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The Red/Expert Debate:  
Continuities in the State/Entrepreneur Tension

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## INTRODUCTION

In his brilliant though controversial history of Russian culture, James H. Billington has described the period of the 1930's as the revenge of Muscovy. This cogent analysis is also in many ways descriptive of the changes which were taking place in the sphere of economic activity at the end of the twenties. The Stalin period has often been described as the second revolution -- in Lenin's terms, the political revolution had been secured so attention could now be turned to the economic revolution and the creation of a new society and the new Soviet man. I will neither discuss nor evaluate the particular policy measures taken to herald this revolution, but will focus upon the decisions regarding the nature of economic and political activity as embodied in the "red-expert" debate which was ostensibly resolved by the expulsion of the old specialists and their replacement by a new cadre of red-experts.

Rather than affirming a new principle, however, this second revolution first rejected the developments of the late imperial period in which economic activity and decision-making crept beyond the confines of government circles. Then it reaffirmed the peculiar Russian administrative order which viewed economic and political functions as inextricably intertwined and supported the proposition that economic activity was primarily for the benefit of the state apparatus. But the reaffirmation of this model and its underlying principles did not necessarily imply a return to the particular policies of the Tsarist era; rather it represented a convenient framework for dealing with a number of specific issues which came to the fore in both the political and economic realm at the end of the twenties.

Lenin had on a number of occasions declared that the NEP was a serious and long-term policy, but the NEP was running its course. The NEP had been successful in its principal purpose, of restoring the economy to its prewar levels but in effect, had simply been a delaying device affording the hard-pressed Bolsheviks breathing space to develop their political base while the devastated economy proceeded along the familiar paths of prerevolutionary patterns. Now that the prewar levels were being reached conscious decisions about the future had to be made.

The industrialization debates had established that the Bolsheviks were sharply divided on how to proceed along this largely uncharted course. Political struggles following Lenin's death were being resolved largely in Stalin's favor and the developing intricate alliances were determining the economic stands for each side. Fortuitously, the economic positions of the "right opposition" were closely linked to the views expressed by a large segment of the non-Bolshevik economic cadres who still predominated in the economic sphere -- specialists for whom Stalin had long felt contempt. Though racked by internal debate, the Party also understood its failure to gain the genuine support of the masses even ten years after the revolution and sought ways to stamp the new regime with a distinctive Bolshevik flavor and ensure loyalty within the state apparatus. An obvious solution was at hand with the elevation of a younger generation of party loyalists, who as soldiers or children of the revolution had seen their paths for upward mobility blocked by a near monopoly on professional positions held by the prerevolutionary intelligentsia. The situation which prevailed in the economic sphere was little different from that in other professions or within the party apparatus itself. Therefore, the General Secretary was able to take advantage of this desire for the just rewards of the revolution claimed by this new generation and to use their support to stamp legitimacy on his own policies.

The purges of the late twenties are seen by most observers as important because they represent a dress rehearsal for the Great Purges of the thirties. In a larger sense, however, they have an intrinsic importance because they represent one further fundamental shift away from the society fashioned by Lenin toward a return to the insularity of Muscovy. In more general terms it may be argued that these shifts ended the revolutionary era which saw the rise of the professional intelligentsia beginning in the 1840's and 1850's. Those tainted with "free-thinking" had to be removed and be replaced with those loyal to the "cause" for whom interest ended at the border and who would deify the man and consecrate the policies which were responsible for providing their upward mobility.

To paraphrase both Lenin and Abram Tertz, Stalin's Russia took two steps back to the ideas and forms of the grandfathers rejecting the stillborn aspirations of the fathers in order to take one step forward toward the ill-defined goal of creating the new Soviet society. In so doing however, a fundamental problem of economic organization and the relationship of economics to politics which had finally been raised in the prewar period was summarily dismissed and declared resolved. The red-expert debate was however simply an extension of the debate which erupted in the pre-war period between the state and the emerging entrepreneurial class. The major focus of the debate was the growing awareness that economic and political actors had fundamentally different roles to play and that no matter how much an overlap existed in interests and responsibilities, tension was bound to develop between the two groups. Perhaps the issue was already being resolved in the dying days of the old regime with the inevitable ultimate rejection of a western entrepreneurial model. Nonetheless, Stalin's Russia firmly ended the debate fusing the two functions by eliminating the old specialists and replacing them with red-experts and decreeing the problem

solved and thus not open to debate. What is important here is that the issue was resolved on political grounds. The new experts had not won out by proving their experience or ideas superior, but simply by proving they were more loyal. Part of the battle involved charges that the disloyalty of the specialists led them to produce economic plans which were damaging to Soviet Russia's growth -- thus the ideas of the specialists had to be rejected not because they proved unworkable but because they came from a disloyal source. To paraphrase Moshe Lewin's remarks on the Kulaks, the specialists were not removed because they were counterrevolutionaries, but were labelled as such so that they could be removed. The new red-experts could not affirm the policies articulated by the specialists even though they may have been rational and therefore found that from the start their decision-making role was largely circumscribed by political considerations.

