

RESULTS OF THE FIRST FIVE-YEAR PLAN

Abridged Report of Stalin's Speech Delivered at Meeting of the Joint Plenum of the Central Committee and Central Control Commission of Communist Party of Soviet Union

1. INTERNATIONAL IMPORTANCE OF THE FIVE YEAR PLAN

MANY believe that the Five-Year Plan is a private affair of the Soviet Union: an important and serious affair, but nevertheless a private, national affair of the Soviet Union.

History has shown, however, that the Five-Year Plan is not a private affair of the Soviet Union, but an affair of the whole of the international proletariat.

Long before the question of the Five-Year Plan was raised, in the period when we concluded the fight against the interventionists and proceeded to the restoration of economy, Lenin said, that the restoration of our economy possessed a profound international importance, that every step which the Soviet Power made on the path of restoration of economy evoked an echo in the various strata of the population of the capitalist countries, and divided humanity into two camps—into the camp of the supporters of the proletarian revolution and into the camp of its opponents.

Since then many years have passed, and every step made by the Soviet Power in the sphere of restoration of economy, every year, every quarter of this period, brilliantly proved the correctness of these words of Lenin.

But the most brilliant confirmation of the correctness of these words of Lenin was given by the Five-Year Plan of construction, the inception of this Plan, its elaboration, its realization. In fact, it seems that no single step we have taken on the path of economic restoration in our country met with such a response among the various strata of the capitalist countries of Europe, America and Asia, as the question of the Five-Year Plan, the question of its elaboration and realization.

At first the Five-Year Plan was received by the bourgeoisie and its press with scorn. A "chimera," a "utopia"—that is how they designated our Five-Year Plan at the time. Later, when it began to be seen that the carrying out of the Five-Year Plan was yielding real results, they began to sound the alarm by maintaining that the Five-Year Plan threatened the existence of capitalism, that its realization would lead to the European market being flooded with goods, to an increase of dumping, an extension of unemployment. Still later, when this trick employed against the Soviet Union did not yield the expected result, there commenced a number of journeys of various representatives of firms, press representatives, representatives of various societies, etc., to the Soviet Union, for the purpose of seeing with their own eyes what was actually taking place there. I do not speak here of the workers' delegations, which right from the commencement, from the first beginning of the Five-Year Plan, expressed their enthusiasm over this beginning, wished the Soviet Union complete success and expressed their readiness to support the working class of the Soviet Union wholly and entirely.

Since that time there commenced the division in so-called public opinion, in the bourgeois press, in the bourgeois societies of every kind, etc. The one maintained that the Five-Year Plan had suffered a complete failure and the Bolsheviks were on the verge of collapse. Others, on the contrary, declared that, although the Bolsheviks were bad people, they would nevertheless succeed in regard to the Five-Year Plan and would undoubtedly achieve their aim.

(After reading a whole number of extracts from bourgeois papers of every kind dealing with the Five-Year Plan, Comrade Stalin continued):

Thus we see that in the bourgeois camp there prevailed division and disunity. Whilst certain circles advocated the destruction of the Soviet Union with its allegedly collapsed Five-Year Plan, other circles were apparently in favor of trade connections with the Soviet Union, because they probably reckoned that they could derive advantages for themselves from the successes of the Five-Year Plan.

THE attitude of the working class in the capitalist countries to the question of the Five-Year Plan, to the question of the successes of socialist construction in the Soviet Union, is quite different. One could confine oneself here to quoting the statement of one of the many workers' delegations which visit the Soviet Union every year, for example the Belgian workers' delegation. This statement is typical of every worker's delegation without exception, whether it is an English or French, a German or an American work-



JOSEPH STALIN—General Secretary of the Communist Party of the Soviet Union.

ers' delegation, or a workers' delegation from any other country. This statement reads as follows:

"We are enthusiastic on account of this enormous constructive work which we observed during our journey. In Moscow, as well as in Makayevka, Gorkovka, Kharkov and Leningrad, we were able to see with what enthusiasm work is being carried on. All machines are machines of the latest type. Cleanliness prevails in the factories, with plenty of air and light. We saw how the workers in the Soviet Union receive medical aid and treatment. The workers' dwellings are built in the neighborhood of the factories. Schools and creches are organized in the workers' colonies. The children are looked after with the greatest care. We could see the difference between the old and the newly erected works and factories, between the old and the new dwelling houses. Everything we saw gave us a clear picture of the tremendous energy with which the working people are building up the new society under the leadership of the Communist Party. We observed in the Soviet Union great cultural progress at a time when in all other States everything is in a state of decline, and unemployment is raging. We also saw, however, the enormous difficulties which the toilers of the Soviet Union encounter on their path. We understand all the more the pride with which they showed us their successes. We are convinced that they will overcome all obstacles."

That is the international importance of the Five-Year Plan. The constructive work which was carried out in the course of two to three years yielded the first successes of the Five-Year Plan and split the whole world into two camps: into the camp of those people who uninterruptedly abuse us, and into the camp of those people, who are delighted at the successes of the Five-Year Plan, not to mention that our own camp exists in the whole world and is continually increasing in strength—the camp of the working class in the capitalist countries, of the working class, which rejoices over the successes of the Soviet proletariat, and, to the horror of the bourgeoisie of the whole world, is prepared to support it.

What does this mean?

It means that there exists no doubt about the international importance of the Five-Year Plan, the international importance of its successes and achievements. It means that the capitalist countries are pregnant with the proletarian revolution. And precisely because the capitalist world

is pregnant with the proletarian revolution, the bourgeoisie would like to obtain new arguments against the revolution from alleged failures of the Five-Year Plan, whilst the proletariat, on the contrary, is endeavoring to draw, and is actually drawing, from the successes of the Five-Year Plan a new argument for the revolution against the bourgeoisie of the whole world.

The successes of the Five-Year Plan mobilize the revolutionary forces of the working class of all countries against capital. That is an indisputable fact. There can be no doubt that the international revolutionary importance of the Five-Year Plan is really immeasurable. We must therefore devote all the greater attention to the question of the Five-Year Plan, to its content and its chief tasks. We must analyse with all the greater care the results of the Five-Year Plan, the results of its carrying out, of the realization of the Five-Year Plan.

II. THE CHIEF TASK OF THE FIVE-YEAR PLAN AND THE WAYS TO ITS REALIZATION

THE main task of the Five-Year Plan consisted in bringing our country, with its backward and partly mediaeval technique, on to the path of new modern technique.

