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**Conversations with Stalin on  
Questions of Political Economy**

by  
**Ethan Pollock**

**Working Paper No. 33**

**Washington, D.C.**

**July 2001**



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## Conversations with Stalin on Questions of Political Economy\*

Before the opening of the Russian archives most sources on Iosif Vissarionovich Stalin's opinions of the early Cold War were anecdotal, speculative and problematic. Relying on inconsistent memoir material and a limited number of Stalin's published speeches and essays, it was possible for Sovietologists to argue that inside the Kremlin, ideology was put aside in favor of traditional imperial ambitions or *Realpolitik*.<sup>1</sup> The following translations of documents from the Russian State Archive for Socio-Political History (RGASPI) and the Archives of the Academy of Sciences of the Russian Federation (ARAN) in Moscow help reveal the extent to which Stalin understood the world in economic and ideological terms. The documents contain the minutes of five meetings involving Stalin, other Party leaders, and a handful of Soviet economists that took place in Stalin's Kremlin office in 1941, 1950, and 1952. Though the meetings were held specifically to discuss a proposed textbook on political economy, the subjects raised during the meetings provide information that contribute to a broader understanding of Cold War history and the history of the USSR. Political economy, after all, was fundamental to Marxist-Leninist ideology and one of the primary focal points of the Cold War. The United States and the Soviet Union recognized the importance of economics in the competition for the allegiance of countries that were not clearly aligned with either camp. Stalin, in turn, emphasized the strategic importance of producing a political

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\*Comments by David Engerman, Yuri Slezkine, Alexander Vucinich, Stephen Bittner, Paula Devos, Jennifer Gold, and James Hershberg improved earlier drafts of this work. Gregory Grossman deserves added thanks for providing invaluable assistance in translating the obscure Marxian language evident throughout the documents. IREX and Fulbright-Hays provided support for this research and the staffs at RGASPI and ARAN assisted in locating and making sense of these documents. The author is solely responsible for all matters of translation and interpretation.

<sup>1</sup> Recent arguments have reemphasized the importance of ideology, in combination with other historical factors, in shaping Soviet policy during the Cold War. While the documents translated and published here reveal much about Stalin's understanding of Marxism-Leninism during the early Cold War, it is not my contention that ideology was the exclusive force in a Stalinist worldview. See Konstantin Pleshakov and Vladislav Zubok, *Inside the Kremlin's Cold War: From Stalin to Khrushchev* (Cambridge: Harvard University Press, 1996), Nigel Gould-Davies, "Rethinking the Role of Ideology in International Politics During the Cold War," *Journal of Cold War Studies* (1999: winter), pp. 90-109, and Melvyn P. Leffler, "The Cold War: What Do 'We Now Know'?" *American Historical Review* (April 1999), pp. 501-524.

economy textbook that could explain official Soviet views on capitalism and socialism. He declared to the authors of the textbook in 1950: “You are involved in a historic undertaking. Everyone will read this textbook. Soviet power has been around for 33 years and we don’t have a book on political economy. Everyone is waiting.” His long-standing commitment to bringing about a definitive statement of Soviet economic theory reminds us that the Cold War was as much about competing economic systems as it was about geopolitics and military conflict.<sup>2</sup>

Stalin’s direct involvement with the political economy textbook remained obscure to everyone except a small circle of politicians and economists until October 1952 when he published his last theoretical work, *Economic Problems of Socialism in the USSR*.<sup>3</sup> Stalin’s small book, which included four short pieces written in early 1952, opens with an essay about a draft of the political economy textbook. Because Stalin had refrained from public statements for so long, his book quickly made news around the world. His book on economics was particularly important since it strongly influenced the XIX Party Congress in October 1952 and was intended to be the basis for the reform of the party program planned in the aftermath of the Congress.<sup>4</sup> The reception of the book in the Soviet Union showed the power of the cult of personality at its stunning peak. Thus, both in the Soviet Union and abroad, scholars read *Economic Problems* hoping to glean information on a full range of political and economic questions.

*Economic Problems* is not an easy text to understand. In fact, confusion surrounded it from the start. Some historians have even questioned whether Stalin formulated the ideas in *Economic Problems* himself.<sup>5</sup> The origins of the book were vague even at the time of its publication. Though Stalin wrote that he was responding to a 1951 meeting held at the Central Committee to discuss a proposed textbook on political economy, the meeting was never described in the Soviet press. Stalin’s final theoretical

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<sup>2</sup> David Engerman, "The Romance of Economic Development and a New History of the Cold War," unpublished paper delivered at the University of Colorado, November, 2000 and Odd Arne Westad, "The New International History of the Cold War: Three (Possible) Paradigms," *Diplomatic History* (Fall, 2000), pp. 551-565.

<sup>3</sup> I.V. Stalin, *Ekonomicheskie problemy sotsializma v SSSR* (Moscow: Gospolitizdat, 1952).

<sup>4</sup> *Pravda*, 14 October 1952.

<sup>5</sup> See, e.g., Dmitrii Volkogonov, *Stalin, politicheskii portret, kniga 2* (Moscow: Novosti, 1996), pp. 555-558.

work—historians’ final published clue to what he was thinking about the socialist economy and more—was only one part of a longer discourse on political economy about which the public in the Soviet Union and the world knew next to nothing.<sup>6</sup>

The documents published here clarify the history of Stalin’s interest in questions of political economy and allow us to place his final theoretical work within the broader context of his world view as it evolved in his last years. As the documents reveal, Stalin was directly involved in the content of the political economy textbook long before writing on the subject and even before the meeting of economists in 1951. In fact, as early as 1938 Stalin edited versions of the proposed textbook while instructing its authors about its content. Over the course of the next 14 years Stalin met at least five times with economists and party leaders to discuss the textbook and to help prepare it for publication. The goal was to update the classics of Marxism-Leninism, to produce a New Testament of Socialism.<sup>7</sup>

The textbook had originally been commissioned by the Central Committee in 1937 and was intended as a “Short Course on Political Economy.” After Stalin read and edited a number of drafts and met with the authors to discuss the textbook, a final version “approved by a commission of the Central Committee” appeared ready for publication in 1941. World War II delayed the publication, and by the time the project was reopened in the aftermath of the war, changes in world affairs required changes in the content of the textbook.

In 1950 Stalin met three times with economists to discuss the textbook. The authors were even given a special *dacha* outside Moscow where they could work on the book without distraction. They kept Stalin informed of their progress by periodically sending him memos and reports. By 1951, in fits and starts and amid much confusion, a draft of the book was ready for review by the Soviet Union’s top economists. In

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<sup>6</sup> There were, of course, efforts in the West to make sense of Soviet political economy. Pekka Sutela’s *Socialism, Planning and Optimality: a Study in Soviet Economic Thought* (Helsinki: The Finnish Society of Sciences and Letters, 1984) is an insightful interpretation of Stalinist economic theory based only on published materials.

