

Debate

The Soviet Agricultural Surplus: A Retrospective

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Abstract

This article uses the transcripts of the Central Committee Plenums from December 1928 to November 1929 to re-evaluate James Millar's three propositions concerning collectivisation and the net agricultural surplus. It finds that the debate between Stalin and Bukharin was indeed consistent with Millar's analysis and it supplies new information on the role of markets, repression and primitive accumulation. I examine these questions against the backdrop of the Central Committee transcripts to determine whether the principals truly aimed to increase the agricultural surplus as defined by Millar, their respective positions on coercion, and the role of Marxist ideology in their decision making. The aim is to discover what the actual decision makers expected from collectivisation and the extent to which they (or their critics) were aware of the possible unanticipated consequences of their actions.

IN THE COURSE OF THE SOVIET INDUSTRIALISATION debate of the mid-1920s (Erlich 1960; Spulber 1964), the 'Left Communists' proposed to raise capital formation through 'uneven exchange'—a concept promoted by E. A. Preobrazhensky (1964). According to him, the burden of financing industrialisation could be shifted to the peasantry by a state-dictated reduction in relative agricultural prices. These 'scissors' would create a net agricultural surplus by driving down rural living standards. At the time of this discussion, no one anticipated forced collectivisation; the means of enforcing uneven exchange was left up in the air.

During the first five-year plan, the state did set low grain procurement prices, rural living standards fell, peasants fled the villages for the cities, and the investment rate doubled (Bergson 1961, pp. 217, 237)—an apparent confirmation of the effectiveness of uneven exchange. So compelling was uneven exchange that it was taken up by prominent economists (including Joseph Stiglitz, a Nobel laureate) to consider

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whether 'scissors' could be generally used in poor countries to raise capital formation (Sah & Stiglitz 1984, 1987; Knight 1995; Blomqvist 1986; Carter 1986).

Almost 40 years ago, in this journal, James Millar (1970) raised perhaps the first objection to this story. He argued that, at best, collectivisation's contribution to capital formation was modest. A few years later (Millar 1974), he was able to use data from a Russian economist (Barsov 1969) to show that agriculture's contribution to industrial capital formation was either zero or negative. Millar's controversial work set off other studies. Major scholars in the Soviet field, such as Alec Nove (1971), Michael Ellman (1975) and Mark Harrison (1980) engaged in stimulating research in its aftermath. Millar's questions were then engaged in counterfactual modelling (Hunter & Szyrmer 1992; Allen 2003) more than 20 years later. These two studies, while disagreeing on most everything else, agree on the negative (or insignificant) role of collectivisation in Soviet economic growth. Millar was the first to uncover what may be one of the greatest unanticipated consequences of the first half of the twentieth century.

The Soviet Industrialisation Debate consisted of polemical exchanges in newspapers and journals published between 1924 and 1928 (Erich 1960; Spulber 1964). They do not reflect what was going on in decision-making circles, although Davies did an admirable job on this by using published sources (Davies 1980). The debate that actually counted took place in the Politburo and in Central Committee plenums after Trotsky's expulsion from the party and we did not have access to these debates until recently (Danilov *et al.* 2000). The recently released Politburo transcripts from this period (Khlevnyuk *et al.* 2007) reveal that positions ascribed to Politburo figures based on writings of their 'followers' may not be accurate. Trotsky is notably silent on the issue of 'uneven exchange' in transcriptions of Politburo meetings on agriculture (Khlevnyuk *et al.* 2007).

The 'real' Soviet Industrialisation Debate began in earnest within the Politburo and Central Committee in 1928, when the *troika* of Nikolai Bukharin, Aleksei Rykov and Mikhail Tomsky split with Stalin and his supporters over agricultural issues. Forced collectivisation and rapid industrialisation were adopted at the November 1929 Central Committee Plenum, the venue of Stalin's decisive victory over the 'right opposition' of Bukharin, Rykov and Tomsky. The 'open' part of the battle lasted almost a year, starting with the Central Committee plenum of December 1928, which joined the struggle over the growing confiscation of grain through 'extraordinary measures'. The war against the *kulaks* was declared shortly after the November 1929 plenum in Stalin's 5 January 1930 declaration to 'liquidate the *kulak* as a class'. These actions constituted the cornerstones of Stalin's 'Great Break' (*veliki perelom*), which saw impressive rates of industrial growth, the transformation from peasant to collective agriculture and the mass transfer of labour from the countryside to the city.

