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I

The International Significance of the Five-Year Plan

Comrades, when the five-year plan was published, people hardly anticipated that it could be of tremendous international significance. On the contrary, many thought that the five-year plan was a private affair of the Soviet Union—an important and serious affair, but nevertheless a private, national affair of the Soviet Union.

History has shown, however, that the international significance of the five-year plan is immeasurable. History has shown that the five-year plan is not the private affair of the Soviet Union, but the concern of the whole international proletariat.

Long before the five-year plan appeared on the scene, in the period when we were finishing our struggle against the interventionists and were going over to the work of economic construction—even in that period Lenin said that our economic construction was of profound international significance; that every step forward taken by the Soviet Government along the path of economic construction was finding a powerful response among the most varied strata in capitalist countries and dividing people into two camps—the camp of the supporters of the proletarian revolution and the camp of its opponents. Lenin said at that time:

"At the present time we are exercising our main influence on the international revolution by our economic policy. All eyes are turned on the Soviet Russian Republic, the eyes of all toilers in all countries of the world without exception and without exaggeration. This we have achieved. . . . That is the field to which the struggle has been transferred on a world-wide scale. If we solve this problem, we shall have won on an international scale surely and finally. That is why questions of economic construction assume absolutely exceptional significance for us. On this front we must win victory by slow, gradual — it cannot be fast — but steady progress upward and forward" (see Vol. XXVI, pp. 410-11 2).

This was said at the time when we were bringing to a close the war against the interventionists, when we were passing from the military struggle against capitalism to the struggle on the economic front, to the period of economic development.

Many years have elapsed since then, and every step taken by the Soviet Government in the sphere of economic development, every year, every quarter, has brilliantly confirmed Comrade Lenin's words.

But the most brilliant confirmation of the correctness of Lenin's words has been provided by our five-year plan of construction, by the emergence of this plan, its development and its fulfilment. Indeed, it seems that no step taken along the path of economic development in our country has met with such a response among the most varied strata in the capitalist countries of Europe, America and Asia as the question of the five-year plan, its development and its fulfilment

At first the bourgeoisie and its press greeted the five-year plan with ridicule. "Fantasy," "delirium," "utopia"—that is how they dubbed our five-year plan at that time.

Later on, when it began to be evident that the fulfilment of the five-year plan was producing real results, they began to sound the alarm, asserting that the five-year plan was threatening the existence of the capitalist countries, that its fulfilment would lead to the flooding of European markets with goods, to intensified dumping and the increase of unemployment.

Still later, when this trick used against the Soviet regime also failed to produce the expected results, a series of voyages to the U.S.S.R. was undertaken by representatives of all sorts of firms, organs of the press, societies of various kinds, etc., for the purpose of seeing with their own eyes what was actually going on in the U.S.S.R. I am not referring here to the workers' delegations, which, from the very first appearance of the five-year plan, have expressed their admiration of the undertakings and successes of the Soviet regime and manifested their readiness to support the working class of the U.S.S.R.

From that time a cleavage began in so-called public opinion, in the bourgeois press, in all kinds of bourgeois societies, etc. Some maintained that the five-year plan had utterly failed and that the Bolsheviks were on the verge of collapse. Others, on the contrary, declared that although the Bolsheviks were bad people, their five-year plan was nevertheless going well and in all probability they would achieve their object.

It will not be superfluous, perhaps, to quote the opinions of various bourgeois press organs.

Take, for example, an American newspaper, The New York Times. ³ At the end of November 1932 this newspaper wrote:

"A five-year industrial plan which sets out to defy the sense of proportion, which drives towards an objective 'regardless of cost,' as Moscow has often proudly boasted, is really not a plan. It is a gamble."

So it seems that the five-year plan is not even a plan, but a sheer gamble.

And here is the opinion of a British bourgeois newspaper, The Daily Telegraph, 4 expressed at the end of November 1932:

"As a practical test of 'planned economics' the scheme has quite clearly failed."

The opinion of The New York Times in November 1932:

"The collectivisation campaign is of course a ghastly failure. It has brought Russia to the verge of famine."

The opinion of a bourgeois newspaper in Poland, Gazeta Polska, 5 in the summer of 1932:

"The situation seems to show that in its policy of collectivising the countryside the government of the Soviets has reached an impasse."

The opinion of a British bourgeois newspaper, The Financial Times, 6 in November 1932:

"Stalin and his party, as the outcome of their policy, find themselves faced with the breakdown of the five-year plan system and frustration of the aims it was expected to achieve."

The opinion of the Italian magazine *Politica* 7:

"It would be absurd to think that nothing has been created in four years' work by a nation consisting of a hundred and sixty million, in four years of super-human economic and political effort on the part of a regime of such strength as the Bolshevik regime represents. On the contrary, a great deal has been done. . . . Nevertheless, the catastrophe is evident—it is a fact obvious to all. Friends and enemies, Bolsheviks and anti-Bolsheviks, oppositionists on the Right and on the Left are convinced of this."

Finally, the opinion of the American bourgeois magazine *Current History* 8:

"A survey of the existing posture of affairs in Russia, therefore, leads to the conclusion that the five-year programme has failed both in terms of its announced statistical objectives and more fundamentally in terms of certain of its underlying social principles."

Such are the opinions of one section of the bourgeois press.

It is hardly worth while to criticise those who gave utterance to these opinions. I think it is not worth while. It is not worth while because these "die-hards" belong to the species of mediaeval fossils to whom facts mean nothing, and who will persist in their opinion no matter how our five-year plan is fulfilled.

Let us turn to the opinions of other press organs belonging to the same bourgeois camp.

Here is the opinion of a well-known bourgeois newspaper in France, *Le Temps*, 9 expressed in January 1932 :

"The U.S.S.R. has won the first round, having industrialised herself without the aid of foreign capital."

The opinion of *Le Temps* again, expressed in the summer of 1932 :

"Communism is completing the process of reconstruction with enormous speed, whereas the capitalist system permits only of progress at a slow pace. . . . In France, where the land is infinitely divided up among individual property owners, it is impossible to mechanise agriculture; the Soviets, however, by industrialising agriculture, have solved the problem. . . . In the contest with us the Bolsheviks have proved the victors."

The opinion of a British bourgeois magazine, *The Round Table* 10 :

"The development achieved under the five-year plan is astounding. The tractor plants of Kharkov and Stalingrad, the AMO automobile factory in Moscow, the automobile plant in Nizhni-Novgorod, the Dnieprostroi hydro-electric project, the mammoth steel plants at Magnitogorsk and Kuznetsk, the network of machine shops and chemical plants in the Urals—which bid fair to become Russia's Ruhr—these and other industrial achievements all over the country show that, whatever the shortcomings and difficulties, Russian industry, like a well-watered plant, keeps on gaining colour, size and strength. . . . She has laid the foundations for future development . . . and has strengthened prodigiously her fighting capacity."

The opinion of the British bourgeois newspaper, *The Financial Times*:

"The progress made in machine construction cannot be doubted, and the celebrations of it in the press and on the platform, glowing as they are, are not unwarranted. It must be remembered that Russia, of course, produced machines and tools, but only of the simplest kind. True, the importation of machines and tools is actually increasing in absolute figures; but the proportion of imported

machines to those of native production is steadily diminishing. Russia is producing today all the machinery essential to her metallurgical and electrical industries; has succeeded in creating her own automobile industry; has established her own tool-making industry from small precision instruments to the heaviest presses; and in the matter of agricultural machinery is independent of foreign imports. At the same time, the Soviet Government is taking measures to prevent the retardation of production in the output of such basic industries as iron and coal endangering the fulfilment of the plan in four years. The one thing certain is that the enormous plants now being established guarantee a very considerable increase in the output of the heavy industries."

The opinion of an Austrian bourgeois newspaper, *Die Neue Freie Presse*, 11 expressed in the beginning of 1932:

"We may curse Bolshevism, but we must understand it. The five-year plan is a new huge quantity which must be taken into account in every economic calculation."

The opinion of a British capitalist, Gibson Jarvie, the president of the United Dominion Trust, expressed in October 1932:

"Now I want it clearly understood that I am neither Communist nor Bolshevik, I am definitely a capitalist and an individualist. . . . Russia is forging ahead while all too many of our factories and shipyards lie idle and approximately 3,000,000 of our people despairingly seek work. Jokes have been made about the five-year plan, and its failure has been predicted. You can take it as beyond question, that under the five-year plan much more has been accomplished than was ever really anticipated. . . . In all these industrial towns which I visited, a new city is growing up, a city on a definite plan with wide streets in the process of being beautified by trees and grass plots, houses of the most modern type, schools, hospitals, workers' clubs and the inevitable creche or nursery, where the children of working mothers are cared for. . . . Don't underrate the Russians or their plans and don't make the mistake of believing that the Soviet Government must crash. . . . Russia today is a country with a soul and an ideal. Russia is a country of amazing activity. I believe that the Russian objective is sound. . . . And perhaps most important of all, all these youngsters and these workers in Russia have one thing which is too sadly lacking in the capitalist countries today, and that is—hope!"

