

War Communism to NEP: The Road from Serfdom

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The collapse of the productive forces surpassed anything of the kind that history had ever seen. The country, and the government with it, were at the very edge of the abyss.

Leon Trotsky on war communism¹

Introduction

In March 1921, V. I. Lenin, ruler of revolutionary Russia, stood before the Tenth Congress of the Bolshevik Party and dramatically admitted that something had gone awry with the Revolution. The new policy he unveiled that day admitted not only that the Bolsheviks had failed to ignite a worldwide socialist takeover, but that the revolution they did ignite had brought Russia to the “very edge of the abyss.”

Four and a half years of “war communism”—the attempted instantaneous obliteration of the market economy—had brought only starvation, death, and destruction. The Bolshevik hold on the nation was tenuous. Something drastic had to be done. What Lenin chose to do is a fascinating and instructive historical episode.

War Communism

The period from 1918 to 1921—the period of war communism—may be described as a leap into socialism. Whereas Marx had predicted that capitalism would mature into a proletarian revolt and then a socialist dictatorship, the architects of the new Russia sought to skip key Marxian historical steps and proceed directly to the workers’ state. To do this Lenin had to depart radically from orthodox Marxist strategy.

Lenin had originally accepted Plekhanov’s deterministic interpretation of classical Marxism. . . . But by 1900, Lenin recognized that the working class movement, isolated from the leadership of revolutionary Marxists, would be irredeemably “petit bourgeois.” By the end of 1901 Lenin insisted that a revolution required the intercession of a critical revolutionary elite. . . . Nowhere did classical Marxism explicitly enter-

tain the conviction that a revolutionary party and a revolutionary leadership was either the necessary or sufficient condition of the revolution.²

If the small Russian proletariat and a large number of peasantry were not ready to inaugurate socialism spontaneously (as envisioned by Marx), then Lenin and his professional cadre would do it for them. The result was war communism.

Much has been said about this period, but perhaps the most succinct description of its meaning was provided by economist Jack Hirshleifer. He called war communism "the most extreme effort in modern times to do away with the system of private property and voluntary exchange." In the eyes of the Bolsheviks the market was the most "bourgeois" institution and therefore most deserving of immediate destruction. As leading Bolshevik theoretician Nikolai Bukharin wrote in *The ABC of Communism*, "We see, therefore, that the primary characteristic of the capitalist system is a commodity economy; that is, an economy which produces for the market."³ In another book, *The Economics of the Transition Period*, Bukharin elaborated: "Indeed, as soon as we deal with an organized national economy, all the basic 'problems' of political economy, such as price, value, profit, etc., simply disappear."⁴

In one fell swoop the market was declared illegal. Private trade, the hiring of labor, leasing of land, and all private enterprise and ownership were abolished, at least in theory, and subject to punishment by the state. Property was confiscated from the upper classes. Businesses and factories were nationalized. Surplus crops produced by the peasants were taken by the government to support the Bolshevik civil-war forces and workers in the towns. Labor was conscripted and organized militarily. Consumer goods were rationed at artificially low prices and later at no price at all. Unsurprisingly, special treatment was accorded those with power and influence.

The results were catastrophic. Industrial production by 1920 was 20 percent of the pre-war volume. Gross agricultural output fell from more than 69 million tons in the period 1909–1913 to less than 31 million in 1921. Sown area dropped from over 224 million acres in the period 1909–1913 to less than 158 million in 1921. From 1917 to 1922 the population declined by 16 million, not counting war deaths and emigration. Eight million persons left the towns for the villages from 1918 to 1920. In Moscow and Petrograd, the population declined 58.2 percent.⁵

With industrial production at a near standstill, the towns had little to trade with the peasants for food. With no incentive for the peasants to produce a food surplus, the government turned to confiscation, which further discouraged agricultural production. The peasants resisted the harsh government measures.

The peasant was required to deliver everything in excess of his own and his family's needs. Naked requisition from so-called kulaks [the more

prosperous peasantry] of arbitrarily determined surpluses provoked the two traditional replies of the peasant: the short-term reply of concealment of stocks and the long-term reply of refusal to sow more land than was necessary to feed his own family.⁶

While the Bolshevik assault on the market economy was comprehensive and brutal, it would be a mistake to think it was fully successful. The market impulse dies hard and there was an extensive black market for consumer goods. It has been suggested that the black market and pre-war production are what carried the Russians through the civil war and delayed the total collapse.