This article re-examines three fundamental questions raised by Millar in the 1970s (Millar 1970, 1974, 1978). Did collectivisation generate a net agricultural surplus that financed industrialisation? Was coercion of the countryside inevitable? Did Marx's concept of primitive accumulation require a state takeover of agriculture's assets independently of capital accumulation issues? I examine these questions against the backdrop of the Central Committee debates of 1928 and 1929 to determine whether

the principals truly aimed to increase the agricultural surplus as defined by Millar, their respective positions on coercion, and the role of Marxist ideology in their decision making. I want to know what the actual decision makers expected from collectivisation and the extent to which they (or their critics) were aware of the possible unanticipated consequences of their actions.

The net agricultural surplus

Millar's 1970 paper entitled 'Soviet Rapid Growth and the Agricultural Surplus Hypothesis' asked a strictly economic question: did forced collectivisation 'finance' the increases in the industrial investment rate as required for rapid industrialisation? He did not ask whether collectivisation advanced the political goals of the leadership; nor did he question the immense hardship of the Soviet peasantry.

At the time of Millar's publication, a generation of scholars had been raised on Maurice Dobb's *Soviet Economic Development since 1917*, first published in 1928 prior to collectivisation (before going on to multiple editions). Alec Nove's *Economic History of the Soviet Union* (1969) had only recently been published. Dobb's book, more than any other, imparted the conventional wisdom of the day. While it was a work of serious scholarship, it largely accepted the official Soviet/Stalinist interpretation of collectivisation. The basic empirical facts of Soviet economic development were already known at the time. Abram Bergson's estimates of Soviet economic growth (Bergson 1961; Bergson & Kuznets 1963) provided the key stylised facts: they showed, first, a rapid rate of growth between 1928 and 1937, especially of industry, and, second, unprecedented increases in the investment rate, beginning with the first five-year plan.

The prevailing consensus that collectivisation contributed substantially to rapid industrialisation rested on a simple argument: with capital accumulation being the difference between production and consumption, collectivisation must have caused capital to accumulate because it drove down peasant consumption. It was those whose living standards fell who 'paid' for rapid industrialisation. To quote Nove from his 1969 economic history: 'Agriculture thus made a decisive contribution to the financing of the plan' (Nove 1969, p. 211).

Dobb assumed a substantial decline in peasant consumption, which, while regrettable, could be considered a historical necessity. The USSR was a backward country facing intense military and political opposition from its neighbours; its only choice was bootstraps industrialisation. The necessary rise in the investment rate had to be financed from somewhere, and the presumption was that the only option was to extract a 'surplus'. Industrialisation would otherwise have been slower, and, to take it to an extreme conclusion, Stalin's Russia perhaps could not have withstood the German onslaught without the earlier sacrifices of the peasantry. This chain of reasoning formed the foundation for Alec Nove's famous question: 'Was Stalin necessary?' (Nove 1964). Whereas Nove emphasised that he was posing a question with a capitalised question mark, Dobb's influential text supported the wisdom of collectivisation. True, collectivisation imposed inconvenience on the rural population during the 'hard years'. This hardship was unintended and was necessitated by the disappointing performance of industrial productivity. There were 'serious excesses',

'excessive zeal', and departures from 'voluntary principles'. By the later part of the 1930s, however, these transitory inconveniences were over, a 'grand design was beginning to take visible shape' (Dobb 1949, p. 260), and, to use Stalin's famous 1934 slogan: 'Life has become merrier, comrades'. Nove himself admitted that there were 'cogent reasons' why Stalin and other Bolsheviks took the course of collectivisation (Nove 1971, p. 400), but he provided a sobering picture of its high costs (Nove 1969, pp. 179–80).

The consensus was bolstered by the fact that an intellectual ally of Leon Trotsky, Preobrazhensky, had already explained how to extract a surplus from the peasantry (Preobrazhensky 1964). Preobrazhensky thought that there were adequate instruments to carry this programme out: 'The [Soviet] state economy has at its disposal means of regulating the whole economy and redistributing the national income ... which were not available to capitalism ...' (Millar 1978, p. 380). Little did Preobrazhensky know then about Stalin's true assortment of instruments, which would be used not only against peasants, but eventually against him.

All of this seemed to make perfect sense. However, Millar challenged this consensus by proposing a conceptual quantitative test of whether collective agriculture indeed financed industrialisation. Millar's 'net agricultural surplus' invoked immutable principles of accounting. Although Stalin thought that he could overcome economic laws, accounting identities are more difficult to dismiss. Millar pointed out that if one economic branch is to contribute to the financing of investment of another, it must deliver more to that branch than it receives. Under this principle, if Soviet agriculture contributed to the financing of industrial investment, it would have to be shown that agriculture delivered a value of output to industry in excess of the value of output industry delivered to agriculture. The commonly used measure of agriculture's contribution to industrialisation—the sale of agricultural products to industry—captured only one side of the balance. The fact that agricultural marketings to the city increased during collectivisation as the state expropriated products from collective farms did not alone prove a net contribution by agriculture.

