

The Outlook for the New Economic Policy

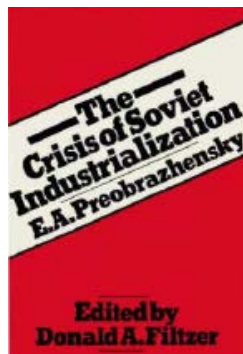
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In the preface to the first edition of *Capital*, Marx wrote the following words, which have been cited many times since: "One nation can and should learn from others. And even when a society has got upon the right track for the discovery of the natural laws of its movement . . . it can neither clear by bold leaps, nor remove by legal enactments, the obstacles offered by the successive phases of its normal development. But it can shorten and lessen the birth-pangs." And a few lines earlier in the same preface, Marx said: "The country that is more developed industrially only shows, to the less developed the image of its own future."

Alas, on both the European and American continents we have countries that are much more developed industrially than Russia, but unfortunately, not one of these countries is in a position to show industrially backward Soviet Russia the image of its immediate future. The unexpected zigzag that history has taken by virtue of the victorious establishment of the dictatorship of the proletariat in just such a backward, agrarian European country as Russia, whereas capitalist relations still prevail in the economically more advanced countries, has made the situation in Europe incomparably more complex (in the sense of backward countries learning from the advanced nations) than the one in which Marx wrote the words cited above. Of course, if one takes the Menshevik position that

In the pages that follow, Preobrazhensky's notes accompany the text. The editor's notes appear at the end of each article.

there was no socialist revolution in October, but merely a bourgeois democratic revolution clothed in socialist slogans and complicated (unhappily for the Mensheviks and the bourgeoisie) by the preeminent and leading role played by the proletariat, if one is of the conviction that that revolution merely cleared the ground for capitalist development in Russia much more thoroughly than a bourgeois revolution led by the capitalist class could have done, then things are quite simple. In that case it is indeed capitalist Germany, Great Britain, and especially America that in all major respects have to show us the image of our own future, and all that is left for Russia is to “shorten the birth-pangs” of normal capitalist relations in the country—a task to which our Mensheviks and SRs have as a matter of fact applied themselves with appropriate zeal, though they stubbornly refuse to admit it. Indeed, it may be true that we have nothing to learn from the Mensheviks; that *capitalist* relations in the advanced countries do not show us the image of our future; and that, on the contrary, *our* October should stand as a lesson for the advanced class of the advanced countries—that is, the working class—on how to carry out a proletarian revolution. It is likewise true that in the area we should like to presently consider—the area of industrial development and technology—we still have much to learn abroad.

Of much greater relevance for us, particularly in the period when we are implementing the New Economic Policy and trying to calculate its future prospects, are Marx’s words that a society that has got upon the right track for the discovery of the natural laws of its movement cannot leap over the obstacles presented by the successive phases of its normal development. In the twentieth century, the century of capitalism’s downfall, of proletarian revolutions, and of socialist wars, the proletariat has broken through its capitalist shell and established its revolutionary dictatorship in Russia, and it is thanks to these circumstances that human society is now able to dimly perceive the “natural laws of its movement” in the upcoming period. This is what is most essential for understanding the fundamental process now taking place in Soviet Russia. But we also have to remember that our petit bourgeois encirclement, too, follows a natural law of development: with all the elemental mass of its forces, the petite bourgeoisie weighs heavy upon the young socialist sprouts—bending some down to the very ground, twisting the stalks of others, totally preventing still others from even breaking through to the light. And most important of all is that this

