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Report on the Economic Position of Soviet Russia

by Comrade Rykov.

The Principal Idea of Nep.

Comrades:

As the chairman has stated, the subject of my report is the economic position of the Union of Soviet Republics, and the discussion which took place in the Russian Communist Party.

Comrade Lenin at the Fourth Congress outlined the Party's point of view with regard to the new economic policy; he dealt with the causes which induced us to turn away from the period of war-communism towards the new economic policy and outlined the principles upon which it was based. For the sake of clarity, I will just go over the main postulates which Comrade Lenin laid down.

He said:

"... In 1921, after we had passed through all the most important stages of the civil war, successfully, we came up against a great — I consider one of the greatest — internal crisis in Soviet Russia. This internal crisis revealed the dissatisfaction not only of a considerable section of the peasantry, but also of the workers. It was the first and I hope it will be the last time in the history of Soviet Russia that large masses of peasantry, not consciously but intuitively, were hostile to us. What was the cause of this peculiar and to us naturally unpleasant situation? The reason was that we went too far in our economic attack. We advanced without making our base secure..."

He said further:

"... The direct transition to purely socialist forms and to purely socialist distribution is too much for our strength and if we are unable to carry out a retreat and limit ourselves to a more easy task, then we are threatened with doom..."

This is how Comrade Lenin explained the new economic policy at the Fourth Congress of the Comintern.

A little prior to this period, we had the mutiny in Kronstadt, which in its political aspect was a reflection of the discontent which had accumulated among the peasantry during the period of war-communism. In the opinion of Comrade Lenin, the sharpest edge of the new economic policy was directed towards the peasantry. The central point of the new economic policy was to give the peasant the right of free trade and the right freely to dispose of the product of his labour.

We may consider that now, at this Fifth Congress of the Comintern, the fundamental principles of the new economic

policy have been put into effect. A few months ago, a law was issued on the uniform agricultural tax, which is based entirely upon the circulation of money. We have eliminated from the relations between the peasant and the State the last trace of barter relations and we completely construct our relations towards the peasantry on the basis of free commodity circulation. All fiscal relations between the State and the peasantry from this year are limited to fiscal relations in the money form.

Review of the Economic Policy.

To summarise the economic position of Soviet Russia at the present moment, means to summarise the results of the new economic policy during the last three years. The subject in itself is immense, for that reason I must limit myself to three most important spheres of our economic activity: 1) Industry and the position of the working class; 2) Agriculture; 3) Circulation of commodities and circulation of money. For the purposes of comparison, we take pre-war figures. As a matter of fact, pre-war relations cannot in any sense be regarded as ideal and as a standard towards which the activity of the Party and the Socialist State should be directed. We made the October revolution in order to change the pre-October relations and figures, and to establish such relations as would completely justify the dictatorship of the working class. At the present moment, we have not in statistical form an indication of our future tasks. I have no doubt that within the next few years, we will estimate our successes not from the point of view of what has been, but from the point of view of what should be, from the point of view of the achievement of the aims which we set ourselves for the next three, five, or ten years.

At the present moment, our system of planned production, unfortunately, has not reached that stage of perfection. Consequently I must use pre-war figures for comparisons.

State of Industry, and Conditions of the Working Class.

I take up the principal question, the question of industry and the conditions of the working class. The fundamental figures known all over Russia, indicate that at the present time we have approximately 45% of pre-war industry, the figure in itself is not large. I read Comrade Varga's report, and I must say that the position in the majority of capitalist countries is much better.

Taken absolutely, this figure is not in the least consoling, but it assumes an entirely different character when we take the dynamics of the development of our industry.

The Dynamics of our Industry.

In 1920, we had altogether 15% of pre-war industry. From that figure, we rose to 45% this year; we trebled it. This is not so bad. Although we still lag behind many bourgeois countries, nevertheless we are progressing much faster than any bourgeois West European country. If we continue to develop at the same rate, then in the course of the next few years I hope we will not only reach, but overtake the West European countries. This growth is proceeding at a progressive rate, i. e. each year brings a greater increase than the preceding year.

The Light Industry.

The growth of industry is not proceeding equally in all branches. The light industry is developing much faster than the heavy industries. Several branches of the light industry have reached the pre-war level. Taken as a whole, the industry exceeds 50% of pre-war. Thus the electrotechnical industry has reached 90% pre-war, the linen industry has almost reached pre-war level.

In order to show the rate of development in various branches of industry, I will quote the cotton spinning industry: in 1920 the output of cotton yarn was 1,000,000 poods, at present it is 5,000,000 poods. Our equipment in this industry guarantees us the possibility of further expansion, the limit of which is determined solely by the capacity of the market and the amount of working capital we can obtain. The example of the cotton industry is not the only one that could be quoted in the light industry producing for consumption. During the past year its development has shown a rapidly rising curve.

The Heavy Industry.

The position in the heavy industry is not so good. With regard to the mining and the metallurgical industries, for a long time we relied on the stocks of ores and metals which were left to us from the old times, and consequently there was not immediate necessity to develop this branch of industry. Only in recent times was a shortage of metals and ores felt. The development of metallurgy may be seen from the following figures: the output of pig-iron rose from 7,000,000 poods in 1920-21 to 35,000,000 poods this year. The increase took place at the following rate: in the first year of the new economic policy, the output of pig-iron increased by 3,000,000 poods, in the second year there was an increase of 8,000,000 poods and according to the preliminary figures this year the increase should amount to 20,000,000 more poods than last year. This rate of increase is rather rapid, but the absolute output we have achieved up till now is very insignificant.

Our Successes in Mineral Fuel.

Much greater successes have been achieved in the sphere of mineral fuel.

All those who have lived for some time in Russia, are aware of the severe fuel crisis, the fuel famine we experienced in Russia prior to and after October. They will know also that during the last year or so, there is no sign of a fuel crisis in the Union of Soviet Republics. On the contrary, we have a surplus of mineral fuel, and are beginning to export it abroad. The fuel balance of the Republic has changed. A larger proportion of fuel used in the country is mineral fuel than wood fuel.

We have a surplus of petroleum at the present moment and export of petroleum products abroad is approaching the pre-war level. In describing the features of the industrial position, I have by far not used all the statistics. Nevertheless, I repeat that these statistics show that up to the present year, we have not achieved the successes that are necessary, but every month, every year we are accelerating the development of industry, and I think that now we have got such a good run, that we shall continue our advance with unslackening speed.

Improvement in the Financial Condition of Industry.

This growth in the productivity of industry has resulted in the improvement of its financial condition.

While the majority of our trusts worked formerly at a loss, or at an entirely insignificant profit, this situation has now changed, and in the course of the business year 1922-23 the state income from industry amounted to about twenty million gold roubles.

During the present year this amount has considerably increased and according to preliminary figures we will receive no less than 40,000,000 gold roubles which may be counted as clear profit from industry in the state treasury, that is, in the government budget. This means that in the realm of finance our industry is not only on its feet, but has already begun to furnish appreciable profit.

I recall that in his report at the Fourth Congress Comrade Lenin declared that we had already accumulated 20 million roubles, but in that 20 millions he included the receipts from foreign trade, the profits of the banks, and the entire income from industry. At the present time we have 40,000,000 roubles profit in our budget from industry alone. The greater part of this amount goes back into industry for the purpose of increasing its turn-over capital, and its further development.

Our balance in trade is about 100 million roubles in our favour. I have no figures at hand on the profits from our banks. But in any case, the figure now is incomparably greater than that which was brought to your attention by Comrade Lenin at the Fourth Congress.

Condition of the Working Class.

The improvement in industry is naturally reflected in an improved condition in the working class, who hold in their hands the political power of the Union of Soviet Republics. The working class during the last three years has increased numerically and at the same time its material condition has improved in direct proportion to the improvement in industry. However, I hope that the members of the Comintern will not have the impression that we consider the condition of the working class at the present time ideal, or even good. We recognize that we have not yet accomplished even that minimum which is necessary for an improved condition of the working class. But each year we are able to make a certain improvement in the condition of the workers, and we shall continue this improvement in the future.

Growth of the Working Class.

The working class has grown numerically in proportion to the expansion of industry. Thus, in the middle of 1922, the working class numbered 1,260,000. Now it numbers 1,600,000. This does not include the railroad workers of whom there are about a million—800,000 permanent workers, and 200,000 casual labourers. Neither does it include the proletariat of the trade organs or the offices, the educational workers, nor that mass of workers intermittently employed in the preparation of wood, peat, etc. The figures I have cited include only those groups of workers who are concentrated as permanent workers in our factories and work-shops. Thus their number has increased.

In order to give a more accurate picture of the numerical growth of the workers, I will cite additional figures for the main branches of industry. Between November 1922 and February 1924 the number of workers in the fuel industry increased from 151,654 to 207,737; in the metal industry from 246,759 to 281,691, and in the textile industry from 312,000 to 374,000. This growth of the number of workers engaged in industry is continuing at the present time, thus the textile industry in the course of the year has increased its production by approximately 30%. There has been a proportionate increase in the number of workers employed. As a whole the number of workers engaged in government industry has increased during the last fifteen months by 20%, that is, by one fifth.

Unemployment.

Together with this unquestionable increase in the number of workers occupied in industry, we are also confronted in Soviet Russia with an increase in the number of unemployed registered on the Labour Exchange. The number of unemployed has attained about a million. There have been months when the number of unemployed has even exceeded that amount.

Unemployment is one of the most distressing phenomena in Russia at the present time, and we must take every measure to abolish it. Of the entire number of unemployed about one fourth, or 25%, are industrial workers, and the remainder is made up

of the intelligentsia, the professions, office workers and unskilled labourers. I must admit that I personally do not place complete confidence in the official statistics of the Labour Exchange, because of that fact that all kinds of people are registered on the exchange for the sake of receiving those privileges for the unemployed and those conditions of hire which are guaranteed by the laws of the Soviet Republic, and which are inflexibly carried out. Here are registered every kind of unemployed artist, singer, and the innumerable class of the so called "Soviet Miss". Here are registered not only those who are looking for work, but also those who would not accept work, and merely looking for the privileges and exemptions which are connected with the category of unemployment. We have constantly discovered cases where people who have been arrested and sentenced to Pechora (a place of exile—to Archangel) on the charge of speculation, have been registered on the Labour Exchange as unemployed. Therefore in my opinion the official figures probably exceed the actual number of unemployed. But in general we must take cognizance of the growth of the number of unemployed, which goes parallel with the growth of the number of workers occupied in industry.

This is due to the fact that a migration from the country to the city has commenced. During the period of war communism a great number of workers fled from the cities to the villages, and as long as the state of the city and the conditions of the workers did not improve, they remained there.

I recall that at that time we were confronted with the question of finding measures to bring back into the factories and workshops those workers who had fled to the country. Now, in connection with the improved conditions of the working class in the city and factory life, the workers are returning to the cities.

The second reason for the growth of unemployment is to be found in certain very excellent measures undertaken by us which unfortunately have not been carried out with sufficient severity, namely the cutting down of the apparatus of every soviet, industry, trade, co-operative and other similar institutions.

This measure has led to a certain amount of unemployment among those sections of the intelligentsia and the petty-bourgeoisie from whom the office workers are recruited.

Thus in the statistics which I have presented, the industrial workers only make up one fourth. The personnel of offices and government establishments and the unskilled labourers make up the rest.

Combating unemployment.

What are the chief measures which must be taken to solve unemployment? In my opinion, the chief measure should be a still faster development of industry than has taken place until this time. It has developed fast, but we must speed it up still more. And if we should have more means to spend in combatting unemployment my proposal would be to use them first of all, to start the idle factories going, to provide work for the unemployed.

The question of unemployment and the fight against it is now on the order of the day in all our Soviet and Party organs. In order to complete this description of the composition of the class of unemployed, I must point out still another source of unemployment, namely, the demobilization of the army which we conducted this spring. The majority of the demobilized soldiers of the Red Army have remained in the cities and registered with the Labour Exchange. Help is extended to the unemployed at the present time from the insurance funds which according to the law receive up to 18% of the wages for all kinds of insurance. The Councils of People's Commissars in the Ukraine, in the RSFSR and in other republics, have set aside a special fund for the organization of public work. The local Soviet executive committees are doing the same thing in many places. But the chief measure of assistance is the policy of our party, in the direction of extending our industry and increasing the number of employed workers.