The chief task of the Five-Year Plan consisted in transforming the Soviet Union from an agrarian country, from a weak country dependent upon the capitalist countries, into a powerful industrial country, completely independent of the countries of world capitalism.

The chief task of the Five-Year Plan consisted in converting the Soviet Union into an industrial country, completely justing the capitalist elements, extending the front of the socialist forms of economy and creating the economic basis for the abolition of classes in the Soviet Union and the establishment of the socialist society.

The chief task of the Five-Year Plan consisted in creating such an industry in our country as would be capable of re-equipping and re-organizing not only the whole of industry, but also transport and agriculture on the basis of socialism.

The chief task of the Five-Year Plan consisted in bringing the small, scattered agriculture on to the path of large collective economy, and in this manner to secure the economic foundation of socialism in the village and thus obviate the possibility of a restoration of capitalism in the Soviet Union.

Finally, the task of the Five-Year Plan consisted in creating the absolutely necessary technical and economic prerequisites in the country for increasing to the utmost the defensive capacity of the country, which will guarantee any and every attempt at a warlike attack from outside being decisively repulsed.

What determines this main task of the Five-Year Plan?

The necessity of liquidating the technical-economic backwardness of the Soviet Union, which condemns it to an insignificant existence, the necessity of creating such preconditions in the country as will enable it not only to catch up to but in time also to outstrip in a technical and economic respect the most advanced capitalist countries.

I AM of the opinion that the Soviet Power cannot maintain itself long on the basis of a backward industry; that only an up-to-date big industry, which is not only not behind but in time can outstrip the industry of the capitalist countries, can serve as a secure foundation of the Soviet Power.

I am of the opinion that the Soviet Power cannot base itself for long on two contradictory foundations—on a socialist big industry which destroys the capitalist elements, and on a small individual peasant economy which gives rise to capitalist elements.

I am of the opinion that as long as out of the small peasant economy there has not been created the foundation of big production, as long as the small peasant farms are not united in big collective farms, the danger of a restoration of capitalism in the Soviet Union constitutes the most actual danger of all possible dangers.

Lenin said:

"As a result of the revolution, Russia has within a few months caught up to the most advanced countries as regards its political structure. That is not much. The war is inexorable, it ruthlessly puts the alternative; either catch up to the most advanced countries and surpass them economically, or perish."

Lenin said:

"So long as we live in a small peasant country, there exists in Russia a firmer economic foundation for capitalism than for Communism. . . . Only when the country is electrified, when industry, agriculture and transport acquire the technical foundation of modern big industry, only then shall we be able finally to triumph."

These words of Lenin became those fundamental views of the Party which led to the elaboration of the Five-Year Plan, to the determining of the main task of the Five-Year Plan.

The chief part of the Five-Year Plan consisted of the heavy industry, with its vital nerve, machine construction. For only the heavy industry is able to reconstruct the whole of industry, as well as transport and agriculture and put them on their legs. We had to begin with heavy industry in realizing the Five-Year Plan.

In this respect also we have the instructions of Lenin:

"We also need a heavy industry. . . . We cannot build up an industry without a heavy industry, and without it we shall go under as an independent country."

But the reconstruction and the development of the heavy industry especially in such a backward and not rich country as was our country at the commencement of the Five-Year Plan, constitutes a very hard task, for as is known, heavy industry requires tremendous financial means and the existence of a certain minimum of experienced technical forces, without which a heavy industry is altogether impossible. Was the Party aware of this and did it take this into account? Yes, the Party was aware of this. It was not only aware of this but proclaimed it out loud. The Party knew how the heavy industry had been established in England, Germany and America. It knew that in these countries the heavy industry had been built up either with the aid of big loans or by robbing other countries, or by both these means. The Party knew that these courses are not open to our country. What did it reckon on? It reckoned on the forces in our own country. It bore in mind that we, in possession of the Soviet Power, supported by the nationalization of the land, industry, transport, the banks and trade, can carry out a strict regime of economy in order to raise the means which are necessary for the reconstruction and development of heavy industry. The Party said quite openly, that

this work would demand serious sacrifices and that we must plainly and openly take these sacrifices into account if we wish to achieve our aim. The Party reckoned on performing this work with the inner forces of our country, without enslaving credits and foreign loans.

A bold task? A hard road? But our Party is called the Leninist Party because it has no right to fear difficulties. Moreover, the conviction of the Party of the feasibility of the Five-Year Plan and its faith in the forces of the working class were so strong, that it found it possible to set the task of realizing this difficult work not in five years, as the Five-Year Plan demanded, but in four years, or more exactly speaking, in four years and three months if we add the special quarter.

On this basis there arose the famous slogan: "Five-Year Plan in four years."

And what happened? The facts showed that the Party was right. The facts showed that without this boldness and without belief in the forces of the working class, the Party would not have been able to achieve this success of which we rightly boast.

WHAT are the results of the Five-Year Plan in four years in the sphere of industry? Have we achieved a victory in this sphere? Yes, indeed. We have not only achieved victories, but also done more than we ourselves expected, than even the most sanguinary members of our Party expected. Even our enemies cannot deny this now. The less therefore can our friends deny this.

We had no smelting industry as the basis of the industrialization of our country. Now we possess one.

We had no automobile industry. Now we possess one.

We had no automobile industry now we possess one.

We had no considerable modern chemical industry. Now we possess one.

We had no real industry of any importance for the production of agricultural machines. Now we have one.

We had no aircraft-construction industry. Now we have one.

As regards the production of electrical energy, we occupied the last place. Now we have advanced to one of the first positions. With regard to the output of oil products and coal, we occupied the last place. Now we have advanced to one of the first positions.

We possessed only one coal and foundry basis, the Ukraine, which we were not able completely to utilize. We have succeeded not only in extending this basis, but have also created a new iron and foundry basis, the East, which is the pride of our country.

We possessed only a few textile industrial centres in the North of the country. We have succeeded in a short time in establishing two new centres of the textile industry: in Central Asia and Eastern Siberia.

And we not only created these new gigantic branches of industry, but we developed them to such an extent and on such a scale that they place the European industry right in the shade.

And all this has resulted in the capitalist elements being finally eradicated from industry for good, and the socialist industry becoming the sole form of industry in the Soviet Union.

And all this has led to our country being converted from an agrarian into an industrial country; for the specific weight of industrial production compared with agricultural production increased from 48 per cent, at the commencement of the Five-Year Plan in 1928, to 70 per cent at the conclusion of the fourth year of the Five-Year Plan (1932).