petite bourgeoisie, driven by iron necessity and by the laws of its own development, will be compelled to strive to close the breach in the capitalist system that has been opened by October and our victories in the Civil War. The next few years will provide us with the opportunity of observing and studying two different “natural laws of development” in the Soviet republic—two laws that are centuries apart on the scale of history but, by the irony of fate, are operating in the same country and at the same time: (1) the natural law of development of petty commodity production, establishing capitalist relations anew or reestablishing capitalist processes and bonds sundered by October, and (2) the natural law of development of socialist society, its roots firmly implanted in large-scale industry, and geared toward widening the breach that October has made externally, and striving to gradually extend it internally at the expense of the petit bourgeois and (if we may be permitted to use this term) middle-capitalist encirclement. We know the natural laws of the commodity economy well enough from the entire past history of capitalist countries and from our own prerevolutionary past. Here we face a repetition of processes that have already been studied, processes that promise no surprises if we make proper and timely adjustments for the unique features of the situation as a whole. The natural laws of socialist accumulation and development of socialist relations, on the other hand, have barely been adumbrated. History teaches us very little here, because it is we ourselves who are now making it. We can study only the little that has been achieved up to now—and even this has been achieved in extremely complex circumstances, by no means characteristic of the future development of socialist relations in the West. Herein, of course, lies our weakness. At the same time, our strength consists in the fact that our petit bourgeois encirclement, even in the person of its political ideologues, does not know what surprises await it from the socialist isle within. In our struggle with the petite bourgeoisie we shall be in the position of a military command that, while hampered because it has only a rough idea of what it will itself do in the future, is compensated by its dead certain knowledge of what its opponent will be forced to do.

What, then, is the outlook for the next few years?

For a rough, schematic answer to that question, one that by no means claims to be prophetic, let us begin by examining how relations in Russia would develop if the petit bourgeois encirclement were to advance with maximum success along the line of its “natural

law of development.” We shall then look at the prospect of an ideally rapid development of socialist relations. And, finally, we shall take these two processes as they interact—that is, as they will actually have to develop and collide.

Let us begin with the countryside. Before the revolution the productive forces of agriculture developed along two lines: on the one hand, capitalist, land-owner, kulak, and merchant economies were organized and consolidated, and on the other hand, vigorous kulak holdings of the capitalist farm type began springing up in the territory of peasant agriculture. These new farms began using fertilizers in working the soil; they introduced new crops, and they built up animal stocks of better breeds than did the rest of the peasant masses. While the poor peasant economy deteriorated and the middle peasant economy was at best stagnant, only kulak agriculture showed any progress. The kulaks awaited a brilliant future with the victory of the bourgeois revolution: the large-scale peasant farm would have become the dominant form not only within the peasant economy but within the country’s agriculture as a whole. The October Revolution, which eliminated feudal land tenure, also disrupted the evolution of the new type of peasant holding. Not only did it arrest the process of accumulation in the kulak economy, but during the period of the Committees of Poor Peasants it was largely, albeit not fully, successful in bringing the kulaks down to the same level as the middle peasants. From the stage they had attained on the way to a capitalist economy, the kulaks were thrust back to the level at which they had been when that process had first begun in earnest, that is, to approximately where they had been in the 1870s and 1880s.

Under the conditions of the New Economic Policy, which means freedom to enrich oneself, to accumulate, and to employ wage labor in both urban and rural petty production, the evolution of a capitalist farmer class—a process that had been interrupted by the revolution—will begin anew. It has already started in regions of good harvest no less than in those suffering from famine. In a good harvest the well-to-do peasant earns greater profits than the others, because he has sown more acreage and cultivated it better (perhaps even using an extra allotment or two left behind by a horseless peasant who moved away). In provinces struck by famine the kulak remains on his farm, whereas the poor peasants emigrate. He buys up their livestock and implements for next to nothing, and by 1922 he will already have sown areas larger than those he would have

even dreamed of a year ago. As far as wage labor is concerned, the poor peasants who have been forced from the ranks of the active farming population by poor harvests and lack of working stock will provide as much wage labor as is needed so long as there is a demand. And the demand is already there, particularly in the outlying districts, and it will grow.