The Increase of Wages.

Such is the condition of the working class numerically. I shall not dwell on the length of the working day and the protection of labour, because in these fields we have the best labour legislation in the world. Thanks to the control on the part of the unions and the factory committees this legislation

is carried out with the greatest exactitude. The only question which remains for me to discuss in connection with the workers is that of wages. The wages at the present time, if we measure them according to purchasing power, have attained from 65-70% of the pre-war level. These figures do not include a great number of services in kind and exemptions on municipal services received by the workers in the factories and cities, 70% of the pre-war level—or even a little less—is, of course, insufficient. But in the course of the last two years the wages have grown by two and a half times, that is, by 250%. During the last year and a half, that is to say, since the last Congress of the Comintern, they have grown from 40% of the pre-war level to from 65-70%. This means that their growth during this period has kept pace with the growth of industry. In the course of the next three months wages will be raised in the two branches of labour most backward in this respect, namely, the railroad workers, and the textile workers, and in the case of the textile industry they will be raised to the level of the wages in other industries. In both cases the average increase in the wages will be about 10%. Furthermore, in certain separate trusts and factories of the textile industry the wages have already exceeded the pre-war level.

But this by no means indicates that the wage situation is entirely favourable. We consider it necessary at the present time to raise the wages in the textile industry above the pre-war level, inasmuch as in pre-war times the textile workers received lower wages than the workers in any other branch of our industry.

The increase of wages during the months just preceding the V. Comintern Congress proceeded at a somewhat slower pace than before that, and I must point out that this was with the support of the workers themselves. During those months the party and the government were occupied with carrying out the financial reform. The money reform demanded and still demands the utmost cutting down of our expenditures, and also that we curtail the issue of money as far as possible, and keep the amount within the limits necessary to secure it from depreciation. The period of financial reform should be considered as a period of manifestation of a high degree of consciousness on the part of the working class, who were willing to make a great number of sacrifices for the sake of guaranteeing the stability of our currency — this is the greatest triumph of the present year.

The productivity of labour is increasing.

In order to conclude the question of our industry, I will point out one cardinal fact that is decisive for any economist in estimating how healthy was the growth of industry for the past period. I refer to the increase in output, the productivity of industry has increased more than the increase in the number of men employed. The number of men engaged in industry has increased during the last year, but the volume of products has grown in much greater proportion. This means that the productivity of labour has increased and that the very organisation of our industry has improved.

However I am far from admitting that we have fully solved the problem of increasing the productivity of labour. I think that the achievements in this field can and must be considerably extended.

The Role of Internal Private Capital in Industry.

A comrade from the Communist International asked me how important was the role of private capital in the manufacturing industry in the Union of Socialist Soviet Republics. I will quote only one figure to illustrate this question. The production of private firms only amounts to four percent of the total production of our industry. The factories in the hands of private capitalists have employed, on average, no more than seventeen hands each. This means that the part played by private capital in the industrial field is quite negligible and there can be no danger from private enterprises here.

As far as river, sea and railway transport is concerned, the whole hundred percent are in the hands of the State.

The improvement in industry, the figures of which I gave you statistics concerns State enterprise exclusively, and it takes place without any aid from the foreign countries, exclusively on the basis of the socialist accumulation that has proceeded during the last four years.

Deterioration of Equipment.

I do not consider it possible to conceal our weak points and deficiencies from the Comintern and our weakest side in the economic front is the fact that our equipment has deteriorated considerably. We do not possess sufficient means to restore the capital in our industry or the methods of production considerably. The process of the growth in industry took place with the equipment in those factories and mills we inherited from the capitalist society and Tsarist regime. We have not built any large factories during the last few years and only now for the first time are we engaged in building factories equipped outfitted with the machines designed according to the last word in technic, and again they are only in those branches of industry of second rate importance, such as glass, chemical, timber, etc. trades. They will be opened shortly. As a whole, up till now we have been working with those machines that we inherited from the Tsarist regime.

Electrification.

Electrification is, mainly, all that is new that we have introduced to improve our industry. We are not advancing as rapidly as is necessary and as we projected a few years ago. Next year, the following new stations will be opened: the Volkhov electric power station with a capacity of 55,000 kilowatts, the Schatlov station with a capacity of 32,000 kilowatts, Nijgorod station with 20,000 kilowatts capacity. The Shterov station with a power of 20,000 k. w. and a number of other electrical power stations of smaller capacity. In 1924 we were able to assign a sum of nearly 51 million roubles for the purpose of electrification.

We Are Existing at the Expense of Internal Accumulation.

The last congress of the party carried a resolution stating that it is necessary to increase the rate of development of the metal industry and electrification of the country. But I must state that this increase in the growth of industry has its limits in the amount of accumulation that takes place in Russia. Until now we have been restoring our industry under the blockade of bourgeois countries as in previous years. We are negotiating with MacDonald in the same way as we negotiated before with Lloyd George, and with similar success up to the present time. That is to say we have not yet signed an agreement and do not observe any desire on the part of the other party to come to a fixed agreement with us on the basis of granting us a loan and investing the free capital of Western Europe in the development of our industry.

We are in exactly the same relations with other countries. We have not received a cent loan from them, and have been improving our industry exclusively on the accumulation produced inside our country by the efforts of the workers and peasants.

Concessions.

This accumulation is sufficiently rapid: it proceeds, increasing year by year, and enabled us at the last Congress to carry a resolution that now we can be more discriminate in granting concessions. Consequently, we will be more careful in granting concessions to MacDonald than we were to Urquhart, although the former is a member of the Second International and Urquhart is not. We will be more careful in negotiating with MacDonald because we are advancing sufficiently rapidly with the development of our own internal forces. However, I do not wish to say that we are now against granting concessions: if it is profitable we will grant it, if not we shall refuse. Now, we will examine the benefits or disadvantages we receive from concessions much more carefully than we did before. We have raised the standard of our demands.

There has been no change in our concession policy for the last year. Concessions are being extensively discussed at the present time, but with little results. The role of concessional capital is no greater the present time than the part played by private capital in our industry.

Agriculture and the Peasantry.

The Union of Socialist Republics is one of the most agrarian countries in Europe; the peasantry and agriculture predominate over industry. Out of one hundred and thirty millions population, one hundred millions are peasants. The characteristic feature

of our agriculture is that it is formed of small units, the peasant farm. We have no large estates, seed nurseries, or cattle farms. Of all of the land confiscated during the October revolution, amounting, as near as I can remember, to 30 million desyatin (desyatin-2.2 acres), nearly all was distributed among the peasants.

Model Farms.

About 2 million desyatins of good and bad land were retained in the hands of the government, and were intended to be used for organising model farms, seed nurseries, horse breeding farms, etc. etc.

The main function of these model farms consists in teaching the villagers with concrete examples how to achieve improved methods of agriculture and to help the peasant to improve his farm and giving him better quality seeds, pedigree cattle, etc.

The State of Peasants' Farms.

The basis of agriculture, its working nucleus is the peasant farm. There are from 18 to 20 million independent agricultural units working on a basis of free commodity exchange. During the period of revolution and civil war the peasant farms were considerably destroyed, however, much less than the manufacturing industry, but at the same time were so destroyed that the area under cultivation was considerably reduced. During the period of war communism our relations to agriculture were based on the monopoly of the corn trade and on the tax in kind. No one could sell corn except the state and its organs. The peasantry was obliged to transfer all surplus grain to the state except that which was required for his own use, for seed and supplying his needs in food. Incidentally our legislation defined what was to be considered as necessary for the peasant's farm. The peasant had to give the state all that remained. The state owned the monopoly of the corn trade. At the same time masses of peasants were mobilised in the army. During the civil war we had an army of 5 1/2 million men which was formed mostly of peasants and farm workers. The Whites concurrently were mobilising the peasants in those parts of the country that they occupied. On the one hand the peasants were weakened by the withdrawal of labour power, and on the other hand by the requisitioning of cattle for military requirement. The front nearly reached Moscow and every new advance meant requisitions from the peasants, now by Kolchack, now by Denikin, now by other armies. They requisitioned corn, cattle and even household inventory.

At the same time the system of requisitions, which left the peasant only sufficient for his consumption, no matter how much he produced, deprived him of all incentive to develop his farm. Consequently, the introduction of the new economic policy under which the peasant owns all he produces and pays the state a definite tax, was an enormous lever for improving our peasant agriculture. Therefore, the fundamental service of the new economic policy was that it strengthened the union of the peasantry and the working class.

If we look through the chronicles of the epoch of war communism, you will find signs of mass protest among the peasantry against one or the other measures used. We had at that time partial risings in several gubernias. The new economic policy established the union of the workers and peasants and eliminated entirely any mention of peasant risings in our chronicles. Of course the famine of 1921 was a severe blow to the peasants.

Regeneration of Peasant Agriculture.

I will now state the figures dealing with the curtailment of the areas under cultivation. You will see that in 1922 the area under cultivation was particularly curtailed, this was the result of the cruel failure of the harvest in 1921. As compared with pre-war times, the curtailment of the area under cultivation in 1920 amounted to 12% . in 1921 to 22%, and in 1922 to 24%. A change for the better started after the year 1922. At the present time the area under cultivation is somewhere between 85 and 90% of pre-war; a discrepancy one way or another is possible, but it cannot be large.

In connection with this increase of the areas under cultivation, the peasants have increased their agricultural output to such an extent that they took a great part in the so-called autumn crisis, with which I will deal later on. At this point I

will merely say that in regard to the peasantry, this crisis manifested itself in a disproportionate reduction of prices on the peasant's corn.

The reduction of prices was due to the fact that the surplus product of peasant agriculture turned out to be in excess of the requirements of the town and of the working-class. After covering all requirements, we had in the Republic a surplus of more than 200,000,000 poods of corn. Consequently, the only way to encourage the peasantry to increase the area under cultivation and to improve the method of agriculture, is to find an outside market for the sale of the peasants' produce. We have not two intersecting lines, that is our peasantry culture and our industries, but a triangle, in which our foreign trade with Western Europe forms an indispensable organic part, without which we cannot establish the equilibrium between our industry and the peasant agriculture, which is necessary for the rapid development of our agriculture. Already in the current year we have exported about 118,000,000 poods of grain, out of the harvest of 1923. This enabled us to raise the price of grain by more than 60% and to equalize it throughout the territory of the Union, thus bringing up the lower blade of the "scissors" which represent agriculture to the upper blade which represents the crisis of industrial products.

To conclude with the characteristic of the revival of agriculture, I will quote the figures relating to the area under cotton cultivation. In 1922 we had about 55,000 dessyatins (in Turkestan and Transcaucasia), in 1923 the area increased to and finally, in 1924 the area was doubled again and brought up 200,000 dess., which meant an increase of nearly four times, to 400,000 dess. Nevertheless, regardless of such a rapid pace in the reconstruction of the cotton plantations, we have so far reached hardly more than half of the pre-war area, and even in the current year, in order to satisfy the requirements of our textile industry, we are compelled to import approximately as much foreign cotton as we had harvested here.

Next year's agricultural prospects.

A burning topic of the day is the question of this year's harvest. No official communications have yet appeared in the press on this subject. Even now I am going to quote figures which have not yet been finally revised, yet on the whole they furnish a quite reliable characteristic of the state of affairs.

The harvest is of cardinal importance in the economic system of the Union of Republics, taking into consideration the low level of our peasant agriculture, which depends largely on the weather and on climatic conditions. The area of the cultivation this year, as I have already pointed out, is larger than that of the preceding year, yet this year's harvest, according to preliminary estimates, will be just equal to last year's harvest. If it is equal in the aggregate, it means a lower rate of fertility per dess., because the area was larger this year as compared with last year.

Thus, in the current year 1923-24, the same as last year, after covering all our home requirements, we shall be able to offer for export approximately the same amount of grain as last year, approximately 200,000,000 poods.

