

# The New Economic Policy in Russia

By ARNE SWABECK.

Is the new economic policy, now in operation in Russia a departure from the communist policy once declared by the Soviet government? This question has been asked by many, both supporters and opponents of Soviet Russia. The capitalist press says it is, but give the lie to their contention by continuing the campaign of calumnies. This shows an acknowledgment of the fact that the Russian government is securely in the hands of the workers, that it is frankly pro-working class and that the whole machinery of production is controlled by the workers. The answer to this question was given categorically at the Fourth Congress of the Communist International. The new economic policy is a necessary step in Russia's transition from capitalism to communism, for as stated by Trotsky, "We have learned in the elementary school of Marxism that there is no possibility of making one leap from a capitalist society to a socialist one. Nor did any of us believe that it would be possible with one leap to move from the realm of necessity into the realm of freedom. Not one of us believed that a new society could be built twist night and dawn."

Is Russia today operating on a communist basis? No,—the mere fact that there exists a state although controlled by the workers and frankly pro-working class, proves this. Are the broad masses of Russian peasants and workers thinking and acting communistically? Hardly. Yet the young Soviet republic is on the road which leads definitely to communism and that is the spirit now penetrating the broad masses. However, the revolutionary struggle never goes in a straight upgrade line, as proven by history and the zigzags of the policy of the Russian communists can only be understood by realizing that political necessity and economic expediency does not always harmonize.

During the civil war period political necessity demanded the replacement of the shattered apparatus of production by a centralized state apparatus, and so originated the period of "war-communism." Now peace has come to Russia, the contra-revolutionary leaders have gone, some of them to join Nicholas Romanoff and others hiding safely in foreign countries, as well as the imperialist countries have realized the futility of carrying on war against Russia. The formerly acute political situation does no more dictate a policy of compliance and it is possible to apply new measures according to economic expediency.

The great problem now facing Sovi-

et Russia is the rehabilitation of industry. In the light industries already a marked improvement can be noticed. Despite the fact that some of the relics of Czarism still prevail—people clad in rags providing their scant means of life by pursuing the "honorable" profession of begging—life is humming as in any of the so-called civilized countries. Activity can be noticed everywhere. Stores display their goods in gorgeous fashion, and here and there are factories with modern equipments. This, however is not saying that during this short period the industrial mechanism has been very far developed. The workers are yet compelled to make heavy sacrifices in order to pull through and make possible for such developments in the future, but rapid progress is being made every day. It was even possible last year, in many cities, to start an elaborate program of repairing buildings and streets, and for the erection of new structures a special bank was organized in Moscow, of course, under the control of the workers.

Agricultural production last year, despite the terrible devastation in the famine stricken regions, embracing a total of 30 million inhabitants, reached 75 per cent of pre-war production. This is more than can be said for many other European countries. The peasants are satisfied and produce for the open market. They have now come to realize that only by completely supporting the Soviet government can they successfully prevent the soil which they till from again passing into the hands of the former land owners. For the first time history saw a war of the state power against the capitalists and land owners of its own country and the united capitalists of all countries. The issue of the struggle has been successfully solved. The state was able to organize the petty peasantry upon a basis of development of their productive strength by supporting this development by its proletarian power.

During the intense civil war the communists acted approximately upon the following plans: The peasantry should by requisition—in exchange for goods—provide the necessary quantity of food to be distributed to the army, the factories and workshops, and in this manner arriving at a communist production and distribution. As we know, it resulted in general dissatisfaction among the peasants, who ceased to produce more than they needed themselves. The dissatisfaction spread to large strata of the industrial workers and culminated in a crisis in the spring of

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1921. The goods for exchange had not been forthcoming for the centralized proletarian state was compelled to act according to the dictates of the circumstances of the civil war. The basis of power of the bourgeoisie, their property—the apparatus of production—had to be expropriated—not systematically and gradually, in proportion to the degree the state was in a position to organize and make use of bourgeois property, but to the extent to which it was necessary to smite to the ground an enemy which was threatening it with immediate death.

When the acute period of the civil war had passed it became possible again to act according to the communist teachings as to the transition from capitalism to socialism—to secure the basis by establishing a system of socialist accounting and control in order to pass to the stage of communism. The new economic policy was inaugurated.

Already in 1918 Comrade Lenin in examining the elements of Russia's economic structure found state capitalism to be the strongest element, and explained that in a petty bourgeois environment the petty bourgeois element would be on the top. He stated: "Compared to the present situation of the Soviet republic, state capitalism represents a step forward. If we could for instance, introduce state capitalism here in the course of half a year, it would be a tremendous success and the best guarantee that within a year socialism will be strong and invincible in this country."

Now many small enterprises are being subleased to private capitalists in Russia. Reports show 80,000 workers being employed in such subleased enterprises. However, about 50 per cent of these are employed by co-operative organizations. A survey also showed that these private enterprises employed an average of 18 men, whereas the state enterprises employed an average of 250 men. In the domain of commerce about 30 per cent of the circulating capital is furnished by private capitalists. However these private enterprises are compelled to compete with the state

and co-operative enterprises. Realizing that the state not only holds all monopolies, but also in most industries carry on 9/10 of all production, in the interest of society as a whole and not for the gain of parasites, the profits of the private capitalists—which is synonymous with their means of gaining power are naturally held down to a minimum. In addition the state can at any time impose a heavier tax upon them if their profits should go beyond what it may consider healthy, and finally they may be expropriated when their function is performed. That is if they have not already made themselves superfluous. But the private capitalists are allowed to make this minimum profit in order to help relieve the state of part of the immense burden of providing the necessities for Russia's large population, and also help teach the workers how to carry on production and distribution. This is the function they have to perform.

"In contemporary Russia we are engaged in a great experiment dictated by historical necessity. A new class is building up a new system, and is so doing so by old methods, for the new methods, which can only be developed out of the old ones, have not yet come into being." Thus stated Comrade Trotsky at the Fourth Congress, and it is most important consideration. The old methods are the existing capitalist organization of economic life, of distribution of products and of assignments of labor power adjusted according to the material possibilities available and the modified requirements of the new order.

And again, speaking of the dangers of the new economic policy, Comrade Trotsky said: "No one will believe that when capitalism is hastening to its fall the world over, its blossoming time is at hand in revolutionary Russia."

To the world revolutionary proletarian, the policy embodied in the new economic policy is of tremendous importance inasmuch as it will most likely have to be applied in every country after the conquest of power by the proletariat to a more or less degree, in order to secure their basis. For as Comrade Zinoviev put it, "The new economic policy represents the balance of power between the peasantry and petty bourgeoisie on the one hand and the revolutionary workers on the other."