In 1920, the Reds faced an internal situation verging on catastrophe. Hunger and disease were widespread, and industry and trade were at a virtual standstill.⁷

The attempt to run an entire economy like an army, extending to the requisition of crops, the conscription of labor, and the abandonment of money accounts failed utterly.⁸

What went wrong? One of the architects of war communism, Leon Trotsky, later provided a candid answer:

The Soviet government hoped and strove to develop these methods of regimentation directly into a system of planned economy in distribution as well as production. In other words, from "war communism" it hoped gradually, but without destroying the system, to arrive at a genuine communism. . . . Reality however came into increasing conflict with the program of war communism.⁹

Trotsky's blunt admission is highly accurate. Several aspects of reality stood in the Bolsheviks' way. It was at best naive for them to think the peasants would go on producing under these circumstances. (Indeed, tax rebellion is one of the oldest human endeavors.) Furthermore, as paradoxical as it may seem, a centrally directed economy is the least fit for organizing production. In other words, the "planned economy" cannot plan.

This was the insight of "Austrian" economist Ludwig von Mises in his pioneering work of the 1920's. Mises showed that without free exchange in capital and consumer goods, there is no market; that without a market there are no prices; and that without prices there can be no economic calculation. Socialism must bring economic chaos because it cannot rationally calculate costs and income and thereby plan productive activities. Mises wrote:

Without calculation, economic activity is impossible. Since under Socialism economic calculation is impossible, under Socialism there can be no economic activity in our sense of the word. . . . All economic change, therefore, would involve operations the value of which could neither be predicted beforehand nor ascertained after they had taken place. Everything would be a leap in the dark. Socialism is the renunciation of rational economy.¹⁰

The measures and results of war communism led social historian Ralph Raico to this view of the Russian Revolution:

What we have with Trotsky and his comrades in the Great October Revolution is the spectacle of a few literary-philosophical intellectuals seizing power in a great country with the aim of overturning the whole economic system—but *without the slightest idea of how an economic system works.*¹¹ (His emphasis)

One final point: Whether war communism was a deliberate part of the Bolshevik program or a temporary expedient prompted by the civil-war emergency has been a matter of some controversy. However, statements by Lenin and others during and after this period show explicitly that war communism was the deliberate aim of the revolution and unrelated to the civil war. Lenin's apologies for this "mistake" in attempting the quick route to socialism would have been unnecessary had war communism been adopted as an emergency measure.¹²

If war communism is regarded as a shortcut to Marxian socialism, the ensuing period becomes even more instructive.

The New Economic Policy

In 1921, an extremely poor harvest struck Russia. The civil war had ended in the spring, but the effects of war communism showed no signs of abating. Looking back, Lenin wrote, "On the economic front, in our attempt to pass over to Communism, we had suffered, by the spring of 1921, a more serious defeat than any previously inflicted on us."¹³

The peasants, no longer fearing the return of the old landowners, turned their full attention to their other enemy, the Bolshevik state. Peasant uprisings ignited spontaneously throughout the country beginning in the spring of 1920, protesting shortages and government centralization. The climax came in March 1921, with the armed rebellion at the Kronstadt naval base, one-time Bolshevik stronghold. The sailors at Kronstadt sympathized with the rebellious civilians and formally called for an end to Soviet tyranny. The sailors' platform demanded freedom of speech, press, and assembly for workers, peasants, and political parties; release of political prisoners; and abolition of special privilege for Communist Party officials. "The platform promised the peasants full rights to do as they liked with their land, and advocated the ending of discrimination in food rationing."¹⁴

Government efforts failed to end the rebellion peacefully, and the sailors set up a Provisional Revolutionary Committee on March 2, 1921. On March 18, a force directed by Trotsky attacked the sailors' fortress and crushed the rebels. Some 15,000 participants eventually were killed without trial, but the incident led to essential changes in the Soviet Union, specifically to the New Economic Policy.

If war communism was a leap toward socialism, the NEP was half a leap

toward capitalism. At the Tenth Party Congress in March 1921, Lenin outlined a program intended to undo the conditions that had set the peasants against the regime, pushed the nation to the verge of destruction, and weakened the Bolshevik grip. As Carr put it,

The antidote [to war communism], familiarly known as NEP, was . . . a series of measures not conceived at a single stroke but growing gradually out of one another. It began, by striking at the point of greatest danger, as an agricultural policy to increase the supply of food by offering fresh inducements to the peasant; it developed into a commercial policy for the promotion of trade and exchange, involving a financial policy for a state currency; and finally, reaching the profoundest evil of all, it became an industrial policy to bring about that increase in industrial productivity which was a condition of the building up of a socialist order. The essential feature of NEP was the *negation or reversal of the policies of war communism*.¹⁵ (Emphasis added)

The reform was comprehensive. The first and major change was the elimination of grain requisitioning and substitution of a proportional tax, first in kind, then in currency, levied on the peasants individually. The peasants were now free to keep a portion of their surplus production and trade it in the markets that developed as a result. The inducement to produce was a tonic that had immediate effects. The harvest of 1922 was most favorable, and agricultural production returned to the pre-war level by 1925.