<sup>7</sup> The drawn out process of writing an acceptable political economy textbook and the November 1951 meeting at the Kremlin to discuss the book are the subject of Chapter VI of my dissertation “The Politics of Knowledge: Party Ideology and Soviet Science, 1945-1953” (Ph. D. Dissertation, University of California, Berkeley, 2000).

November of that year over 250 economists and party leaders were called to the Central Committee with specific instructions to analyze and discuss the draft of the textbook. Deputy Premier of the USSR and Party Secretary Georgii Maksimilianovich Malenkov presided over a seemingly endless parade of economists offering their opinions of the book. The meeting, which was supposed to have lasted only a few days, went on for a full month, perhaps because the organizers were waiting for Stalin himself to give the closing remarks.<sup>8</sup> As it was, the participants were put in an awkward and potentially dangerous situation. They were aware that Stalin had read the textbook and discussed it with the authors. But, they were supposed to point out the shortcomings of the book without knowing the details of Stalin's views.

The meeting itself revealed that the draft was far from acceptable. A post-meeting memo from Malenkov to Stalin reported: "The draft of the textbook was subject to deep and comprehensive criticism. During the discussion it was noted that it contains a series of theoretical errors in the interpretation of key problems of political economy, mistakes in factual and statistical material, imprecise formulations of an editorial nature, and a number of questionable or weakly argued sentences."<sup>9</sup> After countless drafts, 13 years of effort, and four meetings with Stalin, the textbook was still in sorry shape. Pinning down the official version of political economy for Stalin proved to be a thankless, perhaps impossible, task.

In early 1952, Stalin read through the minutes of the meeting and wrote fifty pages of notes on the topic. At first Stalin thought that his remarks should not be published. Six months later, however, Stalin's views evidently changed. On the eve of the XIX Party Congress, Stalin's comments, along with his responses to other questions on the subject, were in fact published under the title *Economic Problems of Socialism in the USSR*. With Stalin's views known to the world, economists went back to work on the textbook, hoping to make it worthy of their demanding editor. They finally produced the textbook in May 1954, sixteen months after Stalin's death and sixteen years after the project had

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<sup>8</sup> See L.A. Openkin, "I.V. Stalin: poslednii prognoz budushchego," *Voprosy istorii KPSS* (1991:7), pp. 113-128.

<sup>9</sup> G.M. Malenkov, M.A. Suslov, and Iu. A. Zhdanov to Stalin, 22 December 1951, RGASPI, fond (f.) 83, opis (op.) 1, delo (d.) 8, listy (ll.) 19-21.

been initiated.<sup>10</sup> Soon, with the shifting political tides of de-Stalinization, much of what they wrote had to be revised.

The “conversations with Stalin” translated below touch on a number of topics. They offer insights into how Stalin understood the development of capitalism, the way in which socialism worked and was supposed to work in the USSR, and the place of the Soviet Union in the world. In the course of these meetings, Stalin also spoke about the difficulties of the transition to communism, the degree to which the Soviet economy could be planned, the extent to which Marx and Engels could be used in describing socialism, how the Soviet experience taught the world about socialism, and much more. The conversations are unmistakably about the political economy textbook, but because themes of the textbook were so central to the foundational tenets of the Soviet Union, the topics touched upon are valuable to anyone interested in the Soviet Union during the early Cold War.

Perhaps the first thing that becomes apparent when reading the documents is Stalin’s concern with the details of the textbook. His comments range from a pointed critique of the authors’ understanding of feudalism to concern with the depiction of fascism and its economic foundations. His comments coalesced around a few fundamental themes: economics proved a fertile subject for ruminating on the relationship of the Soviet Union to the outside world; the purpose of scholarship and the meaning of scientific truth; and the need for the Soviet Union to adhere to and to advance Marxism-Leninism in theory and in practice.

Stalin insisted that the textbook be based on “concrete facts” and not on a description of “accomplishments that don’t exist.” In theory, the Soviet economy was supposed to be planned in its entirety. But Stalin recognized the existence of illegal markets and *kolkhoz* markets. When the economists wrote of the virtues of the planned economy, Stalin reminded them: “It is not true that we command prices. We want to command them, but have not yet achieved this.” Nor were the economists supposed to deny the importance of personal interest in the socialist economy. Piecework and bonuses were needed to encourage workers and to spur economic development. Stalin

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<sup>10</sup> K.V. Ostrovitianov et al., *Politicheskaiia ekonomiiia, uchebnik* (Moscow: Gospolitizdat, 1954).

also thought that the economists were too eager for the transition to communism. He informed them in 1941, “You want to skip directly over to communism . . . the transition to communism is a difficult trick.” In 1952 he again tempered those who saw the arrival of communism as imminent.

Stalin readily grasped the importance of the economy in guaranteeing the Soviet Union’s safety. In an early version of the textbook, when the economists wrote of the benefits of the planned economy in terms of the consolidation of ownership and the coordination of industrial relations, Stalin chose a different emphasis. “The first task of planning is to ensure the independence of the socialist economy from the capitalist encirclement. This is absolutely the most important task. It is a type of battle with world capitalism.” Likewise, the textbook’s discussion of wages was supposed to show the relative prosperity of Soviet workers in comparison with workers in France, England and the United States. This demonstration, Stalin believed, would have “large revolutionary and propagandistic significance” since the Soviet Union was “in a struggle with capitalism on the basis of wages.”

Stalin understood the Soviet Union’s place in the world in economic terms. It follows that the political economy textbook was intended to demonstrate to the world the strength of the Soviet economic system. The implications for the Cold War struggle were not lost on Stalin: “The textbook is intended for millions of people. It will not only be read and studied here, but all over the world as well. It will be read by Americans and Chinese and it will be studied in all countries . . . . It will be a model for everyone.” Thus, Stalin emphasized the need to make the textbook as exact as possible and personally fretted over even minor details. His close scrutiny effectively stunted the authors’ confidence in their scholarship and they came to expect clarification from Stalin on questions as mundane as whether a phrase should be hyphenated or not.

