

The Tax in Kind



(The Significance Of
The New Policy
& Its Conditions)

V. I. Lenin

V. I. Lenin

THE TAX IN KIND

(The Significance Of The New Policy And Its
Conditions)^[1]

Written: Completed on 21 April, 1921 (started in March)

First Published: Published in pamphlet form in May 1921; Published according to the pamphlet text collated with the manuscript

Source: Lenin's *Collected Works*, 1st English Edition, Progress Publishers, Moscow, 1965, Volume 32, pages 329-365

Translated: Yuri Sdobnikov

Transcription\HTML Markup: David Walters & R. Cymbala

Copyright: V. I. Lenin Internet Archive (www.marx.org) 2002. Permission is granted to copy and/or distribute this document under the terms of the GNU Free Documentation License

Formatted to EPUB by Ian Schlom

IN LIEU OF INTRODUCTION

The question of the tax in kind is at present attracting very great attention and is giving rise to much discussion and argument. This is quite natural, because in present conditions it is indeed one of the principal questions of policy.

The discussion is somewhat disordered, a fault to which, for very obvious reasons, we must all plead guilty. All the more useful would it be, therefore, to

try to approach the question, not from its “topical” aspect, but from the aspect of general principle. In other words, to examine the general, fundamental background of the picture on which we are now tracing the pattern of definite practical measures of present-day policy.

In order to make this attempt I will take the liberty of quoting a long passage from my pamphlet, *The Chief Task of Our Day*, and *“Left-Wing” Childishness and the Petty-Bourgeois Mentality*. It was published by the Petrograd Soviet of Workers’ and Soldiers’ Deputies in 1918 and contains, first, a newspaper article, dated March 11, 1918, on the Brest Peace, and, second, my polemic against the then existing group of Left Communists, dated May 5, 1918. The polemic is now superfluous and I omit it, leaving what appertains to the discussion on, “state capitalism” an the main elements of our present-day economy, which is transitional from capitalism to socialism.

Here is what I wrote at the time:

THE PRESENT-DAY ECONOMY OF RUSSIA (EXTRACT FROM THE 1918 PAMPHLET)

State capitalism would be a step forward as compared with the present state of affairs in our Soviet Republic. If in approximately six months’ time state capitalism became established in our Republic, this would be a great success and a sure guarantee that within a year socialism will have gained a permanently firm hold and will have become invincible in this country.

I can imagine with what noble indignation some people will recoil from these words. ... What! The transition to state *capitalism* in the Soviet Socialist Republic would be a step forward? ... Isn’t this the betrayal of socialism?

We must deal with this point in greater detail.

Firstly, we must examine the nature of the *transition* from capitalism to socialism that gives us the right and the grounds to call our country a Socialist Republic of Soviets.

Secondly, we must expose the error of those who fail to see the petty-bourgeois economic conditions and the petty-bourgeois element as the *principal* enemy of socialism in our country.

Thirdly, we must fully understand the economic implications of the distinction between the *Soviet* state and the bourgeois state.

Let us examine these three points.

No one, I think, in studying the question of the economic system of Russia, has denied its transitional character. Nor, I think, has any Communist denied that the term Soviet Socialist Republic implies the determination of the Soviet power to achieve the transition to socialism, and not that the existing economic system is recognised as a socialist order.

But what does the word “transition” mean? Does it not mean, as applied to an economy, that the present system contains elements, particles, fragments of both capitalism and socialism? Everyone will admit that it does. But not all who admit this take the trouble to consider what elements actually constitute the various socio-economic structures that exist in Russia at the present time. And this is the crux of the question.

Let us enumerate these elements:

1. patriarchal, i.e., to a considerable extent natural, peasant farming;
2. small commodity production (this includes the majority of those peasants who sell their grain);
3. private capitalism;
4. state capitalism;
5. socialism.

Russia is so vast and so varied that all these different types of socio-economic structures are intermingled. This is what constitutes the specific feature of the situation.

The question arises: What elements predominate? Clearly, in a small-peasant country, the petty-bourgeois element predominates and it must predominate,

for the great majority—those working the land—are small commodity producers. The shell of state capitalism (grain monopoly, state-controlled entrepreneurs and traders, bourgeois co-operators) is pierced now in one place, now in another by *profiteers*, the chief object of profiteering being *grain*.

It is in this field that the main struggle is being waged. Between what elements is this struggle being waged if we are to speak in terms of economic categories such as “state capitalism”? Between the fourth and fifth in the order in which I have just enumerated them? Of course not. It is not state capitalism that is at war with socialism, but the petty bourgeoisie plus private capitalism fighting together against state capitalism and socialism. The petty bourgeoisie oppose *every kind* of state interference, accounting and control, whether it be state-capitalist or state-socialist. This is an unquestionable fact of reality whose misunderstanding lies at the root of many economic mistakes. The profiteer, the commercial racketeer, the disrupter of monopoly—these are our principal “internal” enemies, the enemies of the economic measures of the Soviet power. A hundred and twenty-five years ago it might have been excusable for the French petty bourgeoisie, the most ardent and sincere revolutionaries, to try to crush the profiteer by executing a few of the “chosen” and by making thunderous declarations. Today, however, the purely French approach to the question assumed by some Left Socialist-Revolutionaries can arouse nothing but disgust and revulsion in every politically conscious revolutionary. We know perfectly well that the economic basis of profiteering is both the small proprietors, who are exceptionally widespread in Russia, and private capitalism, of which every petty bourgeois is an agent. We know that the million tentacles of this petty-bourgeois octopus now and again encircle various sections of the workers, that instead of state monopoly, profiteering forces its way into every pore of our social and economic organism.

Those who fail to see this show by their blindness that they are slaves of petty-bourgeois prejudices. ...

The petty bourgeoisie have money put away, the few thousands that they made during the war by “honest” and especially by dishonest means. They are the characteristic economic type, that is, the basis of profiteering and private capitalism. Money is a certificate entitling the possessor to receive social wealth;

and a vast section of small proprietors, numbering millions, cling to this certificate and conceal it from the “state”. They do not believe in socialism or communism, and “mark time” until the proletarian storm blows over. Either we subordinate the petty bourgeoisie to our control and accounting (we can do this if we organise the poor, that is, the majority of the population or semi-proletarians, round the politically conscious proletarian vanguard), or they will overthrow our workers’ power as surely and as inevitably as the revolution was overthrown by the Napoleons and the Cavaignacs who sprang from this very soil of petty proprietorship. That is how the question stands. That is the only view we can take of the matter. . . .

The petty bourgeois who hoards his thousands is an enemy of state capitalism. He wants to employ these thousands just for himself, against the poor, in opposition to any kind of state control. And the sum total of these thousands, amounting to many thousands of millions, forms the base for profiteering, which undermines our socialist construction. Let us assume that a certain number of workers produce in a few days values equal to 1,000. Let us then assume that 200 of this total vanishes owing to petty profiteering, various kinds of embezzlement and the evasion by the small proprietors of Soviet decrees and regulations. Every politically conscious worker will say that if better order and organisation could be obtained at the price of 300 out of the 1,000 he would willingly give 300 instead of 200, for it will be quite easy under the Soviet power to reduce this “tribute” later on to, say, 100 or 50, once order and organisation are established and the petty-bourgeois disruption of state monopoly is completely overcome.

This simple illustration in figures, which I have deliberately simplified to the utmost in order to make it absolutely clear, explains the present correlation of state capitalism and socialism. The workers hold state power and have every legal opportunity of “taking” the whole thousand, without giving up a single kopek, except for socialist purposes. This legal opportunity, which rests upon the actual transition of power to the workers, is an element of socialism. But in many ways, the small-proprietary and private-capitalist element undermines this legal position, drags in profiteering and hinders the execution of Soviet decrees. State capitalism would be a gigantic step forward *even if we paid more* than we are paying at present (I took the numerical example deliberately to bring this out

more sharply), because it is worth paying for “tuition”, because it is useful for the workers, because victory over disorder, economic ruin and laxity is the most important thing, because the continuation of the anarchy of small ownership is the greatest, the most serious danger, and it will *certainly* be our ruin (unless we overcome it), whereas not only will the payment of a heavier tribute to state capitalism not ruin us, it will lead us to socialism by the surest road. When the working class has learned how to defend the state system against the anarchy of small ownership, when it has learned to organise large-scale production on a national scale along state-capitalist lines, it will hold, if I may use the expression, all the trump cards, and the consolidation of socialism will be assured.

In the first place *economically* state capitalism is immeasurably superior to our present economic system.

In the second place there is nothing terrible in it for the Soviet power, for the Soviet state is a state in which the power of the workers and the poor is assured.

...

