

Assess the Potential of the NEP as a Model of Development for Soviet Russia

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The NEP was the child of crisis: the mutiny of the soldiers and sailors of the Kronstadt garrison; the imminent danger of peasant revolts. War Communism in its original formulation was a spent force, and change was needed to draw the heat from the political challenge and map out a path to a better and more stable future. Lenin recognised the party's faltering control of events. At the 10th Party Congress in 1921 he commented on the resolution introducing the key features of the NEP in dramatic terms:

You will say that this is rather vague. Yes, it is, and should necessarily be so to some extent. Why necessarily, Because if we are to be absolutely definite, we must know exactly what we are going to do over the year ahead. Who knows that? No one.¹

Was the NEP then just a panic measure, a "retreat" as the revolutionaries themselves described it? Elsewhere, Lenin was adamant that the NEP was a serious, long-term project. Bukharin, addressing the Third Comintern of July 1921 was explicit both about the radicalism of the NEP ("One cannot make omelettes without breaking eggs") and its pragmatism:

But the fact of the matter is we are making economic concessions in order to avoid making political concessions.²

Despite its fraught genesis, the NEP was a sophisticated, comprehensive, and integrated response to a daunting and diverse set of challenges: but I will argue that in its very nature it was prone to destabilization and vulnerable to recurrent crises.

The mixed economies of modern states are now so familiar that it is easy to miss how ambitious the NEP mix of public and private sectors was. Walter Duranty vividly captures the experience of its impact on Moscow in 1923, but also places it in its wider national context:

Ill-informed foreigners like myself naturally saw first the superficial phases of NEP., its reckless gambling and easy money, its corruption and license; which were real enough, but were not all the truth, because the years of NEP's flourishing, the last quarter of 1921 until the end of 1923, were also years of national recovery and development.³

For Lenin, state control of what he called the "commanding heights" of the economy was the key to making the mix work, the primacy of the planned economy keeping private enterprise - and the political fallout of its successes - in check. Preobrazhenskii, writing in 1926 on the economics of industrialization and the need to match the west in technology, draws out another feature of the planned economy. To "the basic law of our Soviet economy":

...are subordinated all the basic processes of economic life in the sphere of the state economy. This law, on the other hand, changes and partly liquidates the law of value and all the laws of the commodity and

¹ (Lenin)

² (Bukharin, The New Economic Policy Of Soviet Russia)

³ (Duranty)

commodity-capitalistic economy insofar as they manifest themselves or can manifest themselves in our system of economy.⁴

Free marketeers home in on features such as this as fatal flaws in the 'market socialism' of the NEP:

...Bukharin's ideas do reflect some of the problems faced by market socialists. Market socialists believe that planners can simulate market signals such as prices, wages, and profits (Milton Friedman calls this simulation "playing at capitalism").⁵

But the revolutionaries had clearly targeted major weaknesses and inefficiencies in advanced capitalism which public ownership and the planned economy could and should address. Stalin would in 1929 set out the difficulties faced by capitalism in the large scale industrialisation of agriculture and argue that the solution lay in the economies of scale only achievable by the *sovkhoz* large grain factory under a planned economy.⁶ This end - though not the means Stalin used to achieve it - and the underlying economic theory is entirely consistent with the NEP.

But, as Duranty hints, some of the economic successes of the NEP came with a political cost. Particularly in urban settings, the NEP was too successful, too quickly, too obviously. Ad hoc measures were taken to limit the 'New Exploitation of the Proletariat' – as the NEP was dubbed by its critics. The revolutionaries - archenemies of capital - could not become experts at fine-tuning its operation overnight. The profits of the NEPmen and the spectre of the *kulaks* were a problem as much as an index of a flourishing economy. The communists were adept propaganda merchants – but there was always an ambivalence in the way these aspects of the NEP were portrayed and implemented. As we will see, even under the Soviet system rationalist, technocratic programmes would need to be understood and assimilated, to earn commitment, and to command a broad base of support. Without all of these, the potential of the NEP as an economic project would be undermined.

