

**Papers of Hugh Dalton:**  
**Original Manuscript Diary**

**Volume 54:**  
**July 1932 - August 1932**  
**(Notes attached to Diary of**  
**visit to USSR)**

**Reduction Ratio:**

**12 x**

The British Socialist mixed feelings & conflict of impressions. (1)

On the one hand

No unemployment, idle rich, contrasts of wealth & poverty. Russia headed Plan v Anarchy. (Soviet basis on world crisis. This is the "right" way.)

First Industrial Revolution in history, which is both socialist & Planned. Its amazing "reforms". (Who said a socialist state would do some things? But Marshall never qualified by saying enough?)

One discovery of uncharted territory <sup>Parliamentary</sup> <sup>hearts & voices</sup> <sup>admiral</sup> <sup>resumes</sup>. Housing & communal amenities. Care of children. Education.

Solution of national minority problem. Ability to give & take at the top. Big ideas go with practical work & delay or discrimination.

Fluidity of Communism v rigidity of Capitalism. Reddition & learn from experience & change direction. Fatile intellectuals.

Trials & errors v course without trial.

Ernest May said to me

What did Spenser say? Didn't he spot those people in the women?

On the other hand

Lower standard of life. Lower intellect, low 20's percent. No solution of problem of high production etc.

Shortage of food & freedom (as we understand it.)

Unintelligent <sup>2-5- no frank newspaper.</sup> <sup>Uniformity of opinion.</sup> <sup>Harmony of outer world.</sup>

Excess of Communist over personal elements in life.

Inefficiency & unproductivity. (Heritages of past.) Illustrations. Difficulties created. Standards & conditions.

Can they get through next spring. For a rising world economy to put down again. But they will struggle through. A rising world economy to put down again. For in the future, how can we apply, in an difficult circumstance, the idea of socialist Economic Planning?

Mixed feelings & conflict of impressions. (2) Dalton 54 (2)

There were some hoping most fall further.

E.g. the American Slovak on his boat going out, looking with shining eyes through the Kronstadt Channel in the dawn, pointing out

visions marked Communism & absence of capitalism.

Next later I met him in Moscow, Venice & suddenly disillusioned, because his visions in Kronstadt weren't getting all the good they wanted.

What is the the basis of our complaints?  
The discontent complaints of many states.

Soviet boats come back much quicker than they go out. Weariness & perplexity in face of conflicting impressions account for this.

I felt it was a pull between the efficiency of Socialist principles of Planned Economy and inefficiency of Russians. Strong said Jimmy Lee had sent the same. "More Dances" (The Kronstadt Moscow & at Kazan. (unreadable) Russians are letting Sovietize <sup>them</sup>.) The Red Square / Capital at night. Lenin's Mausoleum, some unmixed feelings.

- The plant with a lot of towers.
- The Lanna at Kiev, the wooded hills above Lvov.
- The Vambor garden at Lvov, a beautiful garden.
- The wooden Club at Spalajud + Commerce Building.
- The sunset view of Moscow the Magnetic Mountain above Murovskoye.
- The white night on the boat going out.

Mixed feelings & conflict of impressions (31) Dalton 54 (3)

The last being 2-10, said Wells, is to sit down after an interval  
to write two strong briefs, - one each way. It would not be  
hard.

Sometimes one was excited. "You must restrain your enthusiasm," said  
one of my companions.

At other times I shared the view that Wei is a busy civilization,  
that Wei ugly, clumsy, slow-moving people, with neither  
gesticulation nor runs about grinning counts, as has been  
suggested, of the descendants of the stupidest of the Aryans, who  
got left behind in the great trek westward.  
(cf Trotsky History of Revolution, Vol I, opening ch., ~~founder~~ ~~with~~ in  
my Miscellaneous P ).

Our reception.

Dalton 54 (4)

In most cases received with great courtesy. And much time given to us by busy & important people. Below Stalin accountability is his rule. And he, long say, comes down & helps in the work of the railroad railway tracks.

E.g. Smolko, Kraval, Raslyakov, Soldich, Kelik,

is his rule. And he, long say, comes down & helps in the work of the railroad railway tracks.

From Commission to S.P.U. (very helpful here at Sverdlovsk railway station)

Partly they are anxious to inform important visitors from the west & want they are doing, ∴ they are confident & some they are very important things, & some full of an almost childish enthusiasm for their work.

They don't give the impression of wanting to hide anything, nor to evade a question. This is true of the other men.

But sometimes an air of suspicion & reserve. E.g. OSSenbii, Deputy at Central stat' Dept'y for plan.

Some of them seem at Communist Academy, some at first they tried to put us off with airy generalities.

And Kiev district. It is to be seen, rather than sitting down talk into M. L. (of party, printing, etc.) They regard with Socialists (social-fascists) as (as usual, in Britain. The crude simplicity of their doctrine (see question 2 etc.) Socialists can't come of Parliamentarianism. They always shun, when but only by armed insurrection. Planned economy, in order to see how far it can be applied in the west. It can't be applied, long say under conditions.

Social Contracts of Embassies & Consulates.

Dalton 54 (5)

These are very difficult. Ovey probably gets more than most Ambassadors would. He is not a starched shirt front diplomat, & speaks Russian. (How what he was to write on his qualification in 1929.) He got quite a good bag for us.

Krat. in General, they won't accept invitations. He once got Voroshilov, & he & Stany & others were asked to return to V's country villa, & were made to drink a lot. Some are willing to come, if a lot are coming together, but not alone. This was Paton's experience.

The difficulty of social contracts in his country is not on the same lines, due to social awkwardness, on either or both sides, between natives & foreign diplomats & consuls. It is due to the native social doctrine.

Paton complained of occasional hostility in official receptions. And here, he found, always <sup>such a Communist attitude.</sup> present at every interview. We found him generally, but not always, e.g. Kraval.