In reality Stalin's decision only postponed the debate and in a classic Russian pattern forced it into convoluted forms in the coming decades. The problem has nonetheless remained and Soviet leaders have had to deal with it. Even current Soviet leaders have on occasion recognized that economic and political actors have fundamentally different roles to play, and although these roles may overlap and intertwine, tension between the demands of the varying functions do in fact exist. Moreover, they have recognized that these tensions do not simply arise from the disloyalty of one of the groups involved. Function then does have an important role to play in defining the nature of concerns and interests of individual actors. But, by definition these tensions should not and could not exist in the new society. Soviet economists were left to face a problem which many other groups in Soviet society have faced, namely, how to discuss and hopefully deal with fundamental problems which the leadership has already declared to be a non-problem and thus not a legitimate subject for discussion.

### The Prerevolutionary Legacy

Private entrepreneurship had been the dream of very few Russians during the nineteenth century, although a number of isolated and eloquent voices were raised in support of the principle of moving economic decisionmaking outside the confines of the state apparatus. Most however eventually succumbed to the realities of the Russian economic scene.<sup>1</sup> The state was not only the major investor in but also the major consumer of the products of industrial enterprises. Capital in sufficient quantities for major industrial undertakings was largely unavailable outside the state or, as in the case of foreign investment, without the active participation and support of the state. Russian economic thinkers, whatever their inclinations, had become conditioned to view the state as the focal point for economic activity and the developments of the late imperial period, although offering opportunities for a new vision of economic activity, were not sufficient to change this mindset.

Not until the very end of the century, under the programs of Sergei Witte, did a self-supporting private sector begin to emerge. Witte himself shared few of the sympathies for private enterprise of his more liberal colleagues outside the government, but ironically it was his policy of rapid economic growth<sup>2</sup> which made possible the emergence of an autonomous private sector. Witte was first and foremost interested in the development of a strong industrial base to support Russia's great power aspirations. Slowly he came to realize that the political structure itself was a major obstacle to industrialization, and even more slowly did he understand that his goals and aspirations were often congruent with those of the emerging industrial class. But the fragility of the Russian industrial economy was exposed with a devastating downturn at the turn of the century thereby undermining Witte's position and policies. Russia's depression



was prolonged and deepened by foreign affairs debacles and the increasing domestic turmoil. While the rest of Europe began to recover from financial crisis, Russia became more mired in economic stagnation.

In the wake of the events of 1905 the Witte system appeared to be swept away and adjudged an interesting failure. Not until 1909 did Russia show signs of renewed industrial growth. In fact, the Witte system had partially succeeded in laying the foundation for this new industrial spurt, but one which was quite different from the kind of development which Witte had envisaged. As Alexander Gerschenkron has noted, after 1909 Russia began to approach the precedent pattern of economic growth of western Europe for the first time.<sup>3</sup> However, the state was not in a position to contribute much to this new advance for it was deeply concerned with questions of political order and stability and had precious little energy to devote to the economy. The Russian economy was slowly beginning to generate its own capital to finance expansion, absorbing some of the foreign debt, and making the most spectacular advances in industries which were not primarily dependent on government orders for their survival.<sup>4</sup>

During this relatively short economic advance, cut short by the war, Russian industrialists were able to raise but not resolve questions about the fundamental relationship of economic activity to the state apparatus. Owners, managers, economic and technical cadres of industry all shared to some extent the organizing zeal which had accompanied the upheavals of 1905. They appeared to raise more self-confident voices about their ability to deal with the problems of Russia's industrial development.<sup>5</sup> This self-confidence of the industrial leadership was reenforced by the appearance of new cadres of managers, technicians and economists who made it less necessary to turn to the state apparatus for expertise. This flow of newly and better trained economic cadres was in part a response to the increasing opportunities available in the private sector and in

part a consequence of a shift in training made available after the turn of the century which produced graduates interested and capable of exercising independent economic judgments.<sup>6</sup>

Yet, Russian industrialists were quite conscious of the extreme fragility and volatility of the Russian economy. They were confronted with the choice of trying to act on their own in the face of economic uncertainties or trying to secure government cooperation in dealing with the vicissitudes of Russian economic life. Like many of their western colleagues, but perhaps with a greater sense of urgency, they sought to reach an accommodation with the state in the hope that such an accord would guarantee a regularity to economic activity and a reasonable rate of return on their investments rather than the chaos they saw arising from the unfettered market place. At the same time, they found themselves confronted by a state apparatus which appeared dominated by agrarian interests and hostile to the needs of industry, in part because many of the industrial leaders did not come from the Russian Orthodox community. Nonetheless, the industrial community persevered unwilling or perhaps unable to acknowledge the fundamental nature of their conflict with the Tsarist system.

Although several major issues animated state-industrialist relations in the pre-war years, a few will give a flavor of the growing confrontation.

Industrialists recognized that the state itself was the single most important source of investment and sales of industrial goods. Thus industrial organizations urged the government repeatedly to try to introduce coherence and planning into future expenditures so that industrialists could rationally plan their production and introduce a reasonable level of coherence into their ventures. The state responded with only mild interest in these ideas, partially out of a desire to maintain control of the budget, and partially out of more venal instincts to use the state budget to reward friends and punish enemies.

With Witte's departure in 1903 no major governmental figure emerged who placed a high premium on rapid industrial development.

