

Plans for Work

A. Concise statement of project

It is proposed to inquire into the question How far was Russia's development since 1917 influenced by the same political and economic factors which were responsible for the transformation of the institutional system of Western civilization during that period?

B. Background of the project

This inquiry is designed to follow up a study which was undertaken by the applicant under the auspices of the Rockefeller Foundation concerning "the political and economic origins of the present world dilemma", a formula which was meant to cover the recent transformation of the institutional system of the Nineteenth Century.

That system involved four characteristic institutions. "The first was the balance of power system, which for a century prevented the occurrence of long and devastating wars. The second was the international gold standard which symbolized a unique organization of world economy. The third was the self-regulating market, which produced an unheard of material welfare. The fourth was the liberal state. Between them they defined the outlines of the history of our civilization."

This inquiry centered around the sudden and all but

complete disappearance of these four institutions within the last quarter century.

Two results of the study, which encompassed the social history of the last 150 years, can be summed up as follows:

(a) Industrial civilization based on market economy was fated to be short lived. For the institution of the self-regulating market inevitably called forth interventionist reactions on the part of the state. Such reactions were bound to interfere with the self-regulation of the market, and thus impair the working of the system. "It was the issue free markets versus interventionism which was at the root of all social problems in the leading countries."

(b) The vehemence of the catastrophe was caused by the fact that the international peace system rested on the international economic system. Thus the sudden dissolution of the international economic system precipitated a general crisis. "The collapse of the international gold standard was the signal for a world revolution."

In the nature of things this study centered on Western Europe, the scene of the Industrial Revolution.

It is now suggested to apply these hypotheses to the recent economic history of Russia, thus providing a much needed investigation of that period from the European point of view. While the influence of Russian developments on Europe has been under almost continuous discussion, the influence of European development as a whole on Russia has been rarely, if ever, touched upon.

Such an approach might benefit a number of special disciplines. The economic historian might be enabled to discuss Russian development not only from the viewpoint of Russia, or that of the history of the socialist movement, but of that of general economic and social history. This, again, might greatly facilitate the work of the writer of universal history, whose task it is to appraise Russian events from the viewpoint of such trends as are expressed in the Eastward spreading of the French Revolution, the recent emergence of integrated forms of government, or the rise of Russia to the status of a world power. The Russian Revolution, which might appear as an event sui generis, may then be understood as an overlapping of different sequences of events some of which were specifically Russian, while others formed part of a development of a more general order. Such an analysis might, finally, provide the historian of civilization with the framework for the formulation of both the unity of, and the tensions within, our civilization. In this manner the problem of Russia and the Russian Revolution could be brought within the compass of the methods of thought and analysis traditional with Western mankind.

Though there is reason for confidence that the study, if successfully completed, would serve the broader purposes of scientific enlightenment, it is proposed to restrict its scope and method in a definite way, as follows:

C. Scope of the inquiry

In order to gauge the degree to which Russian development

since 1917 was influenced by the same political and economic factors which were responsible for the transformation of the institutional system of Western civilization during that period, it is proposed to study two questions:

(1) How far was Russian development determined by the alternative free markets versus interventionism?

(2) How far was that development influenced by the failure of the international system to function adequately?

A short remark on these points may be appropriate.

Ad (1):

It is unanimously held by the students of recent Russian economic history that the whole development which lay between the October Revolution 1917 and the launching of the kolkhos movement in 1930 was determined by a definite set of issues arising out of agricultural interventionism. The subject matter of this inquiry should therefore lie well within the scope of objective methods. Indeed, from this viewpoint, it is indifferent, whether the Russian government intended to establish a socialist economy, but had to make concessions to market factors, or whether it wished, on the contrary, to avoid the establishment of a socialist economy in Russia alone, and yet found itself compelled to establish such an economy on account of conditions connected with interventionist policies. It should thus be possible to keep aloof from all controversial political issues.

Ad (2):

It is a well established fact to-day that neither the

international political system nor the international economic system of the Nineteenth Century survived World War I.