The opinion of the American bourgeois magazine, *The Nation*, 12 expressed in November 1932:

"The four years of the five-year plan have witnessed truly remarkable developments. Russia is working with wartime intensity on the positive task of building the physical and social moulds of a new life. The face of the country is being changed literally beyond recognition This is true of Moscow, with hundreds of streets and squares paved, with new suburbs, new buildings, and a cordon of new factories on its outskirts, and it is true of smaller and less important cities. New towns have sprung out of the steppe, the wilderness, and the desert—not just a few towns, but at least 50 of them with populations of from 50,000 to 250,000—all in the last four years, each constructed round an enterprise for the development of some natural resource. Hundreds of new district power stations and a handful of 'giants' like Dnieprostroi are gradually putting reality into Lenin's formula: 'Electricity plus Soviets equals Socialism. . . .' The Soviet Union now engages in the large-scale manufacture of an endless variety of articles which Russia never before produced—tractors, combines, high-grade steels, synthetic rubber, ball bearings, high-power diesel motors, 50,000-kilowatt turbines, telephone-exchange equipment, electrical mining machinery, aeroplanes, automobiles, lorries, bicycles, and several hundred types of new machines. . . . For the first time Russia is mining aluminium, magnesium, apatite, iodine, potash, and many other valuable minerals. The guiding landmark on the Soviet countryside is no longer the dome of a church but the grain elevator and the silo. Collectives are building piggeries, barns, and houses. Electricity is penetrating the village, and radio and newspaper have conquered it. Workers are learning to operate the world's most modern machines; peasant boys make and use agricultural machinery bigger and more complicated than ever America has seen. Russia is becoming 'machine minded,' Russia is passing quickly from the age of wood into an age of iron, steel, concrete and motors."

The opinion of a British "Left"-reformist magazine, *Forward*, 13 expressed in September 1932:

"Nobody can fail to notice the enormous amount of building work that is going on. New factories, new picture-houses, new schools, new clubs, new big blocks of tenements, everywhere new buildings, many completed, others with scaffolding. It is difficult to convey to the mind of the British reader exactly what has been done, and what is being done. It has to be seen to be believed. Our own wartime efforts are flea-bites to what has been done in Russia. Americans admit that even in the greatest rush days in the West there could have been nothing like the feverish building activity that is going on in Russia today. One sees so many changes in the Russian scene after two years that one gives up trying to imagine what Russia will be like in another 10 years. . . . So dismiss from your heads the fantastic scare stories of the British press that lies so persistently, so contemptibly about Russia, and all the half truths and misconceptions that are circulated by the dilettante intelligentsia that look at

Russia patronisingly through middle-class spectacles without having the slightest understanding of what is going on. . . . Russia is building up a new society on what are, generally speaking, fundamentally sound lines. To do this it is taking risks, it is working enthusiastically with an energy that has never been seen in the world before, it has tremendous difficulties inseparable from this attempt to build up socialism in a vast, undeveloped country isolated from the rest of the world. But the impression I have, after seeing it again after two years, is that of a nation making solid progress, planning, creating, constructing in a way that is striking challenge to the hostile capitalist world."

Such are the discordant voices and the cleavage in the camp of bourgeois circles, of whom some stand for the annihilation of the U.S.S.R. with its allegedly bankrupt five-year plan, while others, apparently, stand for commercial co-operation with the U.S.S.R., obviously calculating that they can obtain some advantage for themselves out of the success of the five-year plan.

The question of the attitude of the working class in capitalist countries towards the five-year plan, towards the successes of socialist construction in the U.S.S.R., is in a category by itself. It may be sufficient to quote here the opinion of just one of the numerous workers' delegations that come to the U.S.S.R. every year, for example, that of a Belgian workers' delegation. The opinion of this delegation is typical of that of all workers' delegations without exception, whether they be British or French, German or American, or delegations of other countries. Here it is:

"We are struck with admiration at the tremendous amount of construction that we have witnessed during our travels. In Moscow, as well as in Makeyevka, Gorlovka, Kharkov, an Leningrad, we could see for ourselves with what enthusiasm the work is carried on there. All the machines are the most up-to-date models. The factories are clean, well ventilated and well lit. We saw how medical assistance and hygienic conditions are provided for the workers in the U.S.S.R. The workers' houses are built near the factories. Schools and creches are organised in the workers' towns, and the children are surrounded with every care. We could see the difference between the old and the newly constructed factories, between the old and the new houses. All that we have seen has given us a clear idea of the tremendous strength of the working people who are building a new society under the leadership of the Communist Party. In the U.S.S.R. we have observed a great cultural revival, while in other countries there is decadence in all spheres, and unemployment reigns. We were able to see the frightful difficulties the working people of the Soviet Union encounter on their path. We can therefore appreciate all the more the pride with which they point to their victories. We are convinced that they will overcome all obstacles."

There you have the international significance of the five-year plan. It was enough for us to carry on construction work for a matter of two or three years, it was enough for us to show the first successes of the five-year plan, for the whole world to be split into two camps — the camp of those who never tire of snarling at us, and the camp of those who are amazed at the successes of the five-year plan, apart from the fact that we have all over the world our own camp, which is growing stronger—the camp of the working class in the capitalist countries, which rejoices at the successes of the working class in the U.S.S.R. and is prepared to support it, to the alarm of the bourgeoisie of the whole world.

What does this mean?

It means that there can be no doubt about the international significance of the five-year plan, about the international significance of its successes and achievements.

It means that the capitalist countries are pregnant with the proletarian revolution, and that precisely because they are pregnant with the proletarian revolution, the bourgeoisie would like to find in a failure of the five-year plan a fresh argument against revolution; whereas the proletariat, on the other hand, is striving to find, and indeed does find, in the successes of the five-year plan a fresh argument in favour of revolution and against the bourgeoisie of the whole world.

The successes of the five-year plan are mobilising the revolutionary forces of the working class of all countries against capitalism — such is the indisputable fact.

There can be no doubt that the international revolutionary significance of the five-year plan is really immeasurable.

All the more attention, therefore, must we devote to the question of the five-year plan, of the content of the five-year plan, of the fundamental tasks of the five-year plan.

All the more carefully, therefore, must we analyse the results of the five-year plan, the results of the carrying out and fulfilment of the five-year plan.

II

The Fundamental Task of the Five-year Plan and the Way to its Fulfilment

We pass to the question of the essence of the five-year plan.

What is the five-year plan?

What was the fundamental task of the five-year plan?

The fundamental task of the five-year plan was to transfer our country, with its backward, and in part medieval, technology, on to the lines of new, modern technology.

The fundamental task of the five-year plan was to convert the U.S.S.R. from an agrarian and weak country, dependent upon the caprices of the capitalist countries, into an industrial and powerful country, fully self-reliant and independent of the caprices of world capitalism.

The fundamental task of the five-year plan was, in converting the U.S.S.R. into an industrial country, to completely oust the capitalist elements, to widen the front of socialist forms of economy, and to create the economic basis for the abolition of classes in the U.S.S.R., for the building of a socialist society.

The fundamental task of the five-year plan was to create in our country an industry that would be capable of re-equipping and reorganising, not only industry as a whole, but also transport and agriculture—on the basis of socialism.

The fundamental task of the five-year plan was to transfer small and scattered agriculture on to the lines of large-scale collective farming, so as to ensure the economic basis of socialism in the countryside and thus to eliminate the possibility of the restoration of capitalism in the U.S.S.R.

Finally, the task of the five-year plan was to create all the necessary technical and economic prerequisites for increasing to the utmost the defence capacity of the country, enabling it to organise determined resistance to any attempt at military intervention from abroad, to any attempt at military attack from abroad.

What dictated this fundamental task of the five-year plan; what were the grounds for it?

The necessity of putting an end to the technical and economic backwardness of the Soviet Union, which doomed it to an unenviable existence; the necessity of creating in the country the prerequisites that would enable it not only to overtake but in time to outstrip, technically and economically, the advanced capitalist countries.

Consideration of the fact that the Soviet regime could not maintain itself for long on the basis of a backward industry; that only a modern large-scale industry, one not merely not inferior to but capable in time of surpassing the industries of the capitalist countries, can serve as a real and reliable foundation for the Soviet regime.

Consideration of the fact that the Soviet regime could not for long rest upon two opposite foundations: on large-scale socialist industry, which destroys the capitalist elements, and on small, individual peasant farming, which engenders capitalist elements.

Consideration of the fact that until agriculture was placed on the basis of large-scale production, until the small peasant farms were united into large collective farms, the danger of the restoration of capitalism in the U.S.S.R. was the most real of all possible dangers.

Lenin said :

"The result of the revolution has been that the political system of Russia has in a few months caught up with that of the advanced countries.

"But that is not enough. The war is inexorable; it puts the alternative with ruthless severity: either perish, or overtake and outstrip the advanced countries economically as well. . . . Perish or drive full steam ahead. That is the alternative with which history has confronted us" (see Vol. XXI, p. 191 14).

Lenin said :

"As long as we live in a small-peasant country, there is a surer economic basis for capitalism in Russia than for communism. This must be borne in mind. Anyone who has carefully observed life in the countryside, as compared with life in the towns, knows that we have not torn out the roots of capitalism and have not undermined the foundation, the basis of the internal enemy. The latter depends on small-scale production, and there is only one way of undermining it, namely, to place the economy of the country, including agriculture, on a new technical basis, the technical basis of modern large-scale production. . . . Only when the country has been electrified, only when our industry, our agriculture, our transport system have been placed upon the technical basis of modern large-scale industry, shall we achieve final victory" (see Vol. XXVI, pp. 46-47 15).

These propositions formed the basis of those considerations of the Party that led to the drawing up of the five-year plan and to determining its fundamental task.

That is how matters stand with regard to the fundamental task of the five-year plan.