Ovey said he told his Tory friends in England that they ought to think themselves very lucky that his experiment was being made here and not in England. Some with Markin had

Min. they regretted that he didn't make more adverse reports. His own view was that inefficiency was by far the heaviest overhead charge on the Soviet system. One diplomatic community is apt to be a little self-contained (land).

When we were working on our relations in 1929, we were intimate how they would be very glad if he did, as it would make more contact. Paul Howard has described his island.

Propaganda.

Dallon 54 (6)

Visitors can go where they like (except to political parties, armament works, - Miss Woodman's friarance - , etc.)

But there are genuine difficulties about travelling & hotel accommodation, which are pointed out by interested.

Guides will try to do, & so will others. But they are pretty sure to see what you'll believe, & what makes you generally distrustful.

Some American was told, & believed, (repeating it to Ballard) that his speech consisted of "loafers who would not work."





Rigidity of doctrine ~~vs~~ <sup>and</sup> fluidity of policy.

Dalton 54 (8)

Capitalist rigidities and Communist fluidities have been contrasted. But this is respect of economic structures & policies, not of fundamental doctrines.

Leaders always ready to change direction, (without sacrificing basis).  
This is Lenin's tradition. Fluidity of practice ~~vs~~ fixity of theory.

(And yet, in some respects, there is very little theory.  
"Our practice has run ahead of our theory" said Varga.

Examples N.E.P.

Collective bargain & exchange with peasants.

Economic categories & conceptions.

Dalton 54 (9)

Rents, royalties, rate of interest, profits, etc.  
where are they, in U.S.?

When state owns all industries & forces & borrows each at will, (Piper may get influence over policy!) rents & royalties fade out. Everything adjusted through taxes, on income & profits, & borrowing.

Royalties still exist in some of the technical reputation, but here is exceptional & probably temporary. State farms have no rent, no do industrial plants.

Even long term "loan" doesn't carry into or be repayable.

One rate of interest, as a regulator, ceases to exist. Only rate of interest found were (1) government or short term loans (2) state bonds.

There is no stock exchange.

working of the  
The Soviet economy is essentially simple. (of L.R.), but not in the subjects, uninteresting. It is decided what shall be done, & if not investment, etc. is decided physically (in) nature, it is done. on not induces by devices devices (bank rate, open market policy, etc.) of Piper I.F., Keynes Treatise, etc. production machines of capitalism unnecessary. All enterprise capitalist (Knapp) or unreal hypothetical. Other conceptions of capitalist economies are, in part, inapplicable, & give tendency of prices, etc. to settle & attain new equilibria, if after a given change, nothing else impedes from without. But something is always impeding from without & so. i.e. there is continuous planning & regulation.

inefficiency described as sabotage and ascribed to class enemies. 54 Dalton (10)

This is carried to absurd lengths & raises interesting psychological & many accusations of "sabotage" are <sup>Majoranda problems</sup> ~~just~~ <sup>childish</sup>. It is inefficiency & incompetence which is the real trouble, sometimes due to fear of taking responsibility.

Examples of alleged "sabotage":

(1) One boat at Rostov, which received a large consignment of tomatoes & let them lie in the boat or which they had come up the sea, & rot in the sun, instead of distributing them at once to local branches. Excuse: they had no suitable receptacles!

(2) A trial for sabotage, in July 1932, of a man in the Urals, once an employee of a foreign concessionaire. (This man's mother is in prison; Kulland told me of it. Couldn't it just have been a <sup>second</sup> <sup>state</sup> trial of engineers, etc. had fallen pretty flat.) This man was accused of deliberately spoiling the plan by cutting trees where he knew there were no transport facilities, & by sending food supplies to places where he knew there were no men. Obviously a case of mere incompetence!

(3) At Magnitogorsk I asked Tsvankin if there had been many accidents. He said "no, very few, ~~but~~ but there was one case where a number of men fell from a height & were killed, owing to class enemies having deliberately put in bad material." This is clearly <sup>another</sup> <sup>version</sup> of Kulland's story, taken from the Soviet Press, of a large platform <sup>at top of dam scaffolding</sup> <sup>collapsed</sup> with 70 udarniki.

The meeting had been called on top, for greater dramatic effect. An American engineer had warned them it wasn't safe, but they didn't heed him. They fell into a deep pit, & dynamite had to be used to blast out earth in order to recover their dead bodies.

Queues. (or Lines)

Dalton 54 (11)

These were often seen in the towns. Mostly women.  
Obvious explanation is shortage of goods relatively to, even rational,  
Demand. But partly due also to shortage of shops, & slow &  
inefficient service. (Even under capitalism, when one queues at a railway  
one of the ~~most~~ most important duties of a domestic servant ( &  
one d.s. maybe ~~is~~ employed without "exploitation"; his is an  
alternative ruling) is to "stand in line".

Ridley watched a queue & found her

Some American visitors were told by intendant guides, & believed, that  
queues were composed of "loafers who wait work".  
One guide told me that women liked queues

Prices.

Dalton 54 (12)

At Torgsin prices are about London West End level, but snuffins are often small, & they never seem to be able to fire home.

<sup>4</sup> <sup>fish</sup> garments, 1 male & two female, cost £ 4.6.0 at Rostov.

3 small tins of caviare in Leningrad port cost 12/6. (They

were out of caviare in the main Torgsin at Moscow & Leningrad.)

State Bonds.

These seem an unnecessary feature of Soviet P.F. Policies, in particular, was a good deal bothered about them, & said to several high authorities that they might lead to creation of new reaction class. That none should have his fears. A demand by the workers for the cancellation of their bonds might easily be staved off at any time, said Ballard. It is, perhaps, a device for getting money out of circulation.

Evsteko (hand some <sup>comrade</sup>, <sup>kind of humor</sup>) said that 30 million people had subscribed to the Govt Loan, & 40 to 50 million would subscribe to the next. They were making propaganda so that no worker should be without a holding. This had a social purpose; - (to make them feel they had a financial stake in the Plan!) There was no limit to the total holding of an individual. Bonds were free both from income tax & inheritance tax & were transferable. It would be difficult, he thought, to make a large accumulation of bonds, owing to "moral & social pressure within the Trade Unions."

