

# The Nepman Is Passing

By LOUIS FISCHER

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**T**HERE have been seven years of Bolshevik Russia and four of the New Economic Policy. To what extent has the NEP eclipsed the revolution? To what extent has it fortified the achievements of the revolution?

For the moment we are not interested in the NEP as an economic phenomenon. The NEP released a spiritual force, a highly demoralizing spiritual force, which is making its influence felt on the machinery of state and even on the hitherto unassailable heights of the Communist Party. No mystery envelops the source of this evil. The NEP reintroduced and placed official sanction on the inequalities of remuneration and of manner of living which the system of 1917-1921, the system of "military communism," had sought, oftentimes successfully, to eliminate.

Take the flagrant offenses of Krasnoschokov, the director of one of the largest government banks in Russia. He was a devoted Communist; had been president of the Far Eastern (Chita) Republic. But under the lure of the NEP he misused state funds to entertain sumptuously, to give gipsy parties, in general to live as befits the head of a big financial institution in a capitalistic country. The money he appropriated was a mere bagatelle. His real crime consisted in having succumbed to the temptations which the NEP put in his path. No man in Moscow would have found it possible to do in 1918 what Krasnoschokov did in 1923. Not that luxuries and comforts were unattainable. But Communists and many Soviet sympathizers disdained them. Now all do not.

We do not ask the Communists to toe an ascetic line. They deserve the good things of the earth much more than some other persons. In their devotion multitudes do deny themselves these satisfactions. But the wrong inherent in the NEP is that it dangles objects of desire before the servants of the Soviet state while withholding from these individuals the possibility of obtaining them through means that are beyond reproach. Sometimes the consequent irregularities are as serious as bribe-taking; sometimes of a much more innocent nature yet fundamentally as corrupting. There are tens of thousands of Russians in high official positions who have resisted these temptations, and we should say that the great majority of the Communist Party are still as honest and as puritanical as Lenin would have had them be. Yet an increasingly large percentage of responsible persons in Russia is succumbing to the slow siege of NEP standards.

Elsewhere many of the sins we refer to would be usual and regarded as natural. It is a common failing the world over to be pulled by "pull" and to give a ready ear to one's friends and relatives. But somehow it strikes the observer as particularly discordant in Soviet Russia. A

Communist has a single room in a government dormitory and wants another. He promises a position in his office to the brother of the commandant of the house and his wish is granted. This is the sort of transgression which inspires these remarks. Because it is the more frequent form and the less apprehensible, because the perpetrator is inclined to make light of the act, it is morally as dangerous as outright graft. Yet every day in Moscow an X-ray eye and a radio ear could probably discover hundreds of such cases.

This is the canker which is eating at the healthy marrow of the revolution. To the Soviet sympathizer it is a most disappointing development. It hurts to see these things, especially since one understands that they are not the expression of a sudden perversion on the part of the individuals concerned. They are the apparently unavoidable concomitants of the NEP system. Krasnoschokov is a type of NEP victim. He is indeed one of a myriad of victims and one of a thousand who are caught and punished.

One of the worst features of this evil, perhaps the worst from the moral standpoint, is the spying which it encourages. It is more or less axiomatic that under present conditions anyone may be enticed to sin. Therefore, everyone must be watched. Accordingly each individual employee appoints himself spy extraordinary. Everyone spies on everyone else. The Communist Party has been described as a "mutual espionage society." Unfortunately the trusts and syndicates must be that, and the party has been caught in the same mesh.

If it were not for these regrettable features the NEP would be an altogether welcome phenomenon, for it made

it possible for the Bolsheviks to remain in power and for the reconstruction of the country to proceed apace. The NEP has proved to all the world that state socialism or state capitalism, which is the same thing, can be practicable and profitable. Despite the fact that some Soviet industries are still working at a deficit there is sufficient proof on hand—proof in the form of increased production in all but two unimportant industries during 1923-24, in the form of many profit-earning industries, in the form of reduced state subsidies—to establish the principle, a principle which first-hand knowledge of individual enterprises confirms, that state-owned factories, mines, oil fields, etc., can be efficiently and gainfully operated. Six months ago the Government was prepared to grant Baku to an oil concessionaire. Today the field is working so well under state management that a concession seems to have faded into the dim distance. This situation is paralleled in many other instances, and it may well be that by the time the big capitalists of the universe decide to apply for Soviet



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concessions some Soviet consulate in Europe will inform their agent that his trip to Russia would be futile.

We must not minimize the difficulties. The Soviet industries suffer most, especially from an impoverished market, yet this is really only one sector of a vicious circle within which they find themselves. Generally, the cost of production in Soviet factories is above normal. Therefore, prices must be high; therefore, people do not buy. Accordingly, Dzerzhinsky, the chairman of the Supreme Economic Council, made a bold move. He is slashing the prices of almost all manufactured articles. In the last month there has been a government-decreed cut in the retail prices of shoes, leather goods, rubber goods, kerosene, cotton, woolen and linen goods, paper, matches, and silk. In some cases the reductions have amounted to 25 per cent and more.