Secondly, industrialists interpreted the quite unequal trade treaty that Russia had been forced to sign with Germany in 1905 as a major indication of the state's unwillingness to support Russian industry in its battle with what was often perceived as German colonial dominance. Arguments used by the state which were based on the need to preserve a political balance in Europe and not alienate the Kaiser's Empire were of little avail. For a number of years industrial groups sought to get the government to renegotiate or cancel the trade treaty with little apparent success.<sup>7</sup>

Finally, Russian legislation on industrial organizations was perhaps the most backward in Europe. Industrialists sought to achieve legal recognition of corporate and syndicate organizations. A state commission studied the problem for nearly five years with no resolution of problems until early July 1914. The legal changes that were achieved did not address any of the problems raised by the industrialists. Rather, the new regulations focused on limiting the amount of land industrial corporations could hold and on restrictions upon the amount of "Jewish" capital which could be invested in any one venture.<sup>8</sup>

On the eve of war with Germany the Russian industrial community, backed by its technical cadres, found itself frustrated by the actions of what was perceived to be an agrarian government. The industrial community was as close as it had ever been to openly acknowledging its fundamental differences with the Tsarist government. The government was forced to rescind its new regulations, but the mutual hostility continued. When war came it served to dampen temporarily some of the more overt differences. Germany was the enemy of the industrial classes. Perhaps they, more than any other group, saw clear benefits which

could arise from Germany's defeat. The industrialists publicly stood four square behind the war effort, convinced as were most others that the war would be short and ultimately won, because Germany could be starved into submission and openly looked forward to the end of the war which would bring the end of German industrial domination of Russia.<sup>9</sup>

Yet, within the first year of the war, the industrial community realized that the war would be longer than expected and the government was not capable of organizing the war effort. The subsequent creation of the War Industries Committees represent one of the most intriguing spontaneous organizational efforts in Russian history. Brought into being ostensibly to work hand in hand with the government, in coordinating the distribution of war materials, the Committees were greeted with considerable suspicion and hostility by the state. The War Industries Committees provided a crucible of common experience for managers, owners and specialists alike. For many it was the first opportunity to discuss the national needs of particular economic sectors. The understanding of the problems faced and the hostility of the state apparatus, led simply to greater alienation from the Tsarist regime. At the same time that much of the industrial leadership was becoming convinced that the Tsarist regime had to be abandoned, few thought of fundamental changes in state-enterprise relations. Recognizing their own weakness, they still perceived a society in which the state was the primary economic actor, although the new society would be dominated by industrial interest rather than by agrarian ones.<sup>10</sup>

When the Tsarist regime collapsed in February 1917 and the Provisional Government took over, it was not surprising that many of those who had carried industry's battle and who had initiated the activities of the War Industries Committees -- Guchkov, Knovalov, Riabushinsky and others -- found themselves in positions of considerable influence and power. While this is not the

appropriate place to analyze the failure of the Provisional Government: it is worth pointing out in this context that the industrialists' commitment to the war effort and an ultimate victory, coupled with their inability to find short-term solutions to the economic and social dislocations in part occasioned by the war provided little positive contribution to the prospects of the new government. While within the confines of the War Industries Committees many plans and policies had been discussed, there was little hope of realizing any new direction while the war raged on. The WIC had even attempted to initiate a dialogue, and cooperate with the workers, but these efforts were largely stillborn -- opposed by the government and received ambivalently within the WIC.

#### The Bolsheviks and the Problem of Economic Organization

The October Revolution fundamentally altered the rules by which the game would be played, but this was only dimly perceived at first. For many in the industrial community it was hard to take the rag-tag band of Bolsheviks seriously. There was even a tendency to view them as a temporary plague which would soon abate. Many proceeded to act as if the Bolsheviks would go away, carrying on business as usual and trying to reach temporary compromises with the Bolsheviks when necessary. As the Civil War reached a crescendo and it became clear that the Bolsheviks intended to hold on, gradually the industrial owners and elite began to disappear from the scene. Left in place, especially in the central industrial regions, were the organizations created by the War Industries Committees.<sup>11</sup> Staffed by economists, technicians, managers and scientists they provided the framework for continuing discussion of Russia's economic problems. Confirmed Marxists of Bolshevik and Menshevik persuasion worked quite amiably with moderate and even right-wing professionals, concerned most often with professional dialogue and not politics. It is in



this context that Leonid Krasin, the Bolshevik electrical engineer, first became acquainted with the economic views of Professor Grinevetsky, a man whose political views were to be characterized by Lenin as among the most reactionary he had ever encountered. Nonetheless, the professional dialogue continued, and Krasin was later to be responsible for bringing Grinevetsky's work to the attention of Lenin and others in the Bolshevik leadership.<sup>12</sup>

Within days after the surprising ease of the coup in Petrograd the Bolsheviks had to begin to wrestle with the problem of the role of non-party specialists in the new Soviet structure. Bereft of the necessary economic cadres within his own Party, Lenin moved quickly to try to attract these specialists into the new state apparatus of the Bolsheviks. He carefully employed the contacts of two leading Bolshevik engineers who had been active in the WIC, Krasin and Krzhizhanovsky.