To make things even clearer, let us first of all take the most concrete example of state capitalism. Everybody knows what this example is. It is Germany. Here we have “the last word” in modern large-scale capitalist engineering and planned organisation, *subordinated to Junker-bourgeois imperialism*. Cross out the words in italics, and in place of the militarist, Junker, bourgeois, imperialist state put also a state, but of a different social type, of a different class content—a Soviet state, that is, a proletarian state, and you will have the sum total of the conditions necessary for socialism.

Socialism is inconceivable without large-scale capitalist engineering based on the latest discoveries of modern science. It is inconceivable without planned state organisation which keeps tens of millions of people to the strictest observance of a unified standard in production and distribution. We Marxists have always spoken of this, and it is not worth while wasting two seconds talking to people who do not understand even this (anarchists and a good half of the Left Socialist-Revolutionaries).

At the same time socialism is inconceivable unless the proletariat is the ruler of the state. This also is ABC. And history (which nobody, except Menshevik blockheads of the first order, ever expected to bring about “complete” socialism smoothly, gently, easily and simply) has taken such a peculiar course that it has given birth in 1918 to two unconnected halves of socialism existing side by side like two future chickens in the single shell of international imperialism. In 1918, Germany and Russia had become the most striking embodiment of the material realisation of the economic, the productive and the socio-economic conditions for socialism, on the one hand, and the political conditions, on the other.

A victorious proletarian revolution in Germany would immediately and very easily smash any shell of imperialism (which unfortunately is made of the best steel, and hence cannot be broken by the efforts of any chicken) and would bring about the victory of world socialism for certain, without any difficulty, or with only slight difficulty—if, of course, by “difficulty” we mean difficulty on a world historical scale, and not in the parochial philistine sense.

While the revolution in Germany is still slow in “coming forth”, our task is to *study* the state capitalism of the Germans, to *spare no effort* in copying it and not shrink from adopting dictatorial methods to hasten the copying of Western culture by barbarian Russia, without hesitating to use barbarous methods in fighting barbarism. If there are anarchists and Left Socialist-Revolutionaries (I recall offhand the speeches of Karelin and Ghe at the meeting of the Central Executive Committee) who indulge in Karelin-like reflections and say that it is unbecoming for us revolutionaries to “take lessons” from German imperialism, there is only one thing we can say in reply: the revolution that took these people seriously would perish irrevocably (and deservedly).

At present petty-bourgeois capitalism prevails in Russia, and it is *one and the same road* that leads from it to both large-scale state capitalism and to socialism, *through one and the same* intermediary station called “national accounting and control of production and distribution”. Those who fail to understand this are committing an unpardonable mistake in economics. Either they do not know the facts of life, do not see what actually exists and are unable to look the truth in the face, or they confine themselves to abstractly comparing “socialism” with

“capitalism” and fail to study the concrete forms and stages of the transition that is taking place in our country.

Let it be said in parenthesis that this is the very theoretical mistake which misled the best people in the *Novaya Zhizn* and *Vperyod*^[2] camp. The worst and the mediocre of these, owing to their stupidity and spinelessness, tag along behind the bourgeoisie, of whom they stand in awe; the best of them have failed to understand that it was not without reason that the teachers of socialism spoke of a whole period of transition from capitalism to socialism and emphasised the “prolonged birth pangs” of the new society.^[3] And this new society is again an abstraction which can come into being only by passing through a series of varied, imperfect and concrete attempts to create this or that socialist state.

It is because Russia cannot advance from the economic situation now existing here without traversing the ground *which is common* to state capitalism and to socialism (national accounting and control) that the attempt to frighten others as well as themselves with “evolution *towards* state capitalism” is utter theoretical nonsense. This is letting one’s thoughts wander away from the true road of “evolution”, and failing to understand what this road is. In practice, it is equivalent to *pulling us back to small proprietary capitalism*.

In order to convince the reader that this is not the first time I have given this “high” appreciation of state capitalism and that I gave it *before* the Bolsheviks seized power, I take the liberty of quoting the following passage from my pamphlet, *The Impending Catastrophe and How To Combat It*, written in September 1917.

“Try to substitute for the Junker-capitalist state, for the landowner-capitalist state, a revolutionary-democratic state, i.e., a state which in a revolutionary way abolishes all privileges and does not fear to introduce the fullest democracy in a revolutionary way. You will find that, given a really revolutionary-democratic state, state-monopoly capitalism inevitably and unavoidably implies a step ... towards socialism. ...

“For socialism is merely the next step forward from state-capitalist monopoly. ...

“State-monopoly capitalism is a complete material preparation for socialism, the threshold of socialism, a rung on the ladder of history between which and the rung called socialism there are no intermediate rungs” (pp. 27 and 28).

Please note that this was written when Kerensky was in power, that we are discussing *not* the dictatorship of the proletariat, *not* the socialist state, but the “revolutionary democratic” state. Is it not clear that *the higher* we stand on this political ladder, *the more completely* we incorporate the socialist state and the dictatorship of the proletariat in the Soviets, *the less* ought we to fear “state capitalism”? Is it not clear that from the *material*, economic and productive point of view, we are not yet on the “threshold” of socialism? Is it not clear that we cannot pass through the door of socialism without crossing the “threshold” we have not yet reached? . . .

The following is also extremely instructive.

When we argued with Comrade Bukharin in the Central Executive Committee, he declared, among other things, that on the question of high salaries for specialists “they” were “to the right of Lenin”, for in this case “they” saw no deviation from principle, bearing in mind Marx’s words that under certain conditions it is more expedient for the working class to “buy out the whole lot of them^[4] (namely, the whole lot of capitalists, i.e., to *buy* from the bourgeoisie the land, factories, works and other means of production).

That is a very interesting statement. . . .

Let us consider Marx’s idea carefully.

Marx was talking about the Britain of the seventies of the last century, about the culminating point in the development of pre-monopoly capitalism. At that time Britain was a country in which militarism and bureaucracy were less pronounced than in any other, a country in which there was the greatest possibility of a “peaceful” victory for socialism in the sense of the workers “buying out” the bourgeoisie. And Marx said that under certain conditions the workers would certainly not refuse to buy out the bourgeoisie. Marx did not commit himself, or the future leaders of the socialist revolution, to matters of form, to ways and

means of bringing about the revolution. He understood perfectly well that a vast number of new problems would arise, that the whole situation would change in the course of the revolution, and that the situation would change radically and often in the course of the revolution.

Well, and what about Soviet Russia? Is it not clear that *after* the seizure of power by the proletariat and *after* the crushing of the exploiters' armed resistance and sabotage—*certain* conditions prevail which correspond to those which might have existed in Britain half a century ago had a peaceful transition to socialism begun there? The subordination of the capitalists to the workers in Britain would have been assured at that time owing to the following circumstances: (1) the absolute preponderance of workers, of proletarians, in the population owing to the absence of a peasantry (in Britain in the seventies there were signs that gave hope of an extremely rapid spread of socialism among agricultural labourers); (2) the excellent organisation of the proletariat in trade unions (Britain was at that time the leading country in the world in this respect); (3) the comparatively high level of culture of the proletariat, which had been trained by centuries of development of political liberty; (4) the old habit of the well-organised British capitalists of settling political and economic questions by compromise—at that time the British capitalists were better organised than the capitalists of any country in the world (this superiority has now passed to Germany). These were the circumstances which at the time gave rise to the idea that the *peaceful* subjugation of the British capitalists by the workers was possible.

In our country, at the present time, this subjugation is assured by certain premises of fundamental significance (the victory in October and the suppression, from October to February, of the capitalists' armed resistance and sabotage). But *instead* of the absolute preponderance of workers, of proletarians, in the population, and *instead* of a high degree of organisation among them, the important factor of victory in Russia was the support the proletarians received from the poor peasants and those who had experienced sudden ruin. Finally, we have neither a high degree of culture nor the habit of compromise. If these concrete conditions are carefully considered, it will become clear that we now can and ought to employ a *combination* of two methods. On the one hand, we must ruthlessly suppress the uncultured capitalists who refuse to have anything

to do with “state capitalism” or to consider any form of compromise, and who continue by means of profiteering, by bribing the poor peasants, etc., to hinder the realisation of the measures taken by the Soviets. On the other hand, we must use the *method of compromise*, or of buying out the cultured capitalists who agree to “state capitalism”, who are capable of putting it into practice and who are useful to the proletariat as intelligent and experienced organisers of the largest types of enterprises, which actually supply products to tens of millions of people.

Bukharin is an extremely well-read Marxist economist. He therefore remembered that Marx was profoundly right when he taught the workers the importance of preserving the organisation of large-scale production, precisely for the purpose of facilitating the transition to socialism. Marx taught that (as an exception, and Britain was then an exception) the idea was conceivable of *paying the capitalists well*, of buying them out, if the circumstances were such as to compel the capitalists to submit peacefully and to come over to socialism in a cultured and organised fashion, provided they were paid well.