The development of the kulak class under the new conditions also must inevitably lead to a regrouping of forces in the countryside. First, the number of poor peasants, which was reduced to a minimum after the expropriation of the kulaks and the leveling in the countryside, will increase; the countryside will begin to lose its homogeneity and assume once more a differentiated character. We cannot exclude the possibility that the kulaks will exert a political pull on the stratum of the poor peasantry that will be economically dependent on them. And there is absolutely no doubt that the kulaks will find a following among a number of the middle peasants who will lie awake many a night thinking about the successes of the kulaks and who will feel themselves preparing, as it were, for primitive accumulation. But, on the other hand, those peasants who are sinking into poverty will undoubtedly end up clashing sharply with the kulak upper strata on three issues—land, the tax in kind, and local taxes and obligations—and they will inevitably force Soviet power to intervene in the struggle *on their side*. But regardless of that, the kulaks will on their own collide directly with the dictatorship of the proletariat, inasmuch as the workers' government will through its tax policy dampen the ardor of kulak accumulation and will block the way of the kulak class as it moves toward capitalism. Banditry is ceasing; the last flames of the previous period of open war against Soviet power are dying out. Instead of lending his support to banditry—that is, to a hopeless and unprofitable cause—the kulak will now turn toward a more profitable business: accumulation within the limits laid down for him by the New Economic Policy, with the reservation that when those limits prove uncomfortably narrow, the *rushnitsa** will again be the order of the day.

As regards the town, the “natural law” of development in the capitalist direction in its ideal form (for the bourgeoisie) and with ideal speed takes the following shape. Petty merchant capital occu-

*A sawed-off rifle commonly used by bandit gangs in the Ukraine.—Trans.

pies all positions in the sphere of state and cooperative distribution. As a result, all surpluses from the peasant economy—with the exception of the tax in kind and state and cooperative compulsory deliveries, all production from craft industry and from medium-size enterprises leased by private persons, and part of the output of state enterprises, since part of their products end up on the free market—is distributed through the petty trading system. Competition within petty trade will end up strengthening many commercial enterprises and concentrating considerable wealth in the hands of a few people. As for merchant capital as a whole, it will very quickly exceed the volume required for commodity exchange, within the limits imposed upon it by insufficient production, and will spill over into production. The rush to lease enterprises will be incomparably greater than now, when trade offers enormous profits at no expense. Organization of new petty and medium-size production units will also increase. As a result, both the urban merchant class and the medium-size capitalist enterprises are turning into a serious factor in economic life. Already they are the suppliers to millions of people and the employers of tens of thousands of workers. This stratum too is moving toward inevitable conflict with Soviet power, since the workers' government bars its way through the further development of taxation and railroad policy, does not provide suitable guarantees for free exploitation of labor power, and does not reestablish the necessary legal framework for accumulation.

Foreign capital is at first enlisted as an ally of large-scale socialist industry to help raise the productive forces on the basis of large-scale production and combat the barbaric backwardness of petty production. But once it has entrenched itself at several points and is forced to use the domestic market both for a variety of purchases and for the sale of part of its products, it will establish business connections with the bourgeois encirclement and at a certain point will shift its orientation. No accumulation within the bourgeois encirclement is capable of amassing such an amount of merchant capital that it could in a historically brief period take control of production in our large-scale industry. The only candidate for seizing that control is foreign capital, which could place itself at the head of a petit bourgeois encirclement with its large-scale capitalist orientation—which, in terms of the type of production it promotes, is of a similar order. Consequently, the unnatural alliance between the socialist state and large-scale foreign capital will be

broken and replaced by the natural alliance between foreign capital and all the bourgeois forces of Russia. The time will arrive for combat between this alliance and the socialist state, and the outcome of that struggle will be decided by the relationship of forces within the country and on an international scale.

Let us now imagine an ideally rapid development at the other pole—in the area of socialist production and distribution. Now that it has begun to restore the economy in the most vital branches of large-scale industry and transportation, the socialist island is expanding simultaneously through the development of its own intrinsic forces and by systematic deductions from the income of the petit bourgeois encirclement. Now that it has begun to reestablish the economy's food base through the tax in kind and a limited commodity exchange, Soviet power is in a position—thanks to the successes of its large-scale industry—to expand from year to year a second source for the procurement of agricultural products for industry. At the same time, successes in coal mining, petroleum production, and peat harvesting, together with the electrification of St. Petersburg, Moscow, and other districts, is creating a steadily increasing fuel base for developing industry.