Millar's hunch was that agriculture's contribution was probably positive but was overstated by the consensus. The destruction of livestock had reduced deliveries of meat and dairy products, but more importantly there were massive flows of industrial products (tractors and other agricultural machinery) to the countryside. In fact, the Soviet leadership had little choice in this matter. Despite the influx of tractors, the tractive power of Soviet agriculture did not recover from the loss of animal power until the end of the 1930s at best, a point made by Dobb himself.

The net agricultural surplus debate would have remained in the realm of hunches and speculation if not for the publication of archival data by an obscure Soviet economist, A.A. Barsov, on intersectoral flows between agriculture and industry during the first five-year plan (Barsov 1969). Armed with Barsov's data, Millar (1974) and others (Ellman 1975; Vyas 1979) calculated the size and change in the net surplus during the collectivisation years. Clearly, Barsov's material was a turning point. It was now possible to operationalise Millar's definitions with actual data.

Because there must be aggregate measures of the value of deliveries from agriculture to industry and vice versa, the size of the net surplus depended on the prices used to calculate the totals (the price of grain versus tractors, so to speak). Millar and other

authors went on to calculate a series of measures of the net surplus. Given the exceedingly low state grain collection prices of the early collectivisation period, their use would show a small contribution of agriculture. Therefore various researchers experimented with a series of other prices with different results. These findings are found in a series of articles and exchanges, the best summary of which is Ellman's in his article in *Economic Journal* (1975). The outcome of the full debate can be summarised in one long sentence: the net surplus could have been positive or negative depending on the prices used; in every case it was a relatively insignificant factor in financing industrial investment; and the net surplus did not increase in the course of collectivisation by most measures. It was no less in 1928 at the end of NEP than it was during the collectivisation drive.

Already in his 1970 article, Millar spoke of the implications of such a finding (Millar 1970, p. 92):

Should it prove true that agriculture's economic role was a modest one, the appropriateness of Soviet agricultural policies is clearly questionable, if only because the long term consequences of these policies have been so devastatingly deleterious to the agricultural economy and so difficult to reverse.

It should be emphasised that Millar referred to Soviet agriculture's poor long term performance, not to collectivisation's immediate impact on Soviet growth leading up to World War II.

Stalin's tribute and Millar's surplus

In the Politburo and Central Committee debates, it was clear that Bolshevik leaders also thought in terms of a net balance of deliveries between the city and the countryside, not simply of agricultural marketings to the city. In the April 1929 plenum, Stalin clearly advocated an 'uneven' exchange of products, in which peasants delivered more than they received by 'overpaying for industrial goods' (Danilov *et al.* 2000, vol. 4, p. 661). Bolshevik leaders on both sides of the aisle debated the appropriate 'terms of exchange' between the city and countryside and whether these terms should be 'balanced' or 'uneven'. Thus, the key policy makers, indeed, had in mind something akin to Millar's net agricultural surplus.

That the necessary rise in the investment rate had to be financed from somewhere was stated by Stalin's alter ego, V.M. Molotov, in the April 1929 Central Committee plenum (Danilov *et al.* 2000, vol. 4, p. 397) without singling out the peasants:

How are we going to maintain ourselves after we have driven out the capitalists and land owners? We cannot count on increasing profits from private capital in the city and village. These people have outlived their lives, they are dying out, and we are driving them to their graves. On whom can we count? We can count only on ourselves, on the workers and peasants. They are the ones to bring us tribute.

Stalin used the emotionally charged term 'tribute' (*dan'*) to characterise the net agricultural surplus. In December of 1928, he used the term reluctantly and at times

defensively. He had to retreat when Bukharin declared imperiously that Lenin had never used the term 'tribute' (Danilov *et al.* 2000, vol. 2, p. 154). Stalin was still cautious at the start of the April 1929 plenum (Danilov *et al.* 2000, vol. 4, p. 661) as he declared (with considerable understatement of his intentions): 'We cannot get by without a certain redistribution of resources from agriculture to industry in order to preserve the development of industry'. Tribute was an inevitable stage of socialist development about which all sides agreed. 'Tribute' was a poorly chosen term, Stalin explained soothingly, in reality little more than a kind of extra tax to redistribute resources from agriculture to industry (Danilov *et al.* 2000, vol. 4, p. 661):

Should we call it [tribute] something else? Scissors [the price of agricultural goods relative to industrial goods]? Could we call it something else? Redistribution? Is not a redistribution of resources from agriculture to industry necessary if we wish to move ahead with high industrial growth? It is necessary. I have the speeches of Comrades Bukharin, Rykov and Tomsky, in which they do not deny (at least I don't remember this) redistribution from agriculture to industry as one of the sources of forcing industrialisation. I have a series of decrees of our highest bodies that say that we cannot eliminate the scissors. These scissors represent a redistribution, a particular extra tax. . . . If Comrade Bukharin does not recognise now the theory of redistribution, let him say so.

