of state-monopoly capitalism

Industry and the banks were nationalised on conditions highly advantageous to the bourgeoisie: former owners were paid compensation which actually exceeded the value of the nationalised enterprises; leading posts in the administration of the nationalised sector and individual enterprises remained in the hands of big capitalists; the nationalised sector, providing private capitalist enterprises with cheap power and raw materials, has facilitated the further enrichment of the monopolies.

2. Bourgeois nationalisation is unable to eliminate the organic vices of capitalism and its contradictions: it does not place all members of society in equal relation to the means of production, does not abolish exploitation and

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\* *Problemy sovremennogo kapitalizma i rabochy klass*, p. 120.

does not ensure a fair distribution of the national income. The programme of the C.P.S.U. points out that "the dialectics of state-monopoly capitalism is such that instead of shoring up the capitalist system, as the bourgeoisie expects, it aggravates the contradictions of capitalism and undermines its foundations."\*

3. In present-day conditions the imperialist bourgeoisie is opposed to further nationalisation and seeks to denationalise the state enterprises. The monopolies see in nationalised establishments a threat to all private property. They attack the results of nationalisation everywhere, and try to discredit it despite the fact that the nationalised enterprises are serving their interests.

The attack of the monopolies on the nationalised industries has been stepped up in view of the great successes of the socialist countries which are exerting a big influence on the working people in the capitalist countries. In these conditions monopoly capital is doing everything to prevent any further nationalisation of industry demanded by advanced sections of the working class.

### **3. THE REACTIONARY NATURE OF THE REFORMIST THEORIES OF NATIONALISATION**

Reformist theories of nationalisation first became widespread after the end of the First World War when, under the influence of the Great October Socialist Revolution, a revolutionary situation arose in a number of European capitalist countries and socialism became the immediate, militant aim of the working class.

In contrast to the Marxist-Leninist doctrine of the socialist revolution and the dictatorship of the proletariat, the European Social-Democratic leaders put forward the fallacious reformist theory of gradual transition to socialism through the "socialisation of the economy", without the proletariat taking political power. To deceive the masses they made use of the Marxist demand for the socialist nationalisation of the means of production which was

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\* *The Road to Communism*, p. 472.

popular among the workers. In Germany, Austria and some other countries the reformists enjoyed decisive influence among the masses and they succeeded in making the working people believe in this spurious socialism. In 1918 a clause on the nationalisation of industry was incorporated for this purpose in the Constitution of the British Labour Party.

In 1918 and 1919 the Social-Democratic leaders spoke about nationalisation much more than they actually intended to do. This fully suited the bourgeoisie—storm clouds were gathering over private property and the promise of the Socialist leaders to effect “socialisation” was a reliable lightning conductor. In face of the mounting revolutionary upsurge of the working masses, the Social-Democratic leaders by their reformist and opportunist policy helped the bourgeoisie of the industrially developed European countries and prevented the working class from following on the path blazed by the October Revolution.

In the interval between the two world wars, the demand for the nationalisation of industry constantly figured in the programmes of the Social-Democratic parties in the European capitalist countries. For example, the demand to nationalise the land and its mineral wealth, power sources and the biggest monopolies was incorporated in the Heidelberg Programme of the German Social-Democratic Party approved at its congress in 1925. The Austrian Social-Democracy declared in the Linz Programme adopted in 1926 that it based itself on the theory of scientific socialism and aimed to socialise the means of production. At the same time, the Linz Programme denied the historical inevitability of proletarian dictatorship during the transition period from capitalism to socialism. Behind Left phrases it concealed a renunciation of the Marxist-Leninist doctrine of the socialist revolution.

After the Second World War, the Social-Democratic parties in Britain, France and Austria supported nationalisation. This, however, did not signify any change in the position of the Right-wing reformist leaders on the role of nationalisation in the struggle for socialism. They did everything in their power to prevent the struggle for nationalisation from growing over into a battle for political power leading to the abolition of the capitalist

mode of production. To this end, they again resorted to spurious socialism, seeking to pass off bourgeois nationalisation as "socialisation of the economy" and the introduction of socialism.

In Britain, where nationalisation as effected by the Labour Party was from the very outset chiefly aimed at reinforcing the economic and political power of monopoly capital, the Right-wing leadership promised the working class to build "democratic socialism" and to solve all social problems by nationalisation.

In its first years in office, the Labour government took a lot of trouble to publicise its nationalisation measures. It succeeded in making the workers think that in Britain capitalism was being transformed into socialism through nationalisation, seeking thereby to conceal for a time the bourgeois nature of nationalisation.

The Right-wing Socialists in Austria and France, like the Right-wing Labour leaders, pictured the post-war nationalisation of industry as the realisation of socialist ideals and the growth of socialist shoots within the capitalist economy. The treacherous, splitting policy of the Right-wing Austrian and French Socialists prevented the working class from acting in a united front against the omnipotence of monopoly capital and ensuring the nationalisation of all key sectors. After the war, leaders of the Social-Democratic Party in West Germany also advocated the theory of capitalism "growing over" into socialism.

In the early 1950s, the stand of the Right-wing Socialists on the nationalisation of industry began to change in essence. Monopoly capital in the West European countries had recovered from the upheavals caused by the Second World War and had derived big benefits from post-war nationalisation. But further socialisation ran counter to its fundamental interests because it would strike a crippling blow at the citadel of private property. In these conditions, the reformist leaders of the Socialist parties openly began to renounce the policy of nationalisation. In articles, books, and programme statements, Socialist party leaders and theoreticians in Britain, Austria and West Germany declared that nationalisation was an "obsolete" means of struggle for socialism; the mixed economy was praised

and claims were made that capitalism was no longer capitalism but a "welfare society", and so on and so forth. In the past, Social-Democratic parties at least formally proclaimed it their aim to nationalise the means of production. Now, in their new programmes capitalist private property is officially protected as the "foundation of democracy".

In *Britain*, renunciation by the Right-wing Labour leaders of any socialist aims or any further nationalisation of industry was strikingly expressed in a number of documents and the party's entire policy after the Conservatives came to power in 1951. The thesis that contemporary capitalism was gradually being transformed into socialism and Britain in fact was no longer a capitalist country was expounded at length by Hugh Gaitskell, then Labour Party leader, in a pamphlet *Socialism and Nationalisation* (1956) and by Labour theoreticians C.A.R. Crosland in his books *New Fabian Essays* (1953) and *The Future of Socialism* (1957) and John Strachey in the book *Contemporary Capitalism* (1956). Crosland, for example, asserted that capitalism was turning into an entirely different system, as a result of which the traditional socialist analysis of capitalism was largely becoming obsolete.\*

In another book Crosland asserts that in present-day conditions "the ownership of the means of production has ceased to be the key factor which imparts to a society its essential character."\*\* This viewpoint was shared and actively advocated by Hugh Gaitskell. Crosland and Gaitskell frankly took up the cudgels on behalf of private property, asserting that it was no longer of any importance to the nature of society who owned the means of production. The same propositions were expounded in the programme statements of the Labour Party published in 1957.

From "theoretical" arguments about the nature of ownership in contemporary society and its role, the Right-wing Labour leaders went over to practical action: they attempted not only to delete from their programmatic

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\* See C.A.R. Crosland, *New Fabian Essays*, London, 1953, p. 35.

\*\* C.A.R. Crosland, *The Future of Socialism*, 1957, p. 74.

statements demands for nationalisation of the basic monopolies but also to amend the party's 1918 Constitution, deleting from it Clause 4 which speaks of the necessity to establish "common ownership of the means of production, distribution and exchange" for building socialism in Britain.

At the annual Labour Party Conference in Brighton in 1957 the Right-wing leaders succeeded, though not without a struggle, in pushing through a programme document on home economic policy known as *Industry and Society. Labour's Policy on Future Public Ownership*. Here no new measures of nationalisation were proposed, although it spoke about the domination of the country's economy by 600 monopolies. The Right-wing Labour leaders merely reserved the right, should they come to power, to buy up shares of private firms and also to nationalise enterprises and industries which were "failing the nation". In the course of the discussion at the Conference the demand to renationalise the steel industry and road haulage was included under pressure from the trade unions.

A Special Conference of the Labour Party was held in Blackpool at the end of November 1959 to discuss the results of the elections, at which Labour had suffered its third post-war defeat. At the Conference Hugh Gaitskell, who was then the party's leader, spoke up for revision of Clause 4 of the Constitution. He said that nationalisation was not the only goal and that the Labour Party had many other socialist goals. He also frankly admitted that he favoured one form or another of mixed economy. This statement was a natural consummation of the policy of renouncing further nationalisation invariably pursued by the Right-wing Labour leadership after the Conservatives came to power in 1951. The leadership thus openly renounced socialist aims and frankly supported capitalism, but the Blackpool Conference did not support it.

After the Blackpool Conference a keen struggle was fought within the party on Clause 4. Most Labour Party constituencies and the big trade unions were opposed to Gaitskell's proposals and spoke up for the nationalisation of large-scale industry. Many Labour leaders, afraid to discredit themselves, took an evasive stand on Clause 4, while some well-known Labour leaders like Harold Wilson

and Richard Crossman said outright that they were against revising the Constitution.

Taking into account the alignment of forces, the National Executive of the Labour Party at its meeting on March 16, 1960, was compelled to reaffirm Clause 4 as it was incorporated in the 1918 Constitution. But a statement on this question published by the National Executive contained amplifications and explanations of the Constitution. The comments on Clause 4, on the one hand, stated that the Labour Party was convinced that its social and economic aims could be achieved only by bringing the scale of public ownership to a point adequate for handing over key positions in the economy to society. On the other hand, it was stressed that participation of the state in the activity of private companies would be preserved and the presence in the economy of both state and private enterprises was permissible. Evidently these comments were attempts at compromise and signified slightly camouflaged support for the "mixed economy".