The peculiar feature of this year's harvest is its uneven character over the country as compared with last year. We have a good crop in Siberia, around Moscow — in the central region, but we have a repetition of the bad harvest in a whole number of districts which were smitten by famine in 1921, i. e. in the Volga German province, in the Tsaritsin gubernia, in parts of Saratov, Stavropol, etc. By its size the area of the bad harvest compromises little less than one-fifth of the district which was smitten with harvest failure in 1921. In regard to the fertility per dess., the rate of failure for the stricken district is approximately the same as it was last time.

Aid to the Bad-Harvest Regions.

The Central Committee of the Party and the Council of People's Commissaries, fully convinced that the country has all the means this year to prevent a repetition of the calamities in the bad-harvest regions, deems it necessary to start immediately on the work of aiding the peasantry. The first task is to retain the area under cultivation in the bad-harvest regions, and the Government has already taken steps to prevent the curtailment of cultivation next year by a single desyatin. We are now able to do so without any particular strain on the State, and without any appeal to the A. R. A. and other outside organisations. In the autumn we shall have to supply twenty million

poods of seeds to the peasantry in the bad-harvest regions for their winter sowing, which will constitute a small quantity in view of the surplus of 200,000,000 poods for export. Orders have already been given to dispatch grain into the bad-harvest districts, and measures have already been instituted for an organised sowing campaign in the autumn, which starts in these districts in the end of August. But on the whole, the fact that throughout the territory of the Union we have a reduced rate of fertility, aggravated by extremely bad-harvest in some districts, affects considerably our previous calculations for a record economic year, in the sense of a rapid ascent of the whole of our economic system; because the preliminary estimates of fertility were highly favourable and we figured on a surplus of 400 to 500 million poods of surplus grain for export. This program is now being curtailed. In regard to agriculture the coming year will be characterised by the same feature as the year just passed, that is it will be a satisfactory year on the whole.

Questions of Commodity Circulation.

I now come to the question which served as one of the causes of the discussion in the Party, to the question of the crisis and of the ways and means devised by the C. C. of the Party for overcoming it.

One of the delegates to the Comintern Congress told me in private conversation that it was high time to absolve the Comintern from listening to the question of crises in Soviet Russia. I told the comrade that I fully concurred in his wish. If the Comintern could show us how to do it, we would immediately carry it out and at the time appointed. But the comrade could not give me such a recipe.

I am afraid that there is no such recipe in nature which could ensure our economy against any crises. The reason for this I will give presently. Meanwhile I shall deal with the conditions which caused the autumn crisis, and with the measures by which it was overcome.

The Autumn Crisis.

The distinguishing feature of this crisis was the curtailed circulation of commodities, the depression of the market, at the very season when all conditions should have warranted an increased impetus in the circulation of commodities. This was caused by the phenomenon of the wide discrepancy in the comparative prices of agricultural produce and industrial products ("the scissors"). This discrepancy reached its highest pitch in October, when the height of industrial prices as compared with agricultural was more than three times greater than before the war.

Thanks to this discrepancy of prices, our industries found themselves confronted with an extremely shrunken market for the sale of their products.

During the first 18 months under the new economic policy, our industries grew chiefly by supplying the requirements of the internal market of the towns, catering for the needs of the factory workers and the urban population in general. The town was rich enough to set industry going in the course of the first 18 months. The wages of workers and employees increased at the corresponding rate to the growing prices, thereby sustaining the purchasing power of the urban market. Until the autumn of last year, the town consumed 70% of the whole output of our industries, and only 30% went to the villages.

Our industries grew and gained strength on the basis of the town market, but the latter soon became overstocked, and the further extension of sales could be effected only in the peasant market. Under such conditions, the first essential condition for the conquest of the peasant market for our manufactured goods was to put on a level the respective prices of the manufactured goods and agricultural produce i. e. to reduce the prices on the former and to raise them on the latter.

When comrades abroad read about our discussion on the crisis, I am afraid they thought that we were closing our factories and discharging our workers, that our industrial organisations were heading for bankruptcy. I must say that during the crisis and the discussion about the crisis, far from there being a closing of factories and a wholesale discharging of workers, there was rather a steady increase, both as to the extent of the output and the number of workers employed. The discussion of the crisis by our party, and the measures for the overcoming of the crisis, were undertaken well in time to

prevent any ruinous consequences which, if allowed to extend, threatened us with the severest shock to the whole of our economic system.

As a result of the measures taken (on the one hand, large purchases of grain for export by the State, which soon increased the price of grain by more than 50%, and on the other hand, the reduction of prices on the products of the State industries, which amounted on the average to 25%), a correlation of prices was reached which enabled our industries to effect larger sales in the peasant market, and already in February our stock-exchanges recorded a revival of trade and an extension of commodity circulation which were unknown during the best months which preceded the crisis.

Since January-February this year we have a correlation of prices far more favorable to agriculture than was anticipated by our State Planning Commission at the appearance of the first symptoms of the crisis.

Objective possibilities for crises.

The basis of our autumn crises consisted of the lack of coordination and proportion between the respective development of agriculture and industry. The discrepancy in prices, of which I spoke, demonstrated quite clearly this discrepancy in the respective development of agriculture and industry, and also the very low level of our industry.

In the course of the discussion the Opposition declared that the majority of the C. C. and the Soviet Government were responsible for this disproportion, that this disproportion was due to the inadequate development of the planning principle in our economic activities. I am mentioning this argument merely to emphasize that this was not our fault, but our misfortune, that for this disproportion we should not blame our lack of the planning principle, but the absence of such in capitalist production, from which we obtained a legacy from the old order and which we shall not be able to liquidate fully for another 3 or 5 years.

The discrepancy in the respective development of agriculture and industry was not produced by us. This discrepancy was bequeathed to us by pre-revolutionary Russia and which was the product of centuries of our past history. The removal of this disproportion, i. e. the reaching of such a growth of both our working class and our industries that will bring them up to the same rank of importance as our agriculture in which a hundred million of the population are engaged, will only be achieved in the period when there will be no longer any need for the new economic policy, when the new economic policy will represent a past stage.

To understand this is to understand the fundamental tasks of the new economic policy, i. e. of the transition period.

During this period of transition to the socialist society, under our conditions, we must promote the growth of the working class, its numbers, its organisation and class-consciousness, and its experience in the management of industry, and this, together with the development of industry, would enable us to pass from the transition period into the socialist society. Along with this process will come the reduction of the discrepancy between the respective development of agriculture and industry.

Our most characteristic heritage from the whole course of Russian history consists of the fact that we got in our economic system a wider disproportion, than any European country, between our agriculture which employs a hundred million peasants on the one hand and the thirty million urban population on the other hand. This proportion gives rise to the possibility of crises.

The Market.

The possibility of crisis is enhanced further by the insufficient organisation of our market, and by the obstacles which stand in the way of organising it. From the war-time communism we obtained no system of commercial organs. Our intercourse with the peasantry was then based on taxes in kind and on remuneration in kind, and we entered into the new economic policy with a nationalised industry and with a nationalised transport, but with a lack of any organisation in the domain of trade, because prior to the new economic policy there was no trade. Under the new economic policy we had to build and organise anew both our trading apparatus and our markets, brick by brick.

Therefore, in regard to market relations, our state organs have so far managed only to capture the wholesale trade almost

entirely and the wholesale-retail trade just by onehalf, but the retail trade in the autumn of last year was to the extent of 85 percent in the hands of private merchants and private capital. This disproportion between agriculture and industry, under the conditions of an unorganised market, and with private capital playing a tremendous part in our retail trade, was bound to lead to a crisis in one shape or another. The C. C. of the Party, the Party conferences and the last convention of the Party found the present stage in the new economic policy the opportune moment to raise the question of organising the market and organising our trade.

Whereas the first two years of the new economic policy were chiefly devoted to the reconstruction of agriculture and industry, in which we attained considerable successes, now, in the third year, we have to concentrate our policy mainly on the organisation of trade and of the circulation of commodities.

In this respect, apart from the above described difficulty of the weak organisational preparation of our trading organs for the capture of trade, we are confronted with additional difficulties which arise from the very nature of trade relations, which represent a conflict in which there must be a practical clash of the two opposite factors of our economic reality. One factor is represented by our state trading organs, with their complex form of organisation, with their financial responsibilities and the checking of certain regulations, with their relative large scope of activity necessitating some preliminary assessment of the conditions of their activity, — in short, the principle of State capitalism with the methods and means of activity that are necessitated by it. On the other hand we have the opposite principle of the chance demands and requirements of our consumers, chiefly the peasants, which admit of no tabularisation and systematic calculation.

Co-operation.

The organisation of the market, in regard to the consumer, must be effected in the main on the basis of co-operating the population, on the development of co-operation. Therefore, the co-operative movement, under the conditions of the proletarian dictatorship, assumes quite different importance than in a capitalist society. Co-operation cannot be used as a means for changing the capitalist society, for overthrowing the bourgeoisie; but after the capture of power by the proletariat, co-operation acquires the importance of a large organisational factor for the socialistic reconstruction of society. Therefore, the questions connected with the building up of co-operation are not put by our Party on the level of the questions dealing with the organic building up of the socialist society. Only in the form of co-operation is it possible, as a general rule, to organise the small producer and consumer, to organise our peasantry and to connect it with our State industry through the co-operative organisation. Therefore the questions of co-operation represent to us cardinal questions of principle and of paramount importance, and our immediate success in this field of economic policies we shall estimate primarily from the viewpoint of our success in co-operating the population.

Co-operation and private capital.

Why is this question so important to ask at this time? Because in regard to the circulation of commodities, in the sphere of trade, we have the main centre of the application of private capital, and only in this field it is likely to grow rapidly. In the present situation, with the perfect freedom of the exchange of commodities, our trade represents a weak spot where private capital may entrench itself, becomes fortified and organised, and establishes itself not only as an economic but also as a political force.

In the chain of the exchange of commodities between the scattered small producers of the villages and the large organised industries, under inadequate development of co-operation, the private middleman is bound to arise, as well as the private capitalist, who will possibly take advantage of the unorganised state of the market to acquire first of all a dominant position in the retail trade, and then to go on farther.

The only way to avoid the dictatorship of the private middlemen and capitalist in the domain of the retail trade, is to organise the consumer as a co-operator, thus enabling him to deal directly with the state organs and to develop the state trading. Of course, these co-operators will occupy a dominant position in our trade on the sole condition that they sell better goods at cheaper prices than the private shopkeeper and

middleman. The growth of co-operation and state trading will mean the growth of the socialist principle against the bourgeois principle, on the only section of our economic front where private capital could in future present a menace to us.

The Party, realising fully that in the domain of retail trade we do not occupy the dominant position, advanced its cardinal slogan; so to organise the market that the state organs and the co-operatives might gain the lead both in the wholesale and retail trade.

Organisation of Trade Does Not Mean Liquidation of the New Economic Policy.

These instructions of the Party were interpreted as the liquidation of the new economic policy. Thus they were interpreted by the Nep-men and by their supporters. I have come across such interpretations in papers published by the mensheviks and the S.R.'s. These people seem to have the idea that in carrying out our new economic policies we intended to allow private capital to acquire complete and absolute domination over the market. This was a misunderstanding, and in none of our resolutions did we say anything of the kind. On the other hand, we did not raise the question of liquidating private capital in the sphere of trade.

Our policy is directed to the purpose of strengthening co-operation and state trading to such an extent that they might become the masters of our market and trade. This we must achieve at all costs. If we retain in our hands the mastery of the economic key-positions of industry and transport, we cannot allow the relations between the state industries, that is the working class, and agricultural, that is the peasantry, to fall into the hands of private capital.

For this reason we must devote our principal attention at the present time to the growth of state trading and co-operation, to the organisation of the markets. This growth of co-operation and state trading should be promoted not by administrative measures against private capital, but by economic progress due to successful competition. By means of competition our co-operation and state trading will acquire the place which they deserve on the market. We do not contemplate any special administrative and disciplinary measures against private trading, but we take all the economic measures to promote and support the growth of our state trading and our co-operation, both by our industrial and financial organs and by our legislation in the matter of taxation. The extent of the importance attached by us to the question of trade at the present moment may be gauged by the fact that on the proposition by our Party, a special Commissariat of Internal Trade was established, whose task is to organise the market, to study the market, and to give every aid and assistance to our state and co-operative trading.

Finance.