But Bukharin went astray because he did not go deep enough into the specific features of the situation in Russia at the present time—an exceptional situation when we, the Russian proletariat, are in *advance* of any Britain or any Germany as regards political system, as regards the strength of the workers’ political power, but are *behind* the most backward West-European country as regards organising a good state capitalism, as regards our level of culture and the degree of material and productive preparedness for the “introduction” of socialism. Is it not clear that the specific nature of the present situation creates the need for a specific type of “buying out” operation which the workers must offer to the most cultured, the most talented, the most capable organisers among the capitalists who are ready to enter the service of the Soviet power and to help honestly in organising “state” production on the largest possible scale? Is it not clear that in this specific situation we must make every effort to avoid two mistakes, both of which are of a petty-bourgeois nature? On the one hand, it would be a fatal mistake to declare that since there is a discrepancy between our economic “forces” and our political strength, it “follows” that we should not have seized power. Such an argument can be advanced only by a “man in a muffler”, who forgets that there will always be such a “discrepancy”, that it always exists in the development of nature as well

as in the development of society, that only by a series of attempts—each of which, taken by itself, will be one-sided and will suffer from certain inconsistencies—will complete socialism be created by the revolutionary co-operation of the proletarians of *all* countries.

On the other hand, it would be an obvious mistake to give free rein to ranters and phrase-mongers who allow themselves to be carried away by the “dazzling” revolutionary spirit, but who are incapable of sustained, thoughtful and deliberate revolutionary work which takes into account the most difficult stages of transition.

Fortunately, the history of the development of revolutionary parties and of the struggle that Bolshevism waged against them has left us a heritage of sharply defined types, of which the Left Socialist-Revolutionaries and anarchists are striking examples of bad revolutionaries. They are now shouting hysterically, choking and shouting themselves hoarse, against the “compromise” of the “Right Bolsheviks”. But they are incapable of understanding *what* is bad in “compromise”, and *why* “compromise” has been justly condemned by history and the course of the revolution.

Compromise in Kerensky’s time meant the surrender of power to the imperialist bourgeoisie, and the question of power is the fundamental question of every revolution. Compromise by a section of the Bolsheviks in October November 1917 either meant that they feared the proletariat seizing power or wished to *share* power equally, not only with “unreliable fellow-travellers” like the Left Socialist Revolutionaries, but also with enemies, with the Chernovists and the Mensheviks. The latter would inevitably have hindered us in fundamental matters, such as the dissolution of the Constituent Assembly, the ruthless suppression of the Bogayevskys, the universal setting up of the Soviet institutions, and in every act of confiscation.

Now power has been seized, retained and consolidated in the hands of a single party, the party of the proletariat, even without the “unreliable fellow-travellers”. To speak of compromise at the present time when there is no question, and can be none, of sharing *power*, of renouncing the dictatorship of the proletariat over the bourgeoisie, is merely to repeat, parrot-fashion, words which have been

learned by heart but not understood. To describe as “compromise” the fact that, having arrived at a situation when we can and must rule the country, we try to win over to our side, not grudging the cost, the most efficient people capitalism has trained and to take them into our service against small proprietary disintegration, reveals a total incapacity to think about the economic tasks of socialist construction.

TAX IN KIND, FREEDOM TO TRADE AND CONCESSIONS

In the arguments of 1918 quoted above there are a number of mistakes as regards the periods of time involved. These turned out to be longer than was anticipated at that time. That is not surprising. But the basic elements of our economy have remained the same. In a very large number of cases the peasant “poor” (proletarians and semi-proletarians) have become middle peasants. This has caused an increase in the small-proprietor, petty-bourgeois “element”. The Civil War of 1918-20 aggravated the havoc in the country, retarded the restoration of its productive forces, and bled the proletariat more than any other class. To this was added the 1920 crop failure, the fodder sbortage and the loss of cattle, which still further retarded the rehabilitation of transport and industry, because, among other things, it interfered with the employment of peasants’ horses for carting wood, our main type of fuel.

As a result, the political situation in the spring of 1921 was such that immediate, very resolute and urgent measures had to be taken to improve the condition of the peasants and to increase their productive forces.

Why the peasants and not the workers?

Because you need grain and fuel to improve the condition of the workers. This is the biggest “hitch” at the present time, from the standpoint of the economy as a whole. For it is impossible to increase the production and collection of grain and the storage and delivery of fuel except by improving the condition of the peasantry, and raising their productive forces. We must start with the peasantry. Those who fail to understand this, and think this putting the peasantry in the forefront is “renunciation” of the dictatorship of the proletariat, or something like that, simply do not stop to think, and allow themselves to be swayed by the

power of words. The dictatorship of the proletariat is the direction of policy by the proletariat. The proletariat, as the leading and ruling class, must be able to direct policy in such a way as to solve first the most urgent and “vexed” problem. The most urgent thing at the present time is to take measures that will immediately increase the productive forces of peasant farming. Only *in this way* will it be possible to improve the condition of the workers, strengthen the alliance between the workers and peasants, and consolidate the dictatorship of the proletariat. The proletarian or representative of the proletariat who *refused* to improve the condition of the workers *in this way* would *in fact* prove himself to be an accomplice of the whiteguards and the capitalists; to refuse to do it in this way means putting the craft interests of the workers above their class interests, and sacrificing the interests of the whole of the working class, its dictatorship, its alliance with the peasantry against the landowners and capitalists, and its leading role in the struggle for the emancipation of labour from the yoke of capital, for the sake of an immediate, short-term and partial advantage for the workers.

Thus, the first thing we need is immediate and serious measures to raise the productive forces of the peasantry.

This cannot be done without making important changes in our food policy. One such change was the replacement of the surplus appropriation system by the tax in kind, which implies a free market, at least in local economic exchange, after the tax has been paid.

What is the essence of this change?

Wrong ideas on this point are widespread. They are due mainly to the fact that no attempt is being made to study the meaning of the transition or to determine its implications, it being assumed that the change is from communism in general to the bourgeois system in general. To counteract this mistake, one has to refer to what was said in May 1918.

The tax in kind is one of the forms of transition from that peculiar War Communism, which was forced on us by extreme want, ruin and war, to regular socialist exchange of products. The latter, in its turn, is one of the forms of

transition from socialism, with the peculiar features due to the predominantly small-peasant population, to communism.

Under this peculiar War Communism we actually took from the peasant all his surpluses—and sometimes even a part of his necessities—to meet the requirements of the army and sustain the workers. Most of it we took on loan, for paper money. But for that, we would not have beaten the landowners and capitalists in a ruined small-peasant country. The fact that we did (in spite of the help our exploiters got from the most powerful countries of the world) shows not only the miracles of heroism the workers and peasants can perform in the struggle for their emancipation; it also shows that when the Mensheviks, Socialist-Revolutionaries and Kautsky and Co. *blamed* us for this War Communism they were acting as lackeys of the bourgeoisie. We deserve credit for it.

Just how much credit is a fact of equal importance. It was the war and the ruin that forced us into War Communism. It was not, and could not be, a policy that corresponded to the economic tasks of the proletariat. It was a makeshift. The correct policy of the proletariat exercising its dictatorship in a small-peasant country is to obtain grain in exchange for the manufactured goods the peasant needs. That is the only kind of food policy that corresponds to the tasks of the proletariat, and can strengthen the foundations of socialism and lead to its complete victory.

The tax in kind is a transition to this policy. We are still so ruined and crushed by the burden of war (which was on but yesterday and could break out anew tomorrow, owing to the rapacity and malice of the capitalists) that we cannot give the peasant manufactured goods in return for *all* the grain we need. Being aware of this, we are introducing the tax in kind, that is, we shall take the minimum of grain we require (for the army and the workers) in the form of a tax and obtain the rest in exchange for manufactured goods.

There is something else we must not forget. Our poverty and ruin are so great that we cannot restore large-scale socialist state industry *at one stroke*. This can be done with large stocks of grain and fuel in the big industrial centres, replacement of worn-out machinery, and so on. Experience has convinced us

that this cannot be done at one stroke, and we know that after the ruinous imperialist war even the wealthiest and most advanced countries will be able to solve this problem only over a fairly long period of years. Hence, it is necessary, to a certain extent, to help to restore *small* industry, which does not demand of the state machines, large stocks of raw material, fuel and food, and which can immediately render some assistance to peasant farming and increase its productive forces right away.

What is to be the effect of all this?

It is the revival of the petty bourgeoisie and of capitalism on the basis of some freedom of trade (if only local). That much is certain and it is ridiculous to shut our eyes to it.

Is it necessary? Can it be justified? Is it not dangerous?

Many such questions are being asked, and most are merely evidence of simple-mindedness, to put it mildly.

Look at my May 1918 definition of the elements (constituent parts) of the various socio-economic structures in our economy. No one can deny the existence of all these five stages (or constituent parts), of the five forms of economy—from the patriarchal, i.e., semi-barbarian, to the socialist system. That the small-peasant “structure”, partly patriarchal, partly petty bourgeois, predominates in a small-peasant country is self-evident. It is an incontrovertible truth, elementary to political economy, which even the layman’s everyday experience will confirm, that once you have exchange the small economy is bound to develop the petty-bourgeois-capitalist way.