This statement drawn up by the National Executive and published in mid-March 1960, gave rise to another bitter polemic over Clause 4 and the socialist aims of the Labour Party. Most of the rank and file were in favour of keeping Clause 4 in the Constitution without any change or comment. At the annual conference held in Scarborough in October 1960, Labour constituencies and trade unions tabled 32 resolutions on Clause 4. Only one approved the statement of the National Executive, while the others rejected it. This meant that a majority of the party was in favour of keeping Clause 4 in its original wording.

At the Scarborough Conference, the Right-wing leaders sought frantically to make the party renounce the principles of nationalisation and the socialist aims of the movement but they failed. The conference passed a resolution reaffirming Clause 4 and simultaneously instructing the Executive to draw up for the next parliamentary elections a programme for the further nationalisation of a number of key sectors of the economy: the insurance companies and the engineering, chemical and building industries. Moreover, the conference instructed the National Executive to draw up proposals for the nationalisation of land.

The Scarborough Conference steered a leftward course. But the Right-wing leadership did not lay down its arms and, relying on a majority in the National Executive and in the parliamentary Labour Party, launched a counter-offensive to regain its lost positions and prevent a further leftward swing in the Labour movement. The Right-wing leaders, far from complying with the decisions of the conference, launched an open struggle against them. The result was that, as pointed out in the political resolution of the Twenty-Seventh National Congress of the Communist Party of Great Britain, "there is no parallel to the situation which has arisen. The victories of the Left forces at Scarborough, and the subsequent fight of the Right-wing leadership to defy the conference decisions, have brought about the most important battle on policy and leadership in the modern history of the Labour movement. It will be decisive for the future of the Labour Party and British politics".\*

At the annual conference of the Labour Party, held in Blackpool from October 2 to October 6, 1961, a statement was adopted (*Signposts for the Sixties*) designed to serve as a basis for the election programme of the party at the next general elections. This statement was a departure to the right from the decisions taken at the Scarborough Conference. True, it spoke of the menacing growth of the private monopolies and consequent concentration of economic power in the hands of persons bearing no responsibility to anyone. The statement noted in particular that "the giant corporations or private financial empires which dominate so much of the British economy, and which decisively influence its total performance, grow each year larger, fewer and yet more closely interlocked".\*\*

One would have thought that after such a characteristic of the monopolies only one proper and consistent conclusion could be drawn—the need for their nationalisation. This was demanded by the Labour rank and file. But there was nothing like it in the *Signposts for the Sixties*. It stated: "Where vast concentrations of economic power have created monopolies, the government, on behalf of

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\* *Twenty-Seventh Congress Report*, London, p. 49.

\*\* *Signposts for the Sixties*, 1963 (Tenth Reprint), p. 17.

the people, has the right to insist that such economic empires be made accountable for the public interest." Next came a sentence about renationalisation of the steel industry and the transport system. The British Labour leaders offered no other measures for combating the omnipotence of the monopolies. But they once again stressed that alongside nationalisation it was necessary to strive for "state participation in industrial companies on a partnership basis".\*

At the annual conference of the Labour Party, held in Scarborough between September 30 and October 4, 1963, the main points of the party programme at the 1964 general elections were expounded and approved. In the economic sphere the programme called for the renationalisation of the steel industry and road haulage; the nationalisation of some urban land for housing construction; the discontinuation of the closing of railways under the Beeching Plan; equal pay for equal work; abolition of payment for medicines and improvement in medical service to the people. All these demands are progressive, but they do not solve the urgent economic problems confronting Britain and do not undermine the domination of monopoly capitalism.

The decisions of the 1963 Scarborough Conference did not reflect the real sentiments of the Labour rank and file. This was clearly indicated by the decisions of the TUC Congress held early in September 1963 in Brighton. The Congress unanimously adopted a resolution instructing the TUC General Council to launch a campaign for the further nationalisation of industry and establishment of "popular control of key enterprises". The Congress pointed to the need for the nationalisation of road transport, steel, aircraft, shipbuilding and electrical engineering. At the same time it expressed alarm at the concentration of economic and political power in the hands of a few powerful groups arising from the increase in mergers. These decisions of the Trades Union Congress were not reflected in the election programme of the Labour Party.

The parliamentary elections in October 1964 brought victory to the Labour Party. The defeat of the Tories was

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\* *Signposts for the Sixties*, pp. 17-18.

a result of the voters' dissatisfaction with the home and foreign policy of the Conservative Party, dissatisfaction which spread far beyond the bounds of the working class. The fifth Labour government came into office, but with a very slender majority in the House of Commons.

The government's programme was announced in the Queen's Speech on November 3, 1964. The party called for the nationalisation of the steel industry, the abolition of the house rent law, the abolition of payments for medical prescriptions and other measures. But the Labour government from the very outset encountered great difficulties, on the one hand, the legacy left by the Tory government and, on the other, those artificially created by the country's financial and industrial tycoons to undermine Labour's economic programme.

In the first 18 months in office the new Labour Government did not carry out a single promise in the economic sphere: profits of the big monopolies were not restricted, the steel industry was not nationalised and the state road transport was not consolidated. The Government sought to justify its indecisive policy by the small majority it had in Parliament. In the spring of 1966, the Labour Party, taking into account the sentiments of the voters, decided to hold new general elections in order to win a decisive majority in the House. It appealed to the people to give it a stable majority so that the party could live up to its election promises. The British working class and other electors interested in social changes and in restricting the omnipotence of the monopolies cast their votes for the Labour Party, which won a big majority in the House of Commons. Harold Wilson headed the sixth Labour Government. But in the period which has passed since the elections there have been no essential changes both in the home and foreign policy of the Government. The near future will show whether the Labour Government will live up to its promises.

In *France*, the Right-wing leaders of the Socialist Party, while not coming out openly against nationalisation, for a long time held a reformist stand on this basic question. During the advance of the working-class movement after the war they tried to picture partial nationalisation as a socialist measure. Like the British Right-wing Labour leaders they asserted that socialism could be achieved

through the mere expansion of state property which could lead by itself to radical social changes.

The specific features of the ideological and political struggle over nationalisation in France are determined by the big size of the state and municipal sector, its role in the country's economy and distinctions of development. In the first post-war years, the nationalised sector was in the van of social legislation (pensions and various benefits); it gave its staff firmer guarantees against unemployment and maintained a slightly higher wage level than the private sector. This was one of the reasons for the frenzied attacks by all reactionary elements on nationalisation as such and the nationalised sector. Some 10 or 12 years later the situation in the nationalised industry sharply changed. Inflation wiped out the advantages formerly enjoyed by persons employed in state establishments, because their administrations using their "losses" as a pretext, resisted demands for an increase in wages to meet the rise in the cost of living much more stubbornly than employers in the private sector.

The people employed at private enterprises have won definite social gains through strikes. As a result, factory and office workers in the nationalised sector have found themselves in a worse position than those in the private sector. Hence it is not surprising that it was the state enterprises which in the 1950s and 1960s were the main hotbeds of strikes.

Some of the French Socialist leaders have renounced the demand for the nationalisation of large private property as the main requisite for the transition to socialism. Jules Moch, prominent Right Socialist, wrote, for example, in an article entitled "Reflections on Socialist Planning": "To carry out socialist changes it is much more necessary to win power—economic, social and legal, based on the private property regime—than to socialise this property itself." This is not a slip of the tongue, for on another page Moch stresses the "priority of socialist planning over socialised production".\* Evidently, in this case, the author is trying to substitute talk about "winning

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\* *Revue Socialiste* No. 125, 1959, pp. 398-99.

economic power" and "planning" for the question of changing the form of ownership and is seeking to persuade rank-and-file Socialists that the further nationalisation of industry is not necessary at all.

French Communists, fighting against the revisionism and reformism of the Right-wing Socialists, explain to the working people that the "transition to socialism is impossible without a socialist revolution which should break up the old bourgeois state machine and replace it by a proletarian state and also socialise the basic means of production".\*

The French Communist Party resolutely defends genuine, democratic nationalisation in its programme documents, drawing a sharp line of demarcation between it and the existing status of the nationalised sector which has been converted into an instrument of the financial oligarchy. The Communists prove that for nationalisation to be genuine the monopolies must be ousted from the administration of state enterprises and the latter must be placed under the control of the working people. The French Communist Party stands for the further expansion of the nationalised sector.

It is indicative that in 1962 and 1963 the French Socialist Party, adapting itself to the new situation, also put forward the demand for the nationalisation of a number of industries and banks. The regular Socialist Party Congress, held from May 30 to June 2, 1963, in Issy-les-Moulineaux adopted a programme which called in particular for the nationalisation of the banks and the steel and cement industries; the democratisation of the management of the nationalised sectors; the observance of the right of the working people to strike, etc. The dovetailing of the views of the two workers' parties on such important questions could be of great importance in overcoming the split in the French working-class movement and establishing a united front against the monopolies.

In *Austria*, the open renunciation by the Right-wing Socialist leaders of Marxism and the socialist transformation of society was reflected in the new draft programme

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\* Waldeck Rochet, "Rapport du Comité Central", *Cahiers du Communisme* No. 6, June 1961, p. 75.

published in November 1957. It was drawn up under the guidance of Benedikt Kautsky who at that time was one of the party's leading theoreticians.\* The draft programme asserted that contemporary society developed differently from the way predicted by Marx in the *Communist Manifesto*. "Instead of the division of society into proletarians and capitalists," the authors of the draft programme stated, "many classes and population groups have been formed, and similarly instead of an irreconcilable antagonism between these two classes, a whole complex of diverse interests has arisen which can be combined in different ways."\*\* These reformist arguments about class harmony and the community of interests of the capitalists and the workers crudely distort reality to suit the interests of monopoly capital.