The economists learned that there was more to writing the textbook than simply culling the proper quotes from Marx. Stalin chastised the economists in 1941 for becoming “carried away with quotations” and explained to them “if you search for the answer to everything in Marx, you’ll get off track. In the USSR you have a laboratory that has existed for more than 20 years, and you think that Marx should know more than

you do about socialism.” When it came to describing socialism and capitalism, the lessons of the Soviet experience were just as important as the theories of Marx and Engels. Stalin contrasted Soviet reality with the socialism envisioned by Marx and Engels. As he put it: “Will they say that we are bad Marxists if we don’t approach the problem the way Engels does? Nothing of the kind!”

Still, Stalin was reluctant to stray too far from the classics of Marxism-Leninism. He lamented what he saw as a “complete misunderstanding of Marxism” on the part of the authors. He praised the “first generation” of Marxists who “memorized *Capital*, summarized, argued and tested one another.” The recent generation, he declared, “had been raised on pamphlets and newspaper articles . . . . If things continue this way, people might degenerate . . . . This threatens degradation. This will mean death.” In hindsight, the message seems prophetic: if Soviet citizens did not show a strong commitment to Marxist-Leninist ideology, the whole system might collapse. Clearly, the task for the authors of the textbook was a difficult one: they had to adhere to the theories of Marx and Engels and also recognize where the Soviet experience had superseded Marx and Engels. Stalin’s mixed message about the treatment of the classics of Marxism-Leninism reveal the strong tension between “quote mongering” and deviating from accepted doctrine.

Stalin’s persistent concern about the style of the book is indicative of the paradoxes of Stalinist politics. The propagandistic language that characterized almost all Soviet printed material in the period was to be avoided in the political economy textbook, which was supposed to be scientific in tone. “The language of propaganda leaflets and posters appear out of nowhere in the textbook,” Stalin complained. “This will not do. An economist should study facts, but suddenly we get ‘Trotsky-Bukharinist traitor . . . .’ The propaganda should be tossed out. Political economy is serious work.” No other Soviet leader could have confidently implied that propaganda somehow distracted from serious work. Stalin criticized the “abusive language” in the book which he believed only revealed that the authors were resorting to strong words when their arguments were underdeveloped. He also implored the authors not to exaggerate either the negative side of capitalism or the accomplishments of socialism. Stalin complained that at times the language resembled “some grandfather telling fairy tales.” The economists, taking their

clues from the printed word around them, had clearly not found an authorial voice that pleased Stalin.

Stalin, the lifelong revolutionary, appears to have associated theoretical advancement with the types of arguments that he believed characterized his generation. Rather than propaganda and fairy tales, Soviet ideology was supposed to be based on scientific arguments that could withstand challenges and debate. Stalin's essay on linguistics—his other major theoretical work of the postwar period—introduced a similar tension between scientific truth and the truths declared by political or administrative mandate. In writing on linguistics, Stalin warned against stagnating scholarship and academic monopolies, that resulted from the absence of open discussion. Ironically, the established school of linguistics was quickly replaced by endless praise of Stalin, rather than by open debates about linguistic theory. The theme came up again in his discussion of the political economy textbook, where Stalin lamented, "It is bad that there are no disagreements in the committee and that there are no arguments over theoretical questions. I mean, you are involved in a historic undertaking." However, when arguments did crop up, as they did in the 1951 meeting at the Central Committee, Stalin was not comfortable with a lack of consensus and quickly intervened to impose one.

Stalin emphasized that the laws of political economy were not created by the state or party, but were objective. They could not be "created, destroyed, changed, abolished, or transformed." They were comparable to the laws of physics and chemistry. The textbook was to adhere to this standard. Still, Stalin seems to have recognized the tension caused by his call for discussion and his tendency to join in authoritatively, making further debate impossible. In simplest terms, economic laws were objective, they were to be understood through debate and argument, and Stalin remained the ultimate arbiter of these debates and arguments. Despite the countless hours spent reading, discussing and editing the textbook, Stalin did not feel entirely comfortable with publicizing the fact that he had determined the book's content.

In early 1952, as soon as the authors heard that Stalin had written down his views on the textbook, they asked whether his "Remarks" could be published. Stalin turned them down, remarking: "People will not understand if I appear in the press with my

'Remarks.' Publication of the 'Remarks' in the press is not in your interests. They will understand that everything in the textbook was determined in advance by Stalin. I'm worried about the authority of the textbook . . . . If you like my 'Remarks' use them in the textbook." It is noteworthy that at the end of his life Stalin understood that having his name associated with a work of scholarship could threaten the authority of that scholarship in the minds of the people. No matter how the truth was attained, it was at least supposed to appear as though it emerged from a scientific and scholarly process.

From this perspective the ultimate publication of Stalin's "Remarks" later in 1952 is particularly revealing. While Stalin was hailed as the "coryphaeus of science," the din of his words obscured the very process he claimed was at the center of discovering truth. Better to have a textbook with diminished authority than to admit to the people of the Soviet Union and the world that when it came to political economy, Soviet leaders and scholars were mired in confusion. While debate was declared necessary, and even took place, in the end its purpose was to end further debate and mold a single truth that could then be presented triumphantly to the world. Even Stalin recognized that this process might lead some people to question the book's authority.

The following documents, then, provide more than background to Stalin's *Economic Problems of Socialism*. They offer valuable insight into Stalin's views on the economy of the Soviet Union, its place in the world, and his reflections on his ability to mold truth. The documents reveal an opinionated and occasionally angry dictator confidently correcting experts in their own fields of expertise. They also demonstrate that though we are familiar with Stalin as an author of "great theoretical works," he was also comfortable assuming the role of the Soviet Union's editor-in-chief. Finally, the documents may encourage historians of the Cold War and Stalinism alike to move beyond simple conceptions of the role of ideology in the USSR's approach to the world and sense of its own legitimacy. The inability of hundreds of economists, political leaders and Stalin himself to produce a definitive and updated statement of the meaning of Marxism-Leninism strongly suggests that the early Cold War took place against the backdrop of ideological crisis in the USSR,

## Document #1:<sup>11</sup>

### Notes from the Meeting between Comrade Stalin and Economists Concerning Questions in Political Economy, 29 January 1941

*[In 1937 the Central Committee commissioned two textbooks on political economy, one for an introductory course edited by L.A. Leont'ev,<sup>12</sup> and the other for more advanced students edited by K.V. Ostrovitianov.<sup>13</sup> Leont'ev was instructed by the Central Committee to use A.A. Bogdanov's text Short Course on Political Economy as the basis of his work.<sup>14</sup> Leont'ev was joined in his editorial duties by the head of the Central Committee section for Agitation and Propaganda, A.I. Stetskii.<sup>15</sup> In 1938 they sent Stalin a draft of the textbook, which he edited and returned to the authors. In April, 1940, after Stetskii was arrested (for unrelated reasons), Leont'ev submitted another version to Stalin. Again Stalin was not satisfied with the textbook. A third draft was submitted at the end of 1940 and in January 1941 Stalin met with Leont'ev, key party leaders, and economists.<sup>16</sup> As the subheadings suggest, Stalin discussed his views on the "law of value," "planning," "wages," "fascism," and more. The minutes of the meeting were compiled from notes taken by Leont'ev, Ostrovitianov and A.I. Pashkov.<sup>17</sup> Though Stalin's*