From the outset Lenin cajoled and sometimes drove the party to use all available talent and he sought to protect conscientious specialists from the wrath and jealousy of the party apparatus. Battles erupted over the use of specialists in the Red Army (e.g., the Stalin-Trotsky stand-off at Tsaritsyn), in the management of factories (e.g. the debate over workers' control), and in the economic organizations of the state, but at each point Lenin had his way and the role of specialists was temporarily assured. Yet, within the party apparatus suspicion and even envy of the specialists continued to smoulder.<sup>13</sup> Ideological considerations aside, it is clear that Lenin as well as Trotsky and other prominent leaders of the Party did not feel that the appearance of specialists in the Soviet structure was a threat to their personal positions. But, members of the middle and lower levels of the party, who had fought and won the Revolution, found that as Bolshevik power was being established they often remained in positions subordinate to former enemies. Quickly, some members of the party leadership identified themselves with the anti-specialist position, most





prominently, Josef Stalin. The process of attracting specialists in the state apparatus was well under way even during the Civil War, but the end of the war and the announcement of the NEP in 1921 removed the last obstacles and opened the gates for the economic specialists to join the new regime in its efforts to construct a new society.<sup>14</sup>

After the initial disasters of workers control, the role of non-party specialists in the economic organizations of the country grew steadily. The number of specialists working in the Supreme Economic Council (Vesenkha) expanded along with its activities during the Civil War. The first major new economic venture, GOELRO, became the virtual domain of non-party specialists. Lenin recognized this when he praised the GOELRO report and observed that "more than 200 specialists -- almost all, without exception, opponents of Soviet power -- worked with interest on GOELRO, although they are not communists."<sup>15</sup> In fact, it can be argued that not only the work but the idea itself was suggested to Lenin by non-party specialists.<sup>16</sup> The bulk of the specialists, recruited largely by Krasin and Krzhizhanovsky, the two electrical engineers in the party, had worked together in the War Industries Committees. But GOELRO was not an exception; when Gosplan was established in 1921 a staff of 34 included only seven Bolsheviks, only two of whom held professional positions. As late as 1924 when the Gosplan staff had expanded to nearly 500, there were still only 48 party members and again most of the party members held non-professional positions.<sup>17</sup>

The number of non-party specialists who sought and found work in the economic organizations of the Soviet state increased rapidly with the announcement of the NEP in 1921. For many specialists who had remained on the sidelines during the Civil War and the period of War Communism, the NEP represented to them the abandonment by the Bolsheviks of their more extreme policies and



a return to rational economic decision-making. Nikolai Valentinov-Volskii, for one, argues that this perception was widely shared in non-party circles and was the cause for the appearance in substantial numbers of technical cadres in Soviet agencies.<sup>18</sup> The Bolsheviks did little to dissuade the technical specialists from this point of view. While most agencies had a large number of non-party specialists it is hard to pin down the backgrounds of all of them. For the most part, the specialists represented left or socialist political positions, with many former Mensheviks among their number. Few had been professional revolutionaries, and the great majority had professional careers in the government, business, or academies before the war, and most had had extensive contact with the War Industries Committees during the war. In fact, the electro-technical section of the War Industries Committee was the fertile recruiting ground for Krasin, its former chairman, for the GOELRO project.

Lenin's death in January 1924 deprived the non-party specialists of their chief supporter and protector within the Party. The goals of the NEP had dovetailed well with the views of the bulk of the non-party specialists. Lenin did not hide the fact that the NEP meant the consolidation of Bolshevik political control and that political opposition would not be tolerated. But for the specialists the Lenin of the NEP was a much less fearsome figure than the Lenin of war communism, and the political control could be accepted as the price to be paid for economic progress. Lenin had first described the NEP as a political expedient, but the more it succeeded in restoring the devastated economy, the more Lenin appeared to support its continuation. Especially in his last year he ceased to speak of the NEP as a temporary policy and the more he enjoined the Party to think of it as a long-term and serious policy, the success of which depended upon the maintenance of the good will of the hard



working and honest specialists. He also realized that economic progress was intertwined with the regime's ability to create a framework which would encourage and reward economic innovation and higher productivity.<sup>19</sup>

Lenin himself was fascinated by the possibilities of technological innovation, particularly given the state's lack of investment capital and consequent need to find rapid and inexpensive ways to break out of the traditional circle of low productivity in spite of a limited pool of skilled workers and technicians. Lenin had been an avid supporter not only of GOELRO, but also of possible experiments, as he confided to Krzhizhanovskii, with x-rays and perpetual motion machines.<sup>20</sup>

To what extent Lenin was in general influenced in his thinking by the ideas of the non-party economic and scientific cadres which he supported and protected is debatable. I have argued elsewhere that Lenin's views were developed largely out of the Russian context and owe much more to this tradition<sup>21</sup> than to either Marxism or foreign models. He was thus quite susceptible to the influences of a group of professionals who represented a tradition with which he was familiar and with which he sympathized. It is likely that his fascination with electricity as a possible salvation came in part from his close friend Krasin and from the work of the quiet, but devoutly counter-revolutionary professor Grinevetsky from the Moscow Higher Technical School.<sup>22</sup> Be that as it may, the point is that as the NEP progressed and Lenin was increasingly pleased with the results -- he had been able to consolidate political power without serious opposition and the economy was showing signs of recovering from the devastation of war, revolution and civil war -- he became firmer in his conviction that the correct path had been chosen. For Lenin the NEP was indeed a serious and long-term policy. Perhaps he would have wished otherwise, that War Communism could have been continued or that socialist forms had quickly come to predominate, but it is difficult

to deduce this position from his later works. He saw on the horizon a socialist society, but this was a matter of faith and not of immediate policy.