The draft programme of the Socialist Party again put forward the "theory" of the peaceful "growing over" of capitalism into socialism which was exposed long ago; it reflected the desire of Right-wing Socialist leaders to preserve capitalism under a "socialist" signboard. This is eloquently attested to by the attitude of the Socialist leaders to private property which they seek to perpetuate by every possible means. "Old style nationalisation is not popular now," declared *Die Zukunft*, central organ of the Austrian Socialist Party. "On this question we have renounced the views upheld by Karl Marx and previous Socialists. We want to free from socialisation not only the small cobblers with their tools, but also enterprises with many hundreds of workers which will continue to exist under socialism."\*\*\*

The reformist leadership of the A.S.P., advocating socialism in words, actually defends capitalism; it has made every effort to divert the working people from the struggle for the revolutionary reconstruction of society along socialist lines. The new A.S.P. programme was meant to legalise the departure of the party from Marxism and, instead of the class struggle, proclaim the idea of social peace and collaboration with the bourgeoisie.

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\* Benedikt Kautsky, a son of Karl Kautsky; died in 1960.

\*\* *Arbeiter Zeitung*, November 23, 1957.

\*\*\* *Die Zukunft* No. 1, 1958, p. 8.

But the rank-and-file Socialists did not meekly follow their reformist leaders. The draft programme evoked a serious discussion. The Socialist workers were highly dissatisfied with the absence in the draft programme of any demand for the further nationalisation of industry. As a result of the discussion, the reformist leadership had to make essential changes in the programme, to delete the statement about the frank renunciation of Marxism and other odious formulations. The party leaders tried to conceal their setback and bolster up their shaken positions by alleging that the discussion in the party was not unexpected, and that they had deliberately prepared and stimulated it. This idea was formulated at the A.S.P. Congress in May 1958 by Benedikt Kautsky who said that "some debatable propositions were deliberately put forward in the original draft" to see how the party membership would react, to see what it wanted.\*

Although the new programme differed from the original draft which most fully reflected the intentions of the reformist leadership, it preserved its anti-Marxist and anti-communist trend. If we leave aside all the statements about "democracy", "freedom and human rights", we will find that these high-sounding phrases conceal propositions designed to perpetuate capitalism. True, the Right-wing reformist leaders, as it says in the programme, intend "to include key sectors or enterprises into the system of the socialised economy and to make the men who hold a leading position in the economy and administration responsible to the people."\*\* But after such a "seditious" phrase the authors of the programme correct themselves and state that "socialisation will affect chiefly the large enterprises whose dominating position threatens the economic and political interests of the whole of society. In such cases the owners should receive full compensation corresponding to the value of the property they hand over." It is not clear who should determine the degree of the threat. The A.S.P. programme further points out that "owing to the prevalence of small and medium-sized

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\* *Arbeiter Zeitung*, May 15, 1958.

\*\* Here and elsewhere the new programme of the A.S.P. is quoted after the text printed in *Arbeiter Zeitung*, May 15, 1958.

establishments in the Austrian economy private enterprise will be preserved in wide spheres of the economy in future as well". From this it is clear that "democratic socialism", advocated by the Austrian Right-wing Socialists, is not socialism at all but ordinary capitalism, with all its intrinsic "blessings": exploitation, the anarchy of production, competition, crises and unemployment.

The new A.S.P. programme ends with a section called "Socialism Today and Tomorrow". The rank-and-file Socialists are again assured that a democratic welfare state, "democratic socialism" is gradually breaking its way through in Austria. The programme says that "democratic socialism" has to "wage a struggle on two fronts for the achievement of its aim" and that "it cannot agree to conciliation either with Communism or with capitalism".

Actually, however, the Austrian reformists have not waged any struggle against capitalism, nor do they intend to do so. This is clear both from the programme and the practical activities of the Right-wing Socialists. For a long time they have been sharing power with the party of big capital and are fully satisfied with their position. On the other hand, the reformist leadership of the Austrian Socialists has been waging for decades now both an overt and a covert struggle against communism, slandering the Soviet Union and the other socialist states, trying to discredit Marxism-Leninism, to vitiate with the poison of reformism and opportunism the minds of the working people and divert them from the revolutionary struggle for socialism.

The Austrian Communist Party put forward in opposition to the reformist programme of the A.S.P. its own platform, *Austria's Road to Socialism*. This document, approved by the A.C.P. Conference in February 1958, presents a profound Marxist-Leninist analysis of the policies and economy of contemporary capitalism and contains a fundamental critique of the reformism of the Right-wing Socialist leadership. "*The reformist road has not led to socialism in any country*. In countries where reformists have headed or are heading the government, capitalism, as before, is unshakably in power. Reformist policy makes it easier for capitalism to camouflage its rule and ensures it a respite during economic and social crises to reinforce

its system. Reformism weakens the working class, keeps it from waging a consistent class struggle and thus makes it easier for the bourgeoisie to resort to fascism if its power is threatened. *In contrast to this, the revolutionary road of Marxism-Leninism has already led to the abolition of capitalism's domination on one-third of the globe.*\*\*

In West Germany, the Right-wing leadership of the Social-Democratic Party long ago actually broke with Marxism, but the official and open renunciation of the theory of scientific communism was for the first time reflected in the new programme of the Social-Democratic Party, adopted on November 15, 1959, at the party's special congress in Bad Godesberg. The new programme is thoroughly permeated with the spirit of reformism. Although the programme does mention socialism, "democratic socialism" of the German Social-Democrats is actually only a figleaf concealing an apology for monopoly capitalism.

In the section "Economic and Social System", the new programme proclaims that "the aim of the Social-Democratic economic policy is a constant rise in public welfare and a guarantee to every member of society of a fair share in the national income, a life of freedom without any degrading dependence or exploitation". The authors of the programme demagogically declare that "curbing the power of representatives of large-scale economy is the cardinal task of a free economic policy".\*\*

How do the Right-wing Socialists intend to secure to the population of West Germany "welfare", "justice" and "freedom"? Instead of proposing the nationalisation of the monopolies, the programme says that "private ownership of the means of production has a right to protection and support, insofar as it does not impede the creation of a just social system". The reformists hasten to put the minds of the capitalists at ease—they proclaim in the programme that "free competition and free enterprise" are an "important element of Social-Democratic economic policy.... That is why the Social-Democratic Party stands for a free

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\* *Volksstimme*, March 4, 1958.

\*\* Here and elsewhere the new programme of the S.D.P. is quoted from the text printed in *Vorwärts* of November 20, 1959.

market where genuine competition always prevails." "Socialist" policy is put in a nutshell as follows: "As much competition as possible, as much planning as is necessary" [!].

But if private ownership of the means of production, the free operation of the market forces and the exploitation of wage-workers are preserved how will a "just" distribution of material wealth be ensured? Through wages. "The wage policy," it is pointed out in the programme, "is a suitable and necessary way of attaining a more just distribution of incomes and property."

If we are to believe the Right-wing leaders of the German Social-Democrats, a "more just distribution of national income" can be achieved without a change in property relations, without abolishing the economic power of the monopolies. This myth was fully blasted long ago by Karl Marx who wrote in the *Critique of the Gotha Programme* that "any distribution whatever of the means of consumption is only a consequence of the distribution of the conditions of production themselves. The latter distribution, however, is a feature of the mode of production itself".\* From this it follows—and events have fully confirmed it—that under capitalism when private property in the means of production is preserved just distribution of material wealth is impossible. Marx called the proponents of this "theory" of distribution vulgar Socialists. Today the Right-wing leaders of the Social-Democratic Party are trying to cover up by the threadbare dogmas of vulgar socialism their betrayal of the working class and defence of capitalism.

In the final section of the programme, tendentiously called "The Road", the Right-wing Social-Democratic leaders seek to make the working people believe that the proletarian, "at one time the mere object of exploitation by the ruling classes, now holds his own place as a citizen of the state with recognised equal rights and duties". Next, the authors of the programme rain down slanders on communism and the communist movement, once again demonstrating their break with Marxism.

The new draft programme was seriously criticised at the

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\* Marx, Engels, *Selected Works*, Vol. II, p. 25.

special congress in Bad Godesberg. The overwhelming majority of the delegates who spoke in the debate characteristically criticised the programme, while it was mainly members of the party's Central Board who came out in its support. "The greatest opposition—embracing about one-third of the delegates—was directed against the economic section of the programme. The main reason for this was the abandonment of any socialist perspective and the principle of public ownership of the means of production. Some of the delegates spoke against the break with Marxism. They emphasised that developments in West Germany had confirmed the soundness of Marx's theories."\*

Although the new S.D.P. programme was ultimately accepted, the debate at the congress showed that there was a great striving towards Marxism, towards genuine, and not spurious, socialism among the rank and file.

The Communist Party is outlawed in West Germany and is forced to carry on its activities underground. The Right-wing leaders of the Social-Democratic Party, far from opposing the medieval witch-hunt staged in Karlsruhe, even deepen the split in the working-class movement by forbidding rank-and-file Social-Democrats to maintain contact with Communists. In its policy and practical activity the German Communist Party, on the contrary, tries to heal the split in the working-class movement and to establish unity of action between the Socialists and the Communists in the struggle against the monopolies and militarism, for peace, democracy and socialism.