And all this led to our succeeding, at the conclusion of the fourth year of the Five-Year Plan, in fulfilling 93.7 per cent, of the program of the whole of industrial production calculated for five years, in that we increased industrial production more than threefold compared with the pre-war level, and more than twofold compared with 1928. As regards the program of output of our heavy industry, we fulfilled the Five-Year Plan up to 108 per cent. But we remained about 6 per cent behind the total program of the Five-Year Plan. This is due to the fact that, in view of the refusal of neighboring countries to conclude non-aggression pacts with us, and in view of the complications in the Far East, we had to switch some of our undertakings as rapidly as possible on to the production of modern weapons of defense for the purpose of increasing our defensive power.

Now this adoption of production in consequence of the necessity of passing through a certain period of preparation, led to these factories changing their production for four months, which had an effect on the fulfilment of the general production program of the Five-Year Plan in the course of the year 1932. This operation resulted in our completely filling up the gaps in the defensive capacity of the country. But this could not but have an adverse effect on the fulfilment of the production program of the Five-Year Plan. There can be no doubt that but for this circumstance we should not only have fulfilled the plan but exceeded its figure.

JUDGE for yourselves: what after all, is the talk of the bourgeois press about the "collapse" of the Five-Year Plan in the sphere of industry worth? And how does the matter stand with the capitalist countries, which at present are experiencing the severest crisis in regard to the growth of their industrial production?

In this connection there are official returns known to all:

Whilst at the end of 1932 industrial production in the Soviet Union stood at 334 per cent of the pre-war level, industrial production in the U. S. A. declined in the same period to 84 per cent, and in Germany to 62 per cent. Whilst towards the end of 1932 industrial production in the Soviet Union increased to 219 per cent of the 1928 level, in the same period industrial production in the U. S. A. sank to 56 per cent, in England to 80 per cent, in Germany to 55 per cent, and in Poland to 54 per cent.

What else do these figures indicate but that the capitalist system with its industry, in its contest with the Soviet system, has not stood the test, that industry under the Soviet system possesses all the advantages over the capitalist system. They say to us: this is all very well, many new factories have been erected, the basis of industrialization has been created, but it would have been much better to abandon the policy of industrialization, the policy of extending the production of the means of production, or at least to defer this work in order to produce more calico, shoes, clothing and other articles of daily requirement. Nevertheless we must know and take into account whether such a policy of postponing the tasks of industrialization would have led. It is true, we could have employed half of the 1½ milliard rubles valuta which we expended in this period on equipping our heavy industry, in importing cotton, leather, hides, rubber, etc. Then we should have had more calico, shoes, clothes. But then we should have had neither tractors nor an automobile industry; we should have had no smelting industry to speak of, no metal for the construction of machines, and we should have been disarmed in face of the modern technique with which our capitalist neighbors are equipped. We should have been deprived of the possibility of supplying agriculture with tractors and agricultural machines; it might have happened that we were left without grain. We should have deprived ourselves of the possibility of winning a victory over the capitalist elements in our country. It might have happened that we increased beyond measure the chances of the restoration of capitalism. We should not have been in possession of all the modern means of defense, without which the independence of the country is impossible, without which the country would have been converted into an object of the war operations of the enemy abroad. Our position would then be more or less similar to the present position of China, which has no heavy industry of its own, no war industry and which is carved up by all who will. In a word: in such a case we should have had armed intervention, not non-aggression pacts, but war, a dangerous deadly war, a bloody unequal war, for in this war we should have been almost completely unarmed in face of enemies who possess all the modern weapons of attack.

It is clear that a self-respecting state power, a self-respecting party, cannot adopt such a suicidal attitude, and precisely because the Party rejected such a counter-revolutionary attitude, it achieved a decisive victory in fulfilling the Five-Year Plan in the sphere of industry. By

realizing the Five-Year Plan, by organizing the victory in the sphere of industrial construction, the Party carried out the policy of accelerating the pace of development of industry. The Party seemed to spur on the country, to drive it forward.

Did the Party act rightly in carrying out the policy of accelerating the tempo? Yes, absolutely. One must spur on a country which is a hundred years behind and is threatened with the danger of perishing on account of its backwardness. Only in this manner could one render it possible for a country rapidly to readapt itself on the basis of modern technique, and finally to proceed on the broad path of development.

Further. We could not know on what day the imperialists would attack the Soviet Union and interrupt our work of construction; that they could attack us at any moment they thought fit and would at the same time take advantage of our technical and economic weaknesses—of this there could be no doubt. The Party was therefore compelled to goad on the country and not waste time. It had to make use of the time right up to the end of the breathing space in order to lay the foundations of the industrialization of the Soviet Union, which constitute the basis of its power. And the Party had no possibility of waiting and maneuvering; it had to carry out the policy of the most accelerated tempo. Did the Party have a real possibility of realizing the most rapid tempo? Yes, it had. It had this possibility only because it found time to bring the country in good time into swing, in the spirit of a rapid forward movement, but above all because in regard to the broad-scale new construction, it could support itself, on the old or renovated workshops and factories which were already mastered by the workers, engineers and technicians, and which thereby rendered it possible to realize the most rapid tempo of development.

That is the basis on which, in the period of the first Five-Year Plan, in the period of the rapid progress of new construction, there arose the enthusiasm of the developing construction, the shock-brigades of the new constructions, the practice of the tempestuous increase of tempo.

CAN one say that a similar policy of accelerated tempo will be carried out in the second Five-Year Plan? No, one cannot say that.

Firstly, as a result of the successfully carried out Five-Year Plan, we have fulfilled in the main our chief task—the creation of the basis of a modern technique for industry, transport and agriculture. Secondly, as a result of the successful fulfillment of the Five-Year Plan, we have succeeded in raising the defensive capacity of the country to the necessary level. Finally, as a result of the successful fulfillment of the Five-Year Plan, we have succeeded in erecting dozens and hundreds of new big factories and combines and equipping them with a modern, complicated technique.

This means that in the industrial production of the second Five-Year Plan the old factories, whose technique we already master, will no longer play the chief role, as was the case in the period of the first Five-Year Plan, but the new factories,

whose technique we do not yet master and which must be mastered, will play the chief role. Nevertheless, the mastering of the new undertakings, of the new technique represents much greater difficulties than the utilization of the old or renovated factories and works, whose technique we already master. It demands more time in order to increase the qualification of the workers, engineers, and technicians, in order that they shall acquire the new skill and dexterity for the complete utilization of modern technique.