From a narrow viewpoint this step has no economic justification. But its purpose was to break through the vicious circle, and this it is fairly certain to accomplish. It will get rid of a condition which has existed for years.

The present cut-price campaign will entail an immediate money loss to many industrial units. But it will widen their market, and to meet the increased demand they will have to produce more. Large-scale production will introduce naturally low prices to replace the artificially reduced prices of Dzerzhinsky. It is hoped that the "anti-expensiveness" crusade will thus not merely help to liquidate the surplus stocks on hand, but also justify an intensification of production by raising the buying capacity of the rural and urban population.

No sooner, therefore, had the "anti-expensiveness" war commenced to show results than Dzerzhinsky, with characteristic energy, launched a campaign for a rise in individual and group productivity. The consequent economic improvement should this year offset the effect of the poor harvest along the lower reaches of the Volga, and next year make for considerable positive progress.

The increase in the productivity of the Soviet industries is pregnant with a significance which transcends immediate monetary advantage. In the long run the twin anti-price-more-work campaign will have the effect of widening the scope of Russian industries and hence of reinforcing the ranks of the Russian proletariat. This is the touchstone of Bolshevik success. If they are able to further the industrialization of Russia and thus its proletarianization they do not merely insure the perpetuation of their regime; they guarantee it against the conservatizing influence of the peasantry.

The trade unions made an interesting contribution to the debate on increased productivity. In a polemic with Dzerzhinsky the unions argued that to increase a man's output you must give him a better wage. Dzerzhinsky replied that the workers would receive better wages only when they demonstrated their ability to increase their output. Here we see Dzerzhinsky as the capitalist, the employer, and his psychology is akin to that of any other employer, for theoretically all the evils of private capitalism are inherent in state capitalism. Where there are employer, wages, and employee there must be exploitation. Naturally, there are degrees of exploitation, and to work for an exploiter who supplies the exploited with rooms at a nominal rental, free carfare, free insurance, free medical care, often free sanitariums and summer resorts, is quite different from being exploited by the United States Steel

Corporation. Moreover, there is a distinction between working to enrich a private industrial Mogul and working to strengthen a workers' state whose strength will ultimately, if not in this generation then in the next, make for the improved comfort of the individual. Yet fundamentally and now the evil is the same. How will the Communist state solve the problem of labor in its own capitalistic industry? Shall we witness the coming of syndicalism (the principle of which the Bolsheviks loathe) or perhaps the development of guilds, which are really producers' co-operatives, and thus the rounding out of the cooperative commonwealth? Already some have broached the subject of trade-union participation in the management of industry.

The last season has seen feverish activity in the field of consumers' cooperatives. The conference of the Communist Party in May gave its regular annual blessing to the NEP, this time in more unmistakable language than ever, yet it simultaneously ordered a general attack on private trade. The paradox is only apparent. The NEP means freedom of the peasants to sell their grain as they see fit; it legalized private commerce and state manufacturing for profit. This license the Government has no desire to cancel. The general attack on the NEP did not take the form of a legal enactment or of the annulment of a previously promulgated edict. It is an economic measure. The Bolsheviks have gone out on the economic field of battle in an attempt to limit the scope of private trade but not, as yet, to extirpate it. Their weapon is the development of cooperatives. But they also employ administrative measures. They tax private merchants heavily, and handicap them in the buying and selling of their goods. The result is that private stores have been disappearing much faster than cooperatives and state stores can take their place. Even so good a Communist as Lomov, the head of the Russian oil syndicate, avers that any further shrinkage of private trade will have a detrimental effect on government industry by blocking the channels through which the factories can dispose of their products. But the Soviets, as Lenin once said, always make progress by advancing two steps and retreating one. The crusade against private trade during the last six months has been too successful. Soon probably an order will go out to retire to a second line and retrench. A year from today there may be another advance and another gain.

The next few years will see innumerable exhibitions of this tug of war between private capitalism and state capitalism. At best the Nepman, the private capitalist, will hold his own. But with the rehabilitation of Soviet industries and the strengthening of Soviet finances, both of which are proceeding apace, the disadvantage of the Nepman increases. The writer is convinced that even by economic methods alone the Government could now withdraw all the country's trade from private merchants and hand it over to the cooperatives. Just at present they could not assimilate the gift. Two or three years from today they may be able to. The year 1922 and the early part of 1923 were the heyday of the Nepman. He was rich and flaunted his wealth in the thoroughfares. He had his gambling casinos and cabarets. This is the period of his decline.

The steadily growing success of the state industries and the restriction of private trade: these are the Bolshevik achievements of the past year. There is another front to conquer; the demoralization of the NEP period must be stemmed.



# Kuzbas in 1924

By RUTH EPPERSON KENNEL

*Kemerovo, Siberia*

THE autonomous industrial colony of Kuzbas at Kemerovo, Siberia, is now in its third year of existence, and already it seems a far cry to the early days of strife and uncertainty.