The NEP was a complex and ambitious programme of economic engineering: dependent on many interlinking factors any one of which could fail. Lenin was realistic in highlighting the uncertainties. The danger of complexity was that the policy could be misinterpreted – or deliberately misrepresented. Such ambitious programmes are rarely overnight successes: there are a lot of 'moving parts' to be maintained and supported until the benefits can be realized. Different parts of the NEP moved at different speeds. Private enterprise and light industry revived quickly, but reform of heavy industry and the peasant economy - the collectivization of agriculture and securing direct control of the grain supply - would necessarily take time. The wholesale industrialization and state governance of a traditional peasant economy, if achieved, would be a 'game changer' for Soviet Russia. But in the short-term, ad hoc interventions were needed to remedy the 'scissors crisis' of 1923 and subsequently. The scale of the challenge was illustrated by Bukharin in 1926 when he produced a mixed report card on the NEP, at a point generally considered a high point in its lifetime. Industry and agriculture together had almost recovered to pre-war levels and collectivization in agriculture was taking off, albeit mostly in the more limited *TOZ* form. Bukharin uses the customary military metaphor to frame the nature of the problems the NEP still faced:

We must admit that although on the whole our State industries, our co-operative system and our co-operative trade are making progress, although they are systematically crowding out the private trader and encircling the peasant profiteer, nevertheless it is also true that, at the present time, in some places,

⁴ Quoted in (Daniels 176-178)

⁵ (Bean 87)

⁶ (Stalin)

especially where grain stocks and raw materials are concerned, the peasant profiteer and the private capitalist have broken through our front.⁷

These are not just temporary setbacks but insidious strategic threats:

The kulaks are dangerous because they are fighting us for the middle peasantry, and above all because, if conditions are unfavourable to us, they can detach some of the middle peasantry from us....

What must be emphasised is that the peasants, whether they will or no, can take part in the building up of socialism through the co-operatives, for this whole machinery is guided by the socialist industry of the towns and by the working class. If the town working class are linked in this way with the co-operatives, through their banks, transport and other enterprises, trusts, syndicates and so on, and thus carry the co-operatives with them, then there is possible an economic development of the middle peasantry along non-capitalist lines...

The meaning of the new economic policy is that, instead of driving the peasant forcibly into Communism, he is led by his own private capitalistic interests, gradually, and unnoticed by himself, to Communism.⁸

He is here trying to explain the political theory of the NEP and build support by rebutting the challenge that the *smychka* between town and country is in any way regressive: on the contrary the middle peasantry is numerically the “fundamental mass” of the population on the land, as a result of the forcible land redistribution of the Revolution. In other words, the peasantry is key to the solution of the problem of achieving ‘socialism in one country’. As Bukharin put it elsewhere: “the question of the worker-peasant bloc is the central question, it is the question of all questions.”⁹ Did this voluntaristic, gradualist approach make the NEP too utopian to succeed? Maintaining support for policies whose benefits are mostly in the longer term but whose costs are immediate is a problem not unique to the NEP, but it was a problem, nonetheless. The greatest growth in the collective sector did not occur until after 1927 when the interests of speed and ramping up marketable grain surpluses meant greater pressure was exerted by extending credit to collective farms and punitive taxation of ‘*kulak*’ farms - and time was almost up for the NEP. Lenin had been clear that the NEP was a long-term project, but vague about its latter stages and fulfilment. It was easily construed as moving too slowly to ward off the consequences of further crop failures and recurrences of the scissors crisis - and of course the crucial industrial race with the capitalist west.

Association with the doctrine of socialism in one country was also a double-edged sword for the NEP. On the one hand it offered an immediate way forward for Russia to take its future into its own hands, and ostensibly created a space for the practical measures of the NEP. But, by securing the agreement of the party to the full achievement of socialism within Russia as a concrete objective, ‘time to completion’ became a pressing question for its architects. Trotsky, looking back in 1936 and referring to Bukharin’s talk of building socialism “with a tortoise tempo” puts it as follows:

But the illusion of a socialism to be built at a tortoise tempo, on a pauper basis in an environment of powerful enemies, did not long withstand the blows of criticism. In November of the same year the 15th Party Conference, without a word of preparation in the press, acknowledged that it would be necessary “in a relatively [?] minimal historical period to catch up to and then surpass the level of industrial development of the advanced capitalist countries.”¹⁰

⁷ (Bukharin, The Tasks of the Russian Communist Party)

⁸ Ibid.