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The Right-wing leaders of the Social-Democratic parties in the West European countries had actually broken with revolutionary Marxism even prior to the First World War. But for a long time they concealed their opportunism and revisionism on the question of the socialist revolution and the nationalisation of the means of production by socialist

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\* Thomas Wegener, "Apologetics of Capitalism (Apropos of the New Programme of the Social-Democratic Party of Germany)", *World Marxist Review* No. 1, 1960, p. 22.

phraseology and did not openly admit their break with Marxism in their programmes. A study of the policy of the Social-Democratic parties of the West European countries at the present stage makes it possible to draw the following main conclusions:

1. The opportunism and reformism of the Right-wing Social-Democratic leaders stands out especially on the question of the nationalisation of the means of production. Marxism-Leninism demonstrates that without the abolition of the political and economic domination of the bourgeoisie, without the socialist nationalisation of the means of production, it is impossible to abolish the exploitation of man by man or to build a new, socialist society. It is for this reason that the working people in the capitalist countries have always supported the clause on the nationalisation of industry in the programmes of Marxist workers' parties.

This demand by the proletariat is naturally feared by the bourgeoisie. The capitalist class has used, and is using, every means to prevent the loss of its power and wealth. That is why it is bending every effort to subordinate the Right-wing Socialist leaders to its influence and use them to infect the minds of the workers with reformism, divert them from the straight path to socialism, and make them abandon the struggle for political power, for the socialisation of the means of production.

2. The views of the Right-wing Social-Democratic leaders on nationalisation have changed in the last two decades. In the interval between the two world wars, they spoke in favour of the nationalisation of industry. But after the Second World War when a real possibility arose to nationalise the basic means of production in a number of West European capitalist states, such as Britain, France, Austria and West Germany, the Right-wing Social-Democratic leaders did not take a consistent stand on this fundamental issue. As a result, nationalisation in these countries was very limited.

3. Leaders of the British Labour Party and the French and Austrian Socialists have portrayed post-war nationalisation as the attainment of their parties' socialist aims, as the creation of socialist oases in the capitalist economy. Subsequently, when the monopolies recovered from the

war, regained their economic positions and launched an attack on the nationalised industries, the Right-wing Socialists changed their policies and began to attack the principle of nationalisation.

Another reason why the struggle over nationalisation is so keen is because capitalism has ceased to be the dominating social system in the world by the beginning of the third stage of the general crisis of capitalism. Socialism is turning more and more into the decisive factor of mankind's development. In their attempt to paralyse the influence exerted by the very existence of the socialist system on the struggle of the working class in the capitalist countries, the Right-wing Social-Democratic leaders in the West European countries, as though on orders, began to renounce the principle of nationalisation in their party documents, election declarations and new party programmes. To deceive the working people they claim that the level of nationalisation achieved so far is quite enough to control the entire economy, that "socialist" aims can now be achieved without socialising means of production, and so on and so forth. All this serves one aim—to defend private property and perpetuate capitalism.

4. The reformist policy of the Right-wing Social-Democratic leaders is increasingly opposed by Socialist workers. The rank and file, as before, support the Marxist demand to "expropriate the expropriators" and call for unity of action with the Communists. This struggle within the Socialist parties was strikingly reflected during the debates on Clause 4 in the Constitution of the British Labour Party, during the party discussion on the new draft programme of the Austrian Socialist Party and the debates on the new draft programme of the German Social-Democratic Party.

At present there are several streams in the Social-Democratic movement. There are Social-Democrats ready to co-operate with Communists and draw close to them on important questions of the working-class movement. There is a big stratum of Social-Democracy holding a reformist position and, lastly, there are rabid anti-Communists and defenders of capitalism among Social-Democrats. Among the latter are many (though by far not all) Right-wing leaders of Social-Democracy.

5. The Communist Parties in the West European countries are consistently exposing the opportunism and reformism of the Right-wing Social-Democratic leaders, their break with Marxism and the theory of scientific communism and are pointing out to the working people the only true road to socialism, blazed by the Soviet Union and the European and Asian People's Democracies.

At the same time the Communists are aware that Social-Democracy has deep roots in the working-class movement in the West European countries and exerts considerable influence on it. A substantial coincidence of views has emerged recently between Communists and Socialists on such important questions as the struggle for peace, the strengthening and expansion of democracy and the struggle for socio-economic reforms, the democratic nationalisation of industry included, etc. This opens up new prospects for co-operation between Communists and Social-Democrats and paves the way towards unity in the working-class movement.

#### **4. DEMOCRATIC NATIONALISATION AS AN INSTRUMENT OF STRUGGLE AGAINST THE MONOPOLIES**

The post-war nationalisation of a number of industries and banks which play an important part in the economy of Western Europe was a big democratic gain for the working people, a healthy flexing of the muscles in the struggle against monopoly capital, although the working class could not fully enjoy the fruits of its victory. It would be wrong, however, to consider that nationalisation in general has not given the working class anything; it would be a mistake to underestimate the importance of the nationalisation effected so far in the development of the proletariat's class struggle against the bourgeoisie.

In Britain, workers in the nationalised sector have in a number of cases succeeded in winning wage increases, higher pensions, equal pay for women and better working conditions. For example, British miners moved from the 81st place in the wage table among industrial workers, which they held before the Second World War, to 2nd

place. In France, working conditions and social security at national enterprises were improved. Like in Britain, women received equal pay with men. For a short time the French workers were represented in the administrative agencies of the nationalised enterprises. In Austria, during the first post-war years the workers won certain increases in wages, longer paid holidays, higher pensions, and so on. The nationalised enterprises are making contributions from their profits to the social needs of the workers.

Workers at nationalised enterprises in West European countries find it easier to struggle for their rights. The state cannot always behave like the capitalists do and set wages below the general level, resort to wholesale lay-offs, violate labour laws, etc. Strikes at state enterprises are particularly dangerous for the bourgeoisie, inasmuch as they directly aim at the bourgeois state and thereby at the entire capitalist class. There are differences between the position of workers at private and state enterprises. "The somewhat better conditions in which the workers in the nationalised industries wage their struggle are an advantage to the whole working class. Their success and their demands are an example for the working people in the other sectors."\*

The working class of Britain, France, Austria and other West European countries is opposed to the denationalisation of state enterprises and banks, even though they have become part of the system of state-monopoly capitalism. In its fight against denationalisation the working class is guided by its direct and its long-term interests. The Communist Parties everywhere lead the struggle of the workers for the preservation of the nationalised sector, the democratisation of their management, for further nationalisation and against the anti-national policy of the monopolies.

In the present epoch the economic and social prerequisites for fighting for democratic nationalisation in the interests of the people are available in all capitalist countries. The Communist Parties believe that the immediate task of the working class in its struggle against

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\* Friedl Fürnberg, "Nationalisation under Capitalism—Attitude of the Communists", *World Marxist Review* No. 7, 1960, p. 30.

the monopolies is to wrest the nationalised sector of production and banks from the grip of monopoly capital and then continue nationalisation and gain the main commanding heights in the economy, restrict and overthrow the power of the monopolies. In putting forward the programme of struggle against the omnipotence of the monopolies the proletariat takes into account the future and the present interests of the entire people and calls for broad nationalisation on terms most advantageous to the people.

The demand for democratic nationalisation was incorporated in the Appeal of the Meeting of Communist Parties of the European Capitalist Countries, held in Rome in November 1959. The Appeal stressed that the struggle for democracy demands the restriction of the power of the monopolies and undermines their dominating positions in economic and political life. For this it is necessary first of all to nationalise the monopolised sectors of industry, democratise the administrative agencies of the publicly-owned sectors of the economy, stimulate the initiative of the working people and secure their active participation in all spheres of economic life.

The clear-cut, feasible programme of democratic changes advocated by the Communists is of great importance for rallying together all the anti-monopoly forces: the working class, peasantry, intelligentsia and the petty and middle bourgeoisie interested in abolishing the domination of the monopolies. This programme makes it possible to unite all the democratic movements against the oppression of the financial oligarchy into one powerful stream. In the struggle against the monopolies the working class also enters into alliance with forces in bourgeois society which do not set themselves socialist aims.

The conditions for establishing a united democratic front against the monopolies are thus available today. The Statement of the Moscow Meeting of Representatives of the Communist and Workers' Parties (November 1960) points out that unity is quite feasible. It can be achieved "on the basis of the struggle for peace, national independence, the protection and extension of democracy, nationalisation of the key branches of economy and democratisation of their management, the use of the entire economy for peaceful purposes in order to satisfy the needs of the population,

implementation of radical agrarian reforms, improvement of the living conditions of the working people, protection of the interests of the peasantry and the petty and middle urban bourgeoisie against the tyranny of the monopolies".\*

The Communist Parties hold that all these measures are of a general democratic nature. They do not mean a direct transition to socialism. But the struggle for democracy is an integral part of the struggle for socialism.

When there is no immediate revolutionary situation in the capitalist countries, the slogan of democratic nationalisation is becoming a powerful means of struggle against the power of the monopoly bourgeoisie, which brings the working people nearer to the overthrow of the reactionary forces, the regeneration of democracy and the achievement of broad social reforms. Even if nationalisation does not go beyond the bounds of capitalism, it lays bare and exacerbates the antagonistic contradictions of the capitalist mode of production. Capitalism's dialectical contradiction is displayed clearly in bourgeois nationalisation. On the one hand, it is utilised by the monopolies for their enrichment and for social demagoguery and, on the other, nationalisation demonstrates the bankruptcy of the bourgeoisie and the fact that it is not needed for managing production. That is why the working class is interested in expanding and developing the state sector of the economy.