During the 2nd 5 Y.P. there would be less need of loans, because industries would be making profits, - to finance their own debt & contribute to the Budget.

Banking (2)

Dalton 54 (16)

Srinho spoke of Developmental Savings Banks. Now 76,000 branches. Peasants used to hoard money in storerooms. Now Collective Farms are used to mobilize peasants' savings. A representative of the C.F. has an account with Postbank, & payments are made, or when the farm requires them. This takes the place of cash payments to individual peasants.

Srinho said he only controlled the Postbank & its note issue in a general way. The President of Postbank is Assistant Commissioner of Finance & is appointed by the Central Executive Office. The Directors are appointed by Srinho.

Wages. ~~R~~

Dalton 54 (15)

Various estimates.

Renda say unskilled man let 70-85 roubles a month  
skilled - 200-350 —  
highly skilled - 400

At Swedishish unskilled man in metal works let 84 "



## Unemployment.

Dalton 54 (16)

It does not exist. Many works are overstaffed, but they are still trying to draw in labour from the land.  
There is a very high labour turnover.

As the chairman said to Will Coates "it's starvation, but I don't find it's regular."

Industrial conscription exists for some skilled classes, who are not permitted to leave their jobs.  
e.g. railway workers who work more skilled jobs. the crews of ~~the~~ ships etc (of D.O.M. S.V. & the world)

It may be argued that the absence of unemployment is due to

- (a) low real wages,
- (b) monetary policy,
- (c) rapid industrialisation, - investment boom.

But part (a) have been fallen, especially for the unskilled in the past few years? Of course, when we say that there is

confusing horizon for the future on an enormous scale, this implies that the standard of life is being kept low.

But the prices have certainly risen & are still rising. There has been a (real) inflation - that may be argued but, say admitting that

Housing &  
House rents. ~~2~~

Dalton 54 (17)

(what are they?)

Trinko said rents must ~~be~~ <sup>be</sup> ~~expressed~~ <sup>expressed</sup>. The housing shortage is still acute, especially in big cities, in spite of large building programmes.

Rents are fixed in relation to the space occupied & the family income, on a progressive scale.

General practice at new works is to have workers in blocks close by, thus eliminating human transport, to & from work. <sup>Cheljabinsk.</sup>  
Stalograd, Sverdlovsk, Putilov (Leningrad), <sup>Zelenograd (Vostok).</sup>  
<sup>(Machinists)</sup> At Kazan electricians' block on site of <sup>church.</sup> ~~church.~~  
At Magnitogorsk, new socialist city to be built at a distance away from farms. Blocks very uniform, & very <sup>fast</sup> ~~fast~~ built.

West Gorky's block in Moscow for engineers & Marxists is distinctive, & one flat we went into seemed comfortable, spacious & not overcrowded.

Other than heavy basements off-site Kremlin walls in Moscow, & many living in ~~the~~ holes in the ground, roofed with <sup>glass</sup> ~~boards~~, or heat. at Magnitogorsk & Cheljabinsk.

Harvest.

Dalton 54 (18)

I found a good deal of pessimism about harvest prospects among official British, especially Paton, who (with Cairns, a Canadian agricultural expert who had been travelling round & incidentally had found practically no cattle in Kazakhstan.

Paton thinks the harvest will probably be the worst for some years. Too much was taken from the peasants last year, especially in the Ukraine. Sowing was very much behind the programme, there was a great shortage of seed corn. There was bad feeling in the Ukraine, & a reluctance to cultivate.

On August 8th a decree was issued imposing the death penalty for stealing corn.

The efforts would have been very great last summer. To restore peasants' hopes, by permitting some sale of their products on free market, & by supplying on factories the sale of useful objects made of scrap metal, indicate the seriousness of the famine.

A bad harvest may seriously affect exports, & hence their capacity to pay for their credits abroad. There will reach a peak in October 1933.

Wainstein, when rather drunk, said in front of Kulland that they would have to cut down their foreign orders next year.

inefficiency

Dalton St (19)

Pat. & in particular, impunctuality must be regarded as relics of bourgeois ideology, or as substance, if they are to be eradicated.

Delays, which in the west are counted in minutes, are counted here in hours.

Time! One simply loses it away. Everybody is waiting for somebody else to do something. It becomes a nerve strain to wait for hours, expectant and yet unexpectant. "Remember you are in Russia" people say when one shows impatience. Yes, impunctuality should be insisted to the point of substance, & a campaign started for its "liquidation".

The treatment of machinery is still harsh & inconsiderate. Little "machine minded men" or yet. Peasants, at the factory didn't know how to use a sword.

Insanitary cond<sup>n</sup> of lavatories on trains, at stations & in many hotels is worse than anything further west.

The Conditions of the People. Tourists' Impressions.

These are apt to be very unreliable, but here are a few.

Miss Lawson said that Russians were afraid to be seen carrying pistols. These separate illustrations of her. Not with so old Wicksteed.

Their eyes always lighted up at the sight of cigarettes, cigars, or soap. Even the S.P.U. man at Swadlow's second shot of cigarettes, & Bullard told me how his purchase of 200 cigarettes (~~the~~ secured the repair of a private car in one morning without charge, when before long had said it would take at least a month.

An ~~young~~ anti-socialist undergraduate from Oxford, whom I met at the market in Leningrad ~~and~~ or I was leaning out, said that he brought back the Poles (which) power, and that the Russian were short, but that the Russians.

Churches.

Dalton 54 (21)

Riley & another walked into a church at Leningrad, found it crowded & liked the music.