It is clear that among the likely successors to Lenin, the non-party specialists would find neither the clear-cut support for the NEP nor the individual protection that the founder of Bolshevism had provided. Trotsky had not been afraid to use specialists in either the government or the army, but his economic policy positions were anathema to the majority of specialists. Stalin was feared and in some quarters hated not because of his policy positions but because of his well-known contempt for the non-party specialists. Among the others, only Rykov, head of the Supreme Economic Council, had developed a relationship of mutual respect with the non-party economic cadres. Ironically Lenin's mantle as staunch supporter of the NEP and protector of non-party specialists fell to an extremely unlikely candidate, the "Red executioner," Feliks Dzerzhinskii, who was named to head the Supreme Economic Council. The career of Dzerzhinskii as an economic manager is an extremely interesting case study of the interaction between the political leadership and the economic cadres. Unlike Lenin, Dzerzhinskii, despite his short tenure as Narkom of Transportation, came to his new post as head of the Supreme Economic Council with little apparent interest in and no coherent views on economic policy matters. His views evolved through his interaction with the specialists of Vesenkha. The way in which Dzerzhinskii entered the economic debates is worth our attention.

No organization was more affected by the influx of specialists than the Supreme Economic Council, which more than any other agency dealt with the day-to-day coordination of the Soviet economy. The problem of controlling the increasing influence of non-party specialists was widely debated in the party. The problem in Vesenkha was more acute for the party had not provided effective leadership in the organization. Vesenkha had had three chairmen

in its early years. Two of them, Osinsky (1917-1918) and P. A. Bogdanov (1921-1923) had been relatively ineffectual. Rykov, head of Vesenkha from 1918-1921 and then again in 1923-1924, had excellent relations with the staff but his other party duties, especially after Lenin's illness, left him little time to cope with the increasing bureaucratic tangles in the economy. Within the party apparatus, criticism of the NEP was increasingly coupled with attacks on the non-Soviet character of the economic organizations and the lack of effective party control.

In February 1924 during the administrative reshuffling which followed Lenin's death the party apparatus decided to move in a direction designed to curb the independence of the economic cadres. Rykov who now became head of Sovnarkom could no longer even nominally serve as Vesenkha chairman. The decision was made to bring in a real "boss" whose strength and loyalty were beyond question. Apparently a wide search was held, and a number of prospective candidates such as Piatakov, Rudzutak, and Sokolnikov were dismissed. Piatakov was perhaps the most serious candidate but his economic views and his abrasive personality probably disqualified him. Rykov said of Piatakov, "You have to watch him constantly or he'll break all the dishes." In the meantime specialists in Vesenkha made a demonstration of their respect for Rykov and particularly for his ability to treat the staff well. But as the specialists shuddered, the announcement was made that the new chairman of Vesenkha would be Feliks Dzerzhinskii, and to add emphasis it was announced that he would also continue as chief of the secret police.

It appeared that the party had found its tough boss and that specialists in Vesenkha had considerable reason to shudder. Dzerzhinskii's loyalty to the regime was unquestioned and he had demonstrated his willingness to use brutal force against opponents of the party. Lenin had chosen him as first head of the Cheka for precisely these reasons. The methods of the Cheka had also

been used liberally when he served as Narkom of Transportation and attempted to put the devastated transportation system back together. His party connections, in addition to the loyalty shown him by the Cheka, made him a powerful figure, for not only was he a long-standing member of the Central Committee, he was now a candidate member of the Politburo. Yet, he had on occasion declared his independence from the majority political position of the party. He had maintained his opposition to the treaty of Brest-Litovsk and had often criticized the growing bureaucratism infecting the party itself.

Until his appointment as Narkom of Transportation, he had evinced little interest in economic policy questions. All of his pre-revolutionary and most of his post-revolutionary writings and speeches are concerned almost exclusively with the political struggle. His approach as Narkom of Transportation was extremely pragmatic although his experience with the reorganization of the railroads led him to begin to articulate broader concerns with the restoration of the economy. By mid-1923 he had begun to take positions on economic policy, but beyond support for greater attention to the development of a metallurgical industry, little was known of his economic views.<sup>23</sup> In addition, Dzerzhinskii had been involved in the Georgian Affair which brought only terror to the non-party cadres. Now with Lenin gone and Dzerzhinskii appointed, the specialists waited.

The waiting did not last long. Although he brought with him some of his assistants from the Cheka, Dzerzhinskii indicated quite early and quite clearly that he was primarily interested in economic policy and conscientious work, and that he would not tolerate interference from party cadres in the technical work of the Council. He echoed Lenin's earlier attacks on komchvanstvo (communist self-conceit) and indicated his full support for specialists who worked honestly and conscientiously. He was contemptuous of party members who felt that they ought to have more authority simply because of their party



cards. Dzerzhinskii quickly began to earn the respect and even the affection of the specialists in Vesenkha.<sup>24</sup>

Although he acquired considerable experience dealing with economic problems both as head of Vesenkha and as Narkom of Transportation, he rarely delved into economic theory and often yielded on technical questions to the staff or in party meetings to his deputy Piatakov. Yet, he developed an approach to economic problems that was to stand him in sharp contrast to Piatakov and the emerging left opposition. He stated quite clearly that he believed in Lenin's position that the New Economic Policy was a long-term venture, and he attempted to follow as much as possible the logic of the NEP. This position placed him closer to the majority of non-party specialists and it seems quite likely that they had considerable influence in bringing him to this position.