If the democratic forces ensure the nationalisation of key sectors and undermine the power of the monopolies, the struggle of the working class and all the working people for nationalisation cannot but grow over into the struggle for political power, for socialism. When a revolutionary situation arises and the working class accomplishes socialist aims, the means of production socialised by the bourgeois state can at once be converted into public socialist property of the people's state.

The demand for democratic nationalisation now acquires a new ring, above all because a powerful world socialist system exists and is successfully developing alongside the world capitalist system. The example of the peoples in the socialist states who are building a new life on the basis of public property is exerting a direct influence on the

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\* *The Struggle for Peace, Democracy and Socialism*, Moscow, p. 69.

working people in the capitalist countries. By its example victorious socialism is revolutionising the minds of the working people in the capitalist world, inspiring them to struggle against the monopolies and greatly easing the conditions of this struggle. The working people see in nationalisation a step towards the achievement of their aspirations, while the enemies of nationalisation find it increasingly harder to muster convincing arguments in defence of private ownership.

The Communist Parties in the European capitalist countries are putting forward the demand for democratic nationalisation in opposition to the open renunciation of nationalisation made by the Right-wing Socialist leaders and their frank defence of the monopolies to the detriment of the interests of the working class. It reveals to the rank-and-file Social-Democrats the true meaning of the policy of their Right-wing "leaders" who seek to foil the movement for democratic nationalisation and to substitute limited reforms for radical socio-economic changes. It is a simple proof of the fact that the idea of nationalisation is becoming increasingly dangerous to the monopolies.

While reformists and revisionists present bourgeois nationalisation as an advance towards socialism, dogmatists and sectarians, on the other hand, do not see the tremendous revolutionary potentialities inherent in the struggle for nationalisation, considering it a prop to the monopolies, and renounce the struggle for democratic nationalisation. Both harm the working-class movement and hinder the workers from fighting the monopolies.

The Communist Parties see it as their task to rebuff both the reformists and revisionists and the dogmatists and sectarians in overcoming the split in the ranks of the working class and making the demand for nationalisation of the monopolies the militant slogan of the entire proletariat.

In each country the outcome of the struggle for democratic nationalisation of the monopolies depends on the relationship of the class forces, on the extent to which the workers are aware of the need for profound democratic changes.

In *Britain*, the Labour Party continues to play the leading part in the working-class movement. The Right-wing

Labour leadership refuses to co-operate with the Communists and tries unsuccessfully to delete from the party programme the nationalisation clause and the very mention of socialism, in opposition to the feelings of the rank and file. This naturally hinders the struggle of the working class and the Communist Party for democratic nationalisation in the interest of the people. But the struggle in Britain is not hopeless because there are divergences on the question of nationalisation between the Right-wing Labour leaders and most trade unions which are collective members of the party.

In *The British Road to Socialism*, the programme of the Communist Party of Great Britain, it is pointed out that "socialist nationalisation of large-scale industry, banks, insurance companies, big distributive monopolies and the land of the big landowners" is necessary for abolishing the power of monopoly capital in the country.\* The Communist Party set as a primary task the demand to hand over to the people "the five hundred great monopolies which with their subsidiaries control more than half of the country's economic activity".\*\* The programme of the Communist Party calls not only for great expansion in the sphere of nationalisation but also for a radical change in the position of the existing state enterprises (discontinuation of compensation payments, democratisation of management, etc.).

In May 1960 the Executive Committee of the Communist Party adopted an extensive resolution on the Party's nationalisation policy, in which it pointed out that most leading sectors of British industry were ripe for nationalisation. This applies above all to the steel, oil refining, aircraft, automobile and textile industries, key sectors of engineering, the shipbuilding industry, the building materials industry and also commercial banks, insurance companies, investment trusts and construction companies. The Communist Party advocates the democratic nationalisation of these industries and financial institutions and the overthrow of the financial oligarchy's rule.

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\* *The British Road to Socialism*, Programme of the Communist Party, London, 1958, p. 11.

\*\* *Ibid.*, pp. 17-18.

It holds that to achieve the socialist ideals of the British working class it is necessary to ensure the co-operation of Communists, Labour Party members and trade unionists in the struggle for peace, democracy and socialism.

The struggle against the omnipotence of the monopolies in Britain held a central place at the 29th Congress of the British Communist Party in November 1965. The Congress pointed out that Britain had all the requisites for a broad alliance of the people to fight against the monopolies. The Communist Party holds that the crisis in the country cannot be resolved without nationalising key strongholds of the economy. It also stands for higher wages and a shorter working day, for bigger social insurance benefits and a wider social security programme.

In *France*, the policy of monopoly capital, aimed at restoring the nationalised industry and banks to private ownership, is strongly resisted by the advanced sections of the working class led by the Communist Party which not only defends nationalised property but advocates further nationalisation of key sectors of the manufacturing industry and the country's main financial institutions. The bill submitted by representatives of the French Communist Party in March 1957 called for the nationalisation of the steel industry, iron ore mines, the chemical and atomic industries and all oil refineries. Although the Right-wing parties succeeded in blackballing this bill, the very fact that the National Assembly discussed the further nationalisation of industry was of great political significance. The French Government which at that time consisted of Socialists and was headed by the party's leader Guy Mollet, did not support further nationalisation. The working people again learned that only the Communist Party was upholding their interests consistently, championing genuine democracy and opposing the power of the monopolies.

After de Gaulle's personal power regime was established and reactionary forces launched their offensive, the Communist Party continued to advocate the restoration of democracy, the regeneration of political and economic life and the healing of the split in the working-class movement. This line was strikingly expressed in the proceedings of the 15th and 16th Party congresses. The programme put forward by the Communist Party in the economic sphere

called for "nationalisation of the existing monopolies, particularly in the atomic, oil, large-scale steel and chemical industries and also of commercial banks and insurance companies".\* The programme also contains other democratic demands in which the broadest sections of the working people are interested. It wins new supporters all the time, and more and more Socialist workers favour unity of action with the Communists. Maurice Thorez pointed out that "this programme does not lead to the abolition of exploitation of man by man, it does not yet bear a socialist character. But its application would limit the power of the monopolies, raise the prestige and political influence of the working class in the country's life and help isolate and weaken the most reactionary forces and unite all the forces of progress".\* The struggle for the restoration of democracy meets the interests of all the working people in town and country, the intellectuals and all non-monopolist sections of the population.

The French Communist Party regards the restoration of democracy and the abolition of the power of the monopolies as one stage in the struggle for socialism. The Communists proceed from the concrete historical and social conditions in France and the international situation.

The national miners' strike, which began early in 1963 and lasted for 35 days, clearly demonstrated that when the working class acts in unison, when the Communists and Socialists pool their efforts, Big Business and the state are compelled to retreat. The strike was for higher wages. De Gaulle's decree on the forcible recruitment of miners for work and the government's plans to crush both the strike and the trade unions imparted a political character to this struggle. All the working people supported the striking miners. A wave of brief solidarity stoppages swept the country and the collection of money for a striker's relief fund began. The workers of other countries also supported the miners. The calculations of the French reactionary forces to isolate the strikers failed dismally. After an unsuccessful attempt to break down the will of

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\* Waldeck Rochet, "Rapport du Comité Central", *Cahiers du Communisme* No. 6, June 1961, p. 71.

\* Maurice Thorez, "Discours de Cloture", *Cahiers du Communisme* No. 6, June 1961, p. 616.

the miners, the government had to concede their main demands. This strike compelled the monopolies to retreat on other sectors of the class struggle too. The miners' general strike and the consolidation of working-class unity introduced definite changes in the country's political life. New possibilities arose for the struggle of the working class for the regeneration of democracy and democratic nationalisation.

Six bills on the nationalisation of the banks and key sectors of industry, spearheaded against the domination of the monopolies, were submitted to the French National Assembly by Communist deputies in 1963 and 1964 (four of them in May 1963). Of great importance was the bill on the nationalisation of the commercial banks and three savings deposit banks (Credit Industriel et Commercial, Credit Commercial de France and Credit du Nord). This proposal affected the interests of the biggest monopolies, inasmuch as these banks "play a decisive, though hidden part in the country's economic and political life", controlling the activity of companies and the development of the economy through investment policy. The bill stressed that the demand to nationalise the large deposit and commercial banks had been included in the programme of the National Resistance Council and was only partly realised in 1945.

The bill on the nationalisation of the oil industry called for the nationalisation of all enterprises engaged in the prospecting and extraction of oil and natural gas, their processing and sale on the entire territory of France. It would strike a heavy blow at foreign, above all American oil monopolies which control the extraction of oil in France and the supply of oil products. The next bill pertained to the nationalisation of the chemical and aluminium industries. The reason given by the Communist deputies for nationalisation was that accelerated concentration of production was under way in these industries, the role of the monopolies was increasing and they were making greater use of their influence on the state machine. The bill called for the nationalisation of major enterprises except small factories not linked with the trusts and employing less than 50 workers. Nationalisation was to extend also to the pharmaceutical industry. To improve the supply of medicines to the population the bill outlined

measures for regulating production and eliminating competition between factories producing medicines.

A bill submitted by Communist deputies to the National Assembly in the second half of May 1963 called for the nationalisation of the steel industry and iron ore mines. It was directed against the ten monopoly groups which dominate France's steel industry. A specific feature of this bill was that it also contained proposals for improving the material and living conditions of the workers and the social insurance system.