By the November 1929 Plenum, Stalin used 'tribute' more forcefully and aggressively and explained more clearly how it was to be gathered.

The high-level debates within the party of the late 1920s show that both sides agreed that there should be a net transfer of resources from agriculture to industry. Although on occasion Bukharin called for 'free market' allocation, he was generally supportive of a 'regulated market' that transfers resources through price regulation and taxation. However, the magnitude of the transfer should be relatively modest and measured. Bukharin's charge that Stalin wanted peasants to pay a 'tribute' to industry was associated with the extreme magnitude of the transfer that Stalin wanted and his use of force to obtain it. For Bukharin, the term 'tribute' was a red flag:

'Tribute' has nothing in common with socialism. . . . No one has discussed the issue of 'tribute'. No one has the right to demand from a member of the party to agree with this 'tribute'. And besides there has arisen the situation that no one is allowed to say anything against 'tribute', because this word was uttered by Comrade Stalin. (Danilov *et al.* 2000, vol. 2, p. 573)

It is clear that Stalin expected his policies to yield a significant net agricultural surplus, or 'tribute'. To date, the archives have not yielded official statistical studies from the collectivisation period that purport to measure the size of the net surplus. Instead, the focus of statistical agencies was on grain marketings, not on the balance of the flow of industrial and agricultural products between the city and countryside.

Millar: surpluses and coercion

Most of the attention devoted to Millar's 1970 paper was to the technical issue of the net agricultural surplus, not on the methods required to extract this surplus. To Millar,

however, there was an inexorable link between the surplus and coercion. According to Millar, coercion is required to induce people to do something which they would not have done voluntarily. Millar defined a 'behavioural' surplus as 'a discrepancy between some given stimulus and that just necessary to cross the response threshold of a discretionary transactor' (Millar 1970, p. 79). Paraphrased by Nove 'in plain English', Millar's behavioural surplus 'is the difference between what would have occurred without coercion and what actually did occur' (Nove 1971, p. 396). Coercion induces people (in this case peasants) to do something—sell products to the state at unfavourable terms—which they would not have done voluntarily or, to use Millar's words, if 'Soviet leaders had relied on the preference and free market behavior of the agricultural community' (Millar 1970, p. 85).

Taking Millar's logic a step further, relatively little coercion would be required in the case of a small discrepancy between the people's and the leadership's preferences. A large discrepancy, however, would call for more coercion. As Stalin gained the upper hand, he and his allies wanted results that increasingly diverged from what the peasants wanted—Millar's scenario for massive coercion. Stalin wanted secure grain deliveries at terms dictated by the state not by the 'anarchy of the market'. He did not want agricultural goods to be 'lost' to private traders. He hated richer peasants, who were often traders or 'speculators'. He did not like village self governance, which threatened Soviet power in the countryside. The agricultural population, to the contrary, wanted to farm their plots; they did not want to join collective or state farms, and they wanted to be free to sell (or not sell) to the highest bidder. Despite massive propaganda, less than 2% of peasant households had joined collectives by 1928.

There is an extensive literature (Karcz 1967; Merl 1981; Gregory & Mokhtari 1992) showing that peasant responses to NEP's 'regulated market' were perfectly rational and predictable throughout the mid-1920s. When state procurement agencies set state prices below those of private traders, state purchases fell. When state prices fell below costs of production, peasants 'hoarded' grain. When grain prices were reduced and meat and dairy prices left free, peasants fed grain to livestock. Stalin's interpretation was that peasants were engaging in anti-Soviet actions to destroy the Bolshevik state. His response was to declare a grain collection crisis, to announce a grain collection campaign, and to send militia and OGPU troops to collect grain by force. Bukharin's interpretation was that grain marketing problems were caused by 'unbalanced prices' in regulated markets and also by the increasing application of extraordinary measures in agriculture.

Stalin: surpluses and coercion

The deep split within the Party that was first laid bare in the December 1928 Central Committee plenum was not over the net surplus itself but about the use of coercion, or repression as it was called, to extract this surplus. Bukharin and his allies wanted a smaller surplus generated on a voluntary basis through a 'regulated market'. Stalin and his allies wanted a large surplus generated by repression, if necessary. Repression in the countryside, at this time, was in the form of 'extraordinary measures', the euphemism for the collection of grain by force.