His economic policy, then, emerges more from an analysis of the particular economic actions he took than from a coherent position which he articulated. He initiated a number of "economic" campaigns as head of Vesenkha and when the elements common to each are extracted a policy emerges which is quite compatible with what later emerged as the right opposition. He was clearly concerned with the development of the metallurgical industries and spoke passionately for their expansion, but his position differed sharply with those of Piatakov and the other leftists. He felt that the first priority for the metals industry was the provision of goods to the mass market -- lamps, roofing material, nails, horeshoes, etc.<sup>25</sup>

Dzerzhinskii's concern for developing a mass market and for the improvement of the standard of living particularly in the villages motivated two other "campaigns." The first was a campaign to lower wholesale and thus retail prices of finished goods.<sup>26</sup> He and his staff encountered enormous difficulties in this campaign, for despite massive efforts to control prices, there appeared

to be little reflection in lower prices for consumers. Dzerzhinskii began to strike out at what he considered the insufferable bureaucracy which the party had created. His criticism of bureaucratism went so far that even Trotsky, with tongue in cheek, suggested at a meeting that Dzerzhinskii ought to be careful for he might be classed with the opposition. The frustration with this effort led Dzerzhinskii to begin a campaign called the "regime of economy"<sup>27</sup> in which the same aim of lowering prices would be accomplished by attacking the enormous waste and inefficiency of the administration of industry. He devoted much of the last months of his life to this venture and came into continual conflict with the party apparatus. His concern for the expansion of trade and consumer goods led him to a final position which simply confirmed the distrust the left felt for him. He too was concerned with the accumulation of capital of the expansion of industry, but his emphasis on consumer goods led him to seek a source of capital accumulation which was rejected by the left. Rather than squeeze the peasantry, Dzerzhinskii proposed that the only feasible way to accumulate capital was to raise the productivity of labor, a campaign of labor intensification.<sup>28</sup> He argued that Soviet workers were overpaid and underemployed. Again, this campaign found him lashing out at the party "businessmen," who served as heads of factories but whom Dzerzhinskii accused of doing little more than sloganeering. He charged that when experts were sent in to increase productivity, the party members gave them no support and allowed the workers to rough them up. If the party was going to move the country forward then the party bosses in industry would have to give support to and learn from the experts.

In general, Dzerzhinskii favored balanced growth with heavy emphasis on improving the lot of the common people and in particular the peasantry. He adhered to Lenin's dictum that if socialism were to succeed it would have

to do so by proving that it was more efficient and productive, not by forcing out private ventures through administrative edicts. When Dzerzhinskii's views are analyzed he appears to stand even to the right of the leaders of the emerging right opposition, Bukharin and Rykov.

Dzerzhinskii found himself on occasion in open battle with members of the party apparatus who felt he went too far in defending specialists or that his views on bureaucratism came too close to opposition. He had a few encounters even with Stalin, but he did not back away from the fray. Dzerzhinskii suggested that although he signed the directives of Vesenkha, he was usually not the author, and that he ought to share the limelight with the specialists who were in fact responsible for various documents. Here, he was attacked on the grounds that such an act would undermine the authority of the Party, but Dzerzhinskii responded directly by asserting that quite the contrary, such an act would convey the willingness of the party to work with conscientious specialists and thus give greater confidence to the regime.

The paradox of Dzerzhinskii the Red Executioner, the scourge of the bourgeoisie, as friend and patron of the specialists was not lost on some astute members of the party. In fact, in 1925-1926 rumors abounded in Moscow that Dzerzhinskii was being considered as a potential successor to Stalin as General Secretary of the Party. There is no evidence that Dzerzhinskii participated in any of these discussions. Quite the contrary -- he appeared to lack any aspiration to advance up the party bureaucracy and seemed to feel that he had all the power and influence necessary. As Chairman of Vesenkha he rarely invoked his second function to gain attention, but when he reminded people that he was also head of GPU, they knew that it was a matter of utmost seriousness to Dzerzhinskii. Perhaps he did not invoke his second title, for as his long-time friend Mantsev observed,

21.

Feliks Edmundovich has changed drastically since he began working in Vesenkha. Before he wanted to be feared, even hated out of fear. This did not disturb him. As head of the Cheka he considered such fright was useful within the Cheka as well as outside of it... But now it is unpleasant for him to hear that he calls forth terror from those under him or from those who work with him.<sup>29</sup>

At the same time, while he refused to join factions within the party, he maintained his independence and spoke out against abuses in and outside the party as he saw them. Because the main thrust of this attack was against the left opposition, he was not under great pressure from the Stalinist apparatus. But, his criticism was felt by the apparat.

In July 1926 he delivered an emotion-laden speech to a combined meeting of the Central Committee and the Control Commission,<sup>30</sup> in which he attacked both the left for its economic positions and the apparatus for its colossal inefficiency and corruption. But, he was a sick man and the emotional outburst took its toll, for his speech became halting and he obviously struggled to complete his oration. He finished his speech and had to be helped from the hall. Three hours later he was dead.