On July 15, 1963, a group of Communist deputies submitted another bill on the nationalisation of the atomic industry and the use of atomic energy for peaceful purposes. Nationalisation was demanded on the grounds that the Atomic Energy Commissariat was increasingly becoming an instrument of the monopolies dominating the French atomic industry. That is why the organisation and development of a national atomic industry used for peaceful purposes "demands the nationalisation of these enterprises so that national wealth now utilised by these companies in their own interests remain in the hands of the nation". Early in January 1964 Communist deputies tabled a bill on the nationalisation of the main enterprises in the electronic industry which employ more than 300 workers each. The bill called for the establishment of a state electronic company to direct the nationalised enterprises. Promotion of technological progress, modernisation of production and also improvement of working conditions had to be the central tasks in the activities of the company.

The struggle of the French Communist Party for the nationalisation of the monopolies is based on a programme for regenerating the country's economic life through the restoration of democracy. The proposals of the Communist deputies on democratic nationalisation are of great importance for uniting diverse social strata victimised by the monopolies and stepping up the struggle for the abolition of the power of the monopolies.

This programme was further elaborated in the decisions of the 17th Congress of the French Communist Party held in Paris from May 14 to May 17, 1964, under the slogan of rallying all the democratic forces in the struggle for the

establishment of genuine democracy in the country. The political resolution of the Congress proposed that, alongside nationalisation of the monopolies, the nationalised sector of the economy be democratised by ensuring the participation of trade unions in the administration of large state institutions and nationalised enterprises, that the right of control by the working people be introduced at all levels of the economy, etc.

The achievement of the demands outlined by the Congress will depend on the degree of unity between the parties of the working class and the trade unions. The elaboration of a common programme for all democratic parties and organisations designed to abolish the personal autocratic regime and the biggest monopolies is a task of prime importance. The striving of the working class for democracy and peace conforms to the interests of the entire people, to the interests of France. "In unity, the working class can and must become a magnet for all non-monopolist sections of the population interested in progress, democracy and world peace."\* Extension of unity of action between the Communist and Socialist Parties is of extremely great importance in this respect. The 17th Congress of the Communist Party stressed that unity established on a number of issues today must be continued tomorrow as well "to abolish the capitalist system and build a socialist society, which is the aim proclaimed in the rules and programmes of both parties".\*\*

The Communist Party of *Austria* is energetically defending nationalised property and advocating the further socialisation of key sectors in the economy. Denationalisation would not only strengthen Austrian monopoly capital but open the doors wide to the West German and American monopolies. In view of this, the struggle for nationalisation in Austria is inseparably linked to the defence of the country's political and economic independence from encroachments by imperialist states. Further nationalisation was discussed at a conference of the Austrian Communist Party on March 12 and 13, 1960. It adopted an extensive nationalisation programme which in April

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\* *L'Humanité*, May 21, 1964.

\*\* *Ibid.*

1961 was approved by the Party's 18th Congress. The Communist Party sees in nationalisation a "possibility of strengthening the position of the working class at the present period and easing the transition to socialism in future".\*

The Austrian Communist Party holds that, just as democratic freedoms can be upheld only in the struggle for the development of democracy, nationalisation can be defended "only through the struggle for the extension of nationalisation which must be combined with action for broader rights of all factory and office workers to participate in the management of the nationalised enterprises".\*\* To these ends the A.C.P. demands that representatives of big capital be excluded from the supervisory councils and boards of the nationalised enterprises and replaced by members of production councils who represent the interests of the employees.

The growing contradiction between the interests of the capitalist monopolies and the masses creates favourable conditions for their unity in the struggle for the regeneration of democracy and democratic nationalisation. But the Socialist Party leadership, which pursues a policy of social partnership and class collaboration with Big Business, stands in the way of a genuine unity between all the democratic forces. This naturally inflicts great harm on the working-class movement in the country. At the same time the Socialist leadership cannot completely ignore the interests and demands of the workers. The Communists are demonstrating to Socialist workers that, in renouncing nationalisation, their Right-wing leaders are casting Marxism overboard, and that the anti-communist policy they pursue is directed against the progressive aspirations of the working class and the people. Simultaneously, the Communist Party is showing Socialist workers that joint action between Socialists and Communists can create big possibilities not only in Austria but also internationally. The Party rightly holds that those who today are allies "in the struggle for the regeneration of democracy will

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\* See 18. Parteitag der Kommunistischen Partei Österreichs (1. bis 3. April 1961, Wien), p. 131.

\*\* Ibid., p. 382.

tomorrow become comrades-in-arms in establishing the power of the workers and in building socialism".\*

A political struggle on the question of nationalising the biggest monopolies has been continuously waged in *Italy* since the end of the Second World War. It is recorded in the Constitution of the Italian Republic—and credit for this goes to the Communists—that “in cases provided for by law private property may be taken into public ownership for reasons of public interest with compensation for loss”. The Constitution further lays down that “public ownership may extend to enterprises in essential public services or sources of power or to monopolies which are of general interest to society”. These constitutional provisions offer legal grounds for nationalising the major monopolies. But it is impossible to nationalise the monopolies without a protracted and bitter struggle against the reactionary bourgeois forces.

Communist M.P.s have repeatedly tabled nationalisation bills but these have been steadily rejected by the combined reactionary forces. In 1953 and 1954 Communist and socialist deputies submitted bills which called for the nationalisation of the chemical and mining enterprises controlled by Montecatini and the state, electric power, metallurgical and engineering enterprises. The drawn-out and keen battle over these bills ended in the defeat of the Communists and the Socialists—the representatives of the monopolies in Parliament proved to be stronger. But, as it is pointed out in its documents, at this stage the Communist Party did not exhaust all the possibilities of struggle, particularly outside Parliament.

The Italian Communist Party drew the necessary lessons from the first battles for nationalisation of industry in Parliament and outside of it and at the end of the 1950s and the beginning of the 1960s, guided by the decisions of the 8th and 9th Party congresses, launched a nationalisation drive with fresh force under the slogan for the regeneration of democracy and the abolition of the power of the monopolies.

The 8th Congress of the Italian Communist Party, held in Rome from December 8 to December 14, 1956, adopted

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\* See 18. Parteitag der Kommunistischen Partei Österreichs, p. 384.

theses named *For the Italian Road to Socialism, For a Democratic Government of the Working Classes*. The struggle for democratic control over the monopolies, including measures of nationalisation, was put to the foreground in the economic sphere. This programmatic document called for the nationalisation of the sources of power, the electric power monopolies and the sources of nuclear energy, the Montecatini monopoly, the monopoly of sugar production and for limiting the private ownership of urban land. This concrete programme of struggle against the monopolies was reaffirmed by the 9th Congress which emphasised the need for nationalisation "in some decisive sectors of industry and credit" and mobilising the widest social and political forces for struggle against the big monopolies.

The Italian Communist Party thus presented a broad programme of democratic economic changes and achieved definite results. A Ministry for Directing State and State-Private Industry was set up in February 1957 under pressure from the Communists and Socialists. The next step was a decision by Parliament, adopted on the insistence of the Communists, on the withdrawal of state-controlled enterprises from the Italian Confederation of Industry. In 1958 Parliament rejected the demands of the Confederation of Industry for large-scale denationalisation of state enterprises. In November 1962 it passed a law on the nationalisation of electric power enterprises.

The experience of the Italian Communist Party shows that even in face of an offensive by the reactionary forces it is possible to organise and rally the masses to fight against the monopolies. For more than three years the Communists and the Socialists fought for the passage of the bill on the nationalisation of power enterprises, submitted to Parliament by the Communist Senator Montagniani in 1959. The joint efforts of the Communists and the Socialists and the wide support of the people prevented the government from pigeonholing it. It had to manoeuvre and introduce in Parliament its own bill which admittedly called for the nationalisation only of the electric power industry, and not the entire power industry. The electric power and allied monopolies were opposed to the bill, but no united front of the monopolies was established.

The representatives of Big Business were afraid that resistance to nationalisation might intensify the struggle of the working people against the monopolies. Compensation of 1,500,000 million lire is to be paid over ten years for the nationalised electric power enterprises. Although the nationalisation of the electric power industry was carried out, as Palmiro Togliatti put it, "with an excessively big number of concessions to monopoly capital", it was a big victory for the democratic forces. It signified a serious defeat of the tycoons who did everything possible to prevent nationalisation.

The 10th Congress of the Italian Communist Party, held in December 1962, emphasised with fresh force that the economic and political struggle must raise anti-monopoly slogans rallying various social sections of the people to restrict the power of the monopolies and to increase the influence of the democratic forces. The Congress noted that "all of Italian society needs profound regeneration". For this it was necessary to introduce genuine democracy and to accelerate the nationalisation of monopolised production. This above all applied to such sectors "as the production of sugar, cement and chemicals where the monopoly concentration has reached a level demanding resolute measures to protect the common interests".\*

Working for nationalisation, the Italian Communist Party regards it at the present stage as a democratic measure designed to eliminate the power of the monopolies and swiftly develop the country's economy and raise the living standard of the people. "The purpose of such a policy is only to wage an anti-monopoly struggle against the reactionaries, for democratic regeneration and for the advance of the working classes to socialism in conditions of democracy and peace".\*\*

After the nationalisation of the electric power industry the leaders of the Christian Democratic and Socialist parties, under the pressure of the monopolies, declared that they were opposed to the further nationalisation of the means of production. But despite the treacherous, splitting activity of the Right-wing Socialists headed by Nenni, the

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\* See *X Congresso del partito comunista italiano*.

\*\* Luigi Longo, "The Struggle for Structural Reforms and Its Revolutionary Significance", *World Marxist Review*, February 1963, p. 18.