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<sup>11</sup> According to Stalin's secretary's notebook the meeting took place at Stalin's Kremlin office from 1:20 pm to 2:50 pm on 29 January 1941. Those in attendance were: I.V. Stalin (General Secretary of the Central Committee, member of the Politburo), Andrei Aleksandrovich Zhdanov (Secretary of the Central Committee and member of the Politburo), Viacheslav Mikhailovich Molotov (member of the Politburo), Nikolai Alekseevich Voznesenskii (Chairman of the State Planning Commission and after 1941 a candidate member of the Politburo, after 1947 a full member of the Politburo), Georgii Fedorovich Aleksandrov (head of the section for Agitation and Propaganda of the Central Committee), Boris L'vovich Markus (Soviet economist), G.P. Kosiachenko (Soviet economist), Iossif Adol'fovich Trakhtenberg (Soviet economist), Lev Abramovich Leont'ev, Anatolii Ignat'evich Pashkov, and Konstantin Vasil'evich Ostrovitianov. The secretary's list was published in *Istoricheskii arkhiv* 1996 (2), p. 39.

<sup>12</sup> L.A. Leont'ev, Soviet economist, named a corresponding member of the Academy of Sciences in 1939.

<sup>13</sup> K.V. Ostrovitianov, Soviet economist, director of the Institute of Economics of the Academy of Sciences of the USSR, named a corresponding member of the Academy of Sciences in 1939 and a full member in 1953.

<sup>14</sup> Aleksandr Aleskandrovich Bogdanov (1873-1928), political activist and Marxist theorist. Bogdanov's *A Short Course in Economic Science* was praised by Lenin, despite their clear differences on philosophical and political matters.

<sup>15</sup> Aleksei Ivanovich Stetskii, head of the Agitation and Propaganda division of the Central Committee until the late 1930s when he was purged from the Party apparatus.

<sup>16</sup> For details see L.A. Openkin, "I.V. Stalin: poslednii prognoz budushchego," *Voprosy istorii KPSS* (1991, no. 7), p. 115.

<sup>17</sup> A.I. Pashkov, Soviet economist, named a corresponding member of the Academy of Sciences in 1953.

*specific references to parts of the textbook remain obscure, they are included to maintain the integrity of the document and to keep as close as possible to the original flow of the discussion.]*

On the subject of political economy

[Stalin:] There are several different definitions of the subject of political economy: Engels defines political economy as the science of production, exchange, and distribution; Marx's definition of the subject is in his preparatory manuscripts for *Capital*; Lenin has a statement approving the definition given by Bogdanov in 1889. We have many pedants who will try to contrast one definition with another. We have become carried away with quotations, but quotations are a sign of our ignorance. Therefore we need to think carefully about the correct definition of the subject and stick to it, and pave the way for it.

If we write that political economy is the science of the historical development of the systems of social production, then people will not immediately grasp that we are talking about economics, i.e. about the relations of people. It is better to say: "political economy is the science of the development of social production, that is of the economic relations of people. It explicates the laws which guide production and the distribution of necessary consumer goods, in both the personal and in the productive sense." When I speak of distribution, I do not have in mind the prevalent, narrow meaning of the word that is the distribution of personal consumer goods. We are talking about distribution in the meaning used by Engels in *Anti-Dühring* that treats distribution as a form of ownership of means of production and consumer goods.

On the next page this should be amplified, ending the second paragraph with the following, "that is, how means of production, and hence other material goods necessary for human life, are distributed among members of society."

You know, of course, about Marx's preparatory notes to all four volumes of *Capital*. There is a definition of the subject of political economy. When Marx speaks of production, he also includes transport (regardless of whether near or far, whether he is talking about cotton from Turkestan or intrafactory transport.) For Marx all the problems

of distribution are included in the understanding of production. What do people here think: is the definition outlined here correct?

COMMENT Without a doubt the outlined changes bring fundamental improvement.

QUESTION Is it right to bring in the separate word “social, productive” [*obshchestvennye, proizvodstvennye*] relations, isn’t the word “social” not needed. Isn’t production automatically social? Is it redundant?

ANSWER [Stalin:] No, we need to write with a hyphen “social-production,” because production may include technical relations, but here we must be talking specifically about social-production relations.

QUESTION Would it not be more correct to speak of “personal and productive [*proizvoditel’noe*]” rather than “personal and production [*proizvodstvennoe*].”

After a short exchange of opinion it was written “personal and production [*proizvodstvennoe*].”

[Stalin:] If we take the proposed formulation of the subject, then we must reach the broad conclusion that questions of distribution in all formations need more attention. But there is very little said here about banks, exchange, and the market. This will not do. Specifically, the section on socialism also suffers from this.

On page five there are inconsistencies in style. Those need to be removed. It is written “it [political economy] is a historical science, studying the different modes of production and explaining the fundamental difference between each of them.” You need to write in Russian, not with “studying” and “explaining” but a science, studied and explained.

On the law of value.<sup>18</sup>

[Stalin:] I am turning to the section on socialism. Some things have been improved, but much has been spoiled in comparison with what was previously in this section.

Here it is written that the law of value has been overcome. It then becomes unclear where the category of the cost of production [*sebestoimost'*] comes from. Without the cost of production it would be impossible to do calculations, impossible to carry out distribution according to labor, impossible to set prices. As yet the law of value has not been overcome. It is not true that we are in control of prices. We want to be, but have not yet achieved this. In order to be in control of prices you need tremendous reserves, an abundance of goods, and only then can we dictate our prices. But as of now there still is an illegal market, a *kolkhoz* market, and there still exist market prices. If there is no concept of value, there is nothing with which to measure income and income is not measured in terms of labor. When we shall begin to distribute according to need, it will be a different matter, but as of yet the law of value has not been overcome. We want to use it deliberately. We need to fix prices within the framework of the law. In 1940 there was a bad crop, and in Latvia and Estonia there was not enough bread and the price in the market quickly shot up. We sent 200,000 poods<sup>19</sup> of cereal there, and immediately the price dropped. But can we do the same thing for each commodity all over the country? No, we are far from able to dictate the price of every commodity. In order to do that we need to produce a lot. Much more than now. So far we can not dictate prices. Income from sales in the *kolkhoz* markets go to the *kolkhozniki*. Of course, for us it is impossible to use this income to buy the means of production, and that income to increase personal consumption.