Deductions from the income of the petit bourgeois encirclement will increase as that income steadily grows. The tax in kind is being maintained at its old level during the first years of industrial recovery, or even decreasing with fluctuations in the harvest (and, with the general advance of the peasant economy and expanded acreage, there is no *economic* barrier to such a development).¹ Taxes on handicrafts, cottage production, trade, and private industry, on the other hand, will grow steadily, which is also economically possible given the growth of productive forces in these areas. At first, these branches will be taxed to such a degree that expenses for the state apparatus and maintenance of transportation, the army, and so on fall on them to the same extent as they fall on socialist industry. Later on, these taxes will be raised until the lessee is left with a profit corresponding to the income of a good specialist, and the bulk of what otherwise would have gone into the capitalist accumulation fund will be taken from petty production. As a result, the surpluses of the kulak economy and private industry will spill over primarily into the socialist accumulation fund. At the same time, the republic's foreign trade will play an increasingly greater role, and socialist commercial profit, a new economic category, will appear. As the peasant economy gets back on

its feet, grain will be the most important article of trade. By selling grain abroad and selling the products of large-scale foreign industry to the peasants, the Soviet state will realize a substantial and ever-increasing profit, beyond what it needs to cover its own organizational expenses. As production and large-scale industry increase and the possibilities for commodity circulation with the countryside grow, the Soviet state will evolve a stable currency through taxes, the curtailment of currency emissions, and the expansion of commodity exchange on the free market. Later on it will use the issue of new currency (as long as it does not endanger the ruble's exchange rate) to draw out of circulation and into the socialist accumulation fund that quantity of *commodity resources* of the petty economy that corresponds to the volume of *money accumulation* in the private economy.²

Capital held as foreign-run concessions in Russia is another point in question; as its own industry begins to recover in earnest after the Soviet state, having started to attract foreign capital into production, will come to realize that this method of attracting foreign capital is economically unprofitable and politically dangerous as compared to the system of commodity loans. In a period of general industrial collapse, commodity loans are impossible because of the great risk involved for the capital that is loaned. But now, during a period of upswing of socialist industry, they will become the preferred form for using foreign capital in Russia, and, despite extortionate interest rates, they will serve as a highly effective stimulus for the advancement of all our industry and agriculture.

As a result of the rapid recovery of large-scale industry and the creation of favorable material conditions for the proletariat, and with the prospects of an industrial crisis or crises abroad, unemployment, and persecution by bourgeois governments, masses of foreign workers will stream into Russia; this proletarian colonization of Russia will provide support to our developing industry to compensate for Russia's own lack of skilled labor. Not only will the proletariat as a class grow continuously in number, but its qualitative composition will also improve.

The success of industry will hasten the process of socialization of agriculture. The state farms will be able to stand on their own feet. State farms attached to factories will grow in number and quality. Urban communal plots will grow. The horse will gradually be replaced by the tractor and electric plow, thus enlarging the islands of collective economy in the countryside. Along with this

slow process, another much more rapid development will occur. The state will begin organizing a new type of state farm on the idle lands of outlying regions, using tractors and foreign workers. As an outgrowth of the renewed stratification of the countryside, more intense and more conscious efforts toward the formation of communes will be initiated among the poor peasantry. This will occur in a period when proletarian power will be much more capable than previously of encouraging that process by supplying communists with machines, fertilizers, and agronomic expertise.