The Party mourned its fallen comrade, but the truly spontaneous outpouring came from precisely those specialists who had two years earlier feared his appointment.

Dzerzhinskii's death once again created a situation of unease among specialists in Vesenkha. The appointment of Kuibyshev sealed their fate. Under Dzerzhinskii, many prominent specialists had easy access to the chairman, but now the situation deteriorated. Kuibyshev was viewed by many as Stalin's "creature" and Stalin's hatred for the specialists was a well-known fact.

While his loss was to be felt by the specialists, perhaps more significant was his loss during the forthcoming party struggles. Dzerzhinskii had fought

to maintain his own independence throughout the last years of his life. He had opposed both the policy positions of the left opposition and the bureaucratism of the apparatus. While he had lost some battles he was not afraid to fight them. His sympathies lay with the emerging right opposition with which he had maintained cordial relations. In addition, he had the apparent loyalty and respect of the secret police. He was the only member of the right who had an independent source of power. Perhaps even with the alliance of Dzerzhinskii the right could not have succeeded, but it is interesting to ponder.

### The Denouement

The great industrialization debates of the mid-twenties which preceded the adoption of the first five year plan by the Fifteenth Party Congress were the last gasp of the experimentation and relative intellectual freedom in the economic sphere provided by the NEP. These debates took place against the background of intense political infighting within the leadership of the party after the death of Lenin, and could not be divorced from the increasing factionalism at the top. The right opposition was often accused of attempting to introduce capitalism to Russia, but despite the hyperbole and epithets directed at all parties, the debates took place within the context of general agreement on certain principles.

Private enterprise, except in very limited and controlled circumstances, was not an issue in the debates. All of the participants -- party members and non-party specialists alike -- had come to accept the desirability, or at least the necessity, of a state-controlled, centrally directed economy. This proposition had been accepted by most of the specialists involved even before the revolution. Within this framework, however, there was wide

disagreement on specific policy issues: i.e., balanced growth (basically a continuation of the NEP versus heavy industrialization), the necessary sources for capital investment funds, and the role of material and moral incentives.

The "right opposition" rejected the arguments of the proponents of rapid industrialization and emphasized the need for a system of rewards and material incentives to encourage productivity and innovation. Their positions received the sympathy of the majority of the non-party specialists, and for that matter the support of the bulk of the party and non-party economic cadres.

The plan ultimately adopted by the Fifteenth Party Congress represented a compromise which if anything leaned a bit toward the proponents of more rapid industrialization than that proposed by Gosplan and Vesenkha. But, as adopted, the plan provided only a starting point for a program which was enacted administratively from the center during the gap between the Fifteenth and Sixteenth Congresses and which launched the drive to industrialize rapidly at the expense of the agricultural and the consumer sectors, although the proponents of rapid industrialization within the party leadership had already been exiled or deprived of their positions.

In this context, the death of Dzerzhinskii had both real and symbolic significance. The specialists lost a protector and the "right opposition" lost a potential ally. During the ensuing struggles, the leadership of Vesenkha could not be counted on to provide a voice of moderation. Dzerzhinskii had maintained an independent status with a real, if limited, base of support. His replacement, Kuibyshev, was but one of a coterie of Stalin's lieutenants who had no status beyond his place in the camp of followers. But Vesenkha was not alone; throughout the professional community of the Soviet Union those with real or imagined independence were being set aside and replaced by "loyalists,"

not on the basis of talent or achievement, but on the basis of loyalty. The Party itself was being cleansed (particularly the sources of support of the Old Bolsheviks) through a process which would be completed by the purge of the right opposition in 1930. At the same time, a new Party was being created by a flood of new members; the so-called "Lenin levy" alone brought in 200,000 new members. This process further weakened the old Bolshevik nucleus with its tradition of intellectual independence and sophistication. Between January 1924 and January 1928 membership grew from 472,000 to 1,304,400.<sup>31</sup> "To most of those who entered after 1924, Stalin was the leader and Lenin's successor; his rivals, for all their somewhat distant services during the Revolution, were people tainted with factionalism and intrigue. It is thus easy to understand how the purge or exile of such legendary figures of prerevolutionary or Civil War times as Trotsky, Zinoviev and Kamenev could be met if not with approval, then at least indifference, by the mass of members."<sup>32</sup> In particular, Trotsky's criticism of Socialism in One Country would fall on the deaf ears of those who were interested in their own careers; in the rebuilding of their own society, the international revolution was only a distant image for most of the members.

This process was not limited to the Party, but proceeded everywhere in the professional world. New managers, technicians, and economists began to appear in great numbers in the economic sector. Private publishing was severely restricted and then ended in 1929. In all fields ranging from literature and publishing to architecture, from the universities to the state bureaucracy, new cadres were assuming control, cadres which owed their positions to the benevolence of the General Secretary. If there is a common denominator in these changes it is that those suspected of having independent positions were replaced by those whose ultimate loyalty was unquestioned, those who would not be expected to take exception to any policy directive from the center.

25.