⁹ Quoted in (Daniels 261-265)

¹⁰ (Trotsky) Appendix: Socialism in One Country

The NEP deserved a better mascot than a tortoise... Regardless, the clock was ticking for the NEP. It is certainly possible to judge the NEP as wanting - because incomplete - in terms of clarity and timescales: as having deferred indefinitely the 'hard yards' of completing collectivisation, establishing direct and reliable control of the grain supply, and building out heavy industry. It is easy to find vagueness in Lenin's original conception of the methods and timescales of the NEP. But this judgement may be too harsh: the NEP was not the whole revolution. Be that as it may, the fierce ideological contest over the doctrine of 'permanent revolution' had further fallout for the NEP: the need to rebut critics 'boxed in' the attitude to the capitalist west. Foreign investment, trade, and technology was a central plank of the NEP, but success in these domains could not be fully exploited nor celebrated, and limits had to be seen to be set and observed. The dilemma was similar to that created by the success of the internal market reforms, as we have seen, and served to compound the problem. The existential threat posed by the capitalist west remained central to the prevailing ideology and set limits to freedom of action in trade policy and related areas. To make matters worse, the credibility of external threats did not rest solely on Marxist doctrine: the Bolsheviks' keen sense of history told them not only that revolutions are fragile (cf. the French Revolution and the Paris Commune), but also that it was standard operating procedure for the western dynasties to meddle in the affairs of other nations, which was why treasonous motives attached to the Tsar's family so readily during World War I. The NEP had no power to erase these memories and the suspicious attitudes they underpinned. The confluence of all these factors make it unsurprising that the rumours of foreign military intervention in 1928 which helped topple the NEP were readily believed.

The NEP was also at the mercy of the growing pains of the administrative and political frameworks of the regime. The protagonist of Fedor Gladkov's novel *Cement* (written in 1925) laments the bureaucracy blocking his way:

He would have to find out for himself what the Industrial Bureau was, this impassable bulwark of the Economic Council and the factory administration. This massive rock stood in his path all the time, and his questions rebounded from it unanswered...

In the administration of the factory there was nothing but waste, inactivity, sabotage. In the Economic Council, sabotage, bureaucracy, and some invisible internal activity which one could not fathom. The people there were all importantly businesslike, with fat portfolios, clean-shaven, like Communists.¹¹

These words - "like Communists" - call to mind Kollontai's pamphlet on *The Workers Opposition* in 1921¹². She attacks the influence in the party of the old bourgeoisie, technicians and specialists - all but the narrowly defined working class. The NEP demanded committed, expert and efficient administration, particularly of the 'top down' planned elements of the economy. But this could easily be presented as bureaucratic - and bureaucracy was a dirty word. But for Kollontai 'bottom-up' party democracy and accountability are everything, and current practice is inimical to the elective principle:

Appointments are permissible only as exceptions. Lately they have begun to prevail as a rule. Appointments are very characteristic of bureaucracy, and yet at present they are a general, legalized and well-recognised daily occurrence. ...

Appointments lessen the sense of duty and responsibility to the masses in the ranks of those appointed, for they are not responsible to the masses.¹³

¹¹ (Gladkov)

¹² (Kollontai) ch.3 On Bureaucracy & Self-activity of The Masses

¹³ (Kollontai) *ibid.*

In an echo of Bukharin's pleas for time to develop the NEP's potential she too complains that "The workers' initiative is indispensable for us, and yet we do not give it a chance to develop": the working class needs time to grow into its role. Whatever one thinks of Kollontai's critique, which did not prevail, it is prescient in two important respects about problems in and around the NEP which contributed to its effective end in 1928. First: Stalin was able to exploit his control over the party and the state bureaucracy when the time came for him to move against the NEP. It is an irony that the more persuasive and successful the arguments of opponents such as Kollontai were in attracting support within the party, the more they risked the charge of 'factionalism'. As for the NEP's successful practitioners of private enterprise, so for dissident political figures, success made you a problem and a target. This charge of factionalism became a favoured weapon in Stalin's political armoury. His control of the party machine was more insidious, and therefore harder to counter. Second: Kollontai draws attention to the striving for a particular type of revolutionary political consciousness and persona, and this could have a dark side which was a menace to the NEP. This is not the place to dissect the social project – the 'New Social Policy', so to speak - of the 1920s. But it seems clear that there was an impatience with the NEP among both older and younger revolutionaries: the former with the 'selling out' of the revolution to capitalists and old elites; the latter desperate to play an active part in completing the revolution. One writer comments on youth militancy that: "The class-conciliatory NEP fit very uncomfortably into the militant worldview"¹⁴ and quotes one young Komsomol member in 1927:

I would like the Komsomol to be like it was in 1918 – the bellbottoms, the revolver, and whatnot. This is the type of Komsomol I have in mind. Sometimes there occurs to me this question: what was the NEP introduced for? For nothing, I think. At the present time NEP could be cancelled immediately, even with the help of brute force.¹⁵

Words such as these are a chilling taste for what was to come. But they also perhaps help us to set the NEP in the historical and philosophical context of the humanistic, rationalist and scientific Enlightenment thinking which inspired socialism. It was a practical template for harnessing those progressive, optimistic, and inclusive ideals in the service of a vision of society which was advanced not only technically, but also morally and politically. By contrast, the "militant worldview" could be harnessed by Stalin to entrench social conflict and deliberately engineer the realisation of Hobbes' *state of nature*: "the war of all against all", which justifies and necessitates absolute sovereign power. It was a stark rejection of the Enlightenment heritage. The *realpolitik* justification is that flagship projects such as the building of the city and nickel mines of Norilsk could not have been completed under the utopian NEP in time to meet the existential threat from Nazi Germany. It may be possible to make the case that the vast technical and human resources of Russia could have been more efficiently – as well as more humanely – deployed to achieve those same goals, in the spirit of the NEP. But this is a discussion for another time which can only be sketched here. Put simply, the Gulag was a regression to serfdom, slavery, and manual labour: but the challenge would be to try to see past human misery and exploitation and to focus upon the inefficiencies and wasted human resources which characterised many of these enterprises, such as the ill-conceived *Belomorkanal* project. Consider too: the fetishization of the Stakhanovite 'work harder – not smarter' ethics of zeal and effort. Was the Darwinism of the food allocation scheme practiced within the Gulag was as smart as it seemed? Important as these questions are, however, perhaps we should not forget that the NEP was Lenin's project: and Lenin was as much a ruthless hard-headed revolutionary as a misty-eyed Enlightenment philosopher.

In conclusion, then, the NEP cannot be assessed in isolation from its wider context. The NEP was not the first or last project to fall foul of the conflict between an idealistic worldview and a darker, more

¹⁴ (Kuromiya 110)

¹⁵ (Kuromiya 110-111)

complex prevailing *zeitgeist*. We said that long-term projects need time and resources to develop; a degree of commitment; and perhaps a degree of faith too, to weather storms in the expectation of sunnier times. Sometimes there is a hope that in time a younger generation, more open to new ideas, will predominate over an older, more conservative generation. But, as we have seen, the younger generation may have its own ideas about that. The verdict on the NEP as a model for the long-term development of Russia is a mixed one, tempered by the reality that the new economics was often in tension, not alignment, with a politics and a society following their own paths of development. It was ultimately the loser – somewhat ironically in view of Marxist orthodoxy about the primacy of economic relations! In some respects, the NEP embodied the same endemic failings as Stolypin's earlier attempts at reform: a rational, pragmatic programme of much-needed change to be sure: but implemented in a technocratic 'top-down' manner with an insufficient base of support to sustain it through difficult times. Things might have been different had Lenin lived longer or Bukharin prevailed. But a project dependent on the personal authority of individuals is inherently flawed, most would say. We should not, however, forget that the NEP had an afterlife; and perhaps its final chapter has not yet been written even now. Various attempts at NEP-like economic revival were tried later in the Soviet Union, most notably – and finally – in the shape of Gorbachev's *perestroika* project in the 1980s. Despite its bold ambitions, this too ended in failure.¹⁶ The synthesis of capitalism and communism had once again proved too difficult a move to pull off – at least in Soviet Russia...

¹⁶ (Bean 88-91)

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