But the execution of such a gigantic plan cannot be started haphazardly, just anyhow. In order to carry out such a plan it is necessary first of all to find its

main link; for only after finding and grasping this main link could a pull be exerted on all the other links of the plan.

What was the main link in the five-year plan?

The main link in the five-year plan was heavy industry, with machine building as its core. For only heavy industry is capable of reconstructing both industry as a whole, transport and agriculture, and of putting them on their feet. It was necessary to begin the fulfilment of the five-year plan with heavy industry. Consequently, the restoration of heavy industry had to be made the basis of the fulfilment of the five-year plan.

We have Lenin's directives on this subject also:

"The salvation of Russia lies not only in a good harvest on the peasant farms—that is not enough; and not only in the good condition of light industry, which provides the peasantry with consumer goods—that, too, is not enough; we also need heavy industry. . . . Unless we save heavy industry, unless we restore it, we shall not be able to build up any industry; and without it we shall be doomed altogether as an independent country. . . . Heavy industry needs state subsidies. If we do not provide them, then we are doomed as a civilised state — let alone as a socialist state" (see Vol. XXVII, p. 34916).

But the restoration and development of heavy industry, particularly in such a backward and poor country as ours was at the beginning of the five-year plan period, is an extremely difficult task; for, as is well known, heavy industry calls for enormous financial expenditure and the existence of a certain minimum of experienced technical forces, without which, generally speaking, the restoration of heavy industry is impossible. Did the Party know this, and did it take this into account? Yes, it did. Not only did the Party know this, but it announced it for all to hear. The Party knew how heavy industry had been built in Britain, Germany and America. It knew that in those countries heavy industry had been built either with the aid of big loans, or by plundering other countries, or by both methods simultaneously. The Party knew that those paths were closed to our country. What, then, did it count on? It counted on our country's own resources. It counted on the fact that, with a Soviet government at the helm, and the land, industry, transport, the banks and trade nationalised, we could pursue a regime of the strictest economy in order to accumulate sufficient resources for the restoration and development of heavy industry. The Party declared frankly that this would call for serious sacrifices, and that it was our duty openly and consciously to make these sacrifices if we wanted to achieve our goal. The Party counted on carrying through this task with the aid of the internal resources of our country — without enslaving.

Here is what Lenin said on this score :

"We must strive to build up a state in which the workers retain their leadership of the peasants, in which they retain the confidence of the peasants, and, by exercising the greatest economy, remove every trace of extravagance from our social relations.

"We must bring our state apparatus to the utmost degree of economy. We must remove from it all traces of extravagance, of which so much has been left over from tsarist Russia, from its bureaucratic and capitalist apparatus.

"Will not this be a reign of peasant narrow-mindedness?"

"No. If we see to it that the working class retains the leadership of the peasantry, we shall be able, by exercising the greatest possible economy in the economic life of our state, to use every kopek we save to develop our large-scale machine industry, to develop electrification, the hydraulic extraction of peat, to finish the construction of Volkhovstroi, etc.

"In this, and this alone, lies our hope. Only when we have done this will we, speaking figuratively, be able to change horses, to change from the peasant, muzhik, horse of poverty, from the horse of economy adapted to a ruined peasant country, to the horse which the proletariat is seeking and cannot but seek—the horse of large-scale machine industry, of electrification, of Volkhovstroi, etc." (see Vol. XXVII, p. 417 17).

To change from the muzhik horse of poverty to the horse of large-scale machine industry — such was the aim of the Party in drawing up the five-year plan and striving for its fulfilment.

To establish a regime of the strictest economy and to accumulate the resources necessary for financing the industrialisation of our country — such was the path that had to be taken in order to succeed in creating heavy industry and in carrying out the five-year plan.

A bold task? A difficult path? But our Party is called a Leninist party precisely because it has no right to fear difficulties.

More than that. The Party's confidence in the feasibility of the five-year plan and its faith in the forces of the working class were so strong that the Party found it possible to undertake the fulfilment of this difficult task not in five years, as was provided for in the five-year plan, but in four years, or, strictly speaking, in four years and three months, if the special quarter be added.

That is what gave rise to the famous slogan, "The Five-Year Plan in Four Years."

And what happened?

Subsequent facts have shown that the Party was right.

The facts have shown that without this boldness and confidence in the forces of the working class, the Party could not have achieved the victory of which we are now so justly proud.

III

The Results of the Five-year Plan in Four Years in the Sphere of Industry

Let us pass now to the results of the fulfilment of the five-year plan.

What are the results of the five-year plan in four years in the sphere of industry?

Have we achieved victories in this sphere?

Yes, we have. And not only that, but we have accomplished more than we ourselves expected, more than the ardent minds in our Party could have expected. That is not denied now even by our enemies, and certainly our friends cannot deny it.

We did not have an iron and steel industry, the basis for the industrialisation of the country. Now we have one.

We did not have a tractor industry. Now we have one.

We did not have an automobile industry. Now we have one.

We did not have a machine-tool industry. Now we have one.

We did not have a big and modern chemical industry. Now we have one.

We did not have a real and big industry for the production of modern agricultural machinery. Now we have one.

We did not have an aircraft industry. Now we have one.

In output of electric power we were last on the list. Now we rank among the first.

In output of oil products and coal we were last on the list. Now we rank among the first.

We had only one coal and metallurgical base — in the Ukraine — and it was with difficulty that we made do with that. We have not only succeeded in improving this base, but have created a new coal and metallurgical base — in the East — which is the pride of our country.

We had only one centre of the textile industry — in the North of our country. As a result of our efforts we shall have in the very near future two new centres of the textile industry — in Central Asia and Western Siberia.

And we have not only created these new great industries, but have created them on a scale and in dimensions that eclipse the scale and dimensions of European industry.

And as a result of all this the capitalist elements have been completely and irrevocably ousted from industry, and socialist industry has become the sole form of industry in the U.S.S.R.

And as a result of all this our country has been converted from an agrarian into an industrial country; for the proportion of industrial output, as compared with agricultural output, has risen from 48 per cent of the total in the beginning of the five-year plan period (1928) to 70 per cent at the end of the fourth year of the five-year plan period (1932).

And as a result of all this we have succeeded by the end of the fourth year of the five-year plan period in fulfilling the total programme of industrial output, which was drawn up for five years, to the extent of 93.7 per cent, thereby raising the volume of industrial output to more than three times the pre-war output, and to more than double the level of 1928. As for the programme of output for heavy industry, we have fulfilled the five-year plan by 108 per cent.

It is true that we are 6 per cent short of fulfilling the total programme of the five-year plan. But that is due to the fact that in view of the refusal of neighbouring countries to sign pacts of non-aggression with us, and of the complications that arose in the Far East, we were obliged, for the purpose of strengthening our defence, hastily to switch a number of factories to the production of modern defensive means. And owing to the necessity of going through a certain period of preparation, this switch resulted in these factories suspending production for four months, which could not but affect the fulfilment of the total programme of output for 1932, as fixed in the five-year plan. As a result of this operation we have completely filled the gaps with regard to the defence capacity of the country. But this was bound to affect adversely the fulfilment of the programme of output provided for in the five-year plan. It is beyond any doubt that, but for this incidental circumstance, we would almost certainly not only have fulfilled, but even overfulfilled the total production figures of the five-year plan.

Finally, as a result of all this the Soviet Union has been converted from a weak country, unprepared for defence, into a country mighty in defence, a country prepared for every contingency, a country capable of producing on a mass scale all modern means of defence and of equipping its army with them in the event of an attack from abroad.

Such, in general terms, are the results of the five-year plan in four years in the sphere of industry.

Now, after all this, judge for yourselves what worth there is in the talk in the bourgeois press about the "failure" of the five-year plan in the sphere of industry.

And what is the position in regard to growth of industrial output in the capitalist countries, which are now passing through a severe crisis?

Here are the generally known official figures.

Whereas by the end of 1932 the volume of industrial output in the U.S.S.R. rose to 334 per cent of the prewar output, the volume of industrial output in the U.S.A. dropped during this same period to 84 per cent of the pre-war level, in Britain to 75 per cent, in Germany to 62 per cent.

Whereas by the end of 1932 the volume of industrial output in the U.S.S.R. rose to 219 per cent of the 1928 output, the volume of industrial output in the U.S.A. dropped during this same period to 56 per cent, in Britain to 80 per cent, in Germany to 55 per cent, in Poland to 54 per cent.

What do these figures show if not that the capitalist system of industry has failed to stand the test in competition with the Soviet system, that the Soviet system of industry has all the advantages over the capitalist system.

We are told: This is all very well; many new factories have been built, and the foundations for industrialisation have been laid; but it would have been far better to have renounced the policy of industrialisation, the policy of expanding the production of means of production, or at least to have relegated it to the background, so as to produce more cotton fabrics, shoes, clothing and other goods for mass consumption.

It is true that the output of goods for mass consumption was less than the amount required, and this creates certain difficulties. But, then, we must realise and take into account where such a policy of relegating the task of industrialisation to the background would have led us. Of course, out of the 1,500 million rubles in foreign currency that we spent during this period on equipment for our heavy industries, we could have set aside a half for importing cotton, hides, wool, rubber, etc. Then we would now have more cotton fabrics, shoes and clothing. But we would not have a tractor industry or an automobile industry; we would not have any thing like a big iron and steel industry; we

would not have metal for the manufacture of machinery—and we would remain unarmed while encircled by capitalist countries armed with modern technique.