The opening of the chemical plant on March 1 may be considered as an announcement to the world that the colony is no longer an experiment but a successful enterprise. The plant had been designed by French and Belgian engineers and was built ten years ago by Austrian war prisoners, but had never been completed, although vitally necessary in the industrialization of Siberia. It is of small value to Siberia that one-fourth of the known coal deposits of the world lie in Kuznets Basin, because the fuel coal cannot be transported. It therefore becomes essential to convert this coal into by-products which can be shipped where they are needed.

When the American colony took over the management of the enterprise in February of last year there was a Russian "spetz" in charge of the chemical plant who had been promising for years that it would soon be running, but was actually blocking the program by deliberate acts of sabotage. One of the first steps of the new management was the appointment in his place of Dr. Mahler, who went at once to Germany to purchase machinery and equipment and engage other chemical engineers.

But the people only laughed. "It will never run," they said, and it did seem quite improbable that this great sleeping plant would ever come to life. Yet on March 2, one year after the American colony assumed control, we celebrated the formal opening of the "Chim Zavod." The day was perfect for an outdoor celebration: typical mid-winter Siberian weather—cold and still with dazzling sunshine. Standing on the steps of the office building, we watched the parade approach. Bands were playing and the red banners waved against the all-enveloping white of the snow. In the prevailing winter costume of sheepskin shuba, occasionally drawn close at the waist with a bright scarf; sheepskin mittens, huge fur hat, and clumsy felt boots, the crowd which gathered about the speakers' stand appeared somewhat grotesque. But so clothed we were able to be outdoors at thirty below.

I had hoped that on this momentous day I was at last going to see a Russian meeting through to the end. But I know now that such an accomplishment is impossible for one of my temperament. My feet began to get cold even in the cozy felt boots, my neck became stiff from standing for almost three hours, and there was no reason to expect that the next speech would be the last. So I decided to go inside.

It gave me a thrill to see the plant awakening from its long sleep and to hear the whir of machinery in the massive buildings where birds were nesting in the summer. By the time we had come to the coke ovens the meeting was ended and the parade was passing into the plant. Above, on top of the ovens, stood Dr. Mahler and other engineers. The dramatic moment of the day had come when the heavy door was lifted and in a burst of music, with clapping of hands and waving of banners, the flaming

coke poured forth. A cloud of smoke from the red-hot mass hid the scene.

Several months have passed since that day. The chemical plant is carrying out its program and is producing benzol, coal tar, pitch, naphthalene, light and heavy oil. Five million poods (100,000 tons) of Kemerovo coal and three million of Kolchugina coal are being converted this year into coke, which is used chiefly to feed blast furnaces in the Urals. Other by-products which the plant will produce are ammonia, creosote, sulphuric and nitric acids.

Housing conditions continue to be unsatisfactory. New workers are constantly coming into the mines and chemical plant, and it is impossible, on account of insufficient labor and materials, to provide adequate housing for them or even to relieve the congestion among the old inhabitants. This congestion is aggravated by the immigration of the workers' relatives, who flock from the villages, hoping to find better living conditions in Kemerovo, and quarter themselves in the one room assigned to a worker and his family. When I visited the new Tartar barrack at the central shaft I was pleased with the improvements: a wide hall eliminates the evil of adjoining rooms, the stoves open into the hallway, and each spacious room has a separate pantry. But when I stepped inside one of the rooms I noticed two cradles, and when I learned that two families, comprising four adults, two infants, and seven children, lived in that one room I retreated in dismay, feeling that here was something almost as bad as a New York tenement!

As we walk through the streets and lanes of Kemerovo Rudnik and quaint Kemerovo Village, past rows of log barracks and little, fenced-in cottages where the door-yards are cluttered up with pigs, chickens, sheep, cows, and geese, there seems to be a baby at every window. The birth-rate in Kemerovo is staggeringly high—and so is the death-rate. The other day I met a woman who had given birth to nineteen children, two of whom survived; it is not uncommon to find mothers who have had eight or ten children with perhaps two living. It is a survival of the fittest. Ignorance, unsanitary conditions, improper food and care make an infant's life extremely precarious. But if he survives the early days of suffocation in a hot, air-tight room, and perpetual motion in a cradle hung from a limber birch bough, his "pacifier" perhaps an ingenious contrivance made of the dried teat of a cow and tied to the end of a horn—if the baby lives through all this he is of rugged stock, and the simple, primitive life thereafter is conducive to health and happiness.

The babies of the workers in the enterprise are brought into the world much as American babies—in a modern hospital. The mother is given free medical attention, twenty rubles from the social insurance for infants' clothing, and a sum of money for milk during the first year. These benefits, added to the eight weeks' vacation before and eight weeks' after childbirth, might be said to encourage maternity; but laws against birth control go further. Up to a year ago the Soviet Government had made birth control legal, but now Russia takes her place with other civilized nations on this issue, under the old misconception that an increased birth-rate (which the Government desires) necessarily means a like increase in population.