1. went to church (Dragomirsk) like W & I at Moscow. Also crowded. Majority of men. Very expensive performance. We thought Govt must subsidize it. That Ballard thinks not. Number of churches is steadily reduced, & there is a concentration of the faithful, & their contributions, on those that remain. We also visited Peter & Paul at Kazan out of hours. (See diary)

I saw some churches being demolished, - one at Kazan, next to electric station, to make room for hotel for electrical workers. Others were in secular use, - as schools, museums (anti-religious & other) & cinemas. Contrast of practice. Summa Rustov.

At Sverdlovsk several churches in central positions were being demolished to make room for wider streets, squares, etc.

Kazakhstan Tatar Republic (1)

Dalton St (22)

Economically a neglected area under Tsarism, though Tatars <sup>were</sup> used to conquer Chechens, Bashkirs, Kirghiz, etc. But no industry except soap and leather which worked for the Army. Starved & railways though the size of Belgium. River Kama, Volga & Viatka all navigable.

Education. Under Tsarism one University & one Veterinary institute. Now one University with 4 faculties & 16 other higher educational institutes, (for training teachers, chemical experts, medical workers, agriculturists, Veterinary surgeon, law, finance & economics, aerodynamist, etc.) Also 34 factory schools & 100 normal schools. 62% of young generation now going through schools. Under Tsarism Tatars were deliberately excluded from industry, but now 40% as against 2% under Tsarism, & the industrial population is Tatar.

Agriculture. Under Tsarism the poorer peasants didn't use plough, but only sticks to scratch the ground. Potatoes, now an important crop, were unknown until the famine year of 1921.

The Republic has 43 administrative districts, & 45 machine tractor stations with 30,000 h.p. for the collective farms.

The total area of the Republic is 68,000 ~~hectares~~ square kilometers. The population is 2,800,000. 17% of the area is under tillage. There are 14 Soviet farms, covering 465,000 hectares.

63% of all the farms are collectives, covering 2,500,000 hectares. 4,000,000 hectares can be used for agriculture, of which 3,200,000 are now cultivated. Only 200,000 to 300,000 are still in individual cultivation, & some districts are 100% collectivized.

This rate of progress is much above the average for the USSR. Some c.f.'s have small tractors & stamping horses to work up hides, etc. No s.f. or c.f. is without tractors.

There are 400 swine farms with	60,000 head of swine	} Collective farm
400 Dairy " "	54,000 milk cows	
	2,600 breeding cattle	
100 sheep " "	80,000 head of breeding sheep	
100 horse ranches " "	9,500 breeding horses	
107 rabbit farms " "	40,000 breeding rabbits	

In Kazan city there used to be 60 clubs & 4 mosques. Now only 2 clubs & 1 mosque are open. Unemployment is declining because the younger generation is irreligious. Some clubs are unsuitable for other purposes, but some are used as schools, clubs or storerooms. (Are English laboratories? Last is Kentsberg)

The Second Five Year Plan is based on the General Resolution of 17<sup>th</sup> Party Conference. There must be a threefold increase in consumption goods, a great improvement in education and a coordination of resources and plans between adjoining districts. on such general directions, all districts in the U.S.S.R. make their plans. In the Tatar Republic each of the 43 administrative districts make a local plan, & these were coordinated in the Kremlin at Kazan. Then the Tatar plan sent to Moscow. This & other local plans will be accepted by Moscow in principle, but may be amended in detail. The central Govt will take into account the strategic distribution of industries. Moscow sends round

planning brigades of specialists to the districts to examine the local plans on the spot, & make sure that they are practicable. Such a brigade has just visited Kazan. It consisted of 5 members, an economist, chemist, expert in metal, transport & electric



Kazan & the Tatar Republic. (31)

Dalton 54 (24)

prova. They came by air, stayed seven days, & made certain changes in the Tatar Plan, (e.g. the substitution of a prova plant for a plant for road construction materials). They left by air today (July 24<sup>th</sup>). They had spent 1 1/2 months in Moscow before they came studying the various projects that is.

The Minister of <sup>Finance</sup> Agriculture & Education, and the Chairman of the Council of People's Commissars in the Tatar Republic are Tatars, (but 40% of the population is Russian, & a higher proportion than in the towns)

All signs, and all deuces, are printed both in Tatar & Russian. There are interpreters in all government offices. In private Tatar districts, Tatar may be used exclusively. Even in the University, groups are allowed to study in their own language.

One Latin script <sup>has</sup> replaced the Arabic script for Tatar <sup>writing in</sup> ~~the~~ <sup>new</sup> newspapers. Tatar writes, poets & lecturers. And newspapers. (This, said Dalton, is an important part of the policy of linguistic freedom for national minorities. Not only does it satisfy <sup>men's</sup> "nationalist aspirations", but it immensely facilitates Communist propaganda!)

The Kazan Kremlin was built in the 15<sup>th</sup> century. 40% of the Tatar Budget is spent on Education, & 20% on Health. (They were awfully unwilling to give the total.)

They fulfilled the 1<sup>st</sup> 5 Y.P. in 4 years. They planned to have 25% of the peasants in C.F. & in fact have 62% <sup>at</sup> ~~the~~ <sup>some parts of it</sup> 2<sup>nd</sup> 5 Y.P. the execution of ~~plan~~ <sup>it</sup> are already begun, e.g. new construction in the city. Work is beginning on the Volgastry, & an electrification scheme on the Kama river will

Kazan & the Tatar Republic. (4)

have a power plant in the T.R.

The T.R. will develop light, not heavy, industries. Factories are being built, or are planned, for making felt boots, films, chemicals, artificial rubber, paint. Existing factories for food production (malassis, etc) & metals are being expanded. There is a machine building & railway carriage building, & all these will be fed with electric power from the station on the Kama. 60% of the industrial workers will be Tatars and some of the new factories will be built ~~in~~ in them

town in the T.R. besides Kazan.

A new railway Kazan - Bogolma is to be built (325 Kilos) and another from Kazan Sverdlovsk. 33 of the 43 districts will be affected by these new lines.