We would have deprived ourselves of the possibility of supplying agriculture with tractors and agricultural machinery — consequently, we would be without bread.

We would have deprived ourselves of the possibility of achieving victory over the capitalist elements in our country—consequently, we would have raised immeasurably the chances of the restoration of capitalism.

We would not have all the modern means of defence without which it is impossible for a country to be politically independent, without which a country becomes a target for military attacks of foreign enemies. Our position would be more or less analogous to the present position of China, which has no heavy industry and no war industry of its own and which is being molested by anyone who cares to do so.

In short, in that case we would have military intervention; not pacts of non-aggression, but war, dangerous and fatal war, a sanguinary and unequal war; for in such a war we would be almost unarmed in the face of an enemy having all the modern means of attack at his disposal.

This is how it works out, comrades.

It is obvious that no self-respecting government and no self-respecting party could adopt such a fatal point of view.

And it is precisely because the Party rejected this anti-revolutionary line—it is precisely for that reason that it achieved a decisive victory in the fulfilment of the five-year plan in the sphere of industry.

In carrying out the five-year plan and organising victory in the sphere of industrial development the Party pursued the policy of accelerating the development of industry to the utmost. The Party, as it were, spurred the country on and hastened its progress.

Was the Party right in pursuing the policy of accelerating development to the utmost?

Yes, it was absolutely right.

It was necessary to urge forward a country which was a hundred years behindhand and which was faced with mortal danger because of its

backwardness. Only in this way was it possible to enable the country quickly to re-equip itself on the basis of modern technique and to emerge on to the high road at last.

Furthermore, we could not know just when the imperialists would attack the U.S.S.R. and interrupt our work of construction; but that they might attack us at any moment, taking advantage of the technical and economic weakness of our country—of that there could be no doubt. That is why the Party was obliged to spur the country on, so as not to lose time, so as to make the utmost use of the respite and to create in the U.S.S.R. the basis of industrialisation which is the foundation of its might. The Party could not afford to wait and manoeuvre; it had to pursue the policy of accelerating development to the utmost.

Finally, the Party had to put an end, in the shortest possible space of time, to the weakness of the country in the sphere of defence. The conditions prevailing at the time, the growth of armaments in the capitalist countries, the collapse of the idea of disarmament, the hatred of the international bourgeoisie for the U.S.S.R. — all this impelled the Party to accelerate the work of strengthening the defence capacity of the country, the basis of its independence.

But did the Party have a real possibility of implementing the policy of accelerating development to the utmost? Yes, it did. It had this possibility, not only because it succeeded in good time in rousing the country to make rapid progress, but above all because in the work of extensive new construction it could rely on the old or renovated factories and plants which the workers and engineering and technical personnel had already mastered, and which, therefore, enabled us to achieve the utmost acceleration of development.

That was the basis for the rapid advance of new construction, for the enthusiasm displayed in the extensive construction work, for the rise of heroes and shock brigaders on construction jobs, for the tempestuous rates of development in our country in the period of the First Five-Year Plan.

Can it be said that exactly the same policy of accelerating development to the utmost must be pursued in the period of the Second Five-Year Plan?

No, it cannot.

Firstly, as a result of the successful fulfilment of the five-year plan, we have, in the main, already achieved its principal object—to place industry, transport, and agriculture on a new, modern, technical basis. Is there really any need, after this, to spur the country on and urge it forward? Obviously, this is no longer necessary.

Secondly, as a result of the successful fulfilment of the five-year plan, we have already succeeded in raising the defence capacity of the country to the proper level. Is there really any need, after this, to spur the country on and urge it forward? Obviously, this is no longer necessary.

Finally, as a result of the successful fulfilment of the five-year plan, we have been able to build scores and hundreds of big new factories and works, provided with new, complex technical equipment. This means that in the period of the Second Five-Year Plan the bulk of industrial output will be provided not by the old factories, whose equipment has already been mastered, as was the case during the period of the First Five-Year Plan, but by the new factories, whose equipment has not yet been mastered, but has still to be mastered. But the mastering of the new enterprises and new equipment presents much greater difficulties than the utilisation of old, or renovated factories and plants whose equipment has already been mastered. It requires more time, needed for raising the skill of the workers and engineering and technical personnel and for acquiring the new habits in order to make full use of the new equipment. Is it not clear after all this that, even if we desired to, we could not in the period of the Second Five-Year Plan, particularly during the first two or three years, pursue a policy of accelerating development to the utmost?

That is why I think that in the second five-year plan period we shall have to adopt less speedy rates of increase in industrial output. In the period of the First Five-Year Plan the average annual increase in industrial output was 22 per cent. I think that in the Second Five-Year Plan we will have to adopt a 13-14 per cent average annual increase in industrial output as a minimum. For capitalist countries such a rate of increase in industrial output is an unattainable ideal. And not only such a rate of increase in industrial output—even a 5 per cent average annual increase in industrial output is now an unattainable ideal for them. But, then, they are capitalist countries. The Soviet country, with the Soviet system of economy, is altogether different. Under our economic system we are fully able to obtain, and we must obtain, a 13-14 per cent annual increase of production as a minimum.

In the period of the First Five-Year Plan we succeeded in organising enthusiasm and zeal for new construction, and achieved decisive successes. That is very good. But now that is not enough. Now we must supplement that with enthusiasm and zeal for mastering the new factories and the new technical equipment, with a substantial rise in the productivity of labour, with a substantial reduction of production costs.

This is the chief thing at present.

For only on this basis shall we be able, say, in the latter half of the Second Five-Year Plan period, to make a fresh powerful spurt both in the work of construction and in increasing industrial output.

Finally, a few words about the rates of development and percentages of annual increase of output. Our executives in industry pay little attention to this question. And yet it is a very interesting one. What is the nature of the percentage increases of output, what lies hidden behind each per cent of increase? Let us take, for example, the year 1925, the period of restoration. The annual increase in output was then 66 per cent. Gross industrial output amounted to 7,700 million rubles. The increase of 66 per cent at that time represented, in absolute figures, a little over 3,000 million rubles. Hence, each per cent of increase was then equal to 45,000,000 rubles. Now let us take the year 1928. In that year the increase was 26 per cent, i.e., about a third of that in 1925 as far as percentages are concerned. Gross industrial output in 1928 amounted to 15,500 million rubles. The total increase for the year amounted, in absolute figures, to 3,280 million rubles. Hence, each per cent of increase was then equal to 126,000,000 rubles, i.e., it was almost three times as much as in 1925, when we had a 66 per cent increase. Finally, let us take 1931. In that year the increase was 22 per cent, i.e., a third of that in 1925. Gross industrial output in 1931 amounted to 30,800 million rubles. The total increase, in absolute figures, amounted to a little over 5,600 million rubles. Hence, every per cent of increase represented more than 250,000,000 rubles, i.e., six times as much as in 1925, when we had a 66 per cent increase, and twice as much as in 1928, when we had an increase of a little over 26 per cent.

What does all this show? It shows that in studying the rate of increase of output we must not confine our examination to the total percentage of increase—we must also take into account what lies behind each per cent of increase and what is the total amount of the annual increase of output. For 1933, for example, we are providing for a 16 per cent increase, i.e., a quarter of that of 1925. But this does not mean that the actual increase of output in 1933 will also be a quarter of that of 1925. In 1925 the increase of output in absolute figures was a little over 3,000 million rubles and each per cent was equal to 45,000,000 rubles. There is no reason to doubt that a 16 per cent increase of output in 1933 will amount, in absolute figures, to not less than 5,000 million rubles, i.e., almost twice as much as in 1925, and each per cent of increase will be equal to at least 320,000,000-340,000,000 rubles, i.e., will represent at least seven times as much as each per cent of increase represented in 1925.

That is how it works out, comrades, if we examine the question of the rates and percentages of increase in concrete terms.

That is how matters stand with regard to the results of the five-year plan in four years in the sphere of industry.

IV

The Results of the Five-year Plan in Four Years in the Sphere of Agriculture

Let us pass to the question of the results of the five-year plan in four years in the sphere of agriculture.

The five-year plan in the sphere of agriculture was a five-year plan of collectivisation. What did the Party proceed from in carrying out collectivisation?

The Party proceeded from the fact that in order to consolidate the dictatorship of the proletariat and build a socialist society it was necessary, in addition to industrialisation, to pass from small, individual peasant farming to large-scale collective agriculture equipped with tractors and modern agricultural machinery, as the only firm basis for the Soviet regime in the countryside.

The Party proceeded from the fact that without collectivisation it would be impossible to lead our country on to the high road of building the economic foundations of socialism, impossible to free the vast masses of the labouring peasantry from poverty and ignorance.

Lenin said :

"Small-scale farming provides no escape from poverty" (see "Small-scale farming provides no Vol. XXIV, p. 540 19).

Lenin said :

"If we continue as of old on our small farms, even as free citizens on free land, we shall still be faced with inevitable ruin" (see Vol. XX, p. 417 20).

Lenin said :

"Only with the help of common, artel, co-operative labour can we escape from the impasse into which the imperialist war has landed us" (see Vol. XXIV, p. 537 21).

Lenin said :

"We must pass to common cultivation in large model farms. Otherwise there will be no escaping from the dislocation, from the truly desperate situation in which Russia finds itself" (see Vol. XX, p. 418 22).