I will turn now to the last question illustrative of our economic activities, and our economic policy — the question of finance. Here I must again refer to conversations with some of the delegates of the Comintern. In the course of our conversation I remarked that the party discussion was over, and that since the final unanimous resolutions of the party conference and congress, there was no ground for bringing the question up for renewed consideration. They answered that it only seemed that the discussion was ended, but that as a matter of fact the discussion would continue, as long as there was a deficit in our budget, which might still give rise to financial difficulties in the autumn of this year or the beginning of next year. Then, it seems, the opposition will revive again.

It seems to me that such a statement of the question is fundamentally unsound. The opposition within the party cannot be treated as a parliamentary opposition. We cannot consider the opposition as lying in wait for the first sign of decline in the economic or political conditions of the country in order to attack the Central Committee of the Party and the majority of the party which supports it, particularly since in all practical work the opposition works hand in hand with us, not only in the capacity of rank and file workers, but also in the responsible and directing posts in the Party. Only the enemies of the Soviet system and the Communist movement spend their time peeping around the corner, waiting for a decline in the condition of the country and the party in order to strike. The opposition within the Communist Party

does not do this sort of thing. Aside from the fact of whether the opposition exists or not, the very mention of the possibility of a deficit in our budget at the end of this year or the beginning of next is based on the ignorance of the financial situation of the Union of Soviet Republics. We have already survived the deficit of this year — it is already behind us, and the budget for the next three months — the last quarter of the present budget year — will be balanced without the assistance of an emission of paper money. (Applause.) The hopes of the enemies of Soviet Russia that new complications would again create a condition favourable — if I may use that expression — for discussion, are postponed for a long period. The financial condition is one of the best reflections of the economic condition of the Republic, and a proof of the correctness of our economic policy.

The Financial Reform.

The chief item in the field of our financial policy is the currency reform which we have been carrying on during the last three months, and which has been practically completed during that period. The future historian of say 300—400 years hence with no statistics of any kind, but simply the one document, that in the year 1924 in June, the U. S. S. R. had carried out a money reform, would be obliged to draw the conclusion that in that period we had experienced a great economic advance and established a favourable economic condition. (Applause.) In my opinion it would be utterly impossible for a country with a declining and collapsing economic structure to carry out a financial reform as we have been able to do. The currency reform has at the present time been completed by 90% if not more.

Inasmuch as I am making this report before the Comintern, before comrades from countries with every kind of currency, I am sure they sufficiently realize the importance of a stable currency in preference to a falling currency. We bolsheviks have broken the record in many things. Certainly we broke the record in taking advantage of the right of emission and the fall of our currency. This was demanded by the exigencies of revolution. In its time our depreciating currency served us well and faithfully. To its lot fell the task of serving the revolution and the civil war. We only abandoned it and went over to a stable currency, when it ceased to be of service to us. The currency reform enjoyed the unanimous support of all sections of the population. I have already pointed out that the working class and the trade union organisations adjusted their wages policy to the need of securing the stability of the currency. The currency reform also received support among the peasantry, who suffered from the depreciating paper money more than any other section of the population.

The working class and particularly the peasantry suffered especially from the fall in the purchasing power of the paper money in view of a special and very severe tax — the tax from the emergency use of emission. When I questioned the comrades in the Commissariat of Finance as to how much the government lost during the last year, during the period it took for the money collected for taxes to go from the village to the government treasury. They told me that the government's loss amounted to about 100,000,000. The loss to the working masses of the population amounts to a far greater sum than that. Every peasant and worker lost something by the fall of the currency every day that a sum of soviet paper money remained in his possession. The workers lost something on every day of delay in the payment of their wages. There was no possibility any saving of money by the population. The money burned their hands like hot coals, and every one endeavoured to spend it as quickly as possible, and not to lay it aside even until to-morrow. When they brought me a balance sheet reckoned in soviet paper money for the coming year, I used to say that to add up soviet money for January or December was the same thing as adding one English pound and German pfennig. Such balances gave no idea of the real financial condition of the establishment concerned. In the period of the greatest divergence of the blades of the "scissors" the high prices were, among other reasons, due to the fact that a guarantee against loss from the depreciation of money was included in the price of commodities. This insurance against the fall of the soviet paper money, the degree of which it was impossible to foresee, made it impossible to establish where the normal price and the normal profit ended, and where profiteering began. All this led to an extreme disorganization of the market, and almost completely destroyed any attempt to regulate prices and organize trade.

It was impossible to make any satisfactory calculations, accounts, or estimates, and thus the basis of practical application of any development and strengthening of systematic principles, accounting or control was quite impossible in our economic system. There has been no greater calamity than the fall of the currency in its last stages, nor any greater victory in the realm of our economic policy than the currency reform which we have just accomplished. This is the explanation of the great support it received among all sections of the population of the Union of Soviet Republics.

The Stable Currency and Planning.

Thanks to the currency reform we can now for the first time turn seriously to the business of establishing the principle of planning and accounting in the factories and trusts and throughout the state economic system. For the first time we have a unit of reckoning which we have not had until this time because the old unit, the soviet rouble, fluctuated from day to day. The currency reform has made it possible to establish planning and direction of our economic system.

This has found its reflection in one of the most important plans of our economic system — the budget plan. The introduction of the financial reform was accompanied with the utmost restriction both of all expenses and of the use of emission. The direct aim of this economy is the contraction of the amount of our disbursements to the limits of the real resources which the government may count on in the form of taxes, income from other sources, and the severe limitation of the income from the emission of metal money and credit operations.

We are completing the year 1923—24 with a deficit far lower than that of last year notwithstanding the increase of the budget during that period by more than 400,000,000 roubles. Our budget last year amounted to 1,355,000 gold roubles, and this year it will amount to 1,765,000 roubles, that is it has increased by more than 30%.

We propose to balance our budget these last months of the present budget year, without having recourse to the emission of paper money. The proposed budget for 1924—25 amounts to 2,100,000 roubles, and furthermore we expect to manage entirely without emission, or to make use of it to a far less extent than during the present year.

With these facts I will conclude the survey of our financial condition.

They demonstrate that at the present time our country is undergoing a process of the strengthening and growth of our entire economic system.

We are Emerging from the Preparatory Class.

Such is the position in the fundamental branches of our economic life. Can this position be considered very good, or quite satisfactory? I would not say so. I think that we should compare what we have at the present time, not with that which we had before but with the enormous problems that we have to solve. These tasks of economic construction can be realised fully only on the basis of achievements in all branches of industrial and cultural life inestimably greater than those we have been able to obtain up to the present time. We are still advancing, only nearing the realisation of our fundamental problem and are probably just entering the first grade of socialist construction.

I consider it absolutely necessary to emphasise sharply that all those measures and achievements that we have made until now in different branches of our work, must be considered preparatory. All members of the party must clearly and definitely realise this in the interests of the Union of Socialist Soviet Republics and the international movement of the working class. We must advance and pass an object lesson in really socialist construction organising our industry as a whole. Our achievements in this field act as a powerful stimulus for the development of the international labour movement.

Education of the Workers is One Our Most Important Tasks.

Lack of support and aid from the rich countries of the world makes our task of organising a socialist industry in one of the most backward and uncultured countries of the world, one of great difficulty. We are of the opinion that as a whole our management of the economic policy of the country is correct, but at the same time we do not doubt that there are masses of errors and

deficiencies in its practical application. Vladimir Ilyitch devoted part of his speech at the Fourth Congress of the Communist International to the question of education.

"We are learning," he said, "from the mistakes we make every day. We had no experience in ruling a country. No one in the history of mankind has ever realised such problems and such work as the Russian Communist Party will have to do. We are learning, from our own experiences, and even now we cannot say that we have finished the time of preparatory training. The education of the working class of the Union for the management of the first socialist country in the world is being carried on on concrete problems, on the experience of combining different branches of our industry.

Consequently one of the most important tasks confronting the party at the present time is to find new organisers among the working class; it must find such men who would set themselves to the task of organising the socialist society and consider it as their own personal work — who would be imbued with the knowledge of those tasks, that the Soviet rule and party have been called upon to fulfil.

One of the most important tools at our disposal is the Soviet apparatus. It is composed of thousands of employees, the majority of whom received their experience during the old regime. They bring with them this experience to this new work of reconstruction, and the vast majority are passive to the vital interests of the party and of the working class and consequently cannot imbue their work with that enthusiasm, that conscious insistency that is necessary to carry out the problems advanced by the party. They are bureaucratic, warped by petty bourgeois sentiment and consequently, bureaucratic tendencies in the Soviet apparatus are inevitable.

The party reorganised the Central Control Committee for the purpose of altering and improving the Soviet apparatus. One of the most important tasks of the Control Committee and its local organs in improving the state apparatus is to attract workers from the benches for the purpose of acquainting them with its work; it has to prepare new workers in this field, men who have had experience in control committees, so as to organise and manage industrial and soviet work.

In order to acquaint as large a number of party members with the work of the control committees, their personnel has been considerably increased. The Central Control Committee with its gubernia organs is formed of eight hundred persons, of whom 70% are workers from the benches. The control committees attract a considerable number of non-party workmen to work in their auxiliary organs.

Contact with the Masses.

We can guarantee that we shall have no great political difficulties only in case the mass workers organisations will work together with us in our economic and soviet reconstruction. The trade unions play an enormous part in this work, and while working together with the party in protecting the interests of the worker, at the same time must be a school of communism and economic reconstruction. The discussion began at the time when the Central Committee disclosed that something was wrong in the close, direct contact of the leaders of the trade unions with the expansive masses of the workers and in the relations of the party with non-party workmen. In some cases we found that contact had been broken with the broad masses of workmen. These cases were not general, however. They had the significance of crises and in some fields of our activities we disclosed definite signs of broken contact or signs of an imminent break between the party and the trade unions and the extensive masses of workers. Concurrent with this there was the danger that the higher organs of the party (gubernia and borough committees) would lose contact with the rank and file party member. I repeat that this was not a general phenomenon, but they appeared symptomatically and therefore were dangerous. If this state of affairs had continued it would have caused a serious sickness in the party. Comrade Zinoviev and a number of other comrades pointed out that apathy, routine, and some little bureaucracy were the causes of this break in contact.

The Fight Against Apathy, Routine, and Bureaucracy in the Party.

The Central Committee and Central Control Committee of the party in suppressing these phenomena, decided to carry through a wide campaign for the introduction of the principles of democracy inside the party and unanimously worked out a

resolution on this question. The fundamental contents of this campaign was a desire to increase the activity and mobility of every party nucleus and party member. This activity was to find expression in a more serious and lively interest in electing men to party positions in the organisation.

One of the most important tasks of every workers' party is to lead the non-party working masses and to preserve close, direct contact with them. We realise this through a large number of Soviet, and trade union organisations, extensive conferences of non-party workers, trade conferences, general workers' meetings, through specially formed groups of sympathisers for co-operation in a whole series of problems of party and economic structure, through the participation of non-party workers in our organs of control, etc. etc. During the period of military communism, at the time when the working man's food was limited to a daily ration of sometimes half a pound of bread, the attention of the worker was directed towards obtaining food and problems of party and economic structure did not attract him so strongly as they do now. The most important problem of the party during the period of military communism was the defence of the republic and it was inevitable that compulsion should have played an important part at that time.

When the war ended, the position of the working class improved: its culture and activity rose. In this new situation which was more advantageous for developing the initiative of the working class, the military methods were, of course, no good, but nevertheless they were continued in some places from force of habit. It was necessary to erase all traces of these methods. This was the aim of our resolution on democracy within the party. It was accepted unanimously; there was no disagreement on it. Having achieved an unanimous vote we were sure that we should realise it with exactly the same unanimity, but when we began this work a discussion began with the Opposition that had also been unanimous with us over this question.

The Discussion.