What is the policy the socialist proletariat can pursue in the face of this economic reality? Is it to give the small peasant *all* he needs of the goods produced by large-scale socialist industries in exchange for his grain and raw materials? This would be the most desirable and “correct” policy—and we have started on it. But we cannot supply *all* the goods, very far from it; nor shall we be able to do so very soon—at all events not until we complete the first stage of the electrification of the whole country. What is to be done? One way is to try to prohibit entirely, to put the lock on all development of private, non-state exchange, i.e., trade, i.e.,

capitalism, which is inevitable with millions of small producers. But such a policy would be foolish and suicidal for the party that tried to apply it. It would be foolish because it is economically impossible. It would be suicidal because the party that tried to apply it would meet with inevitable disaster. Let us admit it: some Communists have sinned “in thought, word and deed” by adopting just *such* a policy. We shall try to rectify these mistakes, and this must be done without fail, otherwise things will come to a very sorry state.

The alternative (and this is the only sensible and the last *possible* policy) is not to try to prohibit or put the lock on the development of capitalism, but to channel it into *state capitalism*. This is economically possible, for state capitalism exists—in varying form and degree—wherever there are elements of unrestricted trade and capitalism in general.

Can the Soviet state and the dictatorship of the proletariat be combined with state capitalism? Are they compatible?

Of course they are. This is exactly what I argued in May 1918. I hope I had proved it then. I had also proved that state capitalism is a step forward compared with the small proprietor (both small-patriarchal and petty-bourgeois) element. Those who compare state capitalism only with socialism commit a host of mistakes, for in the present political and economic circumstances it is essential to compare state capitalism also with petty-bourgeois production.

The whole problem—in theoretical and practical terms—is to find the correct methods of directing the development of capitalism (which is to some extent and for some time inevitable) into the channels of state capitalism, and to determine how we are to hedge it about with conditions to ensure its transformation into socialism in the near future.

In order to approach the solution of this problem we must first of all picture to ourselves as distinctly as possible what state capitalism will and can be in practice inside the Soviet system and within the framework of the Soviet state.

Concessions are the simplest example of how the Soviet government directs the development of capitalism into the channels of state capitalism and “implants” state capitalism. We all agree now that concessions are necessary, but have we all

thought about the implications? What are concessions under the Soviet system, viewed in the light of the above-mentioned forms of economy and their interrelations? They are an agreement, an alliance, a bloc between the Soviet, i.e., proletarian, state power and state capitalism against the small-proprietor (patriarchal and petty-bourgeois) element. The concessionaire is a capitalist. He conducts his business on capitalist lines, for profit, and is willing to enter into an agreement with the proletarian government in order to obtain superprofits or raw materials which he cannot otherwise obtain, or can obtain only with great difficulty. Soviet power gains by the development of the productive forces, and by securing an increased quantity of goods immediately, or within a very short period. We have, say, a hundred oilfields, mines and forest tracts. We cannot develop all of them for we lack the machines, the food and the transport. This is also why we are doing next to nothing to develop the other territories. Owing to the insufficient development of the large enterprises the small-proprietor element is more pronounced in all its forms, and this is reflected in the deterioration of the surrounding (and later the whole of) peasant farming, the disruption of its productive forces, the decline in its confidence in the Soviet power, pilfering and widespread petty (the most dangerous) profiteering, etc. By “implanting” state capitalism in the form of concessions, the Soviet government strengthens large-scale production as against petty production, advanced production as against backward production, and machine production as against hand production. It also obtains a larger quantity of the products of large-scale industry (its share of the output), and strengthens state regulated economic relations as against the anarchy of petty-bourgeois relations. The moderate and cautious application of the concessions policy will undoubtedly help us quickly to improve (to a modest extent) the state of industry and the condition of the workers and peasants. We shall, of course, have all this at the price of certain sacrifices and the surrender to the capitalist of many millions of *poods* of very valuable products. The scale and the conditions under which concessions cease to be a danger and are turned to our advantage depend on the relation of forces and are decided in the struggle, for concessions are also a form of struggle, and are a continuation of the class struggle in another form, and in no circumstances are they a substitution of class peace for class war. Practice will determine the methods of struggle.

Compared with other forms of state capitalism within the Soviet system, concessions are perhaps the most simple and clear-cut form of state capitalism. It involves a formal written agreement with the most civilised, advanced, West European capitalism. We know exactly what our gains and our losses, our rights and obligations are. We know exactly the term for which the concession is granted. We know the terms of redemption before the expiry of the agreement if it provides for such redemption. We pay a certain “tribute” to world capitalism; we “ransom” ourselves under certain arrangements, thereby immediately stabilising the Soviet power and improving our economic conditions. The whole difficulty with concessions is giving the proper consideration and appraisal of all the circumstances when concluding a concession agreement, and then seeing that it is fulfilled. Difficulties there certainly are, and mistakes will probably be inevitable at the outset. But these are minor difficulties compared with the other problems of the social revolution and, in particular, with the difficulties arising from other forms of developing, permitting and implanting state capitalism.

The most important task that confronts all Party and Soviet workers in connection with the introduction of the tax in kind is to apply the principles of the “concessions” policy (i.e., a policy that is similar to “concession” state capitalism) to the other forms of capitalism—unrestricted trade, local exchange, etc.

Take the co-operatives. It is not surprising that the tax in kind decree immediately necessitated a revision of the regulations governing the co-operatives and a certain extension of their “freedom” and rights. The co-operatives are also a form of state capitalism, but a less simple one; its outline is less distinct, it is more intricate and therefore creates greater practical difficulties for the government. The small commodity producers’ co-operatives (and it is these, and not the workers’ co-operatives, that we are discussing as the predominant and typical form in a small-peasant country) inevitably give rise to petty-bourgeois, capitalist relations, facilitate their development, push the small capitalists into the foreground and benefit them most. It cannot be otherwise, since the small proprietors predominate, and exchange is necessary and possible. In Russia’s present conditions, freedom and rights for the co-operative societies mean freedom and rights for capitalism. It would be stupid or criminal to close our eyes to this obvious truth.

But, unlike private capitalism, “co-operative” capitalism under the Soviet system is a variety of state capitalism, and as such it is advantageous and useful for us at the present time—in certain measure, of course. Since the tax in kind means the free sale of surplus grain (over and above that taken in the form of the tax), we must exert every effort to direct this development of capitalism—for a free market is development of capitalism—into the channels of co-operative capitalism. It resembles state capitalism in that it facilitates accounting, control, supervision and the establishment of contractual relations between the state (in this case the Soviet state) and the capitalist. Co-operative trade is more advantageous and useful than private trade not only for the above-mentioned reasons, but also because it facilitates the association and organisation of millions of people, and eventually of the entire population, and this in its turn is an enormous gain from the standpoint of the subsequent transition from state capitalism to socialism.

Let us make a comparison of concessions and co-operatives as forms of state capitalism. Concessions are based on large-scale machine industry; co-operatives are based on small, handicraft, and partly even on patriarchal industry. Each concession agreement affects one capitalist, firm, syndicate, cartel or trust. Co-operative societies embrace many thousands and even millions of small proprietors. Concessions allow and even imply a definite agreement for a specified period. Co-operative societies allow of neither. It is much easier to repeal the law on the co-operatives than to annul a concession agreement, but the annulment of an agreement means a sudden rupture of the practical relations of economic alliance, or economic coexistence, with the capitalist, whereas the repeal of the law on the co-operatives, or any law, for that matter, does not immediately break off the practical coexistence of Soviet power and the small capitalists, nor, in general, is it able to break off the actual economic relations. It is easy to “keep an eye” on a concessionaire but not on the co-operators. The transition from concessions to socialism is a transition from one form of large-scale production to another. The transition from small-proprietor co-operatives to socialism is a transition from small to large-scale production, i.e., it is more complicated, but, if successful, is capable of embracing wider masses of the population, and pulling up the deeper and more tenacious roots of the old, pre-socialist and even pre-capitalist relations, which most stubbornly resist all “innovations”. The concessions policy, if successful, will give us a few model—

compared with our own—large enterprises built on the level of modern advanced capitalism. After a few decades these enterprises will revert to us in their entirety. The co-operative policy, if successful, will result in raising the small economy and in facilitating its transition, within an indefinite period, to large-scale production on the basis of voluntary association.