After all this is it not clear that even if we wished, we could not realize the policy of accelerated tempo in the period of the second Five-Year Plan, especially in the first, second and third year of the second Five-Year Plan? I believe, therefore, that we shall have to fix a less rapid increase of tempo of industrial production for the second Five-Year Plan. In the period of the first Five-Year Plan the annual increase of industrial production amounted on an average to 22 per cent. I believe that for the second Five-Year Plan an average annual increase of 13-14 per cent will have to be fixed. For the capitalist countries such an increase in the rate of growth of industrial production constitutes an unattainable ideal. And not only such a rate of growth of industrial production, but an annual average of 5 per cent is an unattainable ideal for them at present. But after all they are capitalist countries. The case is different with the Soviet Union, with the Soviet economic system. With our economic system we have every possibility of attaining such a tempo, and we must realize an annual increase of 13-14 per cent as a minimum.

In the period of the first Five-Year Plan we succeeded in organizing the enthusiasm, and we achieved decisive successes. That is very good. But now this does not suffice. We must now complete this work and fight with enthusiasm for the mastery of the new enterprises, of modern technique, to increase the productivity of labor and to achieve a considerable reduction of prime costs. That is now the chief matter, the chief thing, for only upon this basis can we achieve, let us say, in the second half of the Five-Year Plan a new fresh impetus both in regard to construction and the growth of industrial production.

Finally, a few words on the tempo itself and on the annual percentage increase of production. What is a one per cent increase of production and what is actually behind every per cent increase? Let us take, for example, the year 1925, the reconstruction period. The annual increase of production amounted at that time to 66 per cent. The gross production of industry amounted in value to 7700 million rubles. 66 per cent increase at that time represented in absolute figures over 3000 million. Thus every per cent increase at that time was equal to 43 million rubles. Let us now take the year 1928. In this year the increase amounted to 26 per cent, i. e. it was scarcely more than a third of the percentage increase of 1925. The gross output of industry amounted at that time to 15,500 million rubles. The total increase for the year amounted in absolute figures to 3280 million. That means, therefore, that every per cent increase at that time represented 120 million rubles—nearly three times the amount in the year 1925, when we had an increase of 66 per cent. Finally, in the year 1931, we had an increase of 22 per cent, i. e. a third of the increase of 1925. The total production of industry amounted to 30,500 million rubles. The total increase in absolute figures amounted to 5,600 million. This means that every per cent increase figured at more than 250 million rubles, i. e., six times as much as with the 66 per cent increase in the year 1925, and twice as much as with the 26 per cent increase in the year 1928.

WHAT does all this mean? It means that in examining the pace of growth of production one must not confine oneself to a general survey of percentages of growth. One must also know what is behind every per cent increase and what is the total sum of the annual increase of production. Let us take, for example, a 16 per cent increase for the year 1933, i. e., a fourth of the increase of the year 1925. That does not mean however that the increase of production this year will likewise be four times smaller. In absolute figures, the increase of production in 1925 amounted to more than 3000 million, and every per cent increase represented 43 million rubles. There is no reason to doubt that the increase of production in 1933, with a norm of 16 per cent will amount to not less than 5000 million, which is nearly twice as much as in the year 1925, and every per cent increase will represent at least 320 to 340 million rubles, i. e., at least seven times as much as a one per cent increase in the year 1925.

These are the results of the Five-Year Plan in four years in the sphere of industry.

In the sphere of agriculture the Five-Year Plan has been the Five-Year Plan of collectivization. What was the starting point of the Party in carrying out the Five-Year Plan? The Party proceeded from the fact that in order to strengthen the proletarian dictatorship and build up the socialist society, in addition to industrialization it is necessary to go over from the small individual peasant farms to the collectivized big farm, which, equipped with tractors, modern agricultural machinery, is the only firm basis of the Soviet Power in the village. The Party proceeded from the fact that without col-

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activization it is impossible to lead our country on to the broad path of construction; of the economic foundation of Socialism; that it is impossible to free the masses of the working peasants, numbering millions, from misery and ignorance.

Lenin said: "If we keep in the old manner to the small farms—even if as free citizens on freed land—we shall still be threatened with inevitable ruin."

He said that: "Only with the aid of general collective co-operative work can we emerge from this blind alley."

The Party proceeded from these words of Lenin when it carried out the program of collectivized agriculture, the program of the Five-Year Plan of agriculture. In this connection the task of the Five-Year plan consisted in uniting the scattered, small individual peasant farms, which are deprived of the possibility of using tractors and modern agricultural machines. These farms had to be converted into collectivized big farms, equipped with all modern implements, into a highly developed agriculture; State model farms. Soviet farms had to be established on free land.

The task of the Five-Year-Plan of agriculture consisted in transforming the Soviet Union from a backward small peasant country into a country of large agriculture, organized on the basis of collective work and delivering the largest quantities of market grain.

WHAT has the Party achieved in carrying out the agricultural Five-Year Plan in four years? Has it carried out the program, or has it suffered a defeat? The Party succeeded within about three years in organizing more than 200,000 collective farms and about 5,000 Soviet farms for grain growing and cattle breeding, and in four years increased the area under cultivation by 21 million hectares.

The Party succeeded in uniting over 60 per cent of all the peasant farms and collective farms, which means a surpassing of the Five-Year Plan by 200 per cent.

It is to the credit of the Party that instead of the 500 to 600 million poods of market grain which was procured in the period when the individual peasant farms predominated, there now exists the possibility of procuring 1,200 to 1,400 million poods of corn a year.

It is to the credit of the Party that the kulaks have been shattered as a class, although not yet destroyed, that the working peasants are freed from the fetters of exploitation by the kulaks, and that the Soviet power in the village possesses a firm economic basis, the basis of the collective farms.

It is to the credit of the Party that the Soviet Union has been already transformed from a land of small peasant economy into a land of the largest agriculture in the world.

Judge for yourselves; after all this, of what work is the idle talk of the bourgeois press about the collapse of collectivization, about the failure of the Five-Year Plan in agriculture?