The discussion commenced right throughout the Party from top to bottom, and to a bolshevist extent, hitherto unparalleled in Europe. I personally discussed from six in the evening until ten in the morning. The main point of the discussion was the attack on the Central Committee of the Party which was charged with inability to guide the economic and the internal Party policy. As the discussion developed, new points arose, which caused differences of opinion in the Party. Prior to the discussion in the Party we on the Central Committee received a number of documents. I must say in passing, that prior to reading Souvarine's introduction to the collection of Comrade Trotsky's articles, published in French, I did not know the chronology of these documents as well as did Comrade Souvarine. Some of these documents assert that the Central Committee of the Party has brought the country to the brink of doom, that the policy of the Central Committee is rendering it impossible for the proletariat of the Soviet Republic and the Russian Communist Party to enter the zone of world convulsions, if such should arise, with any other prospect but that of defeat along the whole front of the proletarian battle. I can hardly imagine such charges being brought against any statesmen, without at the same time demanding their resignation, and the convening of a special congress of the Party.

These unparalleled charges were based on the calculation of the development of an inevitable economic and a Party crisis, which, however, did not take place. As these crises did not take place, the foundation upon which the opposition rested collapsed. In the main, the discussion was liquidated so that not only did we not have an economic crisis, but all the time the economic development is on the upgrade.

Party and Apparatus.

In the discussion, the opposition brought forward such arguments as compelled the Party, through the Conference and, subsequently the Congress which were called to pass special resolutions on the Opposition. I will just briefly describe these resolutions. When we began to adopt democracy within the Party, the opposition raised the cry: Shake up the whole apparatus; break it. Articles began to be published and speeches made against the whole Party apparatus, which was pictured as the enemy of internal Party democracy.

What is the Party apparatus? It is the Central Committee of the Russian Communist Party, the gubernia committees,

the borough committees, the secretaries, etc., etc. All the things with which the Party works. The watchword was put forward to shake up the whole apparatus and make it so that instead of it commanding the Party, the Party commanded it. What does this mean? The Party at its congresses passes resolutions. But within the limits of these resolutions, the Central Committee commanded, commands, and will command the Party. The same thing applies to the gubernia conferences and gubernia committees and the gubernia as a whole.

The Fifth Congress of the Comintern is now meeting. When the Congress will be over, until the Sixth Congress is called, the Executive Committee of the Comintern will act instead of the Congress within the limits of the instructions given by that Congress. In other words, the E. C. C. I. "commands".

One must not contrast the Party with the apparatus or the apparatus with the Party. The Party is an organisation of persons having the same views, but it is impossible to organise people with the same views without having an organising apparatus. The very attempt to contrast the apparatus with the Party and the Party with the apparatus is unbolshevistic, non-Leninistic, non-Marxist; it is a petty-bourgeois and an anarchistic idea. In the conditions of our struggle and of our work, this idea, this shade in our Party, assumes quite an exceptional significance.

Our comrades of the Comintern must thoroughly understand the complexity of the political conditions here. In one of Comrade Lenin's last articles, he devoted particular attention to this, as if it were his last testimony to the Party. In Russia, we have the dictatorship of the proletariat, which from the point of numbers is being submerged in the petty-bourgeois tide. From the point of view of numbers, it is insignificant as compared with the rest of the population.

We have the new economic policy, in the sphere of which two processes are proceeding simultaneously: 1) The growth of socialist elements in State industry and trade, the growth of co-operation, the improvement in the organisations of the working class, the increase of class consciousness and activity of the working class, the accumulation of experience by the working class and the Party in the organisation of industry and in the administration of the country, etc.; 2) The increase of petty-bourgeois elements in trade, and the class differentiation going on in the villages.

It is inevitable that certain groups in our Party should reflect these moods which sweep over various classes and sections of the populations. Our Party is a governing party. It guides and controls the Soviet apparatus. The Soviet apparatus is made up of hundreds of thousands of employees, the ideology of the majority of whom, is alien to us. This apparatus in its turn, presses upon and influences our Party. The economic apparatus by the very nature of its activity comes in constant contact with the bourgeois elements of the new economic policy.

We have no guarantee at all that the upper circles of our factory economic and industrial organisations will not become infected by bourgeois ideology. All this creates the objective conditions for the rise even within the Party of all kinds of petty-bourgeois deviations, reflecting the processes taking place throughout the country.

Party and Groups.

The wholesale attacks upon the Party apparatus by the Party opposition and contrasting the Party apparatus to the Party, in essence implied a weakening of Party discipline. Our Party can remain in power only by maintaining exceptional compactness and unity. The dictatorship of the working class in the Union of Socialist Soviet Republics rests upon the alliance with the peasantry. The alliance between the working class and the peasantry rests upon unity within our Party. In Soviet Russia we still have various forms of economy, and consequently varying material interests and political tendencies. If groups and fractions arise within our Party, they will inevitably become the centres of attraction for bourgeois tendencies alien to the Party. We saw this during the discussion. The Opposition which during the discussion organised and led the fight against the majority of the Central Committee became the centre of attraction for forces hostile to the Party. This happened quite apart from whether the leaders of the Opposition desired it or not.

Forces hostile to the Communist Party within the country and abroad joined their desires with the Opposition. The discussion roused the activity and the hopes of all the hostile parties, and outside of the Party, these activities and hopes were centred around the watchwords of ordinary bourgeois-democracy: "democracy for all." Our Party requires iron discipline, and to defame the Party apparatus, i. e. the gubernia committees of the Central Committee (in fact all that which welds the party together) is an act contrary to discipline, contrary to unity and destroys the monolithic character of our Party, which is absolutely necessary for a communist party.

The Old and the Young.

The second important disagreement was over the question of the old and the young. We have a special term: "the old guard." By this term we mean the members of the Party who have received their baptism of fire, who became bolsheviks during the discussion between the majority of the Central Committee dates back to several decades of revolutionary party work. During the discussion between the majority of the Central Committee and the Opposition, comrade Trotsky in an article expressed the idea that the youth represent the best barometer, the best indicator of the temper in the party and in the working class. With regard to the old guard, history knows cases when it has degenerated. Thus the old guard of the German Party degenerated. Thus the old guard of the German Party degenerated into a bourgeois party, abandoned the workers, and abandoned the revolution.

This was used as an example to show what becomes of the old men and of the old guard. Nothing in the article was said about this happening to us, but it was said at a moment when we were being discussed. Everybody understood that this was a subtle hint on the possibility that it may happen to us. Of course, the old guard could not tolerate this and regarded this not only as a strategical manoeuvre, but as a political blunder. It was not true to say that the students in the higher schools were the best barometer of the temper in the working class and the best gauge of the activity of the Party. I think that the stake on the youth as the best "barometer and gauge" was made because many of the nuclei in the higher schools supported the Opposition. I think if this had not been the case, the discussion about the old and the young would not have arisen. Be it as it may, this motto was put forward.

We regard it as a blunder, because for the Party the main barometer of political moods, the only real gauge of the correctness of the policy of the Party, the only indestructible basis is the working class — the workers at the bench — and we are not prepared to make any exception to this. The students in the higher educational establishments are people who have left the bench, who have left industry and the working class, people who are becoming red intellectuals. Even when all our intelligenzia will be red, the main basis of our Party will still be the workers at the bench and not the intelligenzia. (Applause.)

Our old guard, whatever may be said, is not composed of Scheidenmanists. This old guard, during the course of many decades bore the brunt of the battle against capitalism, against-tsarism, and created the Leninist Bolshevik Party. (Applause.) To say now that our old guard may degenerate in the same way as the German social democrats degenerated is a political error. Had the Bolshevik Party followed the opposition, this error would have caused a dangerous breach between the old and the young, a breach for which there are no grounds in the Party. There is no rivalry between the old and the young in our Party. On the contrary, everybody is waiting for the young guard to come up more quickly, because our ranks are becoming thinned and already it is difficult to work.

The discussion about the old and the young during our controversy with the opposition might have laid the premises for strengthening the ties between the Opposition and the nuclei in the higher educational establishments against the old men who in the overwhelming majority of cases were on the side of the Committee. We regarded such a differentiation as dangerous to a high degree.

The Fundamental Error of the Opposition.

The fundamental error committed by the Opposition, to my mind, is that everywhere it declared that we exaggerated the danger of a split in the Party. During the discussion of the question of groups and fractions within the party, a section of

the Opposition urged the necessity for permitting groups and fractions to be formed, while another section was in favour of allowing groups but not fractions. It seems to me, however, that the difference between a group and a fraction is about the same as between a young pioneer and simply a pioneer (boy scout). This attitude on the question of groups and fractions is based on the idea that no danger of a split threatens the Party. I regard this point of view as erroneous and dangerous.

Amidst the political conditions in our country, the relative numerical strength of the working class and of the peasantry, the formation of various sections of bourgeoisie on the basis of the NEP, the class differentiation taking place within the peasantry, and the growth of a rich class of peasants, all these circumstances taken together create the possibility for the rise of various political groups in the country, exercising their influence upon the Party. To this should be added the bourgeois influence that comes from abroad, as our State still remains the only State in the world with a dictatorship of the proletariat.

The Communist Party in Soviet Russia is not only the governing Party, but the only open mass party in the State. This Party is operating in a country where petty-bourgeois influences are more powerful than in any Western European country. These influences cannot but effect certain groups in the Party. For that reason, in the objective conditions in which the activities of our Party are conducted, there is the possibility of a split. That is why the Party Congress especially prohibited the formation of any kind of fractions in order to maintain the unity of the Party. We regard as petty-bourgeois the view that our Communist, Bolshevik, Leninist Party could be made up of an unlimited number of open groups, and that the Central Committee of the Party and Party policy could be some kind of combination within the Party itself. This means to open the door, not only to weakening the unity of our Party, to weakening its discipline, but it opens the door also to the formation and the open existence within the Party of a number of groups which arose as a result of the petty-bourgeois influences in our country.

Former Discussions and the Last Discussion.

The Opposition with which we had to deal in the recent discussion had many distinguishing features. In the life time of Comrade Lenin, we had three discussions: One on the trade unions, on democratic centralism, and one on the labour Opposition. The Oppositions in each of these discussions were condemned by Comrade Lenin as petty-bourgeois. The worker's Opposition was condemned as anarcho-syndicalistic. In the last discussion, we had a combination of the forces left of the Oppositions in the previous discussions. If we examine the signatures to the documents we received, the list of speakers who spoke against the Central Committee, we will recognise in them the leaders of the old Opposition to democratic centralism, condemned as petty-bourgeois; the adherents of Comrade Trotsky to the Opposition on the trade union question, and to these were added representatives of the labour Opposition, all combined in the attack on the Central Committee.

For the first time, the majority of the Central Committee had against it the combined forces for a simultaneous attack upon the main group of the Party, for an attack against the policy which it carried on in the spirit of comrade Lenin. For the first time in the history of our Party a whole Opposition combined, and for the first time in the history of our Party, the combined Opposition failed to receive a single vote at the greatest congress held in the history of our Party. (Applause.)

Defeat of the Opposition.

After the previous congress, certain members of the Opposition declared that our congresses and conferences are conducted under a kind of pressure, and that every thinking mind is suppressed. But when comrade Lenin personally fought against Comrade Sapronof and Comrade Trotsky, the pressure of his authority and energy was greater than ours. We did not command the authority that Comrade Lenin commanded. That perhaps explains why varying elements of the Opposition combined. The elections took place amidst conditions extremely favourable for the expression of all shades of opinion in the Party. We had the most largely attended congress known to our Party, for we increased the rate of representation 100%. The elections took place six months after the discussion, when

all the controversial questions had been dealt with in detail in the press and at meetings. Every member of the Party enjoyed complete freedom of expression to no less an extent than Comrade Radek at the Fifth Congress of the Comintern in the discussion of Zinoviev's report. The elections took place after a resolution on internal party democracy had been carried, in which it was stated that everybody who attempted to shut the mouth of any member during the discussion of this question at the nuclei meetings, would be charged before a Party court. Not a single complaint came in against any one for attempting to hinder free discussion. The Congress was the largest we have ever had. A double representation was present. The election of delegates took place under the most favourable conditions for the election of representatives of the most varied views. In spite of all this, at the Congress, the opposition did not receive a single vote, and the Congress unanimously passed a resolution condemning the opposition as an opposition with petty-bourgeois tendencies. (Applause.)

A Monolithic, Disciplined, Consistent Party Above Everything Else.