Take a third form of state capitalism. The state enlists the capitalist as a merchant and pays him a definite commission on the sale of state goods and on the purchase of the produce of the small producer. A fourth form: the state leases to the capitalist entrepreneur an industrial establishment, oilfields, forest tracts, land, etc., which belong to the state, the lease being very similar to a concession agreement. We make no mention of, we give no thought or notice to, these two latter forms of state capitalism, not because we are strong and clever but because we are weak and foolish. We are afraid to look the “vulgar truth” squarely in the face, and too often yield to “exalting deception”.^[5] We keep repeating that “we” are passing from capitalism to socialism, but do not bother to obtain a distinct picture of the “we”. To keep this picture clear we must constantly have in mind the whole list—without any exception—of the constituent parts of our national economy, of all its diverse forms that I gave in my article of May 5, 1918. “We”, the vanguard, the advanced contingent of the proletariat, are passing directly to socialism; but the advanced contingent is only a small part of the whole of the proletariat while the latter, in its turn, is only a small part of the whole population. If “we” are successfully to solve the problem of our immediate transition to socialism, we must understand what *intermediary* paths, methods, means and instruments are required for the transition from *pre-capitalist* relations to socialism. That is the whole point.

Look at the map of the R.S.F.S.R. There is room for dozens of large civilised states in those vast areas which lie to the north of Vologda, the south-east of Rostov-on-Don and Saratov, the south of Orenburg and Omsk, and the north of Tomsk. They are a realm of patriarchalism, and semi- and downright barbarism. And what about the peasant backwoods of the rest of Russia, where scores of versts of country track, or rather of trackless country, lie between the villages and the railways, i.e., the material link with the big cities, large-scale industry, capitalism and culture? Isn't that also an area of wholesale patriarchalism, Oblomovism^[6] and semi-barbarism?

Is an immediate transition to socialism from the state of affairs predominating in Russia conceivable? Yes, it is, to a certain degree, but on one condition, the precise nature of which we now know thanks to a great piece of scientific work^[7] that has been completed. It is electrification. If we construct scores of district electric power stations (we now know where and how these can and should be constructed), and transmit electric power to every village, if we obtain a sufficient number of electric motors and other machinery, we shall not need, or shall hardly need, any transition stages or intermediary links between patriarchalism and socialism. But we know perfectly well that it will take at least ten years only to complete the first stage of this “one” condition; this period can be conceivably reduced only if the proletarian revolution is victorious in such countries as Britain, Germany or the U.S.A.

Over the next few years we must learn to think of the intermediary links that can facilitate the transition from patriarchalism and small production to socialism. “We” continue saying now and again that “capitalism is a bane and socialism is a boon”. But such an argument is wrong, because it fails to take into account the aggregate of the existing economic forms and singles out only two of them.

Capitalism is a bane compared with socialism. Capitalism is a boon compared with medievalism, small production, and the evils of bureaucracy which spring from the dispersal of the small producers. Inasmuch as we are as yet unable to pass directly from small production to socialism, some capitalism is inevitable as the elemental product of small production and exchange; so that we must utilise capitalism (particularly by directing it into the channels of state capitalism) as the intermediary link between small production and socialism, as a means, a path, and a method of increasing the productive forces.

Look at the economic aspect of the evils of bureaucracy. We see nothing of them on May 5, 1918. Six months after the October Revolution, with the old bureaucratic apparatus smashed from top to bottom, we feel none of its evils.

A year later, the Eighth Congress of the Russian Communist Party (March 18-23, 1919)^[8] adopted a new Party Programme in which we spoke forthrightly of “*a partial revival of bureaucracy within the Soviet system*”—not fearing to admit

the evil, but desiring to reveal, expose and pillory it and to stimulate thought, will, energy and action to combat it.

Two years later, in the spring of 1921, after the Eighth Congress of Soviets (December 1920), which discussed the evils of bureaucracy, and after the Tenth Congress of the Russian Communist Party (March 1921), which summed up the controversies closely connected with an analysis of these evils, we find *them* even more distinct and sinister. What are their economic roots? They are mostly of a dual character: on the one hand, a developed bourgeoisie needs a bureaucratic apparatus, primarily a military apparatus, and then a judiciary, etc., to use against the revolutionary movement of the workers (and partly of the peasants). That is something we have not got. Ours are class courts directed against the bourgeoisie. Ours is a class army directed against the bourgeoisie. The evils of bureaucracy are not in the army, but in the institutions serving it. In our country bureaucratic practices have different economic roots, namely, the atomised and scattered state of the small producer with his poverty, illiteracy, lack of culture, the absence of roads and *exchange* between agriculture and industry, the absence of connection and interaction between them. This is largely the result of the Civil War. We could not restore industry when we were blockaded, besieged on all sides, cut off from the whole world and later from the grain-bearing South, Siberia, and the coalfields. We could not afford to hesitate in introducing War Communism, or daring to go to the most desperate extremes: to save the workers' and peasants' rule we had to suffer an existence of semi-starvation and worse than semi-starvation, but to hold on at all costs, in spite of unprecedented ruin and the absence of economic intercourse. We did not allow ourselves to be frightened, as the Socialist-Revolutionaries and Mensheviks did (who, in fact, followed the bourgeoisie largely because they were scared). But the factor that was crucial to victory in a blockaded country—a besieged fortress—revealed its negative side by the spring of 1921, just when the last of the whiteguard forces were finally driven from the territory of the R.S.F.S.R. In the besieged fortress, it was possible and imperative to “lock up” all exchange; with the masses displaying extraordinary heroism this could be borne for three years. After that, the ruin of the small producer increased, and the restoration of large-scale industry was further delayed, and postponed. Bureaucratic practices, as a legacy of the “siege” and the superstructure built over the isolated and downtrodden state of the small producer, fully revealed themselves.

We must learn to admit an evil fearlessly in order to combat it the more firmly, in order to start from scratch again and again; we shall have to do this many a time in every sphere of our activity, finish what was left undone and choose different approaches to the problem. In view of the obvious delay in the restoration of large-scale industry, the “locking up” of exchange between industry and agriculture has become intolerable. Consequently, we must concentrate on what we can do: restoring small industry, helping things from that end, propping up the side of the structure that has been half-demolished by the war and blockade. We must do everything possible to develop trade at all costs, without being afraid of capitalism, because the limits we have put to it (the expropriation of the landowners and of the bourgeoisie in the economy, the rule of the workers and peasants in politics) are sufficiently narrow and “moderate”. This is the fundamental idea and economic significance of the tax in kind.

All Party and Soviet workers must concentrate their efforts and attention on generating the utmost local initiative in economic development—in the gubernias, still more in the *uyezds*, still more in the *volosts* and villages—for the special purpose of immediately improving peasant farming, even if by “small” means, on a small scale, helping it by developing small local industry. The integrated state economic plan demands that this should become the focus of concern and “priority” effort. Some improvement here, closest to the broadest and deepest “foundation”, will permit of the speediest transition to a more vigorous and successful restoration of large-scale industry.

Hitherto the food supply worker has known only one fundamental instruction: collect 100 per cent of the grain appropriations. Now he has another instruction: collect 100 per cent of the tax in the shortest possible time and then collect another 100 per cent in exchange for the goods of large-scale and small industry. Those who collect 75 per cent of the tax and 75 per cent (of the second hundred) in exchange for the goods of large scale *and small* industry will be doing more useful work of national importance than those who collect 100 per cent of the tax and 55 per cent (of the second hundred) by means of exchange. The task of the food supply worker now becomes more complicated. On the one hand, it is a fiscal task: collect the tax as quickly and as efficiently as possible. On the other hand, it is a general economic task: try to direct the co-operatives, assist small industry, develop local initiative in such a way as to increase the exchange

between agriculture and industry and put it on a sound basis. Our bureaucratic practices prove that we are still doing a very bad job of it. We must not be afraid to admit that in this respect *we still have a great deal to learn from the capitalist*. We shall compare the practical experience of the various gubernias, *uyezds*, *volosts* and villages: in one place private capitalists, big and small, have achieved so much; those are their approximate profits. That is the tribute, the fee, we have to pay for the “schooling”. We shall not mind paying for it if we learn a thing or two. That much has been achieved in a neighbouring locality through co-operation. Those are the profits of the co-operatives. And in a third place, that much has been achieved by purely state and communist methods (for the present, this third case will be a rare exception).

It should be the primary task of every regional economic centre and economic conference of the gubernia executive committees immediately to organise various experiments, or systems of “exchange” for the surplus stocks remaining after the tax in kind has been paid. In a few months’ time practical results must be obtained for comparison and study. Local or imported salt; paraffin oil from the nearest town; the handicraft wood-working industry; handicrafts using local raw materials and producing certain, perhaps not very important, but necessary and useful, articles for the peasants; “green coal” (the utilisation of small local water power resources for electrification), and so on and so forth—all this must be brought into play in order to stimulate exchange between industry and agriculture at all costs. Those who achieve the best results in this sphere, even by means of private capitalism, even without the co-operatives, or without directly transforming this capitalism into state capitalism, will do more for the cause of socialist construction in Russia than those who “ponder over” the purity of communism, draw up regulations, rules and instructions for state capitalism and the co-operatives, but do nothing practical to stimulate trade.