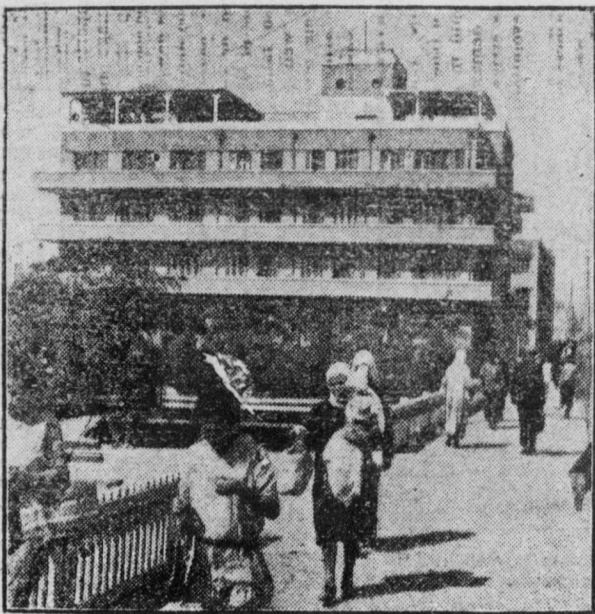
What is the position of agriculture in

the capitalist countries, which are now passing through the severest agrarian crisis? Let us take the generally known official figures:

The area under cultivation in the most important grain-producing countries has declined by 8-10 per cent. The area under cotton in the United States has declined by 15 per cent, the area under sugar beets in Czechoslovakia and Germany by 22-30 per cent, the area under flax in Lithuania and Latvia by 25 to 30 per cent.

Comrade Stalin quoted the figures of the American Farm Board on the tremendous diminution of the gross production of agriculture in the United States of America, and then continued:

Do not all these facts go to prove the advantages of the agricultural of the Soviet system over the agriculture of the capitalist system? Do not these facts show that the collective farms are more viable forms of agriculture than the individual farms and the capitalist farms? It is said that the collective farms and Soviet farms do not yield a profitable return, that it would be more advantageous to dissolve them and only permit those to remain which are yielding a profitable return. But only people who understand nothing of the questions of



Typical workers' apartments made possible as a result of the successful first Five-Year Plan.

national economy can talk like this.

Profitability must not be considered from the point of view of the small shopkeeper, from the point of view of the moment. Profitability must be considered from the standpoint of the national economy in general, on the average of several years. Only such a standpoint can really be described as a Leninist standpoint, is a really Marxist standpoint. And this standpoint is obligatory, not only in regard to industry, but also to a still greater extent in regard to the collective farms and Soviet farms. Just think. In about three years we have established over 200,000 collective farms and about 5,000 Soviet farms. That is to say, we have created completely new giant undertakings which possess the same importance for agriculture as the factories and works for industry. Name me a country which could create within three years not 205,000 new giant undertakings, but only 25,000 such undertakings. You cannot name such a country, and there does not exist such a country.

And we created 205,000 new undertakings in agriculture. But we find that there are people in the world who demand that these undertakings shall immediately pay, and if they do not pay at once they must be destroyed and dissolved.

IS it not clear that these more or less singular people are longing for the laurels of Herodotus? When I speak of the unprofitability of the collective and Soviet farms I do not by any means wish to say that the whole of them are unprofitable. Quite the contrary. It is known to all that there are now already a number of very profitable collective and Soviet farms. We possess thousands of collective farms, dozens of Soviet farms, which are now already on a sound paying basis. These collective farms and Soviet farms are the pride of our Party, the pride of the Soviet power. The collective farms and Soviet farms are of course not everywhere alike. Some of them are old, some new and some quite new. They are still weak not yet finally shaped economic organisms. In their organizational development they pass through about the same period as did our factories and workshops in the year 1920-21. It is understandable that in the majority they cannot yet be profitable, but that within two to three years they will be just as profitable as our factories and enterprises after 1921; of that there can be no doubt. To refuse them help and support because all of them are not yet profitable would be the greatest crime against the working class and the peasantry. Only enemies of the people, counter-revolutionaries, can speak of the uselessness of the collective and Soviet farms.

In realizing the Five-Year Plan of agriculture the Party carried out collectivization at an accelerated pace. Did the Party act correctly when it carried out the policy of accelerated tempo of collectivization? Yes, absolutely correctly. Although here various displays of passions were not avoided. In carrying out the policy of liquidating the kulaks as a class and clearing out the nests of kulaks, the Party could not remain standing halfway. It had to carry out the work to the end. Making use, on the one hand, of the possession of tractors and agricultural machines and, on the other hand, of the absence of private property in land the Party had every possibility of forcing the collectivization of agriculture. And in this sphere it really achieved the very greatest success, for it surpassed the Five-Year Plan of collectivization three-fold.

Does this mean that we must carry out the policy of the forced tempo of collectivization also in the period of the second Five-Year Plan? No, it does not mean this. The fact is, we have in the main already concluded the collectivization of the most important regions of the Soviet Union. In this sphere we have done even more than could be expected. And we have not only concluded the main collectivization. We have succeeded in getting the great majority of the peasantry to realize that the collective farm is the most acceptable form of economy. That is an enormous achievement. For the col-

lective farms the question is no longer to be or not to be? This question has been solved positively. The collective farms are consolidated and the path to the old individual peasant farm is finally closed. The present task consists in organizationally strengthening the collective farms, in clearing out the saboteurs, in drawing really tried Bolshevik cadres into the collective farms, and converting them into really Bolshevik farms. That is now the main thing.

That is how the question stands regarding the Five-Year Plan in four years in the sphere of agriculture.

Wherein consist the most important results of our successes in the sphere of industry and agriculture from the point of view of the fundamental improvement of the material position of the toilers? They consist firstly in the abolition of unemployment and the liquidation of ignorance among the workers. They consist secondly in the fact that nearly all the poor peasants have been drawn into the work of building up collective farms, in the undermining of the foundation for the division of the peasantry into kulaks and poor peasants, and, in connection therewith, in the abolition of misery and poverty in the village.

THIS is a tremendous achievement of which no bourgeois State can even dream, no matter how "democratic" a State it may be. With us in the Soviet Union the workers have long forgotten unemployment. Three years ago we still had one and a half million unemployed. It is now already two years since unemployment was abolished. In this time the workers have been able to forget unemployment and its horrors. Look at the capitalist countries, what horrors prevail there as a result of unemployment. In the capitalist countries there are no less than 30 to 40 million unemployed. What sort of people are they? They are generally spoken of as "down and outs." Day after day they go in quest of work; they are prepared to accept work under almost any conditions, but there is no work for them, because they are "superfluous." And this at a time when huge quantities of commodities and products are rotting, thanks to the whims of the spoiled and pampered sons of the capitalists and big landowners. The unemployed are refused food because they cannot pay for it, are refused a shelter because they cannot pay the rent of lodgings. How and where do they live? They live on the miserable crumbs of charity, by raking in the dustbins, where they find rotten remnants of food. They live in the holes and corners of the big towns. But that is not all. It is not only the unemployed who suffer as a result of unemployment. The workers who are still in employment suffer, for the existence of a large number of unemployed creates for them an unsettled position in production, uncertainty regarding tomorrow. Today they are at work, but they do not know whether tomorrow they will not learn that they are dismissed.