Besides the change in the tax, other measures were enacted to facilitate the recovery of free trade. When collectivization of farming met resistance, private landholdings were allowed. Peasants were free to cultivate the land as they wished and were granted security of tenure. At first there was only surreptitious leasing of land and hiring of labor, but by the end of 1922 this was permitted by the new agrarian code. Compulsory labor was abolished; wages were linked to productivity. Workers could be fired by their employers.

One of the most significant developments was the spontaneous appearance of a class of brokers—called *nepmen*—to coordinate the buying and selling of peasant surpluses. This entrepreneurial element is one of the defining features of a market economy.

Central planning was abandoned and money accounts were restored. In 1922 and 1923 private trade accounted for 90 percent of distribution.¹⁶ Nationalization of industry ceased. While some enterprises were nominally owned by the state, they were leased to individuals and operated privately. Government subsidies were stopped, and enterprises were expected to make their own way purely by buying and selling in the market. Heavy industry, which represented a minority of enterprises, was required to give priority to the state, but permission to sell in the free market was frequently given. Combinations of enterprises, called trusts, were formed during the period

and were permitted to make profits. By 1924, industrial production returned to almost half the 1913 level.¹⁷

Disillusion with a moneyless economy persuaded the government of the importance of money, banking, and capitalist accounting principles. All were restored under the NEP. The government even introduced a gold ruble. The demand for money, which had plummeted under war communism because of the severe shortages and fear of repudiation, soon rose substantially as consumer goods became available.

The recovery bordered on the miraculous. Both town and village benefited from the increased supplies of goods. "The reanimating influence of NEP spread over every part of the economy. . . ." ¹⁸ At the fourth Congress of the Comintern, November 1922, Lenin boasted,

The peasant risings which formerly, before 1921, were, so to speak, a feature of the general Russian picture, have almost completely disappeared. The peasantry is satisfied with its present position. . . . This has been achieved in the course of a single year.¹⁹

Introduction of the NEP was necessarily risky in a land ruled by doctrinaire socialists. Lenin, the pragmatist, realized that to cleave to orthodoxy would have meant rebellion by the peasants and an end to the regime. He bluntly called the NEP a "retreat" and a "defeat"²⁰ that would be made up once the country was economically healthy. He preferred concessions to the peasants rather than destruction of his life's work, and he was willing to go to great lengths to placate them. In 1921 he said,

We are Bolsheviks, not Communists. We are for the Bolsheviks because they drove out the landowners, but we are not for the Communists because they are against individual holdings.²¹

Lenin justified the NEP on grounds that "state capitalism" was the last stage of capitalism before socialism evolved. One historian writes:

Lenin used the term "state capitalism" because he was counting on the cooperation of Russian capitalism and, even more so, on large foreign capitalist interests; he thought that Russia needed a long period of capitalist development in order to assimilate organization methods and technical expertise, and to acquire the capital and intellectual abilities that the worker's state did not yet possess. . . . According to Lenin, the principle enemy of the state was no longer big capital, but the unruly, fragmented petit bourgeois sector that eluded all state planning and control. Only big capital possessed the qualities that were useful to progress: its ability to organize on a large scale, its tendency to plan and its sense of discipline.²²

When cooperation of big capital couldn't be attracted, Lenin doubled his efforts to win over the peasants. Collectivization of agriculture, which never found favor with the peasantry, was dropped in an attempt to placate the poor and middle-class peasants. (Programs to create class conflicts

among the peasants had proved futile.) The much reviled kulaks—the better-off, capitalist-oriented peasants—remained objects of suspicion and envy, but their value in revitalizing the economy was undeniable.

No doubt Lenin's complimentary references to capitalism were disconcerting to some. The NEP, while regarded as important economically, was feared politically.