The language of propaganda leaflets and posters appear out of nowhere in the textbook. This will not do. An economist should study facts, but suddenly we get

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<sup>18</sup> Marx devised the "law of value" in the first volume of *Capital* to describe the role of labor in determining value (as opposed to prices) in the capitalist system. Since it was associated with capitalist exploitation, Soviet theorists assumed that it would disappear under socialism.

<sup>19</sup> One pood equals 16.381 kilograms.

“Trotsky-Bukharinist traitor...”<sup>20</sup> Why talk about the fact that the court established this or that? Where is the economics in this? The propaganda should be tossed out. Political economy is serious work.

COMMENT That was written long ago, when the trial was going on.

ANSWER [Stalin:] It is not important when it was written. Now a new version has been submitted and [the propaganda] is still in the book. It is inappropriate. In science we appeal to the mind. But here the appeal is to the gut or to something else. This ruins the work.

#### On planning.

[Stalin:] A lot of horrible words on the planned economy are spun out. Outlandish things are written: “the direct social character of work in socialist society...The surmounting of the law of value and the elimination of the anarchy of production...The planned management of the economy as a means of realizing the conformity of production relations of socialism with the character of productive forces.” Some sort of perfect planned economy is described. It needs to be put simply: under capitalism it is impossible to conduct production according to plan on a societal scale because of competition and there is private property that disconnects things. But in the USSR all enterprises are united by socialist property. Therefore we can and must conduct a planned economy. The planned economy is not our wish; it is unavoidable or else everything will collapse. We destroyed such bourgeois barometers as the market and trade, which help the bourgeoisie to correct disproportions. We have taken everything on ourselves. The planned economy is as unavoidable for us as the consumption of bread. This is not because we are “good guys” and we are capable of doing anything and they [capitalists] are not, but because for us all enterprises are unified. For them at most a few trusts or cartels can be unified within narrow parameters, but they are not capable of organizing

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<sup>20</sup> This was a common epithet of the period. It referred to Lev Davidovich Trotsky and Nikolai Ivanovich Bukharin, contemporaries of Stalin’s in the higher ranks of the Party who were purged during Stalin’s rise to power.

the whole economy. (Here it is useful to remember Lenin's criticism of Kautsky on high imperialism.)<sup>21</sup> Capitalist industry, agriculture and transport cannot be run by plan. In capitalism the cities must gobble up the countryside. For them, private property interferes. Say it simply: for us things are unified, for them things are disconnected. On page 369 [of the draft of the textbook] it is written: "the planned running of the economy [is] a means of realizing the cooperation of productive relations of socialism with the nature of productive power." This is all nonsense, some sort of schoolyard bumbling! Marx and Engels wrote from afar, they should have spoken about contradictions. But why the devil are you feeding us those kinds of abstractions? Say it simply—they have a disconnected economy, property is disconnected, but here socialist property is unified. You are in control, and the power is yours. Speak more clearly.

You need to determine the tasks of the planning center. It should not only establish proportion. Proportion is not the important thing, it is fundamental, but just the same it is derivative.

What is the main task of planning? The main task of planning is to ensure the independence of the socialist economy from the capitalist encirclement. This is absolutely the most important task. It is a type of battle with world capitalism. The basis of planning is to reach the point where metal and machines are in our hands and we are not dependent on the capitalist economy. This is important. On this basis the plan of GOELRO<sup>22</sup> and the subsequent plans have been founded.

How should planning be organized? There, capital is spontaneously distributed according to profit. If we were to develop branches of the economy depending on their profitability, we would have been able to develop only flour milling, production of toys (they are expensive and yield a higher profit), and textiles, but we would not have had heavy industry. Heavy industry requires great investment and is unprofitable at the beginning. The departure from heavy industry is what Rykov<sup>23</sup> and his followers

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<sup>21</sup> Karl Kautsky, Marxist thinker and writer, leading theoretician of the German Social Democratic Party and the Second International. For Lenin's criticism of Kautsky's views of imperialism see V.I. Lenin, *Selected Works, 3 vols.* (Moscow: Progress Publishers, 1960-1966), I, p. 759.

<sup>22</sup> The State Project for the Electrification of Russia.

<sup>23</sup> Aleksei Ivanovich Rykov, member of the Politburo accused of "rightist deviation" and removed from the Politburo in December 1930. He was a victim of the purges of the 1930s.

proposed. We overturned the law of development of the capitalist economy, put it on its head, or, to be more accurate, on its feet. We began with the development of heavy industry and machine building. Without the planned economy nothing would occur.

How are things going for them? Some states plunder others, they plunder the colonies, the unfree [*kabal'ny*] receive squatter's holdings [*zaimy*]. Here it is different. The basis of the planned economy is that we did not become dependent on the world economy.

The second task of the planned economy consists of consolidation of complete ownership of the socialist economic system and closing off the forces which give rise to capitalism. Rykov and Trotsky, in their time, proposed the closing of unprofitable advanced enterprises. (The Putilovskii factory and others for example.) This would have meant the "closing" of socialism. Capital would have flown towards flour milling and the production of toys, because that is what brings profit. We could not follow that path.

The third task of planning is not to allow disproportion. Because the economy is so enormous, branches still have their place. Therefore it is necessary to have large reserves, reserves not just of funds but of the labor force as well.

You need to show something new to readers and not endlessly repeat the correlation of productive forces and production relations. This offers nothing. You don't need to praise our system too much and describe accomplishments that don't exist. Value exists and differential rent exists, but don't get into that.

I thought about the category of profit [*pribyl'*]—to abandon it or to leave it?

COMMENT Maybe it would be better to use the word "income" [*dokhod*]?

MOLOTOV There are different kinds of income.

COMMENT Maybe socialist accumulation?

ANSWER [Stalin:] When profit is not yet removed it is not accumulation. Profit comes as a result of production.

QUESTION Should the textbook say that surplus products exists in socialist society?

There was disagreement about this on the commission.

MOLOTOV We need to teach workers so they know that they work for the whole society and not just for their own family.

ANSWER [Stalin:] Without surplus products you can't build a new system. We need workers to understand that during capitalism they are interested in what they should receive, but in socialism they are concerned about their society and this raises the workers. Income remains but acquires a new character. Surplus products exist, but they don't lead to exploitation. Instead they lead to the growth of the well-being of the people, to the strengthening of defense, etc. Surplus product transforms itself.