One of the most important achievements of the Five-Year Plan in four years consists in the fact that in the Soviet Union we have liquidated unemployment and freed the workers from its terrors.

The same applies to the peasants. They, too, have forgotten the division of the peasantry into kulaks and poor peasants, the exploitation of the poor peasants by the kulaks, the ruin which every year drove hundreds of thousands and millions from the soil. Three or four years ago, not less than 30 per cent of the total peasant population consisted of poor peasants. They numbered more than 10 million. Still earlier, before the October revolution, the poor peasants comprised about 60 per cent of the peasantry. The poor peasants are people who led a starvation existence, were regularly enslaved by the kulaks, and in the olden times by the kulaks and the big landowners as well. Not so long ago 1½ million and sometimes 2 million poor peasants went every year to the South, to the North Caucasus and the Ukraine to work as wage laborers for the kulaks, and formerly for the kulaks and the big landowners. Still more of them came every year to the gates of the factories, thereby increasing the ranks of the unemployed. And not only the poor peas-

ants were in such an unenviable position. A good half of the middle peasants suffered the same misery and the same privations as the poor peasants. The peasants have already forgotten all this.

WHAT has the Five-Year Plan given to the poor peasants and the lower strata of the middle peasants? It undermined and destroyed the kulaks as a class, thereby freeing the poor peasants and a good half of the middle peasants from slavery to the kulaks. It drew them into the collective farms; it created for them a firm foundation. It thereby did away with the possibility of the peasants being divided into exploiting kulaks and exploited poor peasants. It raised the poor peasantry and the lower strata of the middle peasants on the collective farms to the position of men with an assured existence, and thereby destroyed the process of impoverishment and ruination of the peasantry. With us it is now no longer the case that millions of peasants every year abandon their farms and seek to earn their living in far-off countries. Before the peasants can be hired for work anywhere outside of their own collective farms, a treaty must be signed with the collective farm, and in fact, the collective peasant must be guaranteed his free fare on the railway. With us it is no longer the case that hundreds of thousands and millions of peasants are ruined and through the doors of the factories and workshops. The peasant today is an established farmer and a member of the collective farm, which possesses, tractors, agricultural machines, stocks of seed, reserve funds, etc.

As a result of the important achievements in the sphere of improving the material situation of the workers and peasants, we have in the first Five-Year Plan: a) growth of the number of workers and employees in big industry to double that of 1928, thus surpassing the Five-Year Plan by 75 per cent.; b) growth of the national income, i.e. growth of the income of the workers and peasants, in the year 1932 to 45,100 million roubles, which means an increase of 85 per cent. compared with 1928; c) growth of the average annual earnings of the workers and employees in big industry by 67 per cent. as compared with 1928, which means a surpassing of the plan by 18 per cent.; d) increase of the social insurance fund by 292 per cent. compared with 1928 (4120 million roubles in the year 1932 as against 1050 millions, in the year 1928), which means a surpassing of the Five-Year Plan by 111 per cent.; e) increase of public feeding, embracing over 70 per cent. of the workers in the most important branches of industry, which means a sixfold fulfilment of the Five-Year Plan.

It is true, we have not yet achieved everything in order to completely satisfy the demands of the workers and peasants; and we shall scarcely achieve this in the next year or so. Nevertheless we have succeeded so far in that the material position of the workers and peasants is improving from year to year. Only the sworn enemies of the Soviet Power can doubt this, or possibly some representative of the bourgeois press, including a part of the correspondents of this press in Moscow, who understand as much about the economy of the country and the position of the toilers as the King of Abyssinia does about higher mathematics.

The tremendous increase of production in industry and agriculture, the growth of the commodity surplus both in industry and agriculture, and finally, the growth in the needs of the workers and peasants—all these factors were calculated to result in an increase and extension of commodity exchange between town and country and did in fact have this result. The productive alliance between town and country is the chief form of this alliance. This alliance must be supplemented by a commodity alliance in order that the connections between town and country are rendered unbreakable. This can only be achieved by the development of soviet trade.

SOME comrades imagine that the development of Soviet trading and in particular the development of collective trading means a return to the first stage of the New Economic Policy. This idea is

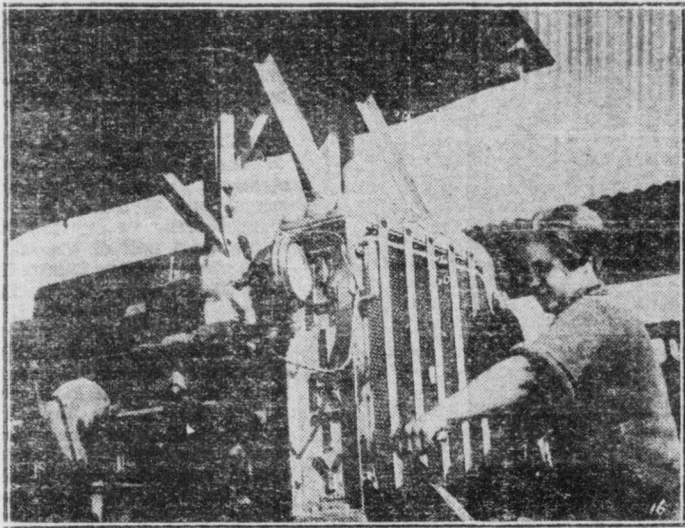


In A Soviet Shop

WORKERS' REST HOMES



Former czarist palace, now one of the thousands of rest homes for workers and peasants in the Soviet Union. An elaborate social insurance system exists in the U.S.S.R.



Peasant women on collectivized Soviet farms. The progress made as a result of the success of the collectivization program is described in Comrade Stalin's speech.

ization program is described in Comrade Stalin's speech.

absolutely erroneous.