Thus, whereas on the one hand the proletarian base of Soviet power will grow from day to day, on the other socialist large-scale production will acquire increasing dominance over petty production in the country's economy. At first, both large-scale and petty production will expand, without coming into sharp conflict. Then large-scale production will begin not just to grow but to do so at the expense of petty production. In this period, the Soviet state will, as a rule, not only cease to lease out certain medium-size enterprises but will already have begun to feel burdened by present lessees and, instead of renewing existing contracts, will run the medium-size enterprises itself. The petty trade that exists along with the cooperatives will already be subordinated in considerable measure to large-scale production. It will receive products for sale in cases where the state finds it more profitable to use the apparatus of petty trade than that of the cooperatives or when use of both apparatuses is required. The state will control not only trade but also petty and medium-size industries that have been granted credit by the state bank and in this way drawn under the wing of the Soviet state. This process of systematic ouster of private petty and medium-size industry, continuous pressure on the kulaks, higher taxes, and so on will incite rebellion among that part of the petit bourgeois encirclement that is steadfastly trying to get its hands on the means for unrestricted capitalist accumulation. A bourgeois-kulak counterrevolution will break out, which, given the relationship of forces existing at the time, will be easily routed. After this defeat, there will be—if we can use this expression—a period of socialist reaction. The New Economic Policy will be partially abolished; after a period of partial denationalization, there will once again be intensified nationalization of the areas that are profitable for the Soviet state to nationalize. The critical period will have passed. Socialism will have triumphed across the board.

This is how we can imagine the “natural law” of capitalist ac-

cumulation and growth, the “natural law” of socialist accumulation, and development in the ideal form for each process.

Let us now take both these processes in interplay with one another, including all the factors that can complicate the course of their development. That is, let us try to imagine how it will really look as socialist production develops alongside the commodity economy. We can take the second half of 1921 as our chronological starting point.

The first period, through whose initial stages we are passing now, in the fall of 1921, is characterized by the relatively peaceful co-existence of the two processes. The kulak—expropriated in the period of the Committees of Poor Peasants, deprived of electoral rights in the Soviets, regarded with general suspicion, especially as concerns speculation, the use of hired labor, and accumulation—is now in the position of a man who has escaped from prison. Introduction of the tax in kind to replace the requisition suits him completely, at least in the first period. Right now he could not wish for anything better: the tax in kind gives the kulak more than he could expect, at least as long as Soviet power exists. The kulak is extending his sown acreage, he uses his accumulated monetary resources to improve his livestock and to replenish his stores of implements, and he is beginning to heal the sores that he suffered from the policy of the Committees of Poor Peasants. The medium-sized kulak also welcomes the tax in kind as a replacement for the requisition, and he willingly hands over to the state the payments demanded of him by the tax.

At the same time there is emerging from the middle kulaks a stratum that is not content with remaining on the level of a consumer economy that barely makes ends meet, with nothing left over. This stratum strives to develop production to such a degree as to have some surpluses for accumulation. If one does not consider the currency emissions that form part of the peasant economy’s income as some sort of tax in kind, then the present economic policy presents no obstacles to that process. As regards urban trade, the stratum of urban merchants is on a honeymoon of “primitive accumulation.” The change from a ban on almost all forms of trade to unhindered commodity circulation, the enormous profits reaped during the first stages of the revival of commodity exchange, while competition is still small, compel the merchant class to seize the time while it is ripe.

In this period, this class has no interest in politics. It has for the

time being reconciled itself to the existence of Soviet power; it has ceased its underground and malicious agitation against us. It has no time for such activities now. Feverishly, it carries out the formula *M-C-M*, which in a period of the ruble's falling exchange rate leaves no time for extraneous activities.³ This stratum willingly pays all its taxes, which for the time being are modest, and immediately passes them on to the consumer. It is even happy that, by the very fact of taxation, Soviet power is in practice legalizing its business activity. As regards the lessees of medium-size enterprises, they have just begun to regard themselves as bosses, and, of course, in this period they do not represent a particularly sizable force in the country's economy. But, on the other hand, there are not at the moment any points of collision either. The prospects unfolding before the resurrected Kolupaevs and Razuvaevs are so unexpectedly pleasant that they too have no time for conflicts at this point.