Isn't it paradoxical that private capital should be helping socialism?

Not at all. It is, indeed, an irrefutable economic fact. Since this is a small-peasant country with transport in an extreme state of dislocation, a country emerging from war and blockade under the political guidance of the proletariat—which controls the transport system and large-scale industry—it inevitably follows, first, that at the present moment local exchange acquires first-class significance,

and, second, that there is a possibility of assisting socialism by means of private capitalism (not to speak of state capitalism).

Let's not quibble about words. We still have too much of that sort of thing. We must have more variety in practical experience and make a wider study of it. In certain circumstances, the exemplary organisation of local work, even on the smallest scale, is of far greater national importance than many branches of central state work. These are precisely the circumstances now prevailing in peasant farming in general, and in regard to the exchange of the surplus products of agriculture for industrial goods in particular. Exemplary organisation in this respect, even in a single *volost*, is of far greater national importance than the "exemplary" improvement of the central apparatus of any People Commissariat; over the past three and a half years our central apparatus has been built up to such an extent that it has managed to acquire a certain amount of harmful routine; we cannot improve it quickly to any extent, we do not know how to do it. Assistance in the work of radically improving it, securing an influx of fresh forces, combating bureaucratic practices effectively and overcoming this harmful routine must come from the localities and the lower ranks, with the model organisation of a "complex", even if on a small scale. I say "complex", meaning not just one farm, one branch of industry, or one factory, but a *totality* of economic relations, a *totality* of economic exchange, even if only in a small locality.

Those of us who are doomed to remain at work in the centre will continue the task of improving the apparatus and purging it of bureaucratic evils, even if only on a modest and immediately achievable scale. But the greatest assistance in this task is coming, and will come, from the localities. Generally speaking, as far as I can observe, things are better in the localities than at the centre; and this is understandable, for, naturally, the evils of bureaucracy are concentrated at the centre. In this respect, Moscow cannot but be the worst city, and in general the worst "locality", in the Republic. In the localities we have deviations from the average to the good and the bad sides, the latter being less frequent than the former. The deviations towards the bad side are the abuses committed by former government officials, landowners, bourgeois and other scum who play up to the Communists and who sometimes commit abominable outrages and acts of tyranny against the peasantry. This calls for a terrorist purge, summary trial and

the firing squad. Let the Martovs, the Chernovs, and non-Party philistines like them, beat their breasts and exclaim: “I thank Thee, Lord, that I am not as ‘these’, and have never accepted terrorism.” These simpletons “do not accept terrorism” because they choose to be servile accomplices of the whiteguards in fooling the workers and peasants. The Socialist-Revolutionaries and Mensheviks “do not accept terrorism” because under the flag of “socialism” they are fulfilling their function of *placing* the masses *at the mercy of the whiteguard terrorism*. This was proved by the Kerensky regime and the Kornilov putsch in Russia, by the Kolchak regime in Siberia, and by Menshevism in Georgia. It was proved by the heroes of the Second International and of the “Two-and-a-Half”^[9] International in Finland, Hungary, Austria, Germany, Italy, Britain, etc. Let the flunkey accomplices of whiteguard terrorism wallow in their repudiation of all terrorism. We shall speak the bitter and indubitable truth: in countries beset by an unprecedented crisis, the collapse of old ties, and the intensification of the class struggle after the imperialist war of 1914-18—and that means all the countries of the world—terrorism cannot be dispensed with, notwithstanding the hypocrites and phrase-mongers. Either the whiteguard, bourgeois terrorism of the American, British (Ireland), Italian (the fascists), German, Hungarian and other types, or Red, proletarian terrorism. There is no middle course, no “third” course, nor can there be any.

The deviations towards the good side are the success achieved in combating the evils of bureaucracy, the great attention shown for the needs of the workers and peasants, and the great care in developing the economy, raising the productivity of labour and stimulating local exchange between agriculture and industry. Although the good examples are more numerous than the bad ones, they are, nevertheless, rare. Still, they are there. Young, fresh communist forces, steeled by civil war and privation, are coming forward in all localities. We are still doing far too little to promote these forces regularly from lower to higher posts. This can and must be done more persistently, and on a wider scale than at present. Some workers can and should be transferred from work at the centre to local work. As leading men of *uyezds*, and of *volosts*, where they can organise economic work *as a whole* on *exemplary* lines, they will do far more good, and perform work of far greater *national* importance, than by performing some junction at the centre. The exemplary organisation of the work will help to train new workers and provide examples that other districts could follow with relative ease. We at the

centre shall be able to do a great deal to encourage the other districts all over the country to “follow” the good examples, and even make it mandatory for them to do so.

By its very nature, the work of developing “exchange” between agriculture and industry, the exchange of after-tax surpluses for the output of small, mainly handicraft, industry, calls for independent, competent and intelligent *local initiative*. That is why it is now extremely important from the national standpoint to organise the work in the *uyezds* and *volosts* on exemplary lines. In military affairs, during the last Polish war, for example, we were not afraid of departing from the bureaucratic hierarchy, “downgrading”, or transferring members of the Revolutionary Military Council of the Republic to lower posts (while allowing them to retain their higher rank at the centre). Why not now transfer several members of the All-Russia Central Executive Committee, or members of collegiums, or other high-ranking comrades, to *uyezd* or even *volost* work? Surely, we have not become so “bureaucratised” as to “be ashamed” of that. And we shall find scores of workers in the central bodies who will be glad to accept. The economic development of the whole Republic will gain enormously; and the exemplary *volosts*, or *uyezds*, will play not only a great, but a positively crucial and historic role.

incidentally, we should note as a small but significant circumstance the necessary change in our attitude to the problem of combating profiteering. We must foster “proper” trade, which is one that does not evade state control; it is to our advantage to develop it. But profiteering, in its politico-economic sense, *cannot* be distinguished from “proper” trade. Freedom of trade is capitalism; capitalism is profiteering. It would be ridiculous to ignore this.

What then should be done? Shall we declare profiteering to be no longer punishable?

No. We must revise and redraft all the laws on profiteering, and declare all *pilfering* and every direct or indirect, open or concealed *evasion of state control, supervision and accounting* to be a punishable offence (and in fact prosecuted with redoubled severity). It is by presenting the question in this way (the Council of People’s Commissars has already started, that is to say, it has ordered

that work be started, on the revision of the anti-profiteering laws) that we shall succeed in directing the rather inevitable but necessary development of capitalism into the channels of *state* capitalism.

POLITICAL SUMMARY AND DEDUCTIONS

I still have to deal, if briefly, with the political situation, and the way it has taken shape and changed in connection with the economic developments outlined above.

I have already said that the fundamental features of our economy in 1921 are the same as those in 1918. The spring of 1921, mainly as a result of the crop failure and the loss of cattle, brought a sharp deterioration in the condition of the peasantry, which was bad enough because of the war and blockade. This resulted in political vacillations which, generally speaking, express the very "nature" of the small producer. Their most striking expression was the Kronstadt mutiny.

The vacillation of the petty-bourgeois element was the most characteristic feature of the Kronstadt events. There was very little that was clear, definite and fully shaped. We heard nebulous slogans about "freedom", "freedom of trade", "emancipation", "Soviets without the Bolsheviks", or new elections to the Soviets, or relief from "Party dictatorship", and so on and so forth. Both the Mensheviks and the Socialist-Revolutionaries declared the Kronstadt movement to be "their own". Victor Chernov sent a messenger to Kronstadt. On the latter's proposal, the Menshevik Valk, one of the Kronstadt leaders, voted for the *Constituent Assembly*. In a flash, with lightning speed, you might say, the whiteguards mobilised all their forces "*for Kronstadt*". Their military experts in Kronstadt, a number of experts, and not Kozlovsky alone, drew up a plan for a landing at Oranienbaum, which scared the vacillating mass of Mensheviks, Socialist-Revolutionaries and non-party elements. More than fifty Russian whiteguard newspapers published abroad conducted a rabid campaign "*for Kronstadt*". The big banks, all the forces of finance capital, collected funds to assist Kronstadt. That shrewd leader of the bourgeoisie and the landowners, the Cadet Milyukov, patiently explained to the simpleton Victor Chernov directly (and to the Mensheviks Dan and Rozhkov, who are in jail in Petrograd for their

connection with the Kronstadt events, indirectly) that that there is no need to hurry with the Constituent Assembly, and that *Soviet power* can and must be supported—*only without the Bolsheviks*.