The international political system produced the Hundred Years' Peace (1815-1914) i.e., the absence of major devastating wars over that stretch of time. The world economy, on which this de-facto peace system rested, comprised a number of great institutions, such as world capital markets, world commodity markets, and world currency markets. After an unsuccessful large scale attempt undertaken in the decade 1919-1929 to restore this politico-economic system, it finally collapsed, as symbolized by the failure of the League of Nations, on the one hand, of the international gold standard, on the other.

The question under this heading is: How far did the failure of the politico-economic system of the world influence the conditions under which the issue of economic interventionism came to a head in Russia?

Note: Undoubtedly Russia's own policy was one of the factors working towards the break-down of the international economic system. However, after Locarno (1925) the effectiveness of this force was very limited.

D. Method of investigation

The method proposed follows closely from these viewpoints and the subject matter in question.

Ad (1):

There is, again, a fair amount of agreement that what

appeared as the Russian Revolution consisted of two separate and well defined periods, viz., the October Revolution of 1917, up to the crisis of the New Economic Policy, some time about 1924; and the starting of the kolkhos movement in 1930. The two periods were set off by a span of years during which, as it seemed, the Revolution had, politically, spent itself and economically wavered between the continuation of the New Economic Policy tending towards a complete market-economy, and a reversal of that trend in the direction of increased interventionism.

It is in terms of these two distinct periods that we must investigate the main shifts of economic policy from the October Revolution (1917) to "War Communism" (1919) and the New Economic Policy (1921), further, from the vicissitudes of that policy to the Five Year Plans (1928) and the ultimately decisive launching of the kolkhos movement (1930).

If the assumptions made are correct, the October Revolution (1917-1924) may be found to have followed the secular trend of Western European and North American revolutions since the Seventeenth Century, while the Five Year Plans formed part of an entirely different movement determined by the same political and economic causes which governed the sudden institutional transformation in the whole realm of Western civilization. In this case the Russian dilemma of market laws versus interventionism may well have been merely one instance of an universal phenomenon, apart from which it cannot be rightly understood.

Ad (2):

It has gone almost unnoticed that the obvious failure of the international system, both political and economic, which came to a head in the 1920's and 1930's vitally influenced Russian development. The origins of the Five Year Plan movement were only partly Russian; to almost the same extent they were European.

In terms of universal history the massive achievement of the Nineteenth Century was the Hundred Years' Peace (1815-1914). It resulted from a peculiar application of the balance of power based on, and made effective by, the given international economic system of the period. Consequently, it could not survive the dissolution of world economy. The League of Nations may be regarded as an unsuccessful attempt to restore the balance of power as well as the gold standard, and the failure of the League meant the final breakdown of the international system, both politically and economically.

(a) The international political system

The contention on this point is that when the October Revolution of 1917 was spent, and Russia began to look for international affiliation, her position was complicated by the absence of an international political system of the traditional kind.

(b) The international economic system

The world market for agricultural produce failed much sooner than world economy as a whole (i.e., capital markets, and markets for manufactured goods). Russia's trade balance was therefore adversely affected at a time when she was strain-

ing to keep up industrial imports. But terms of trade became increasingly unfavourable. Thus the failure of world economy had far-reaching consequences for Russia's economic policies at home, including forced industrialization, and, ultimately, even the collectivization of the farms.

The method of investigation will mainly consist of studying the effects of (2) on (1), i.e., of the degree to which the international factor influenced the crisis of interventionism.

E. The argument

A careful investigation reveals that the failure of the international system greatly increased the tensions which arose out of the interventionist dilemma. The argument ^{brings} on the effects of forced industrialization on the terms of exchange between town and country. Under the given conditions speeding up of industrialization would worsen those terms. Now, the failure of the international system caused an expansion of heavy industry for two reasons, one, the increased needs of defence, the other, worsening terms of foreign trade. The first extended the range of industrialization irrespective of economic rationality, the latter for reasons of economic rationality, in view of the increasing costs of imports. By way of these two factors the failure of the international system tended to worsen appreciably the terms of exchange between town and country.