For us, distribution is carried out according to labor. We have qualified and unqualified labor. What is the labor of an engineer? It is augmented simple labor. Here, income is distributed according to labor. It is impossible to distribute without the law of value. We think that all of the economy is conducted by plan, but it doesn't always work that way. We also have a lot of spontaneous action. We are conscious and don't calculate the spontaneity by the law of value as a matter of procedure. There, the law of value exists spontaneously, it brings destruction, and requires an enormous number of victims. For us the character of the law of value changes, takes on new content, and new form. We determine prices consciously, not spontaneously. In Engels there is talk of sudden change. It is a risky formula, but you can accept it if you correctly understand the sudden change from the realm of need to the realm of freedom. We must understand free will as a fundamental necessity, when jumps denote the transition from spontaneous unavailability to fundamental need. For them the law of value acts spontaneously and brings great destruction. But we should run things in such a way that there are fewer victims. The results of the effects of the law of value need to be used consciously by us.

QUESTION There was confusion and discussion in the committee about whether there are commodities in the Soviet economy. In defiance of the majority on the committee, the author refers to products, not commodities.

ANSWER [Stalin:] If we have a money economy it follows that there are also commodities. All the categories remain, but they take on a different character. For them, money serves as an instrument of exploitation, but for us it has a different content.

QUESTION Up until now the law of value was described as a law of the spontaneous market, determining also the spontaneous distribution of the labor force.

ANSWER [Stalin:] This is not correct. It is not right to narrow the way a question is put. Trotsky repeatedly reduced money to a means of calculation. He insisted on this before the transition to NEP and after the transition to NEP.<sup>24</sup> This is not correct. We answered him: when a worker buys something, does he calculate money or is he doing something else? More than once, Lenin and the Politburo indicated that this [Trotsky's] way of putting the question is not right, that it is impossible to reduce the role of money to a means of calculation.

COMMENT The term “surplus product” in socialist society is embarrassing.

ANSWER [Stalin:] On the contrary, we need to teach the workers that surplus product is necessary for us and their responsibility will increase. The workers need to understand that they do not only produce for themselves and their families, but also in order to create reserves for the country to strengthen defense, etc.

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<sup>24</sup> The New Economic Policy (NEP) was initiated by Lenin in the early 1920s and allowed for a mixed economy.

COMMENT Marx did not write about surplus product in the *Critique of the Gotha Program*.<sup>25</sup>

ANSWER [Stalin:] If you search for the answer to everything in Marx, you'll get off track. In the USSR you have a laboratory that has existed for more than 20 years, and you think that Marx should know more than you do about socialism. You see, Marx didn't predict this or that in his *Critique of the Gotha Program*! You need to work with your own heads and not string together quotations. There are new facts and a new combination of forces. Be so kind as to work with your heads.

#### On wages and the workday

[Stalin:] A few words on wages, on the workday, and on the income of workers, peasants and the intelligentsia. The textbook fails to show that people work not because Marxists are in power or because the economy is planned, but because they have an interest in working. We cling to our interests. Workers are not idealists and not idealistic people. Some think that it is possible to run the economy on the basis of wage leveling. There were theories about collective wages and the commune in the factory. With this industry will not push forward. Here, workers fulfill and overfulfill the plan because we have piecework for the workers, the bonus system for the leadership staff, and awards for peasants who work better. Not long ago Ukraine passed a law.

I will tell you about two cases: in the coal industry some years ago there was a situation where people working on the top received more than the workers below the ground. An engineer sitting in the office received one-and-a-half times more than those working in the mines. The leaders and managers wanted to bring up the best engineers and place them close to themselves. In order to make something happen people had to have an interest in it happening. When wages for the underground workers were raised then things got going. The question of wages is an important issue.

Take another example: cotton production. For four years running cotton production is rising and that is because the system of bonuses has been revised. The more

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<sup>25</sup> *Critique of the Gotha Program* was a letter written by Marx in 1875 critical of a faction of the German

that is collected from a single area, the more they receive. People recognize their best interest.

The law on bonuses for the *kolkhozniki* in Ukraine has exceptional meaning. Get the people interested and people will push ahead, will raise their qualifications, will work better. They clearly understand what earns them more. There was a time when the intelligentsia and qualified workers were thought of as outcasts. This was our stupidity, when there were not serious conditions for production.

They talk of Stalin's six conditions.<sup>26</sup> You think this is something new. Things are said that the whole world knows, but that we have forgotten. Piecework for workers, bonuses for engineering-technical personnel, prizes for the *kolkhozniki*—these are the levers for the development of industry and agriculture. Use these levers and there will be no limit to growth in production. Without them, nothing will work. Engels mixed this up but good. At one time we boasted that technical workers and engineers will receive no more than qualified workers. Engels didn't understand a thing about production and mixed us up. It is just as absurd as the opinions of others; as if the leadership needs to be changed each time. If we went along that path everything would have fallen apart. You want to skip directly over to communism. Marx and Engels wrote with total communism in mind. The transition from socialism to communism is a difficult trick. We have yet to get socialism in the flesh and blood and we still need to put socialism right, still need to distribute according to labor as is necessary.

We have dirt in the factories and want to go directly to communism. And who will let you in? They are buried in rubbish but desire communism. Two years ago in one major factory they were raising hens and geese. What good is this? Dirty people are not permitted into communism. We need to stop being pigs! They talk about being let into communism. But Engels wanted to go directly into communism and got carried away.

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Social Democratic movement.

<sup>26</sup> This is a reference to the six conditions affecting the organization of Soviet industry that Stalin outlined in a speech to a conference of economic leaders on 23 June 1931.

MOLOTOV On page 333 [of the draft of the textbook] the following is written: “the decisive advantage of the artels<sup>27</sup> is that they correctly coordinate the personal interest of the farmers with their social interests, they successfully adapt the personal interests of the farmers with social interests.[”] That depiction digresses from the issue. What is the correct combination of the personal interests of the farmers with society? What does “the successful adaptation of the personal interests of the farmers to the social interests” mean? This is an empty phrase, there is no concrete subject here. It appears as though everything exists rationally. But in fact it is far from the case. In principle we have correctly resolved these questions, but practically much remains incorrect and unsuccessful. This needs to be explained. Social economy must be put first.

Likewise, it is necessary to raise the question of piecework for wages. At one time this question was very difficult, the piecework system was not understood. For example a delegation of workers from the French syndicalists came and asked a question about why we support piecework in the bonus system when in capitalist conditions the workers are fighting against that. Now everyone understands that without progressives and without pieceworkers there would not be Stakhanovites<sup>28</sup> and shock workers. In principle that question is clear, but practically we have endless scandals. In 1949 we will have to return and repeat the decision of 1933. Elements pull us in the other direction. The leader wants to have good engineers by his side. We have not grown to the point where we are as pure as we would like to be. You embellish our reality too much. By no means have we become as pure as we would like. Criticism of our practical work is needed.