The most important and most dangerous moment which induced us to propose this resolution to the conference that was held prior to the Congress, was the fact that all the petty-bourgeois forces in the country and abroad were attracted towards the opposition. Both as a consequence of the state of

affairs within the country as well as the international role of the Party and the Union of Socialist Soviet Republics, we considered that the Party should distinguish itself for discipline and consistency over all other foreign communist parties. For that reason, the recent congress of the Party not only endorsed the prohibition of fractions within the Party, passed at previous congresses, but in addition endorsed and decided to publish the resolution which was passed on the proposal of Lenin at the Tenth Congress. This resolution stated that members of the Executive who engaged in organising fractions be expelled from the Executive Committee and from the Party. (Applause.) This resolution was drawn up by comrade Lenin; on his proposal, it was kept a secret and not published. After his death, in view of the fact that by losing his authority, we lost a powerful force which could guarantee the unity of our Party, the Congress considered it necessary to endorse and publish this resolution. This decision was passed by the Congress unanimously.

This is how comrade Lenin's Party emerged from the discussion which took place in the autumn and winter of last year. The complete defeat of the opposition at the conference and the congress was determined by the fact that the forecast of an economic crisis in the country, and a Party within the Party, was not justified, and I think that the Comintern will agree with me in the wish that in the future also such forecasts be as little justified as was the forecast of the autumn opposition. (Applause.)

Report on the National-Colonial Question*)

by Comrade Manuilsky.

It is not for the first time that the national question is on the agenda of our international congresses. At the Second World Congress we laid down the fundamental lines of the national question. How is it that we are again obliged to place it on the agenda? All those attending this Congress will ask themselves if it is not because of the events which have happened since the Second Congress. Comrades, this is not so. On the contrary, the entire trend and development of events in Europe and in the colonies show us the correctness of the lines laid down at the Second International Congress. Lately, we have witnessed a very rapid growth of the national and revolutionary movements in all colonial countries. I have only to remind you of the strike of Bombay Textile workers which lasted several months and, as you all know, had a very sanguinary ending, to give you a clear idea of the magnitude of the revolutionary movement in the colonial countries. India not so long ago was also the scene of a tremendous outburst of national indignation among the peasant population of the Nakhba province, where in connection with the dismissal of one of the Rajahs, bloody collisions took place between the population and the troops. If time permitted, I could go on citing you scores of similar cases in the colonies.

In Europe, in countries with powerful national minorities, we witness a growing acuteness of national conflicts. The Versailles Peace Treaty and the series of "peace" treaties which followed have Balkanised Central Europe. In place of large empires with a uniform economic system, they created a conglomeration of national groupings by the establishment of so-called national States. Countries which formerly knew nothing of national oppression, as for instance Germany, now have a national question. The occupation of the Ruhr is an example of this. This phenomenon is one of the most characteristic symptoms of capitalist disintegration. It is to this system of parcelling-out and dismembering Europe that we must look for the source of the permanent economic crisis which the economic system of the world is now experiencing. The imperialist cliques, on the ruins of

* We regret that in the report of the 20th Session of the World Congress, published in No. 50 (Special Number) of the *Inprecorr.*, it was not mentioned that Comrade Manuilsky delivered his report at this Session.

Austria and Germany, have created new typically polyglot states which are convulsed by internal national collisions. I will substantiate my statements by giving you a few figures on the national composition of these new States. Let us take for instance a "national" State like Yugo-Slavia. Prior to the war there were 3,000,000 Serbs in Serbia. At present the population of Yugo-Slavia is 11,850,000. Out of this number only 5,000,000, 42.2%, are Serbs. The remainder of the population is international in its composition. In the present Yugo-Slavia there are about 2,800,000 Croats, 23.7% of the entire population; 950,000 Slovenes, 8%; about 750,000 Serbo-Croat Moslems, 6.3%; 600,000 Macedonians, 5%; 600,000 Germans, 5%; 500,000 Hungarians, 4%; and 650,000 of other nationalities, 5.6%. This is a typical example of a "national" State.

Let us take another example — Czecho-Slovakia, which presents a similar picture. The present population of Czecho-Slovakia amounts to 13,500,000 of which 6,000,000 are Czechs representing 44.4% of the total population. The Czecho-Slovakian State has annexed industrial districts employed in the textile, mining, and glass-making industries with a purely German population of 3,700,000, representing 27.4% of the population of the Czech State. There are also 2,000,000 Slovaks, 14.8%; 800,000 Hungarians, 5.9%; 400,000 Ukrainians of Carpathian Russia, 2.9%; 360,000 Jews, 2.7%; and 1.9% of other nationalities. Let us now take Poland, another product of the Versailles Treaty. The present Poland has a population of 30,000,000 of which only 15,800,000, 52.7%, are Poles. The remainder of the population consists of 6,300,000 Ukrainians, 21%; 3,300,000 Jews, 11%; 2,200,000 White Russians, 7.3%; 2,100,000 Germans, 7%; and 300,000 other nationalities, 1%. All these nationalities are oppressed by the Polish landowners and bourgeoisie. Let us now take as other examples: Roumania where national minorities constitute 30%, almost one third of the population. Greece where the purely Greek population constitutes 68.4%, Lithuania where Lithuanians constitute 70% of the population.

What is the meaning of these figures? They mean that in Central Europe the national question is now assuming a special significance, and acuteness cannot be denied unless one is determined to ignore facts.

Let us now turn our attention to the acuteness of the national question in the colonies, and let us take for an example

Great Britain, the classical example of colonial domination. While the area of Great Britain itself is only 314,000 square kilometers, its colonies cover almost 400,000,000 square kilometers, viz. British colonies are 130 times bigger than the United Kingdom. Moreover, the population of the United Kingdom is 46,000,000 while the population of the colonies is 429,000,000 which means that to every Britisher there are 9 colonial slaves. Is it possible to destroy the might of the entire capitalist system of Great Britain without bringing into motion its colonial population? Will not British imperialism, which has such enormous human and material resources in the colonies, offer a successful resistance to the workers of Great Britain, if the latter do not deprive it of these human reserves which are as boundless as the ocean? Perhaps in a lesser degree other colonial countries present a similar picture. There is, for instance, France with an original population of 39,000,000 and a colonial population of 54,000,000, or little Belgium with an area 30,000 square kilometers while the colonies comprise an area of 2,420,000 square kilometers. The original population of Belgium is a little over 7,000,000 while the colonial population is 17,000,000. We have another example in Holland which has a population of 7,000,000, while its colonial population is 49,500,000. If you glance at the post-war map of the world, you will realise the magnitude of the enslavement of mankind. Of the 134,000,000 square kilometers comprising the area of the globe, nearly 90,000,000 square kilometers are colonial possessions. Of the 1,750,000,000 population of the globe 1,250,000,000 inhabit colonies and countries under the imperialist yoke. Under such circumstances, comrades, I think we must admit that far from reconsidering the decisions of the Second Congress, we must consider methods for their better application in the present concrete situation.

Why is the National Question on the Agenda of the Fifth Congress?

We had three reasons for placing the national question on the agenda of the Fifth Congress. The first reason is, because at the Second World Congress, basing ourselves on the rich experience of the Russian Lenin-Stalin way of putting the national question, we put forward for the first time the idea of the united revolutionary front between the proletariat and the oppressed nations and colonies. But we did not put into a concrete form (we could not do so because of lack of international experience) the methods for establishing this united revolutionary front. In the course of the four years of our fight we collected enough data and material on the question to be able to come to some general conclusion.

Moreover, many mistakes were made in a number of countries by our young communist sections in this connection. It would be perhaps more to the point to say that some of our sections ignored this question altogether. The second part of my report will be devoted to the analysis of the mistakes which were committed on this field.

Finally, during the period which has elapsed since the Second Congress an event of great political importance has taken place. I mean the establishment in Soviet Russia of the Union of Socialist Soviet Republics as an experiment of the solution of the national question under proletarian dictatorship in a peasant country comprising many nationalities.

It is with these three questions that I will deal in my report.

At the Second Congress of the Comintern we dealt with two questions. Firstly, to what extent the international proletariat can make use of the national movement of the awakening colonial peoples for the fulfilment of its mission of the emancipation of all the sections of mankind groaning under the yoke of imperialism; secondly, to what extent the oppressed colonial peoples, supported by the international proletariat, will be able to evade the phase of capitalist development, profiting by the highest forms of socialist economics achieved by the proletariat in the most developed capitalist countries. By putting the question in this form, we originated the idea of the revolutionary front, the details of which were elaborated in the subsequent decisions of our international congresses. But as I have said already, at the Second Congress we were unable to recommend concrete methods for the realisation of a workers' united front between the proletariat and the colonies. Only now can we seriously consider a number of new

problems on the strength of concrete experience. These new problems can be divided into four groups of questions:

a) The first group. Lately we observe in a number of countries a tendency among large masses of workers to form workers' and peasants' parties with a comparatively radical programme for the fight against imperialism. This tendency resulted for instance in the formation of such a workers' and peasants' party in the Dutch Indies, and especially in Java, and in the formation of the Koumintang party in China. It is also due to this tendency that purely peasant parties are being formed, such as for instance the Republican Croatian Party of Raditch in the Balkans whose influence is felt beyond Croatia.

Let us now consider the attitude which the Communist Sections of the respective countries must adopt towards these parties, and what should be the concrete organisational forms of their common revolutionary front in the fight against imperialist oppression. We know that the Comintern decided these questions as they arose. It allowed the communists in Java to take an active part in the work of the local workers' peasants' party there. It also allowed the Chinese communists to join the Koumintang Party, and we know that it is due to the Chinese communists that this Party took up a more active attitude in the fight with international imperialism. But we also know that at the last plenum of the Central Committee of the Chinese Communist Party, the work of our comrades in the Koumintang Party was severely criticised as "class collaboration". Thus, our sections are faced with a two-fold danger: the danger of ignoring the phenomena which are revolutionising the East, and the danger of losing their proletarian character by collaboration with the petty-bourgeoisie, we are also faced with the question not only of revolutionary collaboration in existing parties of this kind, but of the advisability of communists taking the initiative in organising such parties in countries with a low standard of economic development. We notice that communists approach this question with great timidity with the result that we lose control over the national liberation movement which passes into the hands of native nationalist elements.

To this group of questions belongs also the question of the communist attitude towards various kinds of committees of the national-liberation movement. Imperialist oppression, which reached its culminating point in the post-war period, of course contributes to the growth of this kind of organisation, which is bound to become more numerous as time goes on. As an example, let us take the Macedonian Committee headed by Theodore Alexandrov.

b) The second group of questions is connected with the near East. At the Second Congress we determined what the attitude of the young communist sections to the national liberation movement of the bourgeoisie which was on the way to power, should be. But since then we have been faced with a new situation in two Eastern countries, namely with the necessity of deciding what the attitude of communist parties should be to the national bourgeoisie which has already assumed power. I refer to Turkey and Egypt. In Turkey after a series of revolutionary liberating wars conducted by Kemal Pasha against foreign armies, the young Turkish bourgeoisie came into power with the help of a revolutionary wave from below. In Egypt the problem of power was solved by the British Government by means of 'reform from above', by Zagul Pasha's return from exile and taking over the government of Egypt. Two different movements, but both having the same result as far as social-political changes are concerned. Both cases inaugurate the victory of the native bourgeoisie. And yet in this quite unequivocal situation our Turkish comrades made serious tactical mistakes. Thus for instance "Aidylyk", the organ of the Turkish Communist Party, published a series of articles urging the Communist Party to support the development of national capitalism against foreign capitalism. Here we notice among our Turkish comrades the tendency which once upon a time characterised in Russia the legal Marxism of Mr. Struve who urged the working class to support the development of capitalism in Russia. And just as in the times of Russian Struvism, some of our Turkish comrades seemed at first inclined to confound the interests of the development of the productive forces of the country with the interests of the development of capitalism. Although our Turkish comrades have made good their mistake after it was pointed out to them, we must nevertheless draw up instructions which would prevent the repetition of the

same thing in other young sections of the Communist International.

c) The third group of questions is that which has been raised now by the discussion in the press of a number of Communist Parties, especially in Germany and in the Balkans. At the Second Congress we adopted the principle of national self-determination including complete separation. But who is entitled to this right of complete separation? This contentious question, which we have settled long ago, is unfortunately still creating much confusion in the minds of many comrades. Russian comrades know that at the Eighth Congress of our Party we also had nihilistic deviations in connection with this question. There were comrades who held the opinion that during the period of imperialism only the proletariat of the country in question had the right to separation. Other ultra-left elements went even further, for they asserted that questions of "self-determination" including "separation" are not within the competence of this or that national proletariat. In the opinion of these ultra-left Russian Party comrades, the question of "self-determination" must be subject to the interests of the proletarian fight as a whole, and that therefore the only body entitled to the "right to self-determination" must be the Comintern. Comrades, this example shows you to what absurdities we were reduced in our Russian discussion. Many stormy years have passed since then, and as far as our Party is concerned this question is definitely settled. We decided that this problem must rest on a careful analysis of the concrete historic conditions under which the self-determination of the nation in question takes place.