The same thing must be said of the grouping of petit bourgeois forces that is taking shape within and around the cooperatives, particularly the producers' cooperatives. The cooperatives cannot move an inch without state support. In a period when severing one's ties to the state and assuming a hostile attitude to it means severing the ties between one's own meager purse and the state till, it is, of course, highly unlikely that the cooperatives will make a sharp break with the proletarian state. This is all the more true since before the petit bourgeois forces in the cooperatives decided to move into sharp opposition to Soviet power, they would have to organize themselves and do battle with and defeat the Soviet forces within the cooperatives themselves. This class alignment of the cooperatives—that is, the necessity of allying with the proletarian state on an important issue (the struggle with private trade) and the advantage of union rather than a break with the state for many other reasons—hinders antiproletarian forces from abruptly turning the cooperative apparatus against the state in defense of the interests of the well-to-do peasantry. But nevertheless, since during the revolution the cooperatives were rallying points for anti-Soviet forces from the ranks of the so-called specialists, this leading stratum of the cooperatives has already begun to draw the line for a split with the state; that is, they have jumped ahead and are already trying to enter the second period, the period of conflict between the two processes we are examining.

The consolidation of the positions that the socialist state has

reserved for itself and the development of socialist production will encounter a number of obstacles, which can be foreseen even now. A factor that will come to play an extremely important role here is Mr. Harvest. A good harvest can give a powerful impulse to the development of the productive forces in large-scale industry, just as a series of poor harvests can severely retard their advance. A good harvest means half a billion extra poods of grain. It will ensure full payment of the tax in kind even in instances when the peasants have begun to forget about the requisition and have started to trade with the state even on the basis of the tax in kind.

Furthermore, a good harvest means that grain will become cheaper in relation to industrial products—and, hence, that the proletariat can obtain more agricultural products for its commodity-exchange fund. A good harvest means that the state can receive more income from currency issues at the same time that the issue of paper money will have less harmful effects on the ruble's exchange rate. Finally, a good harvest will enable us to begin, albeit only modestly at first, to export grain and increase our imports of machinery for the peasant economy. The influence of good harvests on the expansion of our prewar industry was established long ago by economic research. That influence ought to be even greater now.

We cannot yet foresee how things will develop with the use of capital from foreign concessions. It may be that things will proceed as we described them above in the ideal development of socialist industry. But it is also a possibility that our first attempts at concessions will prove unsuccessful and that the socialist organism will not digest them but spit them out, even vomit them up. In the same way, the commodity loan projects may be held back. Finally, it is impossible to predict all kinds of external complications that might not only sever our economic ties with the capitalist countries but will also most effectively retard even that part of socialist construction that is based on the domestic resources of the Republic.

But no matter how great the deviations from the ideal pace of socialist progress that may result from these causes, this first period of existence of the two different and inherently hostile developmental processes will be marked by one dominant feature throughout—the peaceful evolution of both processes. Regardless of whether the process of development and restoration of capitalist relations in the next few years outstrips the process of socialization

and the initiative of attack comes from the side of the petit bourgeois and bourgeois forces or whether the development of socialist industry outstrips the first process and the initiative comes from the proletarian state—in either case the conflict will require some time to grow and mature. But how long?

For a Marxist, it is always more advantageous to refrain from answering this insidious question and to limit oneself to an analysis of the economic tendencies and their political consequences. But the realities of life and struggle demand an answer, even if only an approximate one. It seems to me that two or three years in which capitalist and socialist relations develop peacefully side by side are probable, if not assured, and that it would be more correct to lengthen than to shorten that period. All this is providing that the conflict is not speeded up from outside, that is, by a proletarian revolution in the West to the advantage of the socialist offensive or by intervention of the foreign bourgeoisie to the advantage of the capitalist reaction.

The Republic is currently engaged in developing its productive forces in all branches of its national economy under the slogan of maximum increase in the number of products, by whatever means and methods available. This increased output, which at the same time means increased income and consumption by groups not directly engaged in production and trade, not only does not serve psychologically to stir up conflicts but, on the contrary, helps dampen those that may already exist. For a better picture of how capitalist and socialist relations will develop side by side, and to determine the moment when they begin to conflict with one another, we might look at the whole process like this: picture two truncated pyramids placed alongside one another with their bases pointing up, and imagine that these figures are growing upward. Up to a certain point, both pyramids can grow without colliding. But sooner or later a collision is inevitable, and one of the two will have to yield.