Mineral tar, gypsum, etc will be the basis of new chemical industry. Production is to increase tenfold ~~by the end of the 2nd 5 Y.P.~~ and the urban population fivefold.

Kazan, with a population of 240,000 now, is to have 600,000 at the end of the 2nd 5 Y.P.

In agriculture there is to be research into a view to district specialisation, & 95% of the work on farms is to be mechanised.

In education no person is to be without a secondary education. One old, as well as the young, are to be taught. In health, everyone is to visit the doctor eleven times a year. In housing the standard is to be 8 cubic metres per head. The differentiation between town & village is to be eliminated, & a classless society set up.

(The outward appearance of the T.R. like in Kazan & from the train was better & more hopeful than in many other parts of the country.)

Urals. (General.) (1)

Dalton 54 (26)

At Sverdlovsk saw Goldil, of Ural people, a man of great ability, energy & charm.

The Ural area has very rich and varied mineral resources, conveniently located for future industry. Iron (all the way down the Urals), copper (with gold, zinc & silver on by-products), lead, platinum, coal & chemical products, a prospective output of iron 8 to 9 million tons a year. Lime & other ingredients for blast furnaces. Coal at Kuznetsk 2500 kilometers away, and at Kanyganda 1000 kilometers away (between Magnitogorsk & Kuznetsk). Coal in Urals Kizil coal is good for cooking & close at hand. It is also used at electric power stations. Bituminous coal at Bogoslovsk, Uchialinsk, etc. But Ural coal deposits not yet fully explored, though 10 billion tons already located.

Old Ural industries chiefly based on charcoal & timber. Charcoal is still used, but increasingly mineral fuel.

Details of 2<sup>nd</sup> 54.P. for Urals now being completed. Output of Ural coal to reach 30 to 40 million tons a year in 1937. Electric stations at Sverdlovsk & elsewhere will be based on ~~coal~~ peat.

The chemical industry will be based on sulphur from Coffey ore, potash, phosphate deposits & nitrogen. Hence supply of fertilizers.

Men looked for potash & found potash; they looked for iron & found aluminium. This shows how great & how unimagined is the wealth of the Urals. There is also asbestos & magnesian, nickel & platinum.

Stalin said it was difficult to say what would be the Urals. But Brundage said he knew, he said they tried to say. There is cement & various clays for brick making, & Fuller's earth for high quality brick.

The northern & middle Urals are heavily timbered; the southern end is steppe.

Urals (General) (2)

Dallon 54 (27)

East of the Ural Mountains are large tracts of good agricultural land, not yet developed.

The Ural district, therefore, is a distinct & almost self-sufficient unit. Such a combination is very unique & is receiving much attention in the second 5 Y.P. (Heaven send, if the Soviet Govt is driven out of Moscow & Leningrad, it will retire to the Urals.) There it would be invulnerable.)

Transport must be improved. Existing railway lines must be reinforced & some electrified. New lines to be built during the 2nd 5 Y.P. are Magnitogorsk - Ufa, Tagil - Kizil and Kizil - Perm. There must also be a line to the north to tap timber & minerals, and a line to the south Tobolsk to Irkutsk. (Tobolsk is in the Ural area.)

A further aim, beyond the 2nd 5 Y.P. is to have 3 East-West lines, including the present Trans-Siberian. <sup># Road</sup> ~~There~~ would run north of Irkutsk through the timber & mineral belt via Tobolsk, and a third south of it via Magnitogorsk. A North-South line, of course, already exists.

Large railway capacity, double tracks & highways beside railway lines are required, & to electrify all railways in mountain ~~sections~~ sector. Most of the equipment for all these purposes should be supplied from within the Ural district - including food supplies. (This is the Russian conception of economic transport.)

The problems of housing, education, sanitation & raising the material conditions of the worker are important & urgent. Farms, especially industrial districts, must be organized, - dairy farms, pigs, rabbits, etc - and new medical plants based on the chemical industry.

In addition to an economic 5 Y.P., there is a cultural 5 Y.P. The Urals are backward culturally, but will catch up. "To compare technique" schools & technical training <sup>for workers work at work.</sup> Payment is made to be done by those taking timber & minerals.

Some General Reflections on the Soviet System. Dalton St (29)

"Anyhow it works", as apologetic <sup>academic</sup> expositors of capitalism would say. This may be true to our generation's exiled perspective.

A land, not of hope + glory, <sup>not of hopelessness + bleakness</sup> but of hope & scarcity.

Pre-war population 75,000; 1926 - 136,000; 1932 - 430,000. Greater Sverdlovsk, within a radius of 18 kilometers, is planned to hold 1,500,000 by end of 2<sup>nd</sup> S.Y.P.

Here, as elsewhere, very willing to show everything. Childlike pride, (especially in size), but mature secretiveness.

Machinostroy stands several miles outside the old town. It is in the midst of pine forest, which is gradually being cleared. 70,000 people are now living in new housing blocks here. It is planned to have 100,000. Here, as elsewhere, housing has <sup>been</sup> treated as secondary to industrial plant building. The foundations of the housing look shabby. But my American cicerone said to me "Look at our workers! They walk like owners."

The machine shops are the largest in the world; 55,000 sq meters.

Some branches are already working; the rest will start in the autumn.

They will turn out 150,000 tons a year of heavy machinery for the steel industry, - enough to equip one and a half Magnitogorsk a year - and employ 20,000 men. They are now making the equipment for the Tagil blast furnaces, second only in size to Magnitogorsk.

I saw some pig iron from Magnitogorsk, - a first instalment. Its price is 40 roubles a ton. The price of the finished products in iron is 340 roubles and of finished products in steel <sup>at the present</sup> 1000 roubles a ton. All prices of materials are fixed by the Planning Dept in Moscow. The Profitplan - industrial & financial plan - is issued from Moscow. Price fixing is experimental at the start. In

making the collective agreements for wages, in which the Directorate, the Trade Unions & the C.P. participate, there is some local autonomy, subject to general directives from Moscow. For most workers there is a 7 hour day, but for copper smelting a 6 hour day. Each department elects workers to its own dining room. We went with one, & saw the manager, - young & rather shy, newly appointed.