Let us take two concrete examples.

The occupation of the Ruhr has brought the national question before the German Communist Party. At first there was a tendency within the latter which denied that the occupation of the Ruhr places the German Communist Party under the obligation of raising the national question in Germany. This was an erroneous tendency which reflected the influence of Rosa Luxemburg's theory. At the same time a number of articles by comrade Thalheimer appeared in the "Die Internationale" which went to the other extreme. His version of "self-determination" and the necessity of making use of national discontent in Germany ignored the fact that Germany has a highly developed industrial proletariat, and that Germany is also in the period of transition from capitalism to socialism. Comrade Thalheimer appeared to base the tactical lines for the Communist Party on the assumption that all class contradictions had disappeared in Germany, and that in connection with the occupation of the Ruhr Germany had reverted to the economic primitivism of social conditions of Morocco.

Another more flagrant mistake in connection with the national question is the mistake made by our German comrade Boris who has been quoted here more than once. Contrary to Thalheimer, this writer was inclined to declare that the proletariat alone (including the colonial proletariat) is entitled to self-determination, and that the right of the colonies to separation can be vindicated by the formation of Socialist Soviet Republics within them.

This group of questions includes also the question as to whether "separation" is feasible in the imperialist epoch within the framework of the bourgeois State. Comrade Lenin, in discussing the right to separation, with his Russian opponents, referred to the example of Norway. Yet if we study carefully the attitude of our Balkan comrades, we will find they take a negative attitude to this question.

There is no doubt whatever that the bourgeoisie cannot solve the national question within the framework of the capitalist State. But this does not mean that we must postpone the realisation of the right of oppressed nations to separation until social revolution has been victorious throughout the world. We have only to peruse the decisions of the Balkan comrades on the national question to come to the conclusion that this is precisely their view on the right to separation. They make the right to separation dependent on the formation of a Balkan Federation of Societ Workers' and Peasants' Republics. But what does such a condition mean? The Balkans are the crux of the entire imperialist policy of the big Powers of Europe. The victory of the workers' and peasants' power in the Balkans, the corridor of the international imperialist cliques, means the victory of the international proletariat. Therefore, raising the question in that form is tantamount to ignoring the acute problems which confront us at present.

This fourth group of questions is connected with the question of irredentism, which has a two-fold form: the question of irredentism between a Workers' and Peasants' State and a bourgeois State, and the question of irredentism between two bourgeois States. This group of questions is all the more important as the imperialist re-distribution of the world which followed the European war, has dismembered nations and peoples. The problem of revolutionary irredentism assumed a very concrete form in the relations between the U. S. S. R. and the States adjoining it. Thus, at the Second Congress of the Polish Communist Party, the Polish Party decided to support the movement of the Ukrainians and White Russians forming part of the Polish State for their inclusion into the workers' and peasants' republics of the U. S. S. R. Similar declarations were made by Estonian communists, communists of Carpathian Russia, etc.

But side by side with this attitude of our Communist Parties, there are also decisions of a contrary nature.

The Reichenberg Conference of the Czecho-Slovakian Party, held in 1921 when the party was still the opposition in the Social-Democratic Party, in discussing the question of revolutionary irredentism in the event of the victory of the proletarian revolution in Germany (3.5 million Germans are now subjects of the Czecho-Slovakian States) declared itself against the separation of German territories, on the plea of the interest of proletarian Revolution in Czecho-Slovakia. But if our Communist Parties are ready to recognise the admissibility of revolutionary irredentism, they must also take into account the following fact: In the theses on the national question adopted by the Second Congress of the Polish Communist Party nothing is said about "the recognition of the right to separation" of the German population of the present Poland, which is two million strong. There is no mention whatever about the German population's right to separation in any of the resolutions of the Czecho-Slovakian Communist Party. The attitude of the Roumanian Communist Party towards the Hungarian population of Transylvania is also very characteristic. Roumanian comrades advocate the establishment of an independent Transylvania Republic in contradistinction to the irredentism of the Hungarian population of Transylvania which is inclined to incorporation with Hungary. In this case, too, one can see the fear that "the right of self-determination" might objectively, become a support to the foreign bourgeois government.

This shows you, comrades, in what complicated national conditions our Communist Parties have to work, and what an amount of revolutionary pliability they must possess to give a concrete form to the question of "self-determination" including separation. This work of giving concrete forms to our fundamental decisions in connection with the question of irredentism in the various countries must be done in commissions. And this is one of the tasks of the Fifth World Congress. We are bound to make mistakes if we do not put this branch of our work into concrete forms. And we must admit that in connection with the national question, many mistakes have already been made by our Communist Parties.

The many mistakes made by the various Sections of the Comintern in connection with this question are due to the fact that many of our comrades are not yet rid of social democratic ideology. These mistakes can be said to be of four fundamental types, all of which are survivals of the attitude of the Second International on the national question. The first type of these mistakes is personified in the attitude of some Yugo-Slavian comrades, especially of comrades Sima Markovitch and Miliokovitch who are now in prison. I have already given you figures of the national composition of the Yugo-Slavian State, which showed you what an enormous significance the national question has for the Yugo-Slavian Communist Party. And yet, according to the opinions of comrades Markovitch and Miliokovitch the national question in Serbia is a purely bourgeois invention. According to comrade Markovitch, the question as to whether Serbs, Croats, and Slovenes are three nations or one, is only a purely theoretical question which should not influence the practical policy of the Party. Comrade Miliokovitch goes even further than that. He asserts that in Yugo-Slavia there are no nations, but only linguistic differentiations. In his pamphlet "National Question in the Light of Marxism" and in a number of articles published in the organ of the Yugo-Slavian Communist Parties, "Radnik", comrade Markovitch brings forward, as a practical slogan for the Communist Party, the fight for the revision of the constitution, that is to say, he places the whole

question of national self-determination on a constitutional basis. Very characteristic is comrade Markovitch's attitude towards the Macedonian question. You know that Macedonia plays at present, after its partition between Serbs, Greeks, and Bulgarians, the very same role in the Balkans that the Balkans play in Europe. A fierce fight is being waged around Macedonia, and especially around the question of an outlet into the Aegean Sea and the fight for the port of Salonica between the small robbers in the Balkans. At the same time, there is in Macedonia a strong national movement for the re-establishment of an independent State. What is comrade Markovitch's attitude to this national movement? In his articles he expresses the opinion that the Macedonia question is not by any means a Balkan but a European problem, which cannot therefore be finally solved before a victory of the European proletariat over the bourgeoisie has been achieved. If the question is put in this way, what will be the result? Only a passive attitude of the Communist Party to one of the most burning questions which are agitating the various Balkan nationalities at present. A careful study of the situation, will show you that the origin of this kind of views is to be sought in the Second International. Markovitch holds the view that the proletariat must accept the bourgeois State such as it has been created by a series of wars and violations. We find signs of this theory in the interpretation of the national question by the "famous" Austrian school of thought, (Otto Bauer and Renner). In connection with the national question this Austrian school of thought insisted on the preservation of the frontiers of the former Austrian Empire at all cost. Therefore, the entire national question resolved itself for this school of thought in a country with as many nationalities as the former Austro-Hungary, into a fight for the revision of the constitution. Comrades, we know that our Russian school of thought on the national question declared war to the knife to the Austrian school of thought on that question. And nevertheless, after our polemics with Otto Bauer and after the Communist International has been in existence five years, we witness a revival of the views of this Austrian school among our Yugo-Slavian comrades. Similar mistakes are made by our Greek comrades in connection with the Macedonian question. A few months ago, when an armed conflict seemed imminent in the Balkans, the Executive Committee of the Balkan Federation issued a manifesto which called upon the proletariat of the Balkan countries to stand up for Macedonian independence. The Greek Communist Party not only did not publish this manifesto, but even sent a reasoned protest against the issue of such a document by the Executive Committee of the Balkan Federation.

Where, I ask you, should we search for the cause of such a state of mind? Undoubtedly in the survivals of the views which at that time were energetically expounded by the Austrian school.

The second type of mistake is bound up with certain traces of social imperialism. As the Austrian school in the course of the European war stood for the recognition of the integrity of the Austrian boundaries, so the German social-imperialistic school of Cuno and Lepcha and the rest started from the conception of a state in which the productive forces had outgrown the limits of the country. This school approaches the position of the obscure Dutch Social colonizer, Van-Kolya, who at one of the International Congresses of the Second International recommended that each socialist party should formulate its own colonial policy. However distressing it may be to admit it, we find that this viewpoint even finds reflection in the political conclusions of certain individual party members. About a year ago the Comintern addressed an appeal to the colonial slaves, calling on them to revolt against their subjugators. When this appeal reached one of the communist sections of the French Communist Party in Algiers, Sidi Bel-Abes, that section passed a resolution condemning such appeals of the Comintern to peoples of another race exploited by French imperialism.

In its declaration this section expressed great agitation over the fact that at the very moment when the noble French nation was bringing civilization to the colonies, the organization of the international working class should appear, calling on the colonial people to answer the benevolent efforts of the French colonisers with black ingratitude. (Laughter.) I ask the French comrades whether these possibly excellent Frenchmen, but very indifferent communists, have been excluded from the party. I take the liberty of inquiring further of those comrades the whereabouts of those documents in which the French Com-

munist Party loudly proclaimed the slogan of the separation of the colonies. (Sellier interrupts: "In the programme of the Party.") Where are your declarations supporting the liberation of the colonies from French imperialism? You, French comrades, have 800,000 native workers in France. I ask you, what have you done to organise these workers, to prepare revolutionary agitators for the colonies from among their ranks? In your army there are 250,000 black soldiers. Do you think that you will be able to make a social revolution if these 250,000 are on the other side of the barricades? Will your working class be able to win a single strike if the bourgeoisie have at their disposal these black reserve troops which they can incite at any minute against your heroic proletariat? Have you carried on any anti-militaristic propaganda among these black troops? (From the French section: Yes. Yes. Yes.)

No. No I do not know of a single serious documentary proof of it. I do know that we must wage a vigorous fight against this attitude in the party. I will cite a certain fact which on the surface may seem to be quite unimportant, but which is extraordinarily indicative of the psychology of our parties. During the Lyons Congress the Comintern addressed an appeal to the French workers and the colonial peoples. The editors of the Central organ of the party, "Humanité", in publishing the appeal deliberately cut out from the text the words "to the colonial peoples". Is it possible for a Party having an attitude like this to carry on propaganda among the "natives"? I heartily wish that in this question at least the French Party would return to the traditions of Jaurès. We differ greatly from the dead leader of the French Socialist Party in both theory and practice. Jaurès was a pacifist; he personified all the genius and all the weakness of a whole epoch in the development of the labour movement. But anyone who remembers those years which preceded the war knows that Jaurès always expressed himself firmly and decisively against the colonial adventures undertaken by the French government. You remember what a courageous campaign Jaurès conducted at the time of the Moroccan adventure which threatened to bathe all Europe in blood. I will cite one more fact from recent events. Not long ago general elections were held in your country, comrades from France. Why was there not a single native among the seven candidates allotted to the colonies? Why could you find only representatives of the ruling race who have stirred up general indignation against themselves, to act as candidates for the colonies.

Still greater reproach is due to our English comrades for their passivity in the matter of colonial propaganda. The British comrades represent a proletariat more infected with colonial prejudices than all others in the Comintern. Marx once wrote on the question of Irish independence that the English workers would never be free until Ireland was free. Marx understood very well that the British proletariat would never succeed in destroying the powerful capitalist organism of the British Empire without the support of those peoples suppressed by the English Lords. These words were uttered many years ago when the British Empire did not yet represent so great a colonial power in the world, occupying one third of the earth's surface. Do our English comrades think that the revolutionary process begins with the English proletariat liberating itself, and then in the capacity of a Messiah, carrying deliverance to the colonial peoples? We do not think so.