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### On fascism

[Stalin:] A few more comments on fascist philosophy. They write as if they have socialism. Economists need to expose this. Hitler says: “State, people! . . . our capitalists receive only 8 percent, enough with them!” The context for this question should be

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<sup>27</sup> An "artel" was an agricultural cooperative in which all land was pooled and worked in common and income was distributed according to work performed.

<sup>28</sup> Stakhanovites were Soviet workers rewarded for output beyond the production norms. The name comes from the Russian miner Alexei Stakhanov.

brought up in connection with the questions of competition and the anarchy of production, with the efforts of the capitalists to avoid competition, and with the theory of ultra-imperialism. We need to show that they are doomed. They propagandize in favor of the cooperative system, as if it was above the working class and above capitalists and as if the state looks after and thinks about the workers. They even arrest isolated capitalists (it's true that Thyssen<sup>29</sup> ran away.) We need to say that all of this is more demagoguery, that this is pressure by a bourgeois state on isolated bourgeoisie who don't want to be subservient to the state's class discipline. You need to talk about all of that in the first section on the formation of cartels and unsuccessful attempts at planning. The second time talk about it in the section on socialism. Who for you, Mr. Fascist, owns the means of production? Individual capitalists and groups of capitalists do, which means you can not have real planning. It will only be leftover bits of planning because the economy is divided among groups of owners.

QUESTION Should we use the term "fascists"?

ANSWER [Stalin:] Call them as they call themselves: the Italians are fascists, the Germans are national socialists.

I had Wells<sup>30</sup> into this office and he told me that he didn't want the workers in power and didn't want the capitalists in power. He wants the engineers to rule. He said that he is for [U.S. President Franklin D.] Roosevelt whom he knows well and speaks of as an honest man committed to the men of the working class. They are disseminating the ideas of the reconciliation of classes with the petit-bourgeoisie. These ideas have gained a special place among fascists.

By the way, where the utopians are discussed. Here as well you need to talk critically about the idea of the reconciliation of the classes. There is, of course, a difference between the position of the utopians and the fascists. The difference favors the

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<sup>29</sup> Fritz Thyssen, a German financier who initially supported Hitler but left Germany in 1939.

<sup>30</sup> Herbert George "H.G." Wells (1866-1946), British writer who met with Stalin in 1934.

utopians, but to bypass this idea is impossible. Owen<sup>31</sup> would be ashamed if he were put in the same company as the fascists, but Owen needs to be criticized.

The abusive language needs to be removed from the book entirely. Abusive language doesn't convince anyone and more likely it even has the opposite results, causing the reader to prick up his ears and think: "if the author needs to swear, then it means he doesn't have everything straight."

You need to write in such a way that it doesn't come across that everything is bad for them and everything is good for us. Don't exaggerate everything.

COMMENT Here it is written that the state fixes the plan for just about everyone.

ANSWER [Stalin:] That is nonsense. In general there is a lot of philosophizing in the section on socialism. You need to write more simply.

QUESTION Is the chapter "Preparation of the capitalist mode of production" properly named? It implies that somehow there is a conscious preparation of it.

ANSWER [Stalin:] This is a question of terminology. You can use the word "prepared." The discussion is about the genesis of the appearance and the founding of the preconditions.

By the way, there is one more question on the preparation of the socialist mode of production. It is written here that socialism does not arise in the depths of capitalism. The question needs to be explained. The material preconditions arise in the depths of capitalism. The objective and subjective preconditions are established during capitalism. There is no need to forget that we emerged from capitalism.

*[Source: ARAN fond 1705, opis 1, delo 166, listy 14-26. Translated by Ethan Pollock.]*

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<sup>31</sup> Robert Owen (1771-1858), British manufacturer and social reformer who attempted to establish a

## Document # 2:

Notes from the meeting on 22 February 1950 at 11:15 p.m.

*[World War II delayed publication of Leont'ev's textbook for beginners as well as Ostrovitianov's book for more advanced students. A Central Committee commission under A.A. Zhdanov (Stalin's right hand man in the Party) was set up to oversee work on the two textbooks and a large "authors' collective" was established to revise the drafts in light of the war and the postwar settlement. At the time, a number of debates among Soviet economists about political economy were underway in the press. Evgenii Samuelovich Varga's thesis about the persistence of planning in postwar capitalist economies was by far the most controversial.<sup>32</sup> Together these debates made it difficult for economists to reach a consensus about what to include in the textbooks. In 1948 Zhdanov died, diminishing direct Central Committee oversight of the project. Politburo member and head of the State Planning Commission N.A. Voznesenskii also helped monitor the textbook's progress. In 1949 he was arrested and the next year he was killed. Meanwhile, by early 1950 the authors had completed new versions of the two textbooks that were then sent to Stalin. On three occasions in the spring of 1950 Stalin met with the authors to discuss the content of what became a single textbook on political economy. On 22 February 1950, Stalin concentrated on the distinction between the people's democracies of Eastern Europe and China. His comments on China are particularly noteworthy because the previous week, he had wrapped up a summit conference with Mao Zedong with the signing of a Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance. Furthermore, Mao suspected that Stalin doubted his ideological credentials.<sup>33</sup>*

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cooperative community in Indiana.

<sup>32</sup> For a description of the economic issues in the Varga discussion see Richard B. Day, *Cold War Capitalism: The View From Moscow* (London: M.E. Sharpe, 1995), pp. 45-55. For a description of the politics surrounding the discussion see Werner G. Hahn, *Postwar Soviet Politics: The Fall of Zhdanov and the Defeat of Moderation, 1946-53* (Ithaca: Cornell University Press, 1982), pp. 84-93.

<sup>33</sup> "Stalin's Conversations with Chinese Leaders," *Cold War International History Project Bulletin* 6/7 (Winter 1995/1996), pp. 3-29.

*This was a crucial question since Stalin envisioned the textbook being used all over the world. The notes from this meeting were compiled by Ostrovitianov.<sup>34</sup>*

[Stalin:] There are two versions of the draft of the political economy textbook. But there are no fundamental differences between the versions either in their approach to questions of political economy or in the interpretation of these questions. It follows that there is not material for two versions. Leont'ev's version should be taken as the foundation.

The textbook should give concrete criticism of the theory of American imperialism. Use material that was published on this question in *Bol'shevik* and in *Voprosy ekonomiki*.<sup>35</sup>

People not versed in economic relations will not make the distinction between the People's Republic of China and the people's democracies of Central and Eastern Europe, such as the People's Democratic Republic of Poland. Meanwhile, the Chinese and Polish people's democracies are dissimilar.