Meats are served at 8 am, 4 pm & 12 midnight, - one for each shift. The ~~cost~~ price charged is 45-55 Roubles. 700 Dinners had been served last day, - vegetable soup, fried fish or meat, and coffee or cider. Workers in dangerous jobs get also a litre of milk a day and double vacation.

A collective bazaar for the sale of vegetables etc is held at Machinostroy. (It is all very new & eager now, but will it one day become a destination, like a capitalist industrial city, where one won a fine profit?)

A young man, now joined our party in between going to work, told me that in 1919-20, at the age of 14, (he must now,  $\therefore$ , be 26) he had fought here in the front in the Consumer Brigades in the Dnieper front; they had been surrounded by the Whites, but had fought their way out. Now he is attached to the Institute of Red Professors.

Another, still younger, man says he remembers in a boy selling Koshak with Cheljabinsk. Where he then lived, & some knew flowers!

In old Sverdlovsk is a pre-revolution factory producing templates for electrical equipment, & another turning out tool grinding stones.

In the new Greater Sverdlovsk, within a few kilometers of Machinostroy, must be an electrical smelting works, by an excavator plant to turn out 3,000 excavators a year & employ 20,000 workers. Start giving output in Jan 1934, (3) a works for general electrical equipment. It is the largest in the world & employ 95,000 workers. Output of 3 1/2 billion roubles a year. No start output in 1934 & work to full capacity in 1935. Site now being prepared for a ready made clothing factory to employ 10,000 women, who will then be gradually transferred to more suitable occupations than at present. These are some of the tasks of the 2nd 5 Y.P.

(It is said that the capital of the R.S.F.S.R. will be moved to Sverdlovsk town)

Magnitogorsk. (1)

Dalton 54 (31)

A real thrill here to see blast furnaces' ruddy smoke against the sunset.

T. Branin, from representative of the Workers & Peasants, who says he speaks 16 languages, takes us round.

Interview with ~~Kozhakov~~ <sup>Kozhakov</sup> No 3 in the hierarchy, - the other two being at Moscow. While <sup>industrial</sup> construction is to be complete by end of 1934.

There will then be 8 blast furnaces & 3 rolling mills (one on by far the biggest at yard), open hearth furnaces, more coke ovens, & large crushing & washing plant. New methods of repairing ore are being examined. New plants will be based on coke.

Financing of Magnitogorsk (industrial plant) has cost 1,100 million rubles. Also 500 million for housing 200,000 permanent workers. (But this latter have been spent yet!!)

The project has passed on its way. The plan has not been complete at the beginning. Therefore some plants have cost more than they should have done.

300 million rubles have been spent on agents & the collection of carbon from elsewhere.

One M. plant has been an exception to the rule that no money is paid without a plan. M. had a privileged position, but has a complete plan now. (cf. M. D. D. V. S. speech on separate note) A schedule for centrally & monthly work is presented to Commissioner for Heavy Industry. When endorsed, money is advanced to pay for material, wages, etc.

Some workers are drawn from the C.F.'s, their plants there being safe-guarded. Contracts with C.F.'s, not with individuals. Men may leave either temporarily or permanently. In return for this, M. must keep C.F.'s culturally, & by repairing their machines, etc. This is part of Stalin's policy for getting down contact between workers & peasants. C.F.'s



Magnitogorsk (2)

Dalton St (32)

are the main source of labor supply. Most individuals also apply direct, e.g. Boshkin, Tartan, ~~the~~ Khippe, etc. There are 30 Russian nationalities are now working at M. Labor also obtained through other organizations, and through the C.H.I.

2.5 - a contract with the Science Association. C.H.I. may take men

off their jobs & send them here. E.g. they are sending 3500 <sup>more</sup> men in a week or two. Men by appeals to other factories working on similar lines. They have promises of 1000 <sup>more</sup> men from this source. Skilled men are also recruited by propaganda & training of men now on the plant.

Many peasants, especially dull, have asked to stay on, & show intelligence.

The young generation of national minorities give promise of training into good workers. Schools, factory & other, for these students.

(These movements of labor illustrate "proletarian tourism".)

(I saw many goats, & for too many men standing about & working clumsily. Some didn't know how to use a shovel, & they seemed to have no wheelbarrows.)

Returning to finance, ~~the~~ funds for plant construction come from Prombank, & for housing from Wselobank (Central Commercial Bank). The money is paid in through postbank, where M has an account. Prombank & Wselobank control the work, but only to see that money is spent according to plan. (Compare housing, McCoy's experience!)



Price fixing & rationing in S.U. (2)

Dalton 54.

34

At Magnitogorsk, we were told, the basic prices of materials, (and also wages) were fixed at Moscow. There were added the cost of transport, & odds & ends on the spot, e.g. loading & unloading, hire of horses etc

A <sup>Commission</sup> ~~Committee~~ from St. Petersburg had come down, & found that they had paid too much for their equipment.

There is strict financial discipline. There is nothing for next month if not enough has been done last month. (This accounts for storing of wages in arrears.)

As to prices, it is their duty to appeal against prices which must be changed, (e.g. by another factory supplying material), if these are above Moscow levels.

They may also appeal to the State to reduce their tariff, e.g. by fixing coal, or transport. Recently the Commissariat for Heavy Industry ordered a reduction in price of coke, by compelling a reorganization of production, following complaints that coke cost too much.

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Prices of producers' goods. We asked several people about this. Smilga & Ossowski (Polish) said that these were prices, in general, according to their cost of production, including depreciation allowance. But sometimes there was a subsidy or a tax. Eg. agricultural machinery was sold under its c of p at the beginning of the 1950's.

The same price was charged to all users for the same article, within the range of producers' goods.