In the Politburo of the mid-1920s there was a consensus that any net surpluses were to be achieved through a 'regulated' market (Gregory & Naimark 2008, part III). As experience with regulated markets accumulated, however, there was a growing sense of impotence. Price ceilings on industrial goods created a 'goods famine' that was especially acute in the countryside (Johnson & Temin 1993). Party orders to limit growth of the money supply were disregarded as state firms blatantly issued credits to each other (Gregory & Tikhonov 2000). Stalin himself was exasperated as three state grain trading companies bid against each other for grain. An example of this frustration is that the besieged minister of trade (Anastas Mikoyan) could not execute orders to lower retail prices, as his own outlets took advantage of customers' willingness to pay higher prices. Mikoyan's defence in a January 1927 Politburo meeting (Harrison 2008, p. 240) shows the general frustration with the regulated market:

- Mikoyan: There are already 600 cases of repressive measures against trading agencies. There is no solution, in repressions alone, since repression is an auxiliary weapon ... I would like it [the price reduction] to be more, but I can't issue instructions that no one can fulfil. We are being criticised for not implementing the directive, but no one is arresting us and jailing us for it ...
- Voice: What do you want, to be jailed, and then everything will be all right?
- Mikoyan: Arrest me, I'll happily go to prison so as to sleep well.

The December 1928 Central Committee plenum convened as 'extraordinary measures' were increasingly being applied by Stalin and his deputised colleagues in the field, and Bukharin and his forces were fighting to shut them down. Still needing the impression of Politburo unity, the Stalin faction pursued the strategy of compromises on which they later reneged to the indignation of Bukharin. The Central Committee itself appeared divided on what to do. Bukharin's comments at the December plenum drew about as many shouts of 'correct' or 'yes, that is true' as did Stalin's. All this changed within four months. In the April 1929 plenum, supporters of the Bukharin position were notably silent. They knew that they had lost.

Bukharin's attack on Stalin's use of force ('extraordinary measures') focused on four points. First, repression breaks the political alliance with the peasants. Extraordinary measures mean 'a rejection of the policy of the party on the alliance with the peasant and exchanges Leninist policy with Trotsky's policy of force over the middle peasant' (Danilov *et al.* 2000, vol. 2, p. 382). The following exchange between Bukharin and Stalin's crony, Lazar Kaganovich, at the December 1928 plenum captures the essence of the disagreement (Danilov *et al.* 2000, vol. 2, p. 382):

- Bukharin: We need to get rid of the immediate threat of losing the middle peasant. To continue to act this way [using extraordinary methods] toward the middle peasants would be idiotic, a dead end, and will lead to collapse. Only provocateurs could want this.

At this point, Stalin ally, Lazar Kaganovich, in charge of Ukraine where much of the unrest described by Bukharin occurred, protested that Bukharin was exaggerating the state of peasant unrest, to which Bukharin replied:

- Bukharin: I could cite still more such examples given at the Central Committee plenum of Ukraine.
- Kaganovich: There were other speeches there. You should cite them as well.
- Voice of a Bukharin ally: And the general secretary of Ukraine, Comrade Kaganovich, comes here and doesn't say anything about this?
- Kaganovich: Give me two hours like Comrade Bukharin and I will tell you all and cite speeches.
- Bukharin: When Lenin encountered panic mongers, he said they must be shot to maintain a united front. But he never said that we should keep quiet about facts.

Bukharin's second objection was that repression constituted 'military-feudal exploitation of the peasantry' (Danilov *et al.* 2000, vol. 4, pp. 572–77). With Bukharin as the recognised 'theorist' of the party, Bukharin's charge was particularly offensive to Stalin who had pretensions to the same title. In their December 1928 exchange, Bukharin caught Stalin in a rare mistake of not knowing his Lenin (Danilov *et al.* 2000, vol. 2, p. 154):

- Bukharin: Why does Stalin insist on tribute—a clear mistake?
- Stalin: And if Lenin used that same expression?
- Bukharin: There is nothing resembling Stalin's tribute in Lenin.
- Stalin: Not so.
- Bukharin: No, the situation is indeed that. The proletariat is not an exploiter of peasants and cannot be. To play with such terms is illiterate and harmful.

Sensing a weakness, Bukharin continued his attack on Stalin's 'incorrect anti-Leninist, anti-Marxist characterisation of the social relationship of the proletariat and peasant ... Tribute is a category of an exploitative economy' (Danilov *et al.* 2000, vol. 4, p. 607).