Of course, it is easy to be cleverer than conceited simpletons like Chernov, the petty-bourgeois phrase-monger, or like Martov, the knight of philistine reformism doctored to pass for Marxism. Properly speaking, the point is not that Milyukov, as an individual, has more brains, but that, because of his class position, the party leader of the big bourgeoisie sees and understands the class essence and political interaction of things more clearly than the leaders of the petty bourgeoisie, the Chernovs and Martovs. For the bourgeoisie is really a class force which, under capitalism, inevitably rules both under a monarchy and in the most democratic republic, and which also inevitably enjoys the support of the world bourgeoisie. But the petty bourgeoisie, i.e., all the heroes of the Second International and of the “Two-and-a-Half” International, cannot, by the very economic nature of things, be anything else than the expression of class impotence; hence the vacillation, phrase-mongering and helplessness. In 1789, the petty bourgeois could still be great revolutionaries. In 1848, they were ridiculous and pathetic. Their actual role in 1917-21 is that of abominable agents and out-and-out servitors of reaction, be their names Chernov, Martov, Kautsky, MacDonald, or what have you.

Martov showed himself to be nothing but a philistine Narcissus when he declared in his Berlin journal^[10] that Kronstadt not only adopted Menshevik slogans but also proved that there could be an anti-Bolshevik movement which did not entirely serve the interests of the whiteguards, the capitalists and the landowners. He says in effect: “Let us shut our eyes to the fact that all the genuine whiteguards hailed the Kronstadt mutineers and collected funds in aid of Kronstadt through the banks!” Compared with the Chernovs and Martovs, Milyukov is right, for he is revealing the *true* tactics of the *real* whiteguard force, the force of the capitalists and landowners. He declares: “It does not matter whom we support, be they anarchists or any sort of Soviet government, *as long as* the Bolsheviks are overthrown, *as long as there is a shift in power*; it does not matter whether to the right or to the left, to the Mensheviks or to the anarchists, as long as it is away from the Bolsheviks. As for the rest—‘we’, the Milyukovs, ‘we’, the capitalists and landowners, will do the rest ‘ourselves’; we shall slap

down the anarchist pygmies, the Chernovs and the Martovs, as we did Chernov and Maisky in Siberia, the Hungarian Chernovs and Martovs in Hungary, Kautsky in Germany and the Friedrich Adlers and Co. in Vienna.” The real, hard-headed bourgeoisie have made fools of hundreds of these philistine Narcissuses—whether Menshevik, Socialist-Revolutionary or non-party—and have driven them out scores of times in all revolutions in all countries. History proves it. The facts bear it out. The Narcissuses will talk; the Milyukovs and whiteguards will act.

Milyukov is absolutely right when he says, “If only there is a power shift away from the Bolsheviks, no matter whether it is a little to the right or to the left, the rest will take care of itself.” This is class truth, confirmed by the history of revolutions in all countries, and by the centuries of modern history since the Middle Ages. The scattered small producers, the peasants, are economically *and politically* united either by the bourgeoisie (this has always been—and will always be—the case under capitalism in all countries, in all modern revolutions), or by the proletariat (that was the case in a rudimentary form for a very short period at the peak of some of the greatest revolutions in modern history; that has been the case in Russia in a more developed form in 1917-21). Only the Narcissuses will talk and dream about a “third” path, and a “third force”.

With enormous difficulty, and in the course of desperate struggles, the Bolsheviks have trained a proletarian vanguard that is capable of governing; they have created and successfully defended the dictatorship of the proletariat. After the test of four years of practical experience, the relation of class forces in Russia has become as clear as day: the steeled and tempered vanguard of the only revolutionary class; the vacillating petty-bourgeois element; and the Milyukovs, the capitalists and landowners, lying in wait abroad and supported by the world bourgeoisie. It is crystal-clear: only the latter are able to take advantage of any “shift of power”, and will certainly do so.

In the 1918 pamphlet I quoted above, this point was put very clearly: “the principal enemy” is the “petty-bourgeois element”. “Either we subordinate it to our control and accounting, or it will overthrow the workers’ power as surely and as inevitably as the revolution was overthrown by the Napoleons and the Cavaignacs who sprang from this very soil of petty proprietorship. This is how

the question stands. That is the only view we can take of the matter.” (Excerpt from the pamphlet of May 5, 1918, cf. above.)

Our strength lies in complete clarity and the sober consideration of *all* the existing class magnitudes, both Russian and international; and in the inexhaustible energy, iron resolve and devotion in struggle that arise from this. We have many enemies, but they are disunited, or do not know their own minds (like all the petty bourgeoisie, all the Martovs and Chernovs, all the non-party elements and anarchists). But we are united—directly among ourselves and indirectly with the proletarians of all countries; we know just what we want. That is why we are invincible on a world scale, although this does not in the least preclude the possibility of defeat for individual proletarian revolutions for longer or shorter periods.

There is good reason for calling the petty-bourgeois element an element, for it is indeed something that is most amorphous, indefinite and unconscious. The petty-bourgeois Narcissuses imagine that “universal suffrage” abolishes the nature of the small producer under capitalism. As a matter of fact, it *helps* the bourgeoisie, through the church, the press, the teachers, the police, the militarists and a thousand and one forms of economic oppression, to *subordinate* the scattered small producers. Ruin, want and the hard conditions of life give rise to vacillation: one day for the bourgeoisie, the next, for the proletariat. Only the steeled proletarian vanguard is capable of withstanding and overcoming this vacillation.

The events of the spring of 1921 once again revealed the role of the Socialist-Revolutionaries and Mensheviks: they help the vacillating petty-bourgeois element to recoil from the Bolsheviks, to cause a “shift of power” in favour of the capitalists and landowners. *The Mensheviks and Socialist-Revolutionaries have now learned to don the “non-party” disguise.* This has been fully proved. Only fools now fail to see this and understand that we must not allow ourselves to be fooled. Non-Party conferences are not a fetish. They are valuable if they help us to come closer to the impassive masses—the millions of working people still outside politics. They are harmful if they provide a platform for the Mensheviks and Socialist Revolutionaries masquerading as “non-party” men. They are helping the mutinies, and the whiteguards. The place for Mensheviks and

Socialist-Revolutionaries, avowed or in non-party guise, is not at a non-Party conference but in prison (or on foreign journals, side by side with the white guards; we were glad to let Martov go abroad). We can and must find other methods of testing the mood of the masses and coming closer to them. We suggest that those who want to play the parliamentary, constituent assembly and non-Party conference game, should go abroad; over there, by Martov's side, they can try the charms of "democracy" and ask Wrangel's soldiers about them. We have no time for this "opposition" at "conferences" game. We are surrounded by the world bourgeoisie, who are watching for every sign of vacillation in order to bring back "their own men", and restore the landowners and the bourgeoisie. We will keep in prison the Mensheviks and Socialist Revolutionaries, whether avowed or in "non-party" guise.

We shall employ every means to establish closer contacts with the masses of working people untouched by politics— except such means as give scope to the Mensheviks and Socialist-Revolutionaries, and the *vacillations that benefit Milyukov*. In particular, we shall zealously draw into Soviet work, primarily economic work, hundreds upon hundreds of non-Party people, real non-Party people from the masses, the rank and file of workers and peasants, and not those who have adopted non-party colours in order to crib Menshevik and Socialist-Revolutionary instructions which are so much to Milyukov's advantage. Hundreds and thousands of non-Party people are working for us, and scores occupy very important and responsible posts. We must pay more attention to the way they work. We must do more to promote and test thousands and thousands of rank-and-file workers, to try them out systematically and persistently, and appoint hundreds of them to higher posts, if experience shows that they can fill them.

Our Communists still do not have a sufficient understanding of their real duties of administration: they should not strive to do "everything themselves", running themselves down and failing to cope with everything, undertaking twenty jobs and finishing none. They should check up on the work of scores and hundreds of assistants, arrange to have their work checked up from below, i.e., by the real masses. They should *direct* the work and *learn* from those who have the knowledge (the specialists) and the experience in organising large-scale production (the capitalists). The intelligent Communist will not be afraid to

learn from the military expert, although nine-tenths of the military experts are capable of treachery at every opportunity. The wise Communist will not be afraid to learn from a capitalist (whether a big capitalist concessionaire, a commission agent, or a petty capitalist co-operator, etc.), although the capitalist is no better than the military expert. Did we not learn to catch treacherous military experts in the Red Army, to bring out the honest and conscientious, and, on the whole, to utilise thousands and tens of thousands of military experts? We are learning to do the same thing (in an unconventional way) with engineers and teachers, although we are not doing it as well as we did it in the Red Army (there Denikin and Kolchak spurred us on, compelled us to learn more quickly, diligently and intelligently). We shall also learn to do it (again in an unconventional way) with the commission agents, with the buyers working for the state, the petty capitalist co-operators, the entrepreneur concessionaires, etc.

The condition of the masses of workers and peasants needs to be improved right away. And we shall achieve this by putting new forces, including non-Party forces, to useful work. The tax in kind, and a number of measures connected with it, will facilitate this; we shall thereby cut at the economic root of the small producer's inevitable vacillations. And we shall ruthlessly fight the political vacillations, which benefit no one but Milyukov. The waverers are many, we are few. The waverers are disunited, we are united. The waverers are not economically independent, the proletariat is. The waverers don't know their own minds: they want to do something very badly, but Milyukov won't let them. We know what we want.