The people's democratic republics are typified by: 1) the dictatorship of the proletariat; 2) nationalization of industry; 3) the leadership role of the Communist and Workers' Party; and 4) the transition from building socialism in the city to building socialism in the country. In China, socialism doesn't exist in the cities or in the countryside. Some enterprises have been nationalized, but this is only a drop in the bucket. There are serious differences between the European people's democracies and the People's Republic of China. 1) In China there is a democratic dictatorship of the proletariat and the peasants. 2) In China there was the burden of foreign bourgeoisie. Thus, the Chinese nationalist bourgeoisie was a part of the revolution. This allowed power to be held in coalition with the national bourgeoisie. 3) In China the problem of dealing with feudal relations remains. In this sense the Chinese Revolution is reminiscent

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<sup>34</sup> The meeting took place on 22 February 1950 from 11:15 pm to 11:45 pm at Stalin's Kremlin office. Those in attendance were: Stalin, Malenkov (Politburo member and deputy premier), Pavel Fedorovich Iudin (Soviet philosopher and later a candidate member of the Politburo), Ostrovitianov and Leont'ev. See *Istoricheskii arkhiv* 1997 (1): 8.

of the French bourgeois revolution. 4) The peculiarity of the Chinese Revolution comes from the existence of the Communist Party.

Therefore it is possible to say that in China there is a people's democratic republic that is still in the first phase of its development.

The fact that our cadres do not have strong education in economics explains the mess surrounding this question.

Pass the decision to form a committee of comrades Malenkov, Leont'ev, Ostrovitianov and Iudin<sup>36</sup> to rework the draft in one month.

[Source: RGASPI, fond 17, opis 133, delo 41, listy 5-6. Translated by Ethan Pollock.]

### Document # 3:<sup>37</sup>

[Two months later Stalin met once again with the authors of the now unified textbook. At this meeting Stalin made it clear that he was not pleased with the textbook's description of capitalism. He implored the authors to study Marx more carefully, but also to push past a simple adaptation of Marx and Engels. Again the competition between the capitalist and socialist worlds was on Stalin's mind. As he put it, "we are in a struggle with capitalism right now on the basis of wages" that "has huge revolutionary and propagandistic significance." But the propaganda could not be based on simple quotations or slogans. "We should influence people's intelligence," Stalin declared, later adding. "When the textbook is finished it will be placed before the judgment of public opinion." The minutes were compiled from notes by Leont'ev, Ostrovitianov, Iudin, and Dmitrii Trofimovich Shepilov.<sup>38</sup>]

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<sup>35</sup> *Bol'shevik* was the official political and theoretical organ of the Central Committee. *Voprosy ekonomiki* was the main journal for economics and was published by the Institute of Economics of the Academy of Sciences.

<sup>36</sup> Later Iudin was named Soviet Ambassador to the People's Republic of China.

<sup>37</sup> The meeting took place on 24 April 1950 from 11:05 pm to 11:55 pm at Stalin's Kremlin office. Those in attendance were: Stalin, six members of the Politburo and deputy premiers—Lavrenti Pavlovich Beria, Nikolai Aleksandrovich Bulganin, Lazar' Moiseevich Kaganovich, Anastas Ivanovich Mikoian, Malenkov, Molotov—as well as Leont'ev, Ostrovitianov, Iudin and Shepilov. See *Istoricheskii arkhiv* 1997 (1): 12.

<sup>38</sup> Dmitrii Trofimovich Shepilov, Soviet politician, head of the section of Agitation and Propaganda for the Central Committee and co-author of the textbook on political economy.

[Stalin:] I want to make some critical comments about the new draft of the political economy textbook.

I read around 100 pages addressing pre-capitalist formation and capitalism. I looked a little at the section on “socialism.” I’ll talk about socialism another time. Today I want to note some shortcomings related to the sections on capitalism and precapitalist formation. The work of the committee has gone along an incorrect path. I said that you should take the first version of the draft as a basis. But you clearly understood that to mean that the textbook was not in need of any major revisions. This is not true. It requires very serious corrections.

The first and most important shortcoming of the textbook is the exposure of a complete misunderstanding of Marxism. This is clear from the incorrect description of manufacturing and machine periods of capitalism. The section on the manufacturing period of capitalism is blown up, it is given 10 pages, which is more than the machine period. The machine period of capitalism is missing from the textbook. It disappeared. The machine period is not given its own chapter. It is given some pages in the chapter on “Capital and Surplus Value.” Take Marx’s *Capital*. In *Capital* the manufacturing period of capitalism takes up 28 pages, but the machine period is given a large chapter of 110 pages. Plus, in other chapters Marx talks a lot about the machine period of capitalism. Such a Marxist as Lenin in his work on the *Development of Capitalism in Russia* gave central attention to the machine period. Without machines there is no capitalism. Machines are the foundation of the revolutionary power that transformed society. The textbook does not show what the machine system is; there is exactly one word about the machine system. Therefore the whole picture of the development of capitalism is distorted.

Manufacturing relied on handicraft and hand labor. The machine replaced hand work. Machine production—this is large-scale production and the basis of the machine system.

You need to keep in mind that our cadres and our young are people who have seven to ten years of education. They are interested in everything. They can look at Marx’s *Capital*, at Lenin’s work, and ask: Why is this described differently than in Marx

and Lenin? This is the main shortcoming. You need to describe the history of capitalism as Marx and Lenin did. In the textbook a special chapter on the machine period is necessary, but the chapter on manufacturing should be removed.

The second major shortcoming in the textbook comes from the fact that there is no analysis of wages. The major questions are not addressed. The section on pre-monopoly capitalism gives a description of wages along the lines of Marx's description. Wages are not addressed in the conditions of monopoly capitalism. A lot of time has passed since Marx.

What are wages? They are the living wage plus some savings. You need to show what the living wage is, the nominal and real wages. Show this decisively. We are in a struggle with capitalism right now on the basis of wages. Take real facts from contemporary life. In France, where the currency is falling, they receive millions, but it is impossible to buy anything. The English declare that they have the highest level of wages and cheap goods. But in doing this they hide that the wages may be nominally high, but all the same they don't even make for a living wage, not to mention savings. In England the prices for some produce, take bread and meat for instance, are low, but the workers receive this produce according to a quota and in restricted amounts. All other produce is bought at the market for high prices. There are multiple prices. Americans boast about their high standard of living, but according to their own statistics two out of three workers don't make a living wage. All of these