Bukharin's third attack was that extraordinary measures inflicted economic costs rather than gains, as his exchange with Mikoyan illustrates (Danilov *et al.* 2000, vol. 2, p. 169):

- Bukharin: When I asked Mikoyan [in charge of grain procurements] about the winter sowing, he asked: Why do you spread panic? Peasants are sowing at night with lanterns with great enthusiasm. In actual fact they sowed less. Such are the abilities of Comrade Mikoyan to foresee the future.
- Mikoyan: According to you, we are going under. We are perishing all the time.
- Bukharin: I never said that we are going under.

Bukharin also emphasised the indirect costs of repression. Any decline in agricultural output would slow industrialisation by 'violating the proportions between industry and agriculture' (Danilov *et al.* 2000, vol. 4, pp. 166–67):

- Bukharin: What do we need grain or steel? It is stupid to phrase the question in such a way. But when I say both, they [Stalin and associates] say I should pick one or the other. Otherwise I am engaging in trickery.
- Molotov
(with sarcasm): You have become a terrible leftist, Bukharin.

- Bukharin: A nice trick. Try to get bread without metal and vice versa. We are allowing the crude formulation of the question, suitable for young pioneers not for the leaders of economic policy.
- Voice: Why don't you shut up.
- Bukharin: I can just stop speaking if you wish.

In place of repression, Bukharin argued for an agriculture of individual households in which prices compensated for costs and effort (Danilov *et al.* 2000, vol. 4, p. 13). Market forces, instead of repression, should be 'the decisive form of economic relations'. But, as it now stands, 'we do not have the right relationship to the wide mass of peasants'. When prices and taxes are wrong, the peasant will not plant grain but will 'transfer his productivity away from grain' (Danilov *et al.* 2000, vol. 2, p. 382). In arguing for a market-based agriculture, Bukharin knew that he could be accused of being 'pro-*kulak*'. He downplayed the danger from *kulaks*, declaring that 40% of peasant households had no farm animals and *kulak* households constituted such a small percentage that individual farming could develop without a great fear of them (Danilov *et al.* 2000, vol. 2, p. 184). To counter Stalin's claim that extraordinary measures must be applied to *kulaks* without exception, Bukharin responded that repression of *kulaks* would spill over onto middle peasants:

- Stalin: But the *kulak* does not like extraordinary measures.
- Bukharin: Of course, but unfortunately the middle peasant does not like them either. This Comrade Stalin has not noticed. But this is the heart of the matter.

Between the July 1928 and the April 1929 plenums, Stalin's defence of extraordinary measures became bolder as he increasingly played the class struggle card. He conceded in the 1928 plenum that current extraordinary measures should be halted but 'those, who wish to drop extraordinary methods, refuse to limit the *kulak* and demand the development of an increasing capitalist element in the village in the interest of the alliance'. Those, like Bukharin, who 'blather about preserving NEP' are actually asserting that class struggle, such as the *kulak* attack against state collections, plays a minor role in such economic and political facts (Danilov *et al.* 2000, vol. 2, pp. 359–60). Stalin then left the door wide open for more repression (Danilov *et al.* 2000, vol. 2, p. 361): 'Extraordinary measures are necessary and called for under known extraordinary conditions, when we don't have other measures for manoeuvre. Those who say extraordinary measures are bad under any circumstances are wrong'.

Molotov took up the same class struggle theme: Bukharin and his supporters 'confuse temporary extraordinary measures required by extraordinary circumstances with the need for a persistent attack on *kulaks* [via extraordinary measures] as required by previous party congresses' (Danilov *et al.* 2000, vol. 2, p. 400). Molotov firmly disputed Bukharin's claim that extraordinary measures were alienating the peasants. Those who claimed, such as a Bukharin supporter, that 'the middle peasant has turned his back on us and the alliance has fallen apart', were panic mongers (Danilov *et al.* 2000, vol. 2, p. 401). In fact, the political situation was not so bad: 'In the villages extraordinary measures worsened economic conditions but did not break the union with the middle peasants' (Danilov *et al.* 2000, vol. 2, p. 400).

Molotov also introduced a conciliatory note into his July 1928 remarks: 'We should end the current grain collection campaign with the quick liquidation of extraordinary measures in the village . . . the raising of collection prices will be the basis of the new campaign'. Molotov then went on to qualify his statement. 'We must carefully consider what price concessions we grant the peasantry, for it is the working class that must pay for them'. Molotov's talk of limiting price concessions was a subtle argument for keeping extraordinary measures in the arsenal. While Bukharin argued that peasants must be persuaded to sell by 'balanced' market prices, Molotov argued that the state must limit 'concessions from the working class' and not give 'too much to the capitalist elite of the village'. Peasants should not be greedy. If the peasants are not satisfied with price concessions, they will not sell enough. 'Only a naïve person [like Bukharin] will consider this as a way to strengthen the union between workers and peasants' (Danilov *et al.* 2000, vol. 2, p. 390).