And that is why we shall win.

CONCLUSION

To sum up.

The tax in kind is a transition from War Communism to a regular socialist exchange of products.

The extreme ruin rendered more acute by the crop failure in 1920 has made this transition urgently necessary owing to the fact that it was impossible to restore large-scale industry rapidly.

Hence, the first thing to do is to improve the condition of the peasants. The means are the tax in kind, the development of exchange between agriculture and industry, and the development of small industry.

Exchange is freedom of trade; it is capitalism. It is useful to us inasmuch as it will help us overcome the dispersal of the small producer, and to a certain degree combat the evils of bureaucracy; to what extent this can be done will be determined by practical experience. The proletarian power is in no danger, as long as the proletariat firmly holds power in its hands, and has full control of transport and large-scale industry.

The fight against profiteering must be transformed into a fight against stealing and the evasion of state supervision, accounting and control. By means of this control we shall direct the capitalism that is to a certain extent inevitable and necessary for us into the channels of state capitalism.

The development of local initiative and independent action in encouraging exchange between agriculture and industry must be given the fullest scope at all costs. The practical experience gained must be studied; and this experience must be made as varied as possible.

We must give assistance to small industry servicing peasant farming and helping to improve it. To some extent, this assistance may be given in the form of raw materials from the state stocks. It would be most criminal to leave these raw materials unprocessed.

We must not be afraid of Communists “learning” from bourgeois experts, including merchants, petty capitalist co-operators and capitalists, in the same way as we learned from the military experts, though in a different form. The results of the “learning” must be tested only by practical experience and by doing things better than the bourgeois experts at your side; try in every way to secure an improvement in agriculture and industry, and to develop exchange between

them. Do not grudge them the “tuition” fee: none will be too high, provided we learn something.

Do everything to help the masses of working people, to come closer to them, and to promote from their ranks hundreds and thousands of non-Party people for the work of economic administration. As for the “non-party” people who are only Mensheviks and Socialist-Revolutionaries disguised in fashionable non-party attire *à la* Kronstadt, they should be kept safe in prison, or packed off to Berlin, to join Martov in freely enjoying all the charms of pure democracy and freely exchanging ideas with Chernov, Milyukov and the Georgian Mensheviks.

April 21, 1921

ENDNOTES

[1] Lenin began to work on *The Tax in Kind* pamphlet at the end of March 1921, just after the Tenth Party Congress, and finished it on April 21. He attached great importance to its earliest publication and distribution, because it explained the necessity of transition to the New Economic Policy. In early May, it was published as a pamphlet, and was soon after carried by the magazine *Krasnaya Nov* No. 1; it later appeared in pamphlet form in many towns, and was reprinted in part and in full in central and local papers. In 1921, it was translated into German, English and French.

A special resolution of the Central Committee instructed all regional, *gubernia* and *uyezd* Party committees to use the pamphlet to explain the New Economic Policy to the working people.

[2] *Novaya Zhizn* (*New Life*)—a daily published in Petrograd from April 18 (May 1), 1917, to July 1918 by a group of Menshevik internationalists and the writers who contributed to the magazine *Letopis* (*Chronicle*).

Lenin said their prevailing mood was one of intellectual scepticism, which is an expression of and a cover up for lack of principle.

The newspaper was hostile to the October Revolution and the Soviet power. From June 1, 1918, it appeared simultaneously in Moscow and Petrograd but both editions were closed down in July 1918.

(*Forward*)—a daily published in Moscow from March 1917, first by the Moscow Menshevik organisation and then as the organ of the Moscow and Central Region Committees of the R.S.D.L.P. (Mensheviks), and from April 2, 1918, as the organ of the Central Committee of the Mensheviks. L. Martov, F. I. Dan and A. S. Martynov were among its editors. On May 10, 1918 it was closed down by the All-Russia Extraordinary Commission (Cheka) for counter-revolutionary activity and its editors were committed for trial. On May 14, the paper resumed publication under the name *Vsegda Vperyod!* (*Always Forward!*) and was finally closed down in February 1919 under an All-Russia C.E.C. decision.

[3.] See Marx, *Critique of the Gotha Programme*.

[4.] See Engels, *The Peasant Question In France and Germany* (Marx and Engels, *Selected Works*, Vol. II, Moscow, 1962, p. 438).

[5.] A paraphrase of Pushkin's words from his poem *A Hero*, in which he says that he prefers the stimulating falsehood to a mass of sordid truths

[6.] *Oblomov*—a Russian landowner from I. A. Goncharov's eponymous novel, personifying sluggishness, stagnation and inertia.

[7.] The reference is to the Plan for the Electrification of Russia worked out by a State Commission which consisted of the best scientists and specialists. It was the first long-range integrated state plan for laying the material foundation of socialism through electrification. The plan was published as a pamphlet for the Eighth All-Russia Congress of Soviets and was approved by it.

[8.] The Eighth Party Congress, held in Moscow from March 18 to 23, 1919, was attended by 301 delegates with voice and vote, and 102 with voice only. They represented 313,766 Party members.

The items on the agenda were: 1) Report of the Central Committee, 2) Programme of the R.C.P.(B.); 3) Formation of the Communist International; 4)

The military situation and military policy; 5) Work in the countryside; 6) Organisational questions; 7) Election to the Central Committee.

Lenin delivered the opening and closing speeches at the Congress, gave the report of the Central Committee, and the reports on the Party Programme, work in the countryside, and military policy.

The key problem before the Congress was the new Party Programme, worked out under Lenin's guidance and with his participation. The Congress approved Lenin's draft Programme, and rejected Bukharin's anti-Bolshevik proposals.

The Congress also supported Lenin's programme on the nationalities question and rejected Pyatakov's and Bukharin's proposals to exclude from the Programme the paragraph on the right of nations to self-determination.

After Lenin's summing-up speech on the Party Programme, the Congress decided to "adopt the draft Programme as a whole" and refer it to a programme commission for final editing. The latter asked Lenin to write "The draft Third Paragraph of the Political Section of the Programme (For the Programme Commission of the Eighth Party Congress)", which it later adopted. On March 22, the Congress approved the final text of the Programme.

Another key problem was the attitude to the middle peasants. In his speeches, specifically in his report on work in the countryside, Lenin substantiated the Party's new policy: transition from the policy of neutralisation to solid alliance between the working class and the middle peasantry, based on support from the poor peasants and struggle against the kulaks, with the proletariat retaining its leadership of the alliance. Lenin first put forward the slogan in late November 1918. The Congress adopted Lenin's "Resolution on the Attitude Towards the Middle Peasantry".

While discussing the military situation, the Party's military policy and Red Army organisation, the so-called Military Opposition came out against the Central Committee's theses (the Opposition included former "Left Communists"—V. M. Smirnov, G. I. Safarov, and G. L. Pyatakov—and some independents. It was also supported during the height of the Civil War, by Stalin). The Military Opposition favoured retention of some guerrilla methods, and opposed strict

discipline in the army and enlistment of the services of old military specialists. Trotsky, together with Lenin, successfully isolated the Military Opposition and prevented it from damaging the war effort. At a closed plenary session on March 21, Lenin (Trotsky, and others) spoke in defence of the C.C. theses, and was supported by most of the speakers, who denounced the Military Opposition.

The C.C. theses were assumed as a basis by a majority of 174 against 95, and a co-ordination commission worked out a resolution on the military question based on Lenin's directives, which was adopted by the Congress (with only one abstention).

Lenin's ideas on the military question were incorporated in the Party Programme and served as guidance in military organisation. Trotsky, who entrusted in organising the Red Army, from 1918 onward, was Lenin's closest ally on all military and political questions as to how to fight the counter-revolution.

The resolution on the organisational question denounced the Saprnov-Osinsky group, which denied the Party's leadership within the system of the dictatorship of the proletariat.

The decision on Party organisation stressed the need to raise the standards for admission of non-worker and non-peasant elements into the Party, to maintain its social composition. It was decided to carry out a general registration of all Party members by May 1, 1919. The Congress rejected the federal principle of Party organisation and approved the principle of an integrated centralised Communist Party working under the guidance of a single Central Committee.

The newly elected Central Committee was headed by Lenin. The Congress welcomed the establishment of the Third (Communist) International and adopted its platform.

[9.] An international association of Centrist parties and groups (temporarily made to leave the Second International by revolutionary-minded workers' masses) called the "Two-and-a-Half International". It was set up in Vienna in 1921 and broke up in 1923, when it rejoined the Second International.

[10] The Menshevik émigré journal, *Sotsialistichesky Vestnik* (*Socialist Herald*), was founded by L. Martov. It was published in Berlin from 1921, and later in Paris. It is now published in the United States.

The delegates sent their greetings to Lenin and invited him to the meeting. Lenin's reply was read out at the final sitting on April 20, 1921.