The NEP was like a mine that had been placed under the still insecure structure of the new regime. Whether he would have admitted it or not in public, Lenin was no less concerned than other militants at the prospects of such a threat.²³

At first, every section of opinion within the Party accepted this solution as the only possible one, but many soon came to regard it as a betrayal, an alliance contrary to nature. In any case, the Party was worried, and not without reason, for now the illusions created by "war communism" were shattered: the peasant market and the capitalist spirit would not fail to penetrate every sector of Soviet life and act as an element of corruption and dissolution, affecting the state and even the Party. Many would have endorsed the view of Rosa Luxemburg (expressed in 1918): "Leninist agrarian reform has created a new and powerful layer of popular enemies of socialism on the countryside, enemies of whose resistance will be much more dangerous and stubborn than that of the noble large landowners."²⁴

Dmytryshyn points out two objections to the NEP made by orthodox socialists. First, introduction of market practices sacrificed central planning to the well-being of the peasants, who were never sympathetic to socialism. (They were grateful that the noble landowners had been run off the land, but now they wanted to be left alone to cultivate it.) Second, a prosperous peasantry and small-entrepreneur class would ultimately change the political "superstructure" by reviving the spirit of capitalism.²⁵

Despite the undeniable improvement in living standards, party officials feared things were slipping beyond their control. The NEP became a central point of controversy in the three-way rivalry that followed Lenin's death in 1924. Trotsky, leading the left faction, opposed the NEP, believing that world-wide socialist revolution was needed to save socialism in Russia. (Trotsky may have been nostalgic for the forced labor and regimentation of the previous period.)

The right faction, headed by Bukharin, who was now sympathetic to a market orientation, believed the NEP should continue because world-wide socialism was not in the offing.

Finally, the center, led by Stalin, agreed that world revolution was not near, but held that socialism could be established in Russia nonetheless. Stalin, originally closer to Bukharin, managed to eliminate both Trotsky and Bukharin and eventually consolidated his power and took over the government.

Stalin's victory doomed the prospects for an expansion of the small measure of freedom that existed. On December 27, 1927, the 15th All-Union Congress of the Communist Party, now in Stalin's hands, condemned all deviation from the party line and adopted "measures that signified the end of the New Economic Policy and the beginning of the First Five-Year Plan."²⁶

The plan included an all-out effort to collectivize farming, new restrictions on the citizenry, and the stripping of the kulaks' rights. Just before the plan's introduction, the kulaks resisted demands that they deliver grain at low, state-fixed prices. In 1927, state acquisition of grain fell two million tons short of the minimum required. When the Central Committee set local party members on the peasants to extract the grain, the peasants resisted. Where the pragmatic Lenin may have searched for new incentives for the peasants, Stalin cracked down.

The relative peace of the NEP was replaced by the violence of Stalinism, under which 5 million kulaks and their families disappeared. Land and industry were brutally collectivized, and central planning was imposed on the economy. However, having learned at least a partial lesson from the severe failure of the 1918-1921 period, Stalin never even contemplated a return to the moneyless economy of war communism.

NOTES

1. Quoted in Ralph Raico, "Trotsky: The Ignorance and the Evil," *Libertarian Review* 8, no. 2 (March 1979): 39.
2. A. James Gregor, *The Fascist Persuasion in Radical Politics* (Princeton: Princeton University Press, 1974), pp. 105-106.
3. Quoted in Paul Craig Roberts, *Alienation and the Soviet Economy* (Albuquerque, N.M.: University of New Mexico Press, 1971), p. 13.
4. *Ibid.*, p. 13.
5. Jack Hirshleifer, *Disaster and Recovery: A Historical Review* (Santa Monica, Calif.: The RAND Corporation, 1963), pp. 19, 23, 28.
6. Edward Hallett Carr, *The Bolshevik Revolution, 1917-1923*, vol. 2 (London: Macmillan, 1952), p. 150.
7. Donald Treadgold, *Twentieth Century Russia* (Chicago: Rand McNally, 1972), p. 188.
8. Hirshleifer, *Disaster and Recovery*, p. vi.
9. Raico, "Trotsky," p. 40.
10. Ludwig von Mises, *Socialism: An Economic and Sociological Analysis* (London: Jonathan Cape, 1936), pp. 21-22.
11. Raico, "Trotsky," p. 40.
12. Roberts, *Alienation*, pp. 20-47.
13. Quoted in Hirshleifer, *Disaster and Recovery*, p. 19.
14. Basil Dmytryshyn, *The USSR: A Concise History* (New York: Charles Scribner's Sons, 1978), p. 117.
15. Carr, *The Bolshevik Revolution*, p. 272.
16. Hirshleifer, *Disaster and Recovery*, p. 28.
17. *Ibid.*, p. 26.
18. Carr, *The Bolshevik Revolution*, p. 295.
19. *Ibid.*, p. 295.

20. *Ibid.*, p. 276.
21. *Ibid.*, p. 165, n. 4.
22. Moshe Lewin, *Lenin's Last Struggle* (New York: Random House, 1968), p. 2.
23. *Ibid.*, p. 23.
24. *Ibid.*, p. 22.
25. Dmytryshyn, *The USSR*, p. 121.
26. Nicholas V. Riasanovsky, *A History of Russia* (London: Oxford University Press, 1968), p. 544.