This had important effects on the interventionist dilemma. Interventionism in Russia was primarily agricultural and

was designed to overcome the discrepancy between the terms of exchange. Whether such methods were workable or not depended very much upon the "opening of the scissors". Forced industrialization naturally tended to increase that opening beyond what was bearable within a system of free marketing of grain. This ultimately compelled the government to resort to a new politico-economic solution, the collectivization of the farms. It can therefore be assumed that international conditions formed an appreciable factor in the decision to resolve the interventionist dilemma by means of the Five Year Plans.

To the degree in which this could be shown to be the case Russia would have to be regarded as influenced by the same political and economic factors which determined the institutional change in Western civilization.

F. The presumable significance of the project, if completed

No understanding of the problems of our age can be adequate which does not account for the institutional transformation which is the characteristic of our time.

The obstacle to such an understanding lies in the fierce contentions which naturally surround every phase of that process of change.

This, however, should not preclude attempts at an objective appreciation of such features of the transformation as can be brought within the compass of scientific methods.

The present project may achieve such an approach of the

Russian Revolution by applying to its history viewpoints and methods developed in a broader context.

It has already been shown, under B., to what extent general economic and social history as well as universal history, and even the study of civilizations might gain by an analysis of the relations between European and Russian development during this critical period.

It is hoped that it will not be regarded as lack of modesty if it is claimed that the ideas underlying this project are new. Indeed, this could hardly be otherwise, seeing how comparatively recent these events are. On the other hand, it is probably only a question of time for this work to be undertaken by others, for its basic approach must soon gain general acceptance as Russian events fall into their place in European history.

The significance of the present project is believed to lie precisely in the fact that it would have been still undertaken by a person whose intellectual and spiritual origins lay in the pre-1914 world, whose manhood years coincided with the period under investigation, and who was nevertheless privileged to witness the beginnings of the transformation. Later scholars will no more possess the unique advantage of spanning in their experience these three distinct periods of our cultural history.

G. Literature and sources

The projected inquiry does not overlap with existing

literature, which may be grouped, by representative viewpoints, as follows: (a) Russia seen from the angle of European civilization as in the works of Th. G. Masaryk and R. Pülöp-Miller; (b) criticisms and appraisals of the revolution by Western socialists, like R. Luxemburg, K. Kautsky, A. Rosenberg, or S. and B. Webb; (c) works on revolutionary Russia by independent writers as W.H. Chamberlin, Fr. Pollock, Sir Bernard Pares, M. Farbman, M.T. Florinsky, C. Clark, B. Brutzkus, A. Yugow, or the Birmingham Institute; (d) studies on the Communist International, as those of M.T. Florinsky and F. Borkenau; (e) histories of the Revolution by participants as those by Trotzky, the official history by Gorky and others, the official History of the Communist Party of Russia. The official histories are mainly political constructs. Of this literature only Brutzkus' "Economic Planning in Soviet Russia" (engl. 1935) seems to cover the same field, as it centers on the problem of economic interventionism. But it lacks our specific approach, namely, the dependence of the solution of that problem upon European development.

Sources on Russia are superabundant, and include the whole range of Party and Soviet official publications as well as fectional literature. The New York Public Library, Slavonic Department, contains the bulk of the material.

Given a working knowledge of Russian, a specific inquiry restricting its scope deliberately to the relevant data and documents should not be beyond compass.

There is reasonable hope that a work dealing for the first time with the Russian Revolution in its dependence from

the European scene would not be without interest to publishers.

H. Ultimate aims

I have finished the greater part of the study prepared under the Rockefeller grant. Wherever my career as a University Lecturer may take me in the future, I intend to follow up the results of that study through further research in the field of economic and social history. As a first step, I feel, it is incumbent on me to complete that basic study by applying its leading ideas to the more recent economic history of Russia. My ultimate aim as a scholar is to contribute to that integration of the social sciences, which is needed to-day in order to resolve the problems of our generation.