Although Stalin did not reveal its extent in his November 1929 plenum remarks, it is clear that he planned using violence in the countryside. Although Stalin and his allies disputed Bukharin's charge that violence reduced sowings and grain production, they expected that they could control adverse peasant reactions. Millar's point is that taking grain by force could be sufficiently damaging, through the destruction of livestock and then famine, to shrink the net transfer by forcing the state to undertake costly measures to support agricultural production. The violence had the unintended consequence of destroying the net agricultural surplus.

Primitive accumulation and the socialisation of agriculture

The April 1929 Plenum ended with a vote of censure for Bukharin and his allies. They were to remain in their current duties. They were placed on probation as members of the Politburo and were then removed one by one for further infractions of 'party discipline'. Stalin was now free to reveal his true intentions, which he had either concealed or understated. It was at the end of the April plenum that Stalin announced a 'new alliance' between industry and agriculture. This new alliance would transfer ownership and control of agriculture from individual peasant households to the state.

Whereas most scholars equate Marx's notion of primitive accumulation with the act of capital accumulation, Millar (1978) provided an alternate interpretation, based on the writings of Marx and Preobrazhensky. Marx and Preobrazhensky, according to Millar, equated 'primitive accumulation' with institutional changes that transferred the ownership and control of capital from one class to another. Under capitalism, primitive accumulation was the divorcing of the worker from the means of production. Under Preobrazhensky, it was the 'accumulation in the hands of the state of material resources mainly or partly from sources lying outside the complex of the state economy' (Millar 1978, p. 389). 'Socialist accumulation has to take place . . . at the expense of the surplus value of capitalist economic forms'.

Throughout most of the Stalin–Bukharin debate, the assumption was that the individual peasant household would be the primary producer of agricultural products. Both sides paid lip service to the advantages of large-scale agriculture, and Bukharin was periodically scolded for his inattention to collective farms. Given the apparent lack of interest of peasant households in collective farms, the consensus was that

individual household farms would prevail for a long period of time. At the end of 1928, few could foresee the possibility of forced collectivisation of virtually all peasant households within the span of a few years.

As long as grain was produced by individual households, the state was left with two options: grain could be purchased through 'regulated markets' or it could be confiscated by 'extraordinary measures'. A mixed variant would be to apply extraordinary measures to *kulaks* and use regulated markets for others. Stalin was now ready to rule out once and for all Bukharin's regulated market solution as playing into the hands of class enemies: Stalin warned that following Bukharin's advice means that 'we must continuously raise prices until the speculators and kulaks are satisfied, and this leads to an increase in the power of the kulak over the peasantry' (Danilov *et al.* 2000, vol. 4, p. 660). What was left was a state takeover of agriculture.

Now Stalin revealed that he favoured collective and state agriculture not because they would be more productive but because he wanted to transfer ownership of the agricultural means of production into the hands of the state (Danilov *et al.* 2000, vol. 4, pp. 670–71):

Do we need any kind of development of productivity? Of course not. We need only a particular type of development, which guarantees the superiority of the socialist sector over the capitalist sector. That is the central task of any plan . . . What is the difference between us and capitalist nations? We are encircled by capitalist nations . . . What is the foundation of our plans? Is it the growth of productivity? This is not the case. We do not need any kind of growth of productivity. We do not need development that insures the dominance of capitalist elements; we need a growth of productivity that insures the dominance of socialist elements.

With such argumentation, Stalin's indifference to the reduced output of individual peasant households associated with extraordinary measures becomes clear. From his perspective, the loss of their output was less important than the creation of 'socialist' forms of agriculture even if they are less efficient. Bukharin and Stalin were therefore talking at cross purposes. Bukharin viewed Soviet agricultural policy in conventional economic terms, whereby the goal was to increase its efficiency; Stalin viewed agricultural policy as an integral part of the class struggle and saw the need to wipe out capitalist elements, even if the conventional economic costs are high.

Whereas Bukharin advocated market exchange to preserve the alliance between the peasant and workers, Stalin's 'new alliance' would use 'contracting' between collective and state farms and state machine tractor stations. What is clear is that Stalin, in his 'new alliance', intended a collective and state agriculture, which directly exchanged grain for agricultural machinery and tractors at terms dictated by the state (Danilov *et al.* 2000, vol. 4, pp. 663–65). In one fell swoop, Stalin removed the individual peasant household from the equation. Soviet managers of collective and state farms would now deal directly with Soviet managers of state machine tractor stations. As loyal 'Soviet' officials they will willingly accede to uneven exchange.