Communist Party continues to work for democratic nationalisation. On December 21, 1963, Communist M.P.s tabled a bill on a new procedure for producing medicine, which called for the nationalisation of factories manufacturing the most widely used medicines (antibiotics, vaccines, sulphur drugs, vitamins, etc.). Nationalisation had to cover approximately 50 per cent of all the medicines produced in the country. The bill empowered the Health Ministry to approve annual long-term plans for the production of medicine to co-ordinate research in pharmacology, etc. The nationalisation of the pharmaceutical industry, proposed by the Communists, aims to provide the population with high-quality medicines at the lowest possible prices. In Italy, as in other capitalist countries, the monopolies are making fortunes out of the suffering of the people. The nationalisation of the pharmaceutical industry is a very humane measure. The line of the Italian Communist Party aimed at regenerating democracy, restricting the power of the monopolies and achieving the democratic nationalisation of industry was confirmed and further elaborated in the resolutions of the Party's 11th Congress held in January 1966.

The policy of the Communist Parties in the West European countries, aimed at nationalisation of the key sectors of industry and also at other economic and political changes which open up the possibility of directing the development of society along the road to socialism, is bitterly attacked by "left" sectarians and dogmatists. Denying the revolutionary significance of the struggle for structural reforms in the capitalist countries in the absence of a direct revolutionary situation, they peremptorily assert that these reforms, even nationalisation, meet the interests of the imperialists. Critics of democratic nationalisation are not in the least perturbed by the fact that it is the imperialists who are opposed to the nationalisation of the monopolies and bitterly resist democratic reforms.

Advocating democratic demands and the peaceful road to socialism, the Communist Parties have never denied the need to be ready, if the bourgeoisie resorts to force, to employ non-peaceful methods of struggle. The organisation and cohesion of the working people must "be so broad and strong," Palmiro Togliatti pointed out, "as to be able,

should the ruling circles employ force to make progress impossible, to thwart this attempt and to strike a decisive blow at them".\*

In an effort to discredit the demands of the Communist Parties for democratic nationalisation, sectarians and dogmatists refer to the well-known statements by Engels and Lenin that bourgeois nationalisation does not create and cannot create socialist relations of production or change the nature of the capitalist state. They equate bourgeois nationalisation, carried out in the interest of the entire capitalist class, of which Engels and Lenin wrote, with democratic nationalisation which aims to undermine the rule of the monopolies and for which the working people are fighting in order to ensure their immediate interests and create conditions for socialist change in future. Evidently, the sectarians and dogmatists fail to see this fundamental difference and ignore the fact that in present-day conditions the working people of many countries, by struggling for genuine democracy, can pave the way to socialism.

The Communist Parties of Italy, France and other West European capitalist countries are aware that the bourgeoisie will always strive to emasculate the progressive content of any democratic gain. This danger really exists, but it can be averted by organising effective, consistent struggle by the working people for economic and political changes and against the power of the monopolies and by launching this struggle on a wide front and lending it a political character. The Communist Parties see it as their task to secure to the working people decisive influence in state affairs and invest democracy with a new content. This can be achieved only through persistent pressure by the masses with the working class at their head, only by their active participation in social and political life.

The anti-monopoly struggle of the working people is bitterly resisted by the monopolies and their servants. But it does not at all follow from this that in each case the monopolies succeed in withstanding the onslaught of the masses and ultimately succeed in utilising to their own ends every democratic gain made by the people, and that

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\* *X Congresso del partito comunista italiano.*

the only way to socialism lies through armed uprising. "Such a stand creates the great danger that revolutionary phraseology and even playing at uprising will replace the patient and indefatigable work among the masses for the real preparation of the maturing of conditions for a revolutionary transformation,"\* Maurice Thorez stressed.

The political line now pursued by the Communist Parties in the West European countries fully corresponds to the Leninist doctrine of the state and revolution and the decisions adopted at meetings of representatives of the Communist and Workers' Parties in 1957 and 1960. The correctness of this line is confirmed by the experience of the world communist movement.

The Communist Parties of the West European countries hold that democratic nationalisation of the key industries and banks can also be an effective means of defending the national economy from the expansion of the foreign monopolies, American and West German in the first place, which are out to lay their hands on many enterprises in Austria, Britain, Italy, France and other countries. This problem is especially pressing in view of the existence of the Common Market in Europe and the greater activity of the West German monopolies which play a leading part in it. The establishment of the Common Market has compelled the working class to explore new forms of struggle against monopoly capital. "The existence in European countries of common problems engendered by integration is creating objective possibilities for elaborating and co-ordinating united action between national detachments of the working class in the struggle against international associations of monopolies."\*\*

The working class of each country has to isolate the monopolies, undermine their domination nationally, regenerate and extend democracy, ensure the transition of power to a government of the anti-monopoly front, effect democratic nationalisation, introduce democratic control over state property, foil the military plans of the imperialists and pave the way to socialism.

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\* See *Pravda*, April 25, 1964, article by Maurice Thorez.

\*\* *Problemy sovremennogo kapitalizma i rabochoy klass*, p. 43.

The working class in West European countries under the leadership of the Communist Parties is waging its struggle for democracy and against the monopolies amid the further aggravation of capitalism's general crisis. An analysis of this struggle reveals the following:

1. The Communist Parties in the European capitalist countries demand the preservation of the nationalised sectors; they rally the working class to repel the attempts of monopoly capitalism to denationalise these sectors and are also working for further nationalisation for which there are real prospects at the present time.

Heading the struggle of the working class, the Communists call for the development of democracy, the democratisation of management in the nationalised sector and the introduction of effective control over the country's entire economic life. The slogan of democratic nationalisation makes it possible to rally to the struggle against the monopolies not only the working class and other sections of the working people but also the petty bourgeoisie and part of the middle bourgeoisie.

2. The Communist Parties regard the further nationalisation of industry, the banks, insurance companies, etc., as a democratic measure which undermines the might of monopoly capital and stimulates the activity of the working people in the economic and political spheres. The Communists know that democratic nationalisation is not socialism. At the same time the assumption of commanding positions in the economy by the state opens up new prospects for the development of democracy, creates favourable conditions for the peaceful winning of political power by the working people and facilitates the struggle for socialism.

3. The success of the struggle for democratic nationalisation depends on the degree of unity of the working class and its political and trade union organisations. The working-class movement in West European countries has been split by the Right-wing leaders of the Social-Democratic parties who, contrary to the wishes of their own rank and file, are opposed to pooling efforts with the Communists in the struggle against the monopolies, and are slipping down to the position of anti-Communists and open apologists for capitalism. Nevertheless, the Communist

Parties, upholding the interests of the working people, are exerting fresh efforts to ensure the unity of the working-class movement under the slogan of regenerating democracy. The policy of the Communist Parties is meeting with increasing sympathy and support among the workers. The leaders of a number of Social-Democratic parties are compelled to take this development into account.

In fighting for working-class unity of action, the Communists proceed not only from current tasks; they hold that the unity of the working class achieved in the struggle against the monopolies will also be preserved in the struggle for political power, for socialism.

4. The birth and consolidation of the world socialist system is of great importance for the struggle of the working class in the European capitalist countries for the regeneration of democracy, democratic nationalisation and socialism. The victories of socialism in peaceful competition against capitalism are reinforcing the positions of the working class in the capitalist countries. The successes of the countries of the socialist community are inspiring the workers in the capitalist countries to fight for their rights, for democracy and socialism.

## CONCLUSION

The Great October Socialist Revolution opened a new epoch in world history—the transition from capitalism to socialism began and the world divided into two systems, socialist and capitalist, based on different forms of property in the means of production.

For nearly 30 years the socialist system was represented by only one state, the Union of Soviet Socialist Republics. The first socialist state in the world, having entered into economic competition with capitalism, demonstrated in action the advantages of the socialist mode of production over the capitalist, inspiring by its example and successes the working people in the capitalist countries. “We are now exercising our main influence on the international revolution through our economic policy,” Lenin said at the 10th Conference of the Russian Communist Party. . . . The struggle in this field has now become global. Once we solve this problem, we shall have certainly and finally won on an international scale.”\*

Under the leadership of Lenin the Communist Party of the Soviet Union drew up a plan for building socialism, the main elements of which were industrialisation, collectivisation of agriculture and the cultural revolution. The Leninist plan for building socialism concretely embodied in the Plan for the Electrification of Russia and the five-year economic development plans, has been successfully fulfilled by the Soviet people.

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\* Lenin, *Collected Works*, Vol. 32, p. 437.

Public ownership of the means of production and the free constructive labour of the people have ensured unprecedented economic progress. In the brief period before the Second World War the country made rapid progress along the road of industrialisation which it had taken the principal capitalist countries 100 or 150 years to attain. The U.S.S.R. became a powerful industrial country. This was graphically demonstrated by the victory of the Soviet people in the Great Patriotic War, in the crucible of which the Soviet system withstood the hardest trials to emerge stronger than ever.

The great advantages of socialism have been displayed with fresh force in the post-war period. Contrary to the forecasts of bourgeois "experts", the war wounds of the Soviet Union were swiftly healed and the economy, culture and living standards of the people advanced. Socialism won completely and irrevocably in the Soviet Union and the country entered into the period of building communism.

The record of the U.S.S.R. and the People's Democracies reveals conclusively the greatest advantages of the socialist economy and public ownership of the means of production over the capitalist economic system. Socialism put an end to the anarchy of production, economic crises and other social upheavals racking capitalism.