Proceeding from this, Lenin arrived at the following fundamental conclusion :

"Only if we succeed in practice in showing the peasants the advantages of common, collective, co-operative, artel cultivation of the soil, only if we succeed in helping the peasant by means of co-operative, artel farming, will the working class, which holds state power in its hands, actually prove to the peasant the correctness of its policy and actually secure the real and durable following of the vast masses of the peasantry" (see Vol. XXIV, p. 579 23).

It was from these propositions of Lenin's that the Party proceeded in carrying out the programme of collectivising agriculture, the programme of the five-year plan in the sphere of agriculture.

In this connection, the task of the five-year plan in the sphere of agriculture was to unite the scattered and small, individual peasant farms, which lacked the possibility of using tractors and modern agricultural machinery, into large collective farms, equipped with all the modern implements of highly developed agriculture, and to cover unoccupied land with model state farms.

The task of the five-year plan in the sphere of agriculture was to convert the U.S.S.R. from a small-peasant and backward country into one of large-scale agriculture organised on the basis of collective labour and providing the maximum output for the market.

What has the Party achieved in carrying out the programme of the five-year plan in four years in the sphere of agriculture? Has it fulfilled this programme, or has it failed?

The Party has succeeded in the course of some three years in organising more than 200,000 collective farms and about 5,000 state farms devoted to grain growing and livestock raising, and at the same time it has succeeded during four years in expanding the crop area by 21,000,000 hectares.

The Party has succeeded in getting more than 60 per cent of the peasant farms to unite into collective farms, embracing more than 70 per cent of all the land cultivated by peasants; this means that we have fulfilled the five-year plan three times over.

The Party has succeeded in making possible its procurement of 1,200 to 1,400 million poods of marketable grain annually, instead of the 500,000,000-600,000,000 poods that were procured in the period when individual peasant farming predominated.

The Party has succeeded in routing the kulaks as a class, although they have not yet been dealt the final blow; the labouring peasants have been emancipated from kulak bondage and exploitation, and the Soviet regime has been given a firm economic basis in the countryside, the basis of collective farming.

The Party has succeeded in converting the U.S.S.R. from a country of small-peasant farming into a country of the largest-scale agriculture in the world.

Such in general are the results of the five-year plan in four years in the sphere of agriculture.

Now, after all this, judge for yourselves what worth there is in the talk in the bourgeois press about the "collapse" of collectivisation, about the "failure" of the five-year plan in the sphere of agriculture.

And what is the position of agriculture in the capitalist countries, which are now passing through a severe agricultural crisis?

Here are the generally known official data.

In the principal grain-producing countries the crop area has been reduced by 8-10 per cent. The area under cotton in the United States has been reduced by 15 per cent; the area under sugar-beet in Germany and Czechoslovakia has been reduced by 22-30 per cent; the area under flax in Lithuania and Latvia has been reduced by 25-30 per cent.

According to the figures of the United States Department of Agriculture, the value of the gross output of agriculture in the U.S.A. dropped from \$11,000 million in 1929 to \$5,000 million in 1932. The value of the gross output of grain in that country dropped from \$1,288 million in 1929 to \$391,000,000 in 1932. The value of the cotton crop in that country dropped from \$1,389 million in 1929 to \$397,000,000 in 1932.

Do not all these facts testify to the superiority of the Soviet system of agriculture over the capitalist system? Do not these facts go to show that collective farms are a more efficient form of farming than individual and capitalist farms?

It is said that collective farms and state farms do not always yield a profit, that they eat up an enormous amount of funds, that there is no sense in maintaining such enterprises, that it would be more expedient to dissolve them, leaving only those that do yield a profit. But only people who understand nothing about national economy, about economics, can say such things. A few years ago more than half of our textile mills did not yield a profit. Some of our comrades suggested at the time that we should close down these mills. What would have happened had we followed their advice? We would have committed an enormous crime against the country, against the working class; for by doing that we would have ruined our rising industry. What did we do at that time? We persevered for a little more than a year, and finally succeeded in making the whole of our textile industry yield a profit. And what about our automobile plant at Gorky? It does not yield a profit as yet either. Would you, perhaps, have us close it down? Or our iron and steel industry, which does not yield a profit as yet either? Shall we close that down, too, comrades? If one looks in that light on

profitableness, then we ought to develop to the utmost only a few industries, those which are the most profitable, as, for example, confectionery, flour milling, perfumery, knitted goods, toy-making, etc. Of course, I am not opposed to developing these industries. On the contrary, they must be developed, for they, too, are needed for the population. But, in the first place, they cannot be developed without equipment and fuel, which are provided by heavy industry. In the second place, it is impossible to make them the basis of industrialisation. That is the point, comrades.

We cannot look on profitableness from the huckster's point of view, from the point of view of the immediate present. We must approach it from the point of view of the national economy as a whole, over a period of several years. Only such a point of view can be called a truly Leninist, a truly Marxist one. And this point of view is imperative not only in regard to industry, but also, and to an even greater extent, in regard to the collective farms and state farms. Just think: in a matter of three years we have created more than 200,000 collective farms and about 5,000 state farms, i.e., we have created entirely new large enterprises which have the same importance for agriculture as large mills and factories for industry. Name another country which has managed in the course of three years to create, not 205,000 new large enterprises, but even 25,000. You will not be able to do so; for there is no such country, and there has never been one. But we have created 205,000 new enterprises in agriculture. It appears, however, that there are people who demand that these enterprises should immediately become profitable, and if they do not become so immediately, they should be destroyed and dissolved. Is it not clear that these very strange people are envious of the laurels of Herostratus?

In saying that the collective farms and state farms do not yield a profit, I by no means want to suggest that none of them yield a profit. Nothing of the kind! Everyone knows that even now we have a number of collective farms and state farms that are highly profitable. We have thousands of collective farms and scores of state farms which are fully profitable even now. These collective farms and state farms are the pride of our Party, the pride of the Soviet regime. Of course, not all collective farms and state farms are alike. Some collective farms and state farms are old, some are new, and some are very young. These last are still weak economic organisms, which have not yet fully taken shape. They are passing through approximately the same period of organisational development that our factories and plants passed through in 1920-21. Naturally, the majority of these cannot yield a profit yet. But there cannot be the slightest doubt that they will begin to yield a profit in the course of the next two or three years, just as our factories and mills began to do so after 1921. To refuse them assistance and support on the grounds that at the present moment not all of them yield a profit would be committing a grave crime against the working class and the

peasantry. Only enemies of the people and counter-revolutionaries can raise a question of the collective farms and state farms being unnecessary.

In fulfilling the five-year plan for agriculture, the Party carried through collectivisation at an accelerated tempo. Was the Party right in pursuing the policy of an accelerated tempo of collectivisation? Yes, it was absolutely right, even though certain excesses were committed in the process. In pursuing the policy of eliminating the kulaks as a class, and in destroying the kulak nests, the Party could not stop halfway. It had to carry this work to completion.

That is the first point.

Secondly, having tractors and agricultural machinery at its disposal, on the one hand, and taking advantage of the absence of private property in land (the nationalisation of the land!), on the other, the Party had every opportunity of accelerating the collectivisation of agriculture. And, indeed, it has achieved tremendous successes in this sphere; for it has fulfilled the programme of the five-year plan of collectivisation three times over.

Does that mean that we must pursue the policy of an accelerated tempo of collectivisation in the period of the Second Five-Year Plan as well? No, it does not mean that. The point is that, in the main, we have already completed the collectivisation of the principal regions of the U.S.S.R. Hence, we have done more in this sphere than could have been expected. And we have not only, in the main, completed collectivisation. We have succeeded in getting the overwhelming majority of the peasantry to regard collective farming as the most acceptable form of farming. This is a tremendous victory, comrades. Is it worth while, after this, being in a hurry to accelerate the tempo of collectivisation? Clearly, it is not.

Now it is no longer a question of accelerating the tempo of collectivisation. Still less is it a question as to whether the collective farms should exist or not—that question has already been answered in the affirmative. The collective farms have come to stay, and the road back to the old, individual farming is closed for ever. The task now is to strengthen the collective farms organisationally, to expel sabotaging elements from them, to recruit real, tried, Bolshevnik cadres for the collective farms, and to make them really Bolshevnik collective farms.

That is now the chief thing.

That is how matters stand with regard to the five-year plan in four years in the sphere of agriculture.

V

The Results of the Five-year Plan in Four Years

as Regards Improving the Material Conditions of the Workers and Peasants

I have spoken of our successes in industry and agriculture, of the progress of industry and agriculture in the U.S.S.R. What are the results of these successes from the standpoint of improving the material conditions of the workers and peasants? What are the main results of our successes in the sphere of industry and agriculture as regards radical improvement of the material conditions of the working people?

Firstly, the fact that unemployment has been abolished and that among the workers uncertainty about the future has been done away with.

Secondly, the fact that almost all the poor peasants have been drawn into collective-farm development; that, on this basis, the differentiation of the peasantry into kulaks and poor peasants has been stopped; and that, as a result, impoverishment and pauperism in the countryside have been done away with.

These are tremendous achievements, comrades, achievements of which not a single bourgeois state, even the most "democratic," can dream.

In our country, in the U.S.S.R., the workers have long forgotten unemployment. Some three years ago we had about 1,500,000 unemployed. It is already two years now since unemployment was completely abolished. And in these two years the workers have already forgotten about unemployment, about its burden and its horrors. Look at the capitalist countries: what horrors result there from unemployment! There are now no less than 30,000,000 to 40,000,000 unemployed in those countries. Who are these people? Usually it is said of them that they are "down and out."