Many of the specialists in the economic cadres had accepted the Leninist compromise of the NEP not out of loyalty but out of conviction. This policy and its formulator had gone far in the direction that many of the specialists had advocated or adopted even prior to the revolution. To many, Lenin's articulation of the NEP was a sign that he had given up the radical ideas of the revolutionary period and moved into the mainstream of Russian economic thinking. The policy itself was perceived of as one which promoted industrialization within the framework of balanced growth, provided direction from the center with an appropriate amount of incentive and reward to encourage productivity and innovation. While the non-party specialists lacked any real power base to oppose the new policies emanating from the center, they could not be counted on to enthusiastically support each turn in policy or from raising a questioning voice. Even during the industrialization debates a number of specialists, Groman and Bazarov in particular, had been willing to publicly raise their voices against the proponents of rapid, coercive industrialization.<sup>33</sup> They had not made a political alliance with the right opposition, but it was a possibility. To this extent from the point of view of the Stalinist leadership, their removal was rational in terms of both the political and economic goals Stalin was intent on achieving.

The axe began to fall soon after Kuibyshev's appointment. First the specialists had little access to the new leader, and soon their positions came under attack. Rather than simply dismissing them, the regime decided to make an example of them. Free thinking was not only to be treated as dysfunctional, but it was to be equated with treason. A series of trials were arranged which involved not only economic cadres, but also engineers, academics, and theoreticians.

New members of the party were recruited to replace the old intelligentsia. They faced perplexing problems. While they were trained, they had been chosen



not because they were better economists, engineers, etc., but because they were more loyal. The policies, practices, estimates, procedures, etc. that the specialists had produced during the twenties had been rejected as part of a concerted wrecking plot that the old specialists had undertaken. The new cadres were brought in not to make policy, not to advise the leadership, but rather to implement unflinchingly policy as it was passed down. The independent discussion and exchange which had within limitations existed during the twenties, now disappeared. The new cadres were to define their goals as identical with the leadership. It is small wonder that the economic bureaucracy ceased to have any major function in the early thirties, and that even Soviet economists have been forced to reconstruct almost every index for this period in order to gain an understanding of what was really happening.

Lenin had been willing to accept that economic failure could arise from inefficiency, poor organization, even from natural causes -- Stalin acted as if all economic failure was the result of treason and sabotage.

For the interim Stalin had solved a number of problems. He had achieved consolidated political power within the party, he had responded to the desires for advancement on the part of an engorged party apparatus, and he had effectively eliminated most voices which might object to his actions on the grounds of principle.

The failures of the economy were laid to the disloyalty of those who had run the economic organizations; now the situation was resolved by replacing those specialists with loyal red-experts. But the precedent was established and most understood that economic failure would result in charges of sabotage; the price of failure was extremely high, and since few dared to fail, they reported success at all cost. To some extent these new managers and technicians

would suffer the same fate as their predecessors, but to a lesser extent than their colleagues in other sections of the Party. Stalin could still trot out the Old Bolsheviks and lay at their feet the blame for the economic dislocations of the early thirties.

The principles had been established and the debates ended. The functional distinctions between economic and political actors had been resolved by the fusion of their functions with the coming of the red-experts. Open debate was unnecessary, even treasonous, for the whole apparatus by definition now shared the same goals. Nonetheless, the problems of the economy would not dissipate and were not simply the function of shortages of resources; they involved fundamental organizational and structural issues. But generations of Soviet economists have found themselves frustrated because while they could not ignore the issues, neither could they discuss them directly.

# FOOTNOTES

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16. The credit is often given the work of V.I. Grinevetskii, Poslevoennye perspektivy russkoi promyshlennost', (Kharkov, 1919), 1st edition. Valentinov, NEP, makes this argument at length. Also see Leon Smolinski, "Grinevetskii and Soviet Industrialization," Survey, No. 67 (April, 1968), pp. 100-115, and Guroff, "Lenin and Russian Economic Thought," in Eisenstadt, ed., Lenin and Leninism (Boston, 1972), pp. 200-205.
17. Zvezdin, "Iz istorii deiatel'nosti Gosplana," pp. 45-56.
18. See Valentinov, NEP.
19. For Lenin's views see PSS, Vol. XLV, pp. 343-451, esp. pp. 369-377, 389-406. For an interesting and extended Soviet scholarly discussion of Lenin's attitude toward NEP see E.B. Genkina, "K voprosu o leninskom obosnovanii novoi ekonomicheskoi politiki," Voprosy istorii KPSS, No. 1 (1967), pp. 58-70; V.I. Kuzmin, "Novaia ekonomicheskaiia politika smychka sotsialisticheskoi promyshlennosti s melkokretianskim khoziastvom," ViKPSS, No. 2 (1967), pp. 46-47; A.A. Matiugin, "O khronologicheskikh ramkakh perekhoda ot 'voennogo kommunizma' k novoi ekonomicheskoi politike," ViKPSS, No. 3 (1967), pp. 66-72; R.M. Savitskaia, "V.I. Lenin i izpol'zovanie gosudarstvennogo kapitalizma v period mirnoi peredishki 1918 g.," ViKPSS, No. 3 (1967), pp. 57-66; and E.I. Beliantsev, "Nekotorye zamechanii k obsuzhdeniiu problem novoi ekonomicheskoi politiki," ViKPSS, No. 5 (1967), pp. 51-52.
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