At successive stages of production additional price was made on account of profit & taxation. <sup>(Kak? kakov?)</sup> (Interest not charged, & not included in price, on long term "loans".)

At the Institute of Economic Research (Moscow) we were told that "as a result of conscious planning, the prices of producers' goods are lower than those of consumers' goods, contrary to capitalism."

But, as an incident of planning, some goods are sold above, & others below, their cost of production.

The prices of producers' goods must allow of increasing accumulation. (i.e. profits).

They are determined by the quantity of labour required.

If the productivity of labour rises, prices are lowered.

The basis (but only the basis) of prices of producers' goods are the costs of production (wages, cost of raw material, of transport & of distribution.)

Each factory must accumulate profits (a) for taxation (b) for the expansion of the undertaking.

It was found in the Donbass that higher wages reduced the cost of production of coal.

Price policy is directed to increasing the means of accumulation for industrialisation.

If costs of production (lower) faster than prices, industrial accumulation increases.

Redistribution through the budget has favoured heavy, as against light, industry in 1954-5. This with a subsidy in aid of price reduction, but in aid of capitalisation, in heavy industry. Indirectly it may reduce heavy prices, but not directly. (Heavy light prices are fixed underly high.) Light industry existed before the transition on a considerable scale, & could, therefore, prevent the creation of heavy industry.

Now is it really a "subsidy" at all. (They seemed to dislike this word.) It is a "loan" through the Budget. Short term advances -

3 months, 6 months or a year, - for working capital through grant. Repayable & interest-bearing.

Capital investments in buildings & new equipment financed by long term "loan" through <sup>Government</sup> ~~grant~~. But this is neither repayable, nor interest-bearing. This is a conditional gift. (Practice of repaying long term "loans" has never been adopted. Sobernikor thought it might be, but this was only his individual idea. His book is misleading on this point.)

Since the credit reform of 1950, there is direct lending by grant, & bills have been abolished.

Long term "credit" or "loan" is a bad term. It is government financing, with strict accounting.

One price of coal, or of any other means of production, is the same to all purchasers, though varying costs of transport are separately added. But the amount that can be purchased by any purchaser is rationed, according to the Plan.

Stocks of consumption goods sometimes exist, but only because of errors of distribution.

Planning. (General.)

Dalton 54

(37)

A flossid word (of reconstruction, & "rationalisation") has it any role in the world. Many possible meanings. Plan for what?

But in S.U. it has a concrete meaning, worth study.

How organized, - w/ a house. } separate note  
Medical example at Kazan.

Finance. Redistribution of resources through budget, or better  
different industries & localities. (Capitalist P.F. seems very  
elementary, mostly largely a fruitless culture of dead wood.)

Objects of planning in S.U. separate note.

Implications of planning. (Their problems & ours) Separate note  
They are within reach of self-sufficiency, if they want it. Importance of  
state monopoly of foreign trade.

Price fixing & rationing in S.U. separate note.

Inflation. No wonder about this as our city maiden heads. What way?  
A capitalist means of finance for labor, without some of ill effects of labor  
under capitalism. But, of course, it prevents the reduction of money cost,  
of hand-drawn iron being planned. But this is a search point.

Not much theory. Disaffection, little behind it. But this is a search point.

"Our practice has gone ahead of our theory" Ways told by under  
pressure of cross-examination at the Medical Institute of Economics Research.

Empirical & experimental adjustments, e.g. (Rather like a Capitalist  
State budget, price fixing. certain things are going on. And or subtract a little - of  
very P.F.)

only on a much larger  
& more complicated scale.

Perhaps not much seen for sufficient theory now, but many times having  
been laid down. Or perhaps the real theory will come  
along later, as in capitalist economies. Practical men have  
never known much about it but theorists have had to find  
some use for their time & intellect.

Planning. Implications. (1)

Dalton 54

Their con & way of their countries is very different.

But in all cases there must be, in a minimum, some social control of

(1) investment,

(2) comparative size of different industries,  
( & hence a ratio betn industries)

(3) location of plants, etc, & hence of use of land.

of diff to EU & elsewhere p

What shall be encouraged, & what, (resources being limited) shall be discouraged?

Particular cases.

- Electricity, water, etc.
- Oil from local.
- near industries to disperse areas.
- National parks.
- agricultural development (in suitable spots)

- Hygiene & Health.
- Education.
- Research.

How far is planning compatible with "continuation of capitalism"?  
(words define)

Size & range of resources, of planning area is very important.  
Is monopoly of foreign trade necessary? or is partial?

Monopoly (import & export board) enough?

National Monetary autonomy is necessary, failing this remote possibility  
of a satisfactory international agreement.

Wicksell's saying. "In capitalist countries, each individual with a plan, but outside general anarchic system, a general plan, but with each individual with anarchic."

Gen Plan would be better, as a remedy for unemployment & a means of even direct & better utilization of resources.

Planning. Implications. (2)

Dalton St (39)

A Planned Economy can only operate, in any country, on the basis of the social control & direction of the essentials of economic life.

Whatever the measure of future success achieved by those who are now, under very peculiar conditions - some favourable & some adverse - making the experiment in the U.S., it is difficult to believe that the Maoist & Economic theory of the West is superior, in principle, to a Planned Economy.

As DSB says, (see the world p ) Planning is more rational than Maoism. One latter is more like a conjuring trick!





Planning. Subjects in S.U.

Dalton St

(41)

For what?

<sup>in S.U.</sup>  
Small subjects, pretty simple.

No foreign capital (long term). Only short term credits to foreign sellers.  
Foreign concessions would be an embarrassment.

As to the tempo. Miss Lawson said to a Russian "you are like children trying to run before you can walk." He replied "we have no time to walk." (cf Trotsky's)

Told Neumann on my return that I had come out learning planning was the main problem, but I had changed my mind; it was financial efficiency but was the real problem, planning was fairly straightforward. (Italian?)  
As to tempo planning & distribution of population see separate note.  
Distribution  
check to front of old houses,  
- Location of well defined new ones, though not going to be  
an indicator of same group, who wanted ribbon & distribution.