Every day they try to get work, seek work, are prepared to accept almost any conditions of work, but they are not given work, because they are "superfluous." And this is taking place at a time when vast quantities of goods and produce are being wasted to satisfy the caprices of the favourites of fortune, the scions of the capitalists and landlords.

The unemployed are refused food because they have no money with which to pay for it; they are refused shelter because they have no money with which to pay rent. How and where do they live? They live on the miserable crumbs from the rich man's table; by raking refuse bins, where they find decayed scraps of food; they live in the slums of big cities, and more often in hovels outside the towns, hastily put up by the unemployed out of packing cases and the bark of

trees. But this is not all. It is not only the unemployed who suffer as a result of unemployment. The employed workers, too, suffer as a result of it. They suffer because the presence of a large number of unemployed makes their position in industry insecure, makes them uncertain about their future. Today they are employed, but they are not sure that when they wake up tomorrow they will not find themselves discharged.

One of the principal achievements of the five-year plan in four years is that we have abolished unemployment and have saved the workers of the U.S.S.R. from its horrors.

The same thing must be said of the peasants. They, too, have forgotten about the differentiation of the peasants into kulaks and poor peasants, about the exploitation of the poor peasants by the kulaks, about the ruin which every year caused hundreds of thousands and millions of poor peasants to become destitute. Three or four years ago the poor peasants constituted not less than 30 per cent of the total peasant population in our country. They numbered about 20,000,000. And still earlier, in the period before the October Revolution, the poor peasants constituted not less than 60 per cent of the peasant population. Who were the poor peasants? They were people who usually lacked either seed, or horses, or implements, or all of these, for carrying on their husbandry. The poor peasants were people who lived in a state of semi-starvation and, as a rule, were in bondage to the kulaks—and in the old days, both to the kulaks and to the landlords. Not at all long ago more than 2,000,000 poor peasants used to go south—to the North Caucasus and the Ukraine—every year to hire themselves out to the kulaks—and still earlier, to the kulaks and landlords. Still larger numbers used to come every year to the factory gates and swell the ranks of the unemployed. And it was not only the poor peasants who found themselves in this unenviable position. A good half of the middle peasants lived in the same state of poverty and

What has the five-year plan in four years given the poor peasants and the lower strata of the middle peasants? It has undermined and smashed the kulaks as a class, liberating the poor peasants and a good half of the middle peasants from kulak bondage. It has brought them into the collective farms and placed them in a secure position. It has thus eliminated the possibility of the differentiation of the peasantry into exploiters—kulaks—and exploited—poor peasants, and abolished destitution in the countryside. It has raised the poor peasants and the lower strata of the middle peasants to a position of security in the collective farms, and has there by put a stop to the process of ruination and impoverishment of the peasantry. Now it no longer happens in our country that millions of peasants leave their homes every year to seek work in distant areas. In order to attract a peasant to go to work outside his own collective farm it is now necessary to sign a contract with the collective farm and, in addition, to pay

the collective farmer his railway fare. Now it no longer happens in our country that hundreds of thousands and millions of peasants are ruined and hang around the gates of factories and mills. That is what used to happen; but that was long ago. Now the peasant is in a position of security, a member of a collective farm which has at its disposal tractors, agricultural machinery, seed funds, reserve funds, etc., etc.

That is what the five-year plan has given to the poor peasants and to the lower strata of the middle peasants.

That is the essence of the principal achievements of the five-year plan in improving the material conditions of the workers and peasants.

As a result of these principal achievements in improving the material conditions of the workers and peasants, we have brought about during the period of the First Five-Year Plan:

a) a doubling of the number of workers and other employees in large-scale industry compared with 1928, which represents an overfulfilment of the five-year plan by 57 per cent;

b) an increase in the national income—hence, an increase in the incomes of the workers and peasants—to 45,100 million rubles in 1932, which represents an increase of 85 per cent over 1928;

c) an increase in the average annual wages of workers and other employees in large-scale industry by 67 per cent compared with 1928, which represents an overfulfilment of the five-year plan by 18 per cent;

d) an increase in the social insurance fund by 292 per cent compared with 1928 (4,120 million rubles in 1932, as against 1,050 million rubles in 1928), which represents an overfulfilment of the five-year plan by 111 per cent;

e) an increase in public catering facilities, now covering more than 70 per cent of the workers employed in the decisive industries, which represents an overfulfilment of the five-year plan by 500 per cent.

Of course, we have not yet reached the point where we can fully satisfy the material requirements of the workers and peasants, and it is hardly likely that we shall reach it within the next few years. But we have unquestionably attained a position where the material conditions of the workers and peasants are improving from year to year. The only ones who can have any doubts on this score are the sworn enemies of the Soviet regime, or, perhaps, certain

representatives of the bourgeois press, including some of the Moscow correspondents of that press, who hardly know any more about the economy of nations and the condition of the working people than, say, the Emperor of Abyssinia knows about higher mathematics.

And what is the position in regard to the material conditions of the workers and peasants in capitalist countries?
Here are the official figures.

The number of unemployed in the capitalist countries has increased catastrophically. In the United

States, according to official figures, the number of employed workers in the manufacturing industries alone dropped from 8,500,000 in 1928 to 5,500,000 in 1932; and according to the figures of the American Federation of Labour, the number of unemployed in the United States, in all industries, at the end of 1932, was 11,000,000. In Britain, according to official figures, the number of unemployed increased from 1,290,000 in 1928 to 2,800,000 in 1932. In Germany, according to official figures, the number of unemployed increased from 1,376,000 in 1928 to 5,500,000 in 1932. This is the picture that is observed in all the capitalist countries. Moreover, official statistics as a rule minimise the number of unemployed, the total number of whom in the capitalist countries ranges from 35,000,000 to 40,000,000.

The wages of the workers are being systematically reduced. According to official figures, average monthly wages in the United States have been reduced by 35 per cent compared with 1928. In Britain wages have been reduced by 15 per cent in the same period, and in Germany by as much as 50 per cent. According to the estimates of the American Federation of Labour, the American workers lost more than \$35,000 million as a result of wage cuts in 1930-31.

The workers' insurance funds in Britain and Germany, small as they were, have been considerably diminished. In the United States and in France unemployment insurance does not exist, or hardly exists at all, and, as a consequence, the number of homeless workers and waifs is growing enormously, particularly in the United States.

The position is no better as regards the condition of the masses of the peasantry in the capitalist countries, where the agricultural crisis is utterly undermining peasant farming and is forcing millions of ruined peasants and farmers to go begging.

Such are the results of the five-year plan in four years in regard to improving the material conditions of the working people of the U.S.S.R.

VI

The Results of the Five-year Plan in Four Years as Regards Trade Turnover Between Town and Country

Let us pass now to the question of the results of the five-year plan in four years in regard to the growth of trade turnover between town and country.

The tremendous growth of the output of industry and agriculture, the growth of the marketable surplus both in industry and in agriculture, and, finally, the growth of the requirements of the workers and peasants—all this could not but lead, and indeed has led, to a revival and expansion of trade turnover between town and country.

The bond based on production is the fundamental form of the bond between town and country. But the bond based on production is not enough by itself. It must be supplemented by the bond based on trade in order that the ties between town and country may be durable and unseverable. This can be achieved only by developing Soviet trade. It would be wrong to think that Soviet trade can be developed only along one channel, for example, the co-operative societies. In order to develop Soviet trade all channels must be used: the network of co-operatives, the state trading network, and collective-farm trade.

Some comrades think that the development of Soviet trade, and particularly the development of collective-farm trade, is a reversion to the first stage of NEP. That is absolutely wrong.

There is a fundamental difference between Soviet trade, including collective-farm trade, and the trade carried on in the first stage of NEP.

In the first stage of NEP we permitted a revival of capitalism, permitted private trade, permitted the "activities" of private traders, capitalists, speculators.

That was more or less free trade, restricted only by the regulating role of the state. At that time the private capitalist sector had a fairly large place in the trade turnover of the country. That is apart from the fact that we did not then have the developed industry that we have now, nor did we have collective farms and state farms working according to plan and placing at the disposal of the state huge reserves of agricultural produce and urban manufactures.

Can it be said that this is the position now? Of course not.

In the first place, Soviet trade cannot be put on a par with trade in the first stage of NEP, even though the latter was regulated by the state. While trade in the first stage of NEP permitted a revival of capitalism and the functioning of the private

capitalist sector in trade turnover, Soviet trade proceeds from the negation, the absence, of both the one and the other. What is Soviet trade? Soviet trade is trade without capitalists, big or small; it is trade without speculators, big or small. It is a special type of trade, which has never existed in history before, and which is practised only by us, the Bolsheviki, under the conditions of Soviet development.

Secondly, we now have a fairly widely developed state industry and a whole system of collective farms and state farms, which provide the state with huge reserves of agricultural and manufactured goods for the development of Soviet trade. This did not exist, and could not have existed, under the conditions of the first stage of NEP.

Thirdly, we have succeeded in the recent period in completely expelling private traders, merchants and middlemen of all kinds from the sphere of trade. Of course, this does not mean that private traders and profiteers may not, in accordance with the law of atavism, reappear in the sphere of trade and take advantage of the most favourable field for them in this respect, namely, collective-farm trade. Moreover, collective farmers themselves are sometimes not averse to engaging in speculation, which does not do them honour, of course. But to combat these unhealthy activities we have the recently issued Soviet law on measures for the prevention of speculation and the punishment of speculators. 24 You know, of course, that this law does not err on the side of leniency. You will understand, of course, that such a law did not exist, and could not have existed, under the conditions of the first stage of NEP.