We can draw another important conclusion from this analogy. The more rapidly both processes unfold, the sooner the conflict will occur; but it will happen later if there is stagnation or progress is slow.

At what point can we expect the peaceful coexistence of the two laws of development to break down?

It seems unlikely that the conflict will break out in the towns. Neither petty urban production nor urban trade, and especially

not the medium-size capitalist industry based on factory-leasing, could provide the ground soil for the decisive conflict. These branches of industry do not account for a large enough share of the entire economy, and the social weight of the classes associated with this economic milieu is not significant enough, for a decisive conflict to begin here. Although under the New Economic Policy we can no longer say that only two classes—the workers and the peasants—have survived in the Republic, these two classes are still now, as before, the ones that will decide the outcome of any future struggle. It is precisely from the countryside that we have to expect the outbreak of the conflict that will be brought to a head by the New Economic Policy. Specifically, this conflict can develop as follows.

Under the new conditions, the process of stratification in the countryside, a process interrupted by the revolution, is beginning again. Since the kulak benefits both from good harvests and from famines—in the good harvest because he has more grain left over to exchange and in famine because he can buy up more of the poor peasants' livestock and implements for next to nothing—he will retake, one after another, all the positions he had lost earlier. No matter what the price level on agricultural products, the kulak will be the first to make use of all the advantages offered by those market conditions, for it is the kulak, above all, who will begin and has already begun improving land cultivation and soil yields. On the other hand, the strata of rural poor, who have been hard hit by the poor harvests, will to a large extent find themselves back where they were before the Committees of Poor Peasants came into being. The greater the growth of kulak wealth, the greater will be the irritation of the rural poor. A struggle will develop in the countryside on the land question (because the kulak will rent out land allotments to those who have no farms), on the question of wages for hired agricultural workers, and on questions of the use of kulak livestock and implements for working the land of poor peasants, the families of Red Army soldiers, and so on. The poor peasants will demand a reduction of their share of the tax in kind and higher rates for the kulaks. Beginning on a local or *volost* scale, this struggle will then spread over all Russia. It will then move to the cooperatives, and cause a split within them, which, depending on local conditions, will either be converted into a weapon in the hands of the poor against the well-to-do strata of the countryside or vice versa. The Soviet state will have to intervene

in the struggle, and its main task will not be to clip the kulaks as happened in 1918 but, on the contrary, to create an economic basis for the poor peasants by intensifying the formation of collective economic units among them. This inevitable intervention of proletarian power into the struggle will in turn force the kulaks to seek their own allies in the cities. They will find some of these allies in the cooperatives, where there are enough SR—Menshevik elements, but they will also find them in the newly emerging merchant-industrial class and the bourgeois intelligentsia. It is not inconceivable that the kulaks themselves might take the offensive, beginning a struggle to rescind the tax in kind, and trying on that basis to enlist the support of the majority of the peasantry.

The grouping of forces then might take place roughly as follows. On the side of Soviet power will be the working class of the socialized enterprises, the rural poor, and the state apparatus. On the kulaks' side will be all the new capitalist groupings and the part of the middle peasantry that is gravitating toward the upper strata of the countryside, plus those groups of the urban population whose existence is bound up with the free market and developing capitalist relations. The majority of the middle peasantry will most likely remain neutral, because the New Economic Policy has enabled them to improve their holdings and raise their income, whereas a kulak victory would not lead to any significant improvements in their situation. Therefore, the outcome of the struggle will depend largely on the degree of organization of the two extreme poles, but especially on the strength of the state apparatus of the proletarian dictatorship. It is possible, of course, that the capitalist forces of the town and countryside will display great willingness to adapt to proletarian power and that during the conflict they will follow the line of least resistance, limiting themselves to passive means of struggle on a purely economic basis. The likelihood of such a development will increase depending on how rapidly the entire socialist system is consolidated in the period before the conflict and on how well socialist production manages economically to subordinate to itself the commodity economy (transportation, the state bank, state orders, foreign trade, etc.).