In none of the documents on the relations of the British Communist Party to the colonies which have been brought to us for perusal have we found a single declaration in which our British comrades have clearly and unmistakably demanded the separation of the colonies from the British Empire. Show us the documents in which you have defended Ireland's right to independence. And yet there are constant opportunities for declarations of this kind. Since the labour government of MacDonald has been in power you have not taken advantage of a single opportunity to bring this question before the proletariat of your country. Under the labour government the oppressive burden of British imperialism weighs down the colonies as it did before. Lord Reading, the celebrated hangman of British India, the same viceroy under whom the famous trials were conducted against even such moderate revolutionists as Ghandi, the Brothers Ali, and others, remains intact in his post. MacDonald's government has not taken the trouble even to replace the 300,000 bureaucrats who are ruling over the population of British India. Where is your fighting spirit, English comrades.

Where is your readiness to carry a decisive struggle for freedom into the most far-flung corners of India?

The Russian comrades are grateful to you for launching the slogan "Hands Off Soviet Russia!" at the time of the armed intervention of Russia. But the entire International would rejoice even more if you were now to launch another no less courageous call: "Hands Off the Colonies."

3. To the third class of mistake belong those connected with the theory of Rosa Luxemburg. Rosa Luxemburg's viewpoint might be characterised as the theory of national nihilism. Rosa Luxemburg based her theory on the assumption that in the imperialist epoch every national movement is inevitably doomed to be used by the imperialist powers in their own interests. Therefore Rosa Luxemburg believed that the proletariat party should eradicate from its programme the clause relating to the self-determination of peoples. Just as Cuno's theory of government represented the latest phase in the development of imperialism, so Rosa Luxemburg's theory represented the childhood stage of the labour movement when the question of the seizure of power seemed a far off problem to the working class.

It was only the Leninist Bolshevik school which put forward the question of the seizure of power as a question of the present day, and which was able to connect this problem with the interests of those millions who represent the intermediate stage in the social mechanism and on whose behaviour depends, in the last analysis, the victory of the proletarian revolution. We have only to examine some of the resolutions on tactics of our European comrades to realize that we are still not quite free from the influence of Rosa Luxemburg's views. I have already cited the resolution of the Yugo-Slavian comrades who subordinate the self-determination of peoples to the victory of the proletariat in the Balkans and throughout Europe. A still clearer reflection of Rosa Luxemburg's views is to be found in the position of some of our German comrades.

4. Finally it is necessary to call attention to the fourth type of mistakes. To this category of mistakes belongs the position of our Turkish comrades from "Aidynluk" who actually advocate the class collaboration of the proletariat and the bourgeoisie. This position represents nothing new. Anyone who remembers the position of the Ukrainian Social-Democrats of the former Austrian Empire and that of the Polish Socialists of Austria will understand that the mistake of our Turkish comrades has its root in the entire social patriotic ideology of the Second International.

The Union of Socialist Soviet Republics.

A Great Experiment in Solving the National Question Under the Dictatorship of the Proletariat.

I pass on to the last part of my speech — the question of the Union of Socialist Soviet Republics that was formed during the interval between the Fourth and Fifth Congresses. You know, comrades, that Russia, from the point of view of its national composition was much more complicated than the old Austro-Hungarian Empire. There were only eleven nationalities in Austria before the war while we have more than a hundred different large nations and small nationalities on the enormous territory of the previous Tsarist empire. It was very difficult to solve the national question in a country with such a variegated national composition, and the methods applied for its solution must serve as a lesson for comrades from other countries.

Another difficulty was that the proletariat was Russian in nationality while the peasantry, for the most part was of other nationalities. There are sixty-nine million Russians and sixty-five millions of other nationalities in the U. S. S. R. Our first problem was to establish solidarity between the three millions Great Russian and the millions of peasantry of other nationalities. There was still a third difficulty that confronted us. This many millioned mass was, in reality, at different stages of economic development. Side by side with highly developed industrial centres we have about ten millions that have not yet developed from being nomadic tribes. The formal declaration of equality was insufficient, and would have had as little value and achieved as few practical results as the declaration of equality in the great French Revolution. The proletariat of our country had to set itself the problem of establishing a real economic equality, which is the only security for the normal

development of nations forming part of our workers and peasants' republic. We had to solve this problem in a country with limited economic resources.

Comrade Lenin once said that Soviet Russia, because of its geographical position, is a natural bridge between Europe and Asia. This is undoubtedly true. Our revolution had a double result. It reacted on the European proletariat in the sense that it made him believe in his own power and in his ability to seize power. Simultaneously, it reacted on the Oriental nations. Kautsky prophesied, after the 1905-1906 revolution, that the Russian revolution would awaken the nations of the Middle East and Asia to historical life. This prophecy has proved to be correct. After the October Revolution, 1917, Soviet Russia became the centre of gravitation and attracted the Oriental nations to itself. This situation obliges the Russian Communist Party and the Russian proletariat to justify the hopes placed upon them by the Eastern nations. We know very well that we would never have succeeded in preserving the independence of the Soviet Republics in our present situation of capitalist encirclement had we not formed a united front between the oppressed nationalities and the proletariat from the Baltic Sea to the farthest Asiatic plains. The Russian Vendee deliberately chose the borderlands of the old Russian Empire for their offensive against the victorious proletariat of Moscow and Leningrad. And it was only the fact that we had behind us the sympathy of millions of the population in these borderlands, that helped us to smash Dutov, Semonov, Koltchak, and Denikin, the leaders of the counter-revolution in the border countries. The notorious renegade, Paul Levi, can ridicule the Bashkir and Kalmik communism as much as he pleases, but we know that the jokes of such gentlemen as Paul Levi, serve to show their colonisatory character.

How were we able to realise this union? We are enabled to do this by two methods. Firstly, we acknowledged unequivocally, the right of nations to self-determination, even to secession under the Soviet regime. We are enabled to paralyse the chauvinist tendencies among those peoples that had been at one time oppressed by the Tsar. At the same time we weakened the influence of petty-bourgeois nationalist parties that wished to take advantage of national oppression of the old Tsarist Empire for the purpose of sowing enmity and dissatisfaction among the nationalities. I wish to call the attention of our foreign comrades to a very interesting clause in our constitution. This clause states that every nation forming part of the Union of Socialist Soviet Republics can leave it at any moment. This clause is not hampered by any formalities but is a one-sided act.

Such clauses are characteristic of our constitution, and professors of bourgeois state law cannot understand this. For example, Monsieur Milyukov recently in a white-guard newspaper occupied himself with an investigation of the legal nature of the constitution of our workers' and peasants' Union and expressed the opinion that it was without any legal foundation since it lacked the element of force, and therefore such a government with a variable composition cannot take upon itself any international obligations. Monsieur Milyukov considered that his legal analysis must create a fearful impression on the Western European bourgeois governments and withhold them from recognising the Union of Socialist Soviet Republics. However, comrades, the very fact that this element of force is lacking in the organisation of our union forms the tremendous power of our moral influence over nationalities taking part in our Union.

The other means whereby we succeeded in uniting the different nationalities into one brotherly amalgamation was the socialisation of the riches and natural resources of the country and converting them into the public property of the population of the U. S. S. R. According to the theory of bourgeois state law all the riches and natural resources are the property of that nation that exists on this bourgeois theory of law. Naturally the question of sea routes, ports, borders, and customs acquires enormous importance and is the source of armed conflicts between bourgeois states. The formation of the Soviet Union advanced a new theory of state law, where the question of borders has a secondary importance. In our Union a man from Murmansk has the same right to the Black Sea ports and the Donets Basin as a peasant from Poltava or a miner in the Donets coal basin. At the same time the populace of Odessa and the Don basin

have the same rights to the Siberian gold mines as the Siberian peasant or a nomad from Turkestan. You understand comrades that the question of borders between states forming the Soviet Union, can have only an administrative importance in such a state of affairs, and cannot cause any conflicts.

The formation of our Union must be a powerful weapon of propaganda in the hands of our European parties, since it gives them the ability to compare the methods of solving the national question adopted by the Soviets and those applied by the bourgeois states. This is why our experience must become the property of all the European proletariat. I wish to

conclude my speech with this generalisation and I know that in the commission on the national question that will be formed at the Fifth Congress we shall be able to find those practical solutions that will stimulate the national movements in different countries and impart to them a revolutionary character. The time for declarations of a general character has passed; we have now a period of creative, revolutionary work in the colonies and among national minorities. If we fulfil these tasks we will have created half the chances for the success of the international revolution to which we are devoted and which is guarded for the workers of the world by the Communist International. (Applause.)

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The V. World Congress of the Communist International

Report of Comrade Kolarov on the Agrarian Question

Twenty-Fifth Session.

July 3.

After the opening of the Session by comrade Smeral, comrade Torgashov welcomed the Congress on behalf of the proletarian students.

Then the next item on the agenda the Agrarian question was dealt with. The report was presented by comrade Kolarov.

Comrade Kolarov:

Comrades, the agrarian question was brought up at the Second Congress and at nearly all the subsequent Congresses under different aspects. At the Second Congress the general program of the Comintern on the agrarian question was the main topic; at the Fourth Congress attention was paid to the elaboration of a program of action on the agrarian field. The Fifth Congress occupies itself with the political and revolutionary strength of the peasant masses. Communist parties are mass parties, and the social revolution for which they work can come only as a result of revolutionary action by the masses. Generally speaking, for us the masses are first and foremost in the towns. This is the proletarian class. But apart from the proletarian class, in nine out of ten countries, there are masses also in the country side.

In Great Britain only 9% of those who participate in production are employed in agriculture. It is the most industrialised country in the world. In Belgium there are already 23%. In Bulgaria 83% of the population are peasants. In Germany about 29% of the population are employed in agriculture. In Denmark 82.6%, in Italy 59.4% of the population are peasants. In Norway there are 29.8% peasants, in France 41.2%, in Holland 29%, in Switzerland 31%, in Sweden 50%, in Austria (former Austria) 56.8%, in Hungary, including Croatia and Slovenia (pre-war Hungary) 64.3%, in Spain 56.3%, in the U. S. A. 33.2%, in Japan 64%, in China 60%, and in the present Yugo-Slavia 80%.

An analysis from the viewpoint of the differentiation between classes will be useful, and by taking a few countries as a typical example, we shall arrive at the following results:

In Germany, of the 29% who work in the rural districts, 12% work for themselves, 13% are semi-proletarians and 75% are agricultural labourers and employees. Thereby you see that in Germany the peasant question presents itself to us communists, first and foremost under the aspect of the capture of the agricultural labourers. In France, of the 41.2% which constitute about 8½ million peasants, 60% work for wages, and 40% for themselves. Thus you see that in France the peasant question appears under the aspect not only of the capture of agricultural labourers, but also of the capture of small peasants and small farmers who work for themselves. In Yugo-Slavia, Croatia, and Slovenia, 85% of the population are engaged in agriculture. And of this population 72% own plots of land not exceeding five hectares. These are semi-proletarians or small peasants. In Bosnia-Gerzegovina, where 86% of the population are engaged in agriculture, 77% own plots of land not exceeding 5 hectares.

In Japan 64% of the population are engaged in agriculture, of these 70% are farmers or small proprietors and farmers at the same time. 89% of proprietors own plots of land not exceeding 2 hectares.

These figures show us that a large section of the working-masses to be captured by us for the social revolution, is to be found in the country-side. History has shown us the importance of the peasant masses for the revolution. It is a well-known fact that all the urban revolutionary movements of the past were crushed by the bourgeoisie with the help of peasant masses. We have also the example of the Paris Commune. We have also the example of the Russian revolution in 1905 in which the movement of the workers of St. Petersburg, Moscow, and the other great Russian towns was crushed by Cossaks, soldiers, who, are nothing but peasants. This historical fact has been recognised by great revolutionary writers, such as Marx, and Paul La Fargue. But the Social Democrats conditions