Thus you see that anyone who in spite of these facts talks of a reversion to the trade of the first stage of NEP, shows that he understands nothing, absolutely nothing, about our Soviet economy.

We are told that it is impossible to develop trade, even if it is Soviet trade, without a sound money system and a sound currency; that we must first of all achieve the recovery of our money system and our Soviet currency, which, it is alleged, is worthless. That is what the economists in capitalist countries tell us. I think that those worthy economists understand no more about political economy than, say, the Archbishop of Canterbury understands about anti-religious propaganda. How can it be asserted that our Soviet currency is worthless? Is it not a fact that with this currency we built Magnitostroi, Dnieprostroi, Kuznetskstroï, the Stalingrad and Kharkov tractor works, the Gorky and Moscow automobile works, hundreds of thousands of collective farms, and thousands of state farms? Do those gentlemen think that all these enterprises have been built out of straw or clay, and not out of real materials, having a definite value? What is it that ensures the stability of Soviet currency—if we

have in mind, of course, the organised market, which is of decisive importance in our trade turnover, and not the unorganised market, which is only of subordinate importance? Of course, it is not the gold reserve alone. The stability of Soviet currency is ensured, first of all, by the vast quantity of goods held by the state and put into commodity circulation at stable prices. What economist can deny that such a guarantee, which exists only in the U.S.S.R., is a more real guarantee of the stability of the currency than any gold reserve? Will the economists in capitalist countries ever understand that they are hopelessly muddled in their theory of a gold reserve as the "sole" guarantee of the stability of the currency?

That is the position in regard to the questions concerning the growth of Soviet trade.

What have we achieved as a result of carrying out the five-year plan as regards the expansion of Soviet trade?

As a result of the five-year plan we have:

- a) an increase in the output of light industry to 187 per cent of the output in 1928;
- b) an increase in retail co-operative and state trade turnover, which, calculated in prices of 1932, now amounts to 39,600 million rubles, i.e., an increase in the volume of goods in retail trade to 175 per cent of the 1928 figure;
- c) an increase of the state and co-operative network by 158,000 shops and stores over the 1929 figure;
- d) the continually increasing development of collective farm trade and purchases of agricultural produce by various state and co-operative organisations.

Such are the facts.

An altogether different picture is presented by the condition of internal trade in the capitalist countries, where the crisis has resulted in a catastrophic drop in trade, in the mass closing down of enterprises and the ruin of small and medium shopkeepers, in the bankruptcy of large trading firms, and the overstocking of trading enterprises while the purchasing power of the masses of the working people continues to decline.

Such are the results of the five-year plan in four years as regards the development of trade turnover.

VII

The Results of the Five-year Plan in Four Years

in the Sphere of the Struggle Against the Remnants of the Hostile Classes

As a result of the fulfilment of the five-year plan in regard to industry, agriculture and trade, we have established the principle of socialism in all spheres of the national economy and have expelled the capitalist elements from them.

What should this have led to in relation to the capitalist elements; and what has it actually led to?

It has led to this : the last remnants of the moribund classes—the private manufacturers and their servitors, the private traders and their henchmen, the former nobles and priests the kulaks and kulak agents, the former Whiteguard officers and police officials, policemen and gendarmes, all sorts of bourgeois intellectuals of a chauvinist type, and all other anti-Soviet elements—have been thrown out of their groove.

Thrown out of their groove, and scattered over the whole face of the U.S.S.R., these "have-beens" have wormed their way into our plants and factories, into our government offices and trading organisations, into our railway and water transport enterprises, and, principally, into the collective farms and state farms. They have crept into these places and taken cover there, donning the mask of "workers" and "peasants," and some of them have even managed to worm their way into the Party.

What did they carry with them into these places? Of course, they carried with them a feeling of hatred towards the Soviet regime, a feeling of burning enmity towards the new forms of economy, life and culture.

These gentlemen are no longer able to launch a frontal attack against the Soviet regime. They and their classes made such attacks several times, but they were routed and dispersed. Hence, the only thing left them is to do mischief and harm to the workers, to the collective farmers, to the Soviet regime and to the Party. And they are doing as much mischief as they can, acting on the sly. They set fire to warehouses and wreck machinery. They organise sabotage. They organise wrecking activities in the collective farms and state farms, and some of them, including certain professors, go to such lengths in their passion for wrecking as to inject plague and anthrax germs into the cattle on the collective farms and state farms, help to spread meningitis among horses, etc.

But that is not the main thing. The main thing in the "work" of these "have-beens" is that they organise mass theft and plundering of state property, co-operative property and collective-farm property. Theft and plundering in the factories and plants, theft and plundering of railway freight, theft and plundering in warehouses and trading enterprises—particularly theft and plundering in the state farms and collective farms—such is the main form of the "work" of these "have-beens." Their class instinct, as it were, tells them that the basis of Soviet economy is public property, and that it is precisely this basis that must be shaken in order to injure the Soviet regime—and they try indeed to shake the foundations of public ownership, by organising mass theft and plundering.

In order to organise plundering they play on the private property habits and survivals among the collective farmers, the individual farmers of yesterday who are now members of collective farms. You, as Marxists, should know that in its development man's consciousness lags behind his actual position. The position of the members of collective farms is that they are no longer individual farmers, but collectivists; but their consciousness is as yet still the old one—that of private property owners. And so, the "have-beens" from the ranks of the exploiting classes play on the private-property habits of the collective farmers in order to organise the plundering of public wealth and thus shake the foundation of the Soviet system, viz., public property.

Many of our comrades look complacently upon such phenomena and fail to understand the meaning and significance of this mass theft and plundering. They remain blind to these facts and take the view that "there is nothing particular in it." But these comrades are profoundly mistaken. The basis of our system is public property, just as private property is the basis of capitalism. If the capitalists proclaimed private property sacred and inviolable when they were consolidating the capitalist system, all the more reason why we Communists should proclaim public property sacred and inviolable in order to consolidate the new socialist forms of economy in all spheres of production and trade. To permit theft and plundering of public property—no matter whether it is state property or co-operative or collective-farm property—and to ignore such counter-revolutionary outrages means to aid and abet the undermining of the Soviet system, which rests on public property as its basis. It was on these grounds that our Soviet Government passed the recent law for the protection of public property. ²⁵ This enactment is the basis of revolutionary law at the present time. And it is the prime duty of every Communist, of every worker, and of every collective farmer strictly to carry out this law.

It is said that revolutionary law at the present time does not differ in any way from revolutionary law in the first period of NEP, that revolutionary law at the present time is a reversion to revolutionary law of the first period of NEP. That is absolutely wrong. The sharp edge of revolutionary law in the first period of NEP was directed mainly against the excesses of war communism, against "illegal" confiscation and imposts. It guaranteed the security of the property of the private owner, of the individual peasant and of the capitalist, provided they strictly observed the Soviet laws. The position in regard to revolutionary law at the present time is entirely different. The sharp edge of revolutionary law at the present time is directed, not against the excesses of war communism, which have long ceased to exist, but against thieves and wreckers in public economy, against rowdies and pilferers of public property. The main concern of

revolutionary law at the present time is, consequently, the protection of public property, and not something else.

That is why it is one of the fundamental tasks of the Party to fight to protect public property, to fight with all the measures and all the means placed at our command by our Soviet laws.

A strong and powerful dictatorship of the proletariat—that is what we need now in order to scatter to the winds the last remnants of the dying classes and to frustrate their thieving designs.

Some comrades have interpreted the thesis about the abolition of classes, the creation of a classless society, and the withering away of the state as a justification of laziness and complacency, a justification of the counter-revolutionary theory of the extinction of the class struggle and the weakening of the state power. Needless to say, such people can not have anything in common with our Party. They are either degenerates or double-dealers, and must be driven out of the Party. The abolition of classes is not achieved by the extinction of the class struggle, but by its intensification. The state will wither away, not as a result of weakening the state power, but as a result of strengthening it to the utmost, which is necessary for finally crushing the remnants of the dying classes and for organising defence against the capitalist encirclement that is far from having been done away with as yet, and will not soon be done away with.

As a result of fulfilling the five-year plan we have succeeded in finally ejecting the last remnants of the hostile classes from their positions in production; we have routed the kulaks and have prepared the ground for their elimination. Such are the results of the five-year plan in the sphere of the struggle against the last detachments of the bourgeoisie. But that is not enough. The task is to eject these "have-beens" from our own enterprises and institutions and make them harmless for good and all.

It cannot be said that these "have-beens" can alter anything in the present position of the U.S.S.R. by their wrecking and thieving machinations. They are too weak and impotent to withstand the measures adopted by the Soviet Government. But if our comrades do not arm themselves with revolutionary vigilance and do not actually put an end to the smug, philistine attitude towards cases of theft and plundering of public property, these "have-beens" may do considerable mischief.

We must bear in mind that the growth of the power of the Soviet state will intensify the resistance of the last remnants of the dying classes. It is precisely because they are dying and their days are numbered that they will go on from one form of attack to another, sharper form, appealing to the backward sections

of the population and mobilising them against the Soviet regime. There is no mischief and slander which these "have-beens" will not resort to against the Soviet regime and around which they will not try to rally the backward elements. This may provide the soil for a revival of the activities of the defeated groups of the old counter-revolutionary parties: the Socialist-Revolutionaries, the Mensheviks, and the bourgeois nationalists of the central and border regions, it may also provide the soil for a revival of the activities of the fragments of counter-revolutionary elements among the Trotskyites and Right deviators. Of course, there is nothing terrible in this. But we must bear all this in mind if we want to have done with these elements quickly and without particular sacrifice.