Planning.

How organized w. S. U. (1)

Dalton St (42)

"Millions make the plan". U.K. & down.

Account from G. Smilga & Ossinski is summarized two pages later. Those at the Centre & in the districts will describe the process rather differently, each stressing more heavily their own part in it. When we told Smilga we were going to the Vreals, he said "Th. you will hear a great deal from the Vreal point of view. But there are other points of view." Ruzhakov, in charge of Leningrad finance, wished when we ~~asked~~ asked him whether discussion with Muscov did not occupy much time & least Example at Kazan. (See separate note) many differences of opinion!

It is clear from his & other accounts how the technique of planning has been developed empirically, not by inviting economists or other experts to make a plan for planning. So with capitalist industrialization. Economists only issue along afterwards & afterwards.

The use of breads from the part with L. put me in condemned or counter-revolutionary. "All life is a denial of the part, with is nothing." (from K. K. K.)

Planning. How organized in 3.1. (2)

Dartmouth 54 (43)

Nothing is "left to itself." Not only the output of electric energy, & pig iron, & tractors, but even the number of those who are to learn to play chess is determined in advance.

Necessary "adjustments" are made, not by the "free play of competition" or "supply & demand", but by authoritative decision.

"Investment" & "development" are proceeding on a vast scale.

"One wishes one paying a tremendous price." Yes, but for something. In the war they are paying too, but for nothing at all.

Planning. How organized in S.U. (3)

Dallon 54 (46)

Smilga (a left, who gave the order, May 30, to execute the 13th at Sverdlovsk) and Ossowski, explained to us the organization of the Gosplan and the procedure for making the second 5 Y.P.

S & O, who is head of the Statistical Section, and both Vice-Chairmen of Gosplan, who is organized in various sections, viz

I. (1) Central Planning Bureau.

(2) Finance { (i) Budget  
(ii) Credit  
(iii) Currency

(3) Capital Construction

(4) Location of Productive Forces (S is head of this)

(5) Water Resources

II. Coal, oil, metals, machine building, building materials & heavy industry generally.

III. Agriculture & light industry.

IV. "Market circulation": Internal & foreign trade.

V. Transport.

& other sections dealing with Labour, Culture, etc.

The Second Five Year Plan. At the beginning of 1932 the general principles of the Plan were adopted by the Central Committee of the C.P. These

Gosplan has since worked out in more detail, for industry & regions. Each industry & regional <sup>each Planning committee</sup> have also worked out their own plans. The

limiting date for these is Aug 5th when they must be sent into Gosplan.

Meanwhile special conferences on the location of productive forces, on Fuel, Electricity, etc have been meeting in Moscow, consisting of specialists & workers in the industries.

Now the "mounting of the plan" begins (Aug 5th - Sept 15th). Then the

## Planning. How organized in S.U. (4).

Dalton 54 (45)

Govt will see the Gosplan draft & will comment on it. Then Gosplan will consider any comments made by the Govt, & will submit a Final Plan by the end of the year.

A Temporary Commission of leading workers in the Gosplan & of representatives of the various Commissariats was created for the preparation of the first draft of the Plan. The main work of organization has been done by Smilga & the Central Planning Bureau.

(It is difficult, from his & other accounts, to be sure who really makes the important decisions. It depends heavily on strength of personalities. I suspect that the localities have really not much say. And, of course, the Plan isn't final. It is modified as it goes on.)

The Head of Gosbank can defend his position in the Council of Commissars, is by Vice Chairman of the Commissariat of Finance & a member of S.O. He is also represented on the Temporary Commission.

The Prebank is not now represented on the Temporary Commission & has at present no part in forming the Plan. But S. thinks this may be changed. Prebank will be bound by the S.Y.P. & annual plans. But if <sup>any</sup> industry doesn't carry out the Plan, the banks need not continue their advances & may appeal to the Govt. (One conception of bankruptcy <sup>of unindustrialized industry</sup> has apparently now been introduced into the Soviet system.)

As to location of productive forces, for cent in socialist economy plan one industry alone. You must have inter-industrial planning. Unskilled workers are brought, in a rule, from adjacent regions to new or expanding plants, but specialists & skilled workers from a distance, according to a planned scheme.

The aim is a great number of medium sized industrial centers. This will be continued under the 2<sup>nd</sup> 5 Y.P. New centers will be established in Central Asia & elsewhere, where hitherto there has been little industrialization.

At the Moscow Institute of Economic Research (where Varga said "our practice has been going much faster than our theory") we were told that they had had a group working on Accumulation & Consumption for the second 5 Y.P. For this the directives are Malenkov's speech in Feb. 1952 & the resolutions founded on it by the Party Conference.

The first version of the Plan will be ready by Sept 20<sup>th</sup>. Work is going on inside Gosplan, to whom all figures have to be sent by Aug 5<sup>th</sup>. In 1957, the end of the 2<sup>nd</sup> 5 Y.P.,

production is to increase 2 1/2 times & consumption 3 times. Classes are to be eliminated, & the rationing system abolished. There is to be only one price, fixed by the State, for every commodity.

The Plan is worked out simultaneously both from above & below. Gosplan's first draft goes to every factory, c.f. etc & is discussed there. So millions participate in working it out. This feature is more marked than in the 1<sup>st</sup> 5 Y.P. All suggested amendments go back to Gosplan.

Planning - Examples of inefficiency in S.U. Dalton 54 (49)

I met Ernst May at lunch at the German Embassy in Moscow.  
He said "I have just come back from replanning Armenia."  
Also

But the entire team of architects have been wretchedly misused.  
(see Der Neue Stadt)

Too many controls spoil the plan. Britain & still more U.S. contributions.  
(George III fossilized) show how an excess of checks & balances  
makes political paralysis.