First of all, trading activities in the first stage of the N.E.P. led to a certain rejuvenation of capitalism and permitted the development of the private capitalist sector in commodity exchange. Our Soviet trading, however, is based on a rejection of both these possibilities. What is Soviet trading? Soviet trading is trading without the mediation of capitalists. It is wholesale and retail trading without speculation and without speculators, either big or small. It is a special form of trading unknown to economic history up to the present and practiced only by us Bolsheviks under the special conditions of our Soviet development.

Secondly, we have now behind us a sufficiently developed State industry and a whole network of collective and Soviet farms which provide the State with tremendous reserves of agricultural and industrial commodities for the development of Soviet trading. This was not the case and could not have been the case in the first stage of the N.E.P.

Thirdly, in the last stage we succeeded in driving the private traders, merchants, and private mediators of all sorts out of commodity circulation.

This certainly does not exclude the appearance of new private traders and speculators according to the law of atomism in commodity circulation, individuals who exploit a favorable field for their operations in this case, collective agricultural trading. However, we are in possession of a weapon against these undesirable phenomena in the shape of the Soviet law for the suppression of speculation and the punishment of the speculators.

It has been said that it will prove impossible to develop trading, even Soviet trading, without a healthy currency system and stable currency, and that above all our currency system, our Soviet currency, which allegedly is without value, must return to the normal. This is the opinion of the economists in the capitalist countries. In my opinion these economists know as much about political economy as the Archbishop of Canterbury knows about anti-religious propaganda. How is it possible to declare that our Soviet currency is without value? Is it not a fact that with this currency we have built Magnitostroi, Dnieprostroi, Kusnetzkstroi, the Stalingrad and Kharkov tractor works, the automobile works in Moscow and Gorki, hundreds of thousands of collective farms and thousands of Soviet farms? Do these capitalist experts imagine that all these things were built of straw or clay and not of real materials of a definite value? What provides the basis of our Soviet currency if we take into consideration the organized market, which is of decisive importance for commodity circulation in our country, and not the unorganized market which is of subordinate importance only? Certainly not only our gold supplies. The stability of Soviet currency is secured above all by tremendous masses of commodities in the hands of the state and handed over to the market at fixed prices. Where is the economist who can deny that such a security, which exists only in the Soviet Union, is not a better security for the stability of our currency than any particular gold supplies? What have we achieved on the field of Soviet trading as a result of the carrying out of the Five-Year Plan? As a result of the carrying out of the Five-Year Plan we achieved:

a) an increase of the production of our and co-operative organizations in agriculture.

THE situation of commodity circulation in the capitalist countries shows a completely different picture. There the manufacturing industries by 187 per cent, as compared with 1928;

b) an increase of co-operative and State retail trading which at present totals 39.6 million roubles in 1932 prices, by 175 per cent, as compared with 1928;

c) an increase of the State and co-operative trading network by 158,000 shops and stores as compared with 1929;

d) a continual increase of our collective trading and the creation of various State crisis has led to a catastrophic shrinking of trade, to the closing down of trade undertakings on a mass scale, to the impoverishment of the small and middle

traders, to the bankruptcy of big trading firms, to a congestion of commodity circulation in trading and to a steady decline of the purchasing power of the working masses.

As a result of the carrying out of the Five-Year Plan in industry, agriculture and trading we have consolidated the principle of socialism in all economic spheres by driving the capitalist elements out everywhere.

The result was that the last remnants of the dying classes were flung out of their last resting places: the industrialists and their lackeys, the traders and their assistants, the former aristocrats, priests, kulaks, kulak elements, former white guardist officers, former policemen and gendarmes, the various chauvinist shades of bourgeois intellectuals and the other anti-Soviet elements. Thrown out of their element and scattered all over the Soviet Union these former bourgeois crept into our undertakings, our factories, our administrative institutions, our trading organizations, our building undertakings, our railway and water transport systems and into our collective and Soviet farms. They have concealed themselves in these places and adopted the mask of "workers" and "peasants" and some of them have even found their way into the Communist Party.

Why did they do this? Naturally, they entered these various organizations, etc., with feelings of hatred towards the Soviet power, with feelings of bitter hostility towards the new economic and cultural forms. These gentry are no longer powerful enough to undertake an open attack against the Soviet power. They and their class have made many such attacks, but they have been beaten off and scattered. All that now remains open to them is the treacherous underground weapon of sabotage and they use this weapon wherever they find an opportunity, whereby they proceed with great cunning.

Robbery and theft in the factories, etc.; robbery and theft on the railways, on the lines and in the depots and in the trading undertakings; robbery and theft in the collective farming undertakings is their specialty. These are the chief forms of the activity of these elements from the former ruling classes. Their class instinct tells them that the basis of the Soviet economic system is socialized property and that this basis must be damaged if the Soviet power is to be shaken.

In organizing robbery and theft they exploit the remnants of the private property feelings and customs of the collectivized peasants, the individual peasants of yesterday. The consciousness of the individual lags behind the actual material situation. The material situation of the collective peasants is that they are members of a collective, but their consciousness is still that of the individual peasant. The elements from the ranks of the former exploiting classes now utilize the old private-property feelings of the collective peasants in order to organize robbery and theft against socialized property and thus damage the basis of the Soviet system, common property.

Many of our comrades regard such phenomena good-naturedly in the belief that the matter is "not so important." They are making a big mistake. The basis of our order of society is socialized property, just as private property is the basis of capitalist society. In the period of the consolidation of the capitalist order of society private property was declared sacred and inviolate and we must now declare socialized property to be equally inviolate in order to consolidate our new socialist economic forms on all fields of production and trading. To tolerate robbery and theft against socialized property means to permit the undermining of the Soviet system which is based on socialized property. This was the standpoint of our Soviet government when it issued the law for the protection of socialized property a little while ago.

At the moment this law is the basis of our revolutionary legal code.

The struggle for the protection of socialized property is one of the chief tasks of the Party.

WHAT we need at the moment is a strong and powerful proletarian dictatorship in order to destroy the last

remnants of the dying bourgeois classes and to put an end to their predatory machinations. Some comrades have interpreted the theory of the destruction of the classes, the creation of a classless order of society, and the gradual disappearance of the State as a justification for laziness and conciliation, as a justification of the counter-revolutionary theory of the disappearance of the class struggle and the weakening of the State power. It is hardly necessary to point out that such people have nothing in common with our Party. The destruction of the classes cannot come about through the disappearance of the class struggle. On the contrary, it can be the result of an intensification of the class struggle only. The gradual disappearance of the State can not come about as a result of the weakening of the State power, but as a result of the maximum strengthening of the State power necessary to destroy, completely the remnants of the dying bourgeois classes and to organize an effective defense against the capitalist environment which is by no means at an end and will not be for a long time to come.