After all that we have said, it is not difficult to understand the essence of the struggle being waged abroad between the two factions of the Constitutional Democrats: the *Poslednie Izvestiia* group headed by Miliukov and the orthodox Cadets from Rul'. After the Cadet party had lost its class base in the person of the

capitalist bourgeoisie and part of capitalist agriculture, the *Rul'* group was condemned to play the role of coffee-house ideologists, cut off from their social roots in Russian life, since those roots had been wrenched up by the October Revolution. Neither urban trade nor medium-size capitalist industry, which is beginning its gradual revival, can form a stable base for the old Cadet party, and the *Rul'* group is doomed to become a political nonentity. Miliukov, on the other hand, is seeking a base in the countryside. He wants to revive the Cadet party on a kulak base, that is, on the base of the one social group that has a serious role to play in the country's economy and could represent a powerful force in the political struggle. And since in order to succeed in the struggle the kulaks have to enlist the support of the middle peasantry, their new ideologists have to do everything possible to dainty up their capitalist-landowner faces, sprinkle themselves with SR *eau de cologne* in order to cover the Kolchak–Denikin odor that envelops them, and then, after all these preliminaries, step into the role of leaders of the rural bourgeoisie. It is quite obvious that in this debate it is Miliukov, and not Gessen and Nabokov, who is right, because if bourgeois power is to triumph in Russia, it can do so only if the rural bourgeoisie enters the battle. And Gessen and Nabokov will never be able to enlist that group with their historical memoirs. We do not know if Miliukov can enlist them either; for the moment it looks like they have enthralled him with the bracing smell of kulak black earth. But that Miliukov is searching in the place where every serious counterrevolutionary and serious political opponent of proletarian power has to search—that fact cannot be contested.

Let us end our discussion by drawing a few conclusions from all that we have said so far. The first conclusion is that the next few years will not offer favorable soil for a mass counterrevolutionary movement in the Republic, with the possible exception of sporadic and uncoordinated actions in outlying regions. Insurrection attempts and conspiracies on the part of SR–White Guard elements will not only be purposeless but will also be proof of these groups' bankruptcy and total inability to understand the political and economic situation in the country. The concentration of counterrevolutionary forces is currently taking place through peaceful expansion of the underpinnings of neocapitalist relations. The task of Soviet power consists in using this expansion to develop the productive forces of the country without letting our political opponents use it to overthrow Soviet power. And this in

turn means that in this peaceful period proletarian power must not only not relinquish a single political position—that fact is self-evident—but it must also not give up a single decisive economic position, especially not key positions such as large-scale industry, banking, foreign trade, and wholesale trade in monopoly and foreign commodities, and must reject all proposals for widening the zone of retreat. Such positions must be regarded as objectively counterrevolutionary. In view of the fact that in this period the main forces of the counterrevolution are taking shape in the countryside, it is essential that we begin organizing the rural poor as a counterweight to the kulaks. In large-scale industry, we must begin to restore the most important branches with utmost haste, outstripping the construction of the nonsocialist part of industry. Finally, we must consolidate the state apparatus and make maximum use of it in all areas—such as education—to prepare for everything that will ensure victory in the inevitable class battles that are to come.

EDITOR'S NOTES

¹ That is, so long as agriculture is expanding the incidence of the tax in kind can fall and total government collections will still increase.

² The state is able to increase its purchase of peasant commodities simply by printing more money. So long as the volume of new currency emissions remains equal to the volume of private peasant savings (which are thus drawn out of circulation), the total volume of money in circulation will stay the same and the currency will not depreciate. As Preobrazhensky noted in other writings, the state could achieve the same objective by using peasant savings held in the State Bank to purchase the peasants' own commodities.

³ This is Marx's formula for the simple circulation of money capital: Money (*M*) is exchanged for Commodities (*C*), which are then sold and transformed back into Money (*M*).