That is why revolutionary vigilance is the quality that Bolsheviks especially need at the present time.

VIII

General Conclusions

Such are the main results of the implementation of the five-year plan as regards industry and agriculture, as regards improving the conditions of life of the working people and developing trade turnover, as regards consolidating the Soviet regime and developing the class struggle against the remnants and survivals of the dying classes.

Such are the successes and gains of the Soviet regime during the past four years.

It would be a mistake to think that since these successes have been attained everything is as it should be. Of course, not everything with us is yet as it should

be. There are plenty of shortcomings and mistakes in our work. Inefficiency and confusion are still to be met with in our practical work. Unfortunately, I cannot now stop to deal with shortcomings and mistakes, as the limits of the report I was instructed to make do not give me sufficient scope for this. But that is not the point just now. The point is that, notwithstanding shortcomings and mistakes, the existence of which none of us denies, we have achieved such important successes as to evoke admiration among the working class all over the world, we have achieved a victory that is truly of world-wide historic significance.

What could and actually did play the chief part in bringing it about that, despite mistakes and shortcomings, the Party has nevertheless achieved decisive successes in carrying out the five-year plan in four years?

What are the main forces that have ensured us this historic victory in spite of everything?

They are, first and foremost, the activity and devotion, the enthusiasm and initiative of the vast masses of the workers and collective farmers, who, together with the engineering and technical forces, displayed colossal energy in developing socialist emulation and shock-brigade work. There can be no doubt that without this we could not have achieved our goal, we could not have advanced a single step.

Secondly, the firm leadership of the Party and of the Government, who urged the masses forward and overcame all difficulties in the way to the goal.

And, lastly, the special merits and advantages of the Soviet system of economy, which has within it the colossal potentialities necessary for overcoming difficulties.

Such are the three main forces that determined the historic victory of the U.S.S.R. General conclusions:

1. The results of the five-year plan have refuted the assertion of the bourgeois and Social-Democratic leaders that the five-year plan was a fantasy, delirium, an unrealisable dream. The results of the five-year plan show that the five-year plan has already been fulfilled.
2. The results of the five-year plan have shattered the well-known bourgeois "article of faith" that the working class is incapable of building something new, that it is capable only of destroying the old. The results of the five-year plan

have shown that the working class is just as well able to build the new as to destroy the old.

3. The results of the five-year plan have shattered the thesis of the Social-Democrats that it is impossible to build socialism in one country taken separately. The results of the five-year plan have shown that it is quite possible to build a socialist society in one country; for the economic foundations of such a society have already been laid in the U.S.S.R.

4. The results of the five-year plan have refuted the assertion of bourgeois economists that the capitalist system of economy is the best of all systems, that every other system of economy is unstable and incapable of standing the test of the difficulties of economic development. The results of the five-year plan have shown that the capitalist system of economy is bankrupt and unstable; that it has outlived its day and must give way to another, a higher, Soviet, socialist system of economy; that the only system of economy that has no fear of crises and is able to overcome the difficulties which capitalism cannot solve, is the Soviet system of economy.

5. Finally, the results of the five-year plan have shown that the Communist Party is invincible, if it knows its goal, and if it is not afraid of difficulties.

(Stormy and prolonged applause, increasing to an ovation. All rise to greet Comrade Stalin.)

Pravda, Nos. 10 and 17, January 10 and 17, 1933

* Junius was the pen name of Rosa Luxemburg, leader of the Lefts in the Social-Democratic Party of Germany.

Notes

1. The Joint Plenum of the Central Committee and Central Control Commission of the C.P.S.U.(B.), which took place on January 7-12, 1933, discussed the following questions: the NOTES 399 results of the First Five-Year Plan and the national-economic plan for 1933—the first year of the second five-year plan period (reports of Comrades Stalin, Molotov, and Kuibyshev); the aims and tasks of the Political Departments of the machine and tractor stations and state farms; inner-Party questions. At the sitting of the plenum on January 7, J. V. Stalin made a report on "The Results of the First Five-Year Plan" and at the sitting on January 11 he delivered a speech on "Work in the Countryside." In its decisions the plenum emphasised the significance of the results of the fulfilment of the First Five-Year Plan in four years as the most outstanding event in current history. The plenum pointed out that the slogan of new construction in the second five-year plan period must be supplemented by the slogan of mastering the new undertakings in industry and of organisationally strengthening the new undertakings in agriculture. The plenum instructed all economic, Party and trade-union organisations to concentrate chief attention on the complete fulfilment of the assignments for raising labour productivity and lowering production costs. In order to consolidate politically the machine and tractor stations and state farms, enhance their political role and influence in the countryside and improve the work of the Party organisations in the collective farms and state farms, the plenum adopted a decision to organise Political Departments at the machine and tractor stations and state farms. The plenum approved the decision of the Political Bureau of the C.C. to conduct a purge of the Party during 1933 and to discontinue admission to the Party until the end of the purge. (For the resolutions of the joint plenum of the C.C. and C.C.C., C.P.S.U.(B.), see Resolutions and Decisions of C.P.S.U. Congresses, Conferences and Central Committee Plenums, Part II, 1953, pp. 717-42.)

2. See V. I. Lenin, Works, 4th Russ. ed., Vol. 32, p. 413.
3. The New York Times—a bourgeois daily newspaper, influential press organ of the American capitalist monopolies; associated with the so-called Democratic Party; published in New York since 1851. p. 166
4. The Daily Telegraph—a British reactionary daily newspaper close to the Conservative Party leadership, published in London since 1855. In 1937 it merged with the Morning Post and since then has been issued in London and Manchester under the name of The Daily Telegraph and Morning Post.
5. Gazeta Polska (Polish Gazette)—a Polish bourgeois newspaper, mouthpiece of the fascist Pilsudski clique. It was issued in Warsaw from 1929 to 1939.
6. The Financial Times—a British bourgeois daily newspaper, organ of the industrial and financial circles of the City, published in London since 1888.
7. Politica—an Italian social and political magazine that reflected the views of the Italian big bourgeoisie. It began publication in Rome in 1918.
8. Current History—a magazine propagating the views of American bourgeois historians and ideologists of the U.S. State Department's aggressive foreign policy. It has been published in New York since 1914.
9. Le Temps (The Times)—a French bourgeois daily newspaper, which since 1931 was the property of the Comité des Forges (the heavy industry association). It was published in Paris from 1861 to 1942.
10. The Round Table—a British bourgeois magazine dealing with questions of the colonial policy of the British Empire and international relations. Published in London since 1910, it expressed the views of conservative circles of the British bourgeoisie.
11. Die Neue Freie Presse (New Free Press)—an Austrian bourgeois newspaper, which reflected the views of the commercial and industrial bourgeoisie and of banking circles; was published in Vienna from 1864 to 1939.
12. The Nation—an American social-political and literary magazine of a liberal trend, reflecting petty-bourgeois opinion. It has been published in New York since 1865.
13. Forward—a trade-unionist weekly of the "Left"-reformist brand; it started publication in Glasgow (Scotland) in 1906

14. See V. I. Lenin, Works, 4th Russ. ed., Vol. 25, p. 338.

15. See V. I. Lenin, Works, 4th Russ. ed., Vol. 31, pp. 483-84.

16. See V. I. Lenin, Works, 4th Russ. ed., Vol. 33, pp. 388-89.

17. See V. I. Lenin, Works, 4th Russ. ed., Vol. 33, p. 459.

18. At the end of 1931, imperialist Japan, which was striving to set up its rule in China and the Far East, invaded Manchuria without declaration of war. The occupation of this territory was accompanied by a concentration of Japanese troops at the frontier of the U.S.S.R. and the mobilisation of whiteguard spies and bandits intended for use in a war against the Soviet Union. The Japanese imperialists were preparing positions suitable for attack on the U.S.S.R., aiming at the seizure of the Soviet Far East and Siberia.

19. See V. I. Lenin, Works, 4th Russ. ed., Vol. 30, p. 127.

20. See V. I. Lenin, Works, 4th Russ. ed., Vol. 24, p. 465.

21. See V. I. Lenin, Works, 4th Russ. ed., Vol. 30, p. 123.

22. See V. I. Lenin, Works, 4th Russ. ed., Vol. 24, p. 466.

23. See V. I. Lenin, Works, 4th Russ. ed., Vol. 30, pp. 173-74.

24. This refers to the decision of the Central Executive Committee and the Council of People's Commissars of the U.S.S.R. dated August 22, 1932, on "The Struggle against Speculation." The decision was published in Pravda, No. 233, August 23, 1932.

25. This refers to the decision of the Central Executive Committee and the Council of People's Commissars of the U.S.S.R. on "Protection of the Property of State Enterprises, Collective Farms and Co-operatives and the Consolidation of Public (Socialist) Property," adopted on August 7, 1932. This decision, written by J. V. Stalin, states: "The Central Executive Committee and Council of People's Commissars of the U.S.S.R. hold that public property (state, collective-farm and co-operative property) is the basis of the Soviet system; it is sacred and inviolable, and persons committing offences against public property must be considered enemies of the people. In view of this it is a prime duty of the organs of Soviet power to wage a determined struggle against those who steal public property." The decision was published in Pravda, No. 218, August 8, 1932.