As a result of the carrying out of the Five-Year Plan we succeeded in ejecting the last remnants of the hostile classes from their positions in production. The kulaks were defeated and the way prepared for their final extermination. This is the result of the carrying out of the Five-Year Plan with regard to the struggle against the last remnants of the bourgeoisie. However, that is not much. Our task now consists in ejecting these elements of the former ruling classes from our own undertakings and administration and finishing them off once and for all.

Naturally, these elements from the former exploiting classes cannot bring about any fundamental alteration in the situation of the Soviet Union with their sabotage, robbery and theft. They are too weak and impotent to counter effectively the measures of the Soviet power. However, we must bear in mind that the growth of the Soviet power will intensify the resistance of these last remnants of the dying bourgeois classes. Just because they are dying and experiencing their last days they will adopt one weapon after the other against us. There is no crime which these elements of the former ruling classes would not ascribe to the Soviet power in their attempts to mobilize the backward elements against us. On this basis the defeated groups of the old counter-revolutionary parties, the social revolutionaries, the mensheviks and the bourgeois nationalists can revive and resume their activities, as also can the remnants of the counter-revolutionary oppositional elements from the Trotskyists to the right-wingers. That is certainly not a frightening prospect, but everything must be taken into consideration if we wish to make an end of these elements as quickly as possible and without particular sacrifices.

Therefore revolutionary vigilance is a quality which is particularly necessary for the Bolsheviks at the moment.

GENERAL CONCLUSIONS.

IT would be an error to assume on the basis of the results and achievements of the last four years that everything in the Soviet Union is now favorable. There are enough mistakes and deficiencies in our work. Unfortunately I cannot deal with these mistakes and deficiencies at the moment because the review I am giving is not extensive enough to permit

this. However, this is not the main point. The main point is that despite our mistakes and deficiencies, whose existence is denied by no one, we have achieved such considerable successes that the enthusiasm of the workers of the world has been aroused, that we have won a victory which is so important as to be of world historical significance.

What are the main forces which secured us this historical victory despite everything. Above all it was the activity, the self-sacrifice, the enthusiasm and the initiative of the million masses of the workers and collectivized peasants who developed a tremendous energy and enthusiasm together with our engineers and technical experts in socialist competition and the shock brigade movement. It cannot be denied that without this most important factor we could never have reached our aim, could never have advanced a step.

Secondly, there is the firm leadership provided by the party and the Soviet government who appealed to the masses to advance and overcame all difficulties met with on the way.

And finally there was the special value and the advantages of the Soviet economic system which contains tremendous possibilities capable of overcoming all difficulties met with.

These are the three most important factors which secured the historical victory of the Soviet Union in its great struggle.

General conclusions: 1. The results of the first Five-Year Plan refute the statements of the bourgeois and social democratic politicians that the Five-Year Plan was a fantastic and unrealizable dream. The results show that in fact the Five-Year Plan has already been carried out.

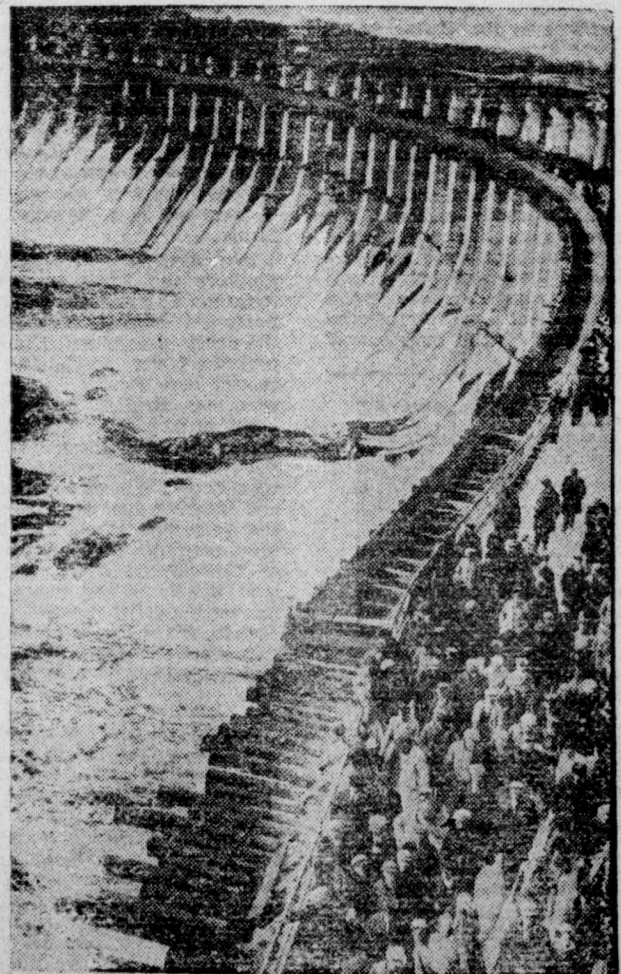
2. The results of the Five-Year Plan have destroyed the old dogma of the bourgeoisie according to which the working class is able to destroy only and not build up anything new. The results of the Five-Year Plan show that the working class is able not only to destroy the old, but also to build up the new.

3. The results of the Five-Year Plan have destroyed the social democratic theory that it is impossible to build up socialism in one country alone. The results of the Five-Year Plan show that it is quite possible to build up a socialist order of society in one country alone, for the economic basis of such a socialist order of society has already been laid in the Soviet Union.

4. The results of the Five-Year Plan refuted the statements of the bourgeois economists that the capitalist economic system is the best possible system and that all other economic systems would be unable to stand the stern examination put by the difficulties of economic development. The results of the Five-Year Plan have shown that the capitalist economic system is insolvent and broken, that it has already passed its prime and must now make way for another, higher form of system, the socialist Soviet system, the only system which has nothing to fear from crises and which is able to overcome difficulties which are insoluble for capitalism.

5. And finally, the results of the Five-Year Plan show that the Communist Party is invincible when it is thoroughly aware of the direction in which it is proceeding and when it is not afraid of difficulties."

(Storms of protracted applause. The assembled audience honors Stalin by rising to its feet.)



Dnieprostroi—the giant hydro-electric plant which was recently completed. It is one of the basic achievements of the first Five-Year Plan