There remained, however, two obstacles standing in Stalin's way: individual peasant households did not want this new alliance and capitalist elements in the villages (*kulaks* now defined as anyone resisting Stalin's plans) would organise resistance. Both obstacles had to be removed through extreme repression. Peasants would be forced to move into collective farms with their meagre assets and *kulaks* were to be liquidated as

a class, so that they would cause no more problems. Stalin waited until the November plenum to push through forced collectivisation. It was not until December of 1929 that he announced to a shocked assembly of party officials his intention to 'liquidate the *kulak* as a class'.

Stalin waited until he had sidelined the remaining opposition to announce his 'new alliance'. Although he had been remarkably quiet on this plan, he had dropped some hints in earlier Politburo meetings. In an August 1923 Politburo meeting, Stalin stated that without firm, enforceable plans, 'we will be like a blind man at the wheel' (Gregory 2008, p. 33). In October of 1925, a frustrated Stalin warned the Politburo: 'We must arrange things so that we regulate trade and that trade does not regulate us' (Gregory 2008, p. 33). With agriculture firmly in the hands of his agents, Stalin now had 'firm enforceable' grain delivery plans. His agricultural agents would simply deliver to him their output at the prices he dictated. He could even declare that he had dispensed with extraordinary methods. They would no longer be necessary in the setting of the new alliance.

Conclusions

We have examined Millar's three propositions using transcripts of the debates, principally between Stalin and Bukharin, on the eve of the Great Break. First, we show that the Politburo's concept of a net agricultural surplus was consistent with Millar's as revealed by their emphasis on the price 'scissors' as an instrument of redistribution. Stalin's 'tribute' was shown to be the conceptual equivalent of Millar's net agricultural surplus. Stalin was aiming for a net agricultural surplus, which he expected collectivisation to deliver.

Second, we show that Stalin and his associates had a clear understanding of the necessity of coercion if they wished to go against the 'regulated' market. The Politburo split over the use of force against the peasantry. Stalin could not reveal his true intentions until the opponents of repression were eliminated. The violence associated with increased grain extractions and collectivisation was an intended instrument to achieve these goals. However, the violence of the peasant reaction had unanticipated consequences, which reduced or even destroyed the net surplus, as Millar argued.

Third, a consistent thread running through the concept of primitive accumulation shared by Marx and Preobrazhensky was that growth and accumulation should be valued differently, depending on the social institutions that structured them. A given sum of socialist accumulation had a positive social value, whereas the same sum of non-socialist accumulation or consumption had a zero or negative social value. An increase in socialist accumulation achieved at the cost of any reduction in peasant accumulation or consumption was worthwhile. This article uses new documentation to show that Stalin shared the same mindset. He and Bukharin were talking at cross purposes. Bukharin thought in terms of conventional economics (extraordinary measures reduce productivity), whereas Stalin thought in terms of class struggle (extraordinary measures destroy class enemies in the villages). The debates show why these two positions could not be combined in some sort of compromise solution.

This article is of interpretive significance. It shows that Millar had a sharp and subtle approach to the subject and was proved right on a number of occasions, some

of them recent. The interpretation is valuable because some things are arguably at risk of being forgotten. While interpretation is the primary element, the article also provides reference to recent archival discoveries that document the internal discussions of Bolshevik leaders on these subjects. They show remarkable consistency with Millar's historical understanding, formulated without the benefit of archives.

I must again emphasise what Millar was not saying. There was no denial of peasant hardship. The 1932–1933 famine exacted, after all, more than five million peasant lives (Davies & Wheatcroft 2004, pp. 412–17), although few scholars knew of this at the time. Millar's net surplus does not dispute that peasants were forced to sell to the state below costs and they received from the state tractors, which they could not eat, and were controlled by rural political departments and by the secret police. Millar's question was whether agriculture delivered a positive net surplus which 'financed' the doubling of the investment rate, which is credited as a primary source of Soviet rapid industrialisation. The finding that there was no increase in agriculture's net surplus does not end the discussion of whether collectivisation (or Stalin) was necessary. In fact, the debate will go on, probably without end. Collectivisation could have made other contributions. It drove peasants from the countryside into the city to escape the impoverished collective farms. It did fulfil Stalin's cherished goal of eliminating an implacable foe (the stubborn individual peasant) as collective and state farms and machine tractor stations imposed Soviet power into the countryside.

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