The socialist system demonstrates to all mankind the advantages of free labour over subordinate labour, of planned economy over the anarchy of production. The constructive labour of the people free from exploitation, the unprecedented upsurge of the millions, of which socialist emulation is one of the expressions, have exceeded bourgeois competition and private enterprise in every sphere. The victory of the socialist revolution and the development of socialist relations of production have ensured the economic advance of the Soviet Union and the other socialist countries.

In 48 Soviet years total industrial output increased 60.6 times as compared with 1913, with the output of means of production rising 142-fold and consumer goods 20.3-fold. Production of pig iron climbed from 4.2 million tons in 1913 to 66.2 million tons in 1965 and the production of steel, from 4.3 million to 91 million tons respectively. During the same period the output of the engineering and me-

talworking industry grew more than 400 times. In 1965, 507,000 million kwh of electric power were generated in the Soviet Union, 254 times more than in 1913. In one year alone more than 11 million kw of new capacity was commissioned, as much as under all the pre-war five-year plans.

At the 8th All-Russia Congress of Soviets in December 1920 Lenin said: "If Russia is covered with a dense network of electric power stations and powerful technical installations, our communist economic development will become a model for a future socialist Europe and Asia."\* Life fully confirmed this brilliant forecast. By building socialism the Soviet people have performed an exploit of historic importance. They have given mankind the science of building socialism and tested it in practice.

Lenin's behests on the development of heavy industry, the country's electrification, rational location of the productive forces, development of science and utmost improvement, on this basis, of the people's standard of living have been strikingly embodied in the Directives for the five-year economic development of the U.S.S.R. for 1966-1970, adopted by the 23rd Congress of the Communist Party of the Soviet Union. The main economic task of the new five-year plan is to achieve, on the basis of utmost use of scientific and technological achievements, the industrial development of all social production and rise in its efficiency and in labour productivity, a further considerable expansion of industry and high growth rates in agriculture and, as a result of this, to secure a substantial advance in the standard of living and fuller satisfaction of the material and cultural requirements of the Soviet people.

All the major targets of the new five-year plan are in line with this task, which fully conforms to the demands of socialism's basic economic law. These targets have been set proceeding from the constantly growing requirements of socialist society, the actual level attained by the Soviet economy and the real possibilities for swiftly expanding production based on public ownership of the means of production. As pointed out in the Report of the Central Committee to the 23rd Congress of the C.P.S.U., "our new plan of economic development is a practical embodiment of the unsha-

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\* Lenin, *Collected Works*, Vol. 31, p. 518.

kable fidelity of the Party and Soviet state to the Leninist principles of proletarian internationalism, to their internationalist duty to the world socialist system, the world communist and working-class movement and the national liberation movement. The successful fulfilment of the five-year plan will render an excellent service to the cause of further strengthening the unity of the world socialist system and will still further enhance the Soviet Union's economic and defensive might and its international prestige."

With the conversion of socialism into a world system, the advantages of the socialist mode of production have become even clearer. This is manifested in the continued expansion of production and steady advance of the material and cultural standards of the people of the socialist countries. In the last 15 years, from 1950 to 1964, industrial output in socialist countries increased as follows: Bulgaria 6 times, Poland 4.6 times, Rumania 5.7 times and the Korean People's Democratic Republic 11 times. It is indicative that the production of electric power has particularly risen in all the socialist countries. In 1965, it was 35 times the pre-war level in Bulgaria, 11 times in Poland, 14 times in Rumania, 8 times in Czechoslovakia, 12 times in Yugoslavia, etc.

The achievements of the socialist system in economic competition with capitalism are mounting every year. The Soviet Union, the first socialist country in the world, began the economic competition with capitalism in extremely difficult conditions. Nevertheless, drawing on the advantages of the socialist mode of production, the Soviet people advanced their country by their titanic labour before the war to first place in Europe and to second place in the world in total industrial production. That was a great victory.

The relationship of forces in the world has radically changed in favour of socialism, and the economic competition between socialism and capitalism has entered a new phase. The world socialist system is exerting an increasing impact on the course of world history and turning into the decisive force in mankind's development.

In 1917 the first socialist country accounted for less than 3 per cent of world industrial production. In 1965 all the socialist countries contributed 38 per cent, the share

of the U.S.S.R. amounting to nearly 20 per cent. Today industrial output of the socialist countries reaches approximately 67 per cent of the output of the developed capitalist states. Economic growth rates are of decisive importance in the competition of the two systems. The socialist economy is developing at fast and stable rates, greatly exceeding those of the biggest capitalist countries.

The superiority of the socialist economy over the capitalist economy is graphically revealed in the nature and aims of social production. "The aim of socialism," it is pointed out in the Programme of the C.P.S.U., "is to meet the growing material and cultural requirements of the people ever more fully by continuously developing and improving social production."\* Characteristic features of the socialist countries are their high growth rates of total and per capita national income, steady rise of wages and increase in the production of consumer goods and retail trade.

One of the major laws of the socialist system is that a considerable part of the needs of the working people is satisfied by the constantly increasing public funds. These above all go for free secondary and higher education, free medical service and social maintenance. These funds are used in the Soviet Union for the payment of scholarships and the provision of free hostels to about 5.5 million students, the provision of facilities for cures and rest to 12 million people in sanatoriums, holiday homes and children's summer camps and the maintenance of more than 10 million children in kindergartens and nurseries. In 1965 payments and privileges received by the population from the state budget and funds of enterprises, collective farms and mass organisations amounted to 41,500 million rubles as compared with 4,600 million rubles in 1940.

Concern for improving the living conditions of the people in the socialist countries is graphically displayed in housing construction. In 1964, for example, 50,400 flats were built in Hungary, 76,600 in the German Democratic Republic, 118,100 in Poland, 128,100 in Rumania and 2,184,000 flats in the Soviet Union.

The cultural revolution which has made the treasures of

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\* *The Road to Communism*, p. 460.

world culture accessible to the people is one of the great gains of socialism. In the Soviet Union nearly every third person studies, getting a free general or special education. In 1965 there were 7,680,000 students in higher and secondary special educational establishments as against 181,000 in 1914, that is, 41 times more. More than 75 million people in the U.S.S.R. have a secondary and higher education; the country has 666,200 scientists. The Soviet state has given all its peoples unlimited access to the sources of knowledge and culture.

Socialism has created the most favourable conditions for the progress of science and the application of its accomplishments. "The achievements of Soviet science," it is pointed out in the Programme of the C.P.S.U., "clearly show the superiority of the socialist system and testify to the unlimited possibilities of scientific progress and to the growing role of science under socialism. It is only logical that the country of victorious socialism should usher in the era of the utilisation of atomic energy for peaceful purposes, and that it should blaze a trail into outer space. The man-made satellites of the Earth and the Sun, powerful space rockets and interplanetary spaceships, atomic power stations and the first triumphal orbitings of the globe, accomplished by Soviet citizens, which are a source of pride to all mankind, have become symbols of the creative energy of ascendant communism."\*

The cultural revolution is a general law inherent in the socialist system. Universal literacy, the spread of higher education, the development of science, the unparalleled expansion of the public health services and great progress in culture and the arts are characteristic of all the socialist countries. Prior to the establishment of the people's democratic system, Hungary had 16 higher educational establishments with a student body of 11,700, while in 1965 the country's 43 universities and institutes were attended by more than 94,000 people. In Rumania the number of higher educational establishments increased from 33 to 130 and of the students, from 26,000 to 128,000. Similar changes have occurred in the other socialist countries.

The great gains of the socialist countries in all spheres

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\* *The Road to Communism*, pp. 460-61.

of the economy and culture and in the people's welfare greatly attract the working people in the capitalist countries. The example of the Soviet Union and the other socialist countries shows that only the socialist mode of production, based on public ownership of the means of production, can put an end to the exploitation of man by man, the anarchy of production, economic crises, unemployment and the poverty of the masses, and ensure the balanced development of the economy and the steady advance in the living standard.

Today when the colonial system of imperialism has collapsed under the onslaught of the national liberation movement, when scores of new independent states have appeared on the map of the world, the experience of socialist changes in the U.S.S.R. and other countries is acquiring ever greater significance. The peoples of new states are exploring all ways for their free democratic development, and they are increasingly attracted by the non-capitalist road, the road of socialism.

Today many countries of Asia and Africa which have taken the road of independent development are building a state sector of the economy and nationalising the property of foreign monopolies. This is resisted with frenzy by internal reactionary forces and by foreign imperialism. But the peoples fighting for their national and social emancipation now have loyal friends and protectors in the Soviet Union and in the entire community of socialist states.

A mighty movement of the working people against the power of the monopolies, and for democratisation of economic and political life is gaining momentum in the developed capitalist countries. The movement for democratic nationalisation is of revolutionary significance, it helps strengthen the alliance of the working class with other anti-monopoly forces and build up the political army of the socialist revolution. In this struggle the inspiring example of world socialism is serving as the lodestar for the working class, for the Communist Parties in the capitalist countries.

"One third of mankind is building a new life under the banner of scientific communism. The first contingents of

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\* *The Road to Communism*, p. 449.

the working class to shake off capitalist oppression are facilitating victory for fresh contingents of their class brothers. The socialist world is expanding; the capitalist world is shrinking. Socialism will inevitably succeed capitalism everywhere. Such is the objective law of social development. Imperialism is powerless to check the irrepressible process of emancipation.”\* Prior to the end of the 1950s socialist countries existed only in Europe and Asia, while at the beginning of the 1960s socialism stepped into Latin America—the socialist revolution triumphed in Cuba. Many developing countries have embarked on the non-capitalist road of development. Eventually, all mankind will part ways with capitalism and arrive at socialism.

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\* *The Road to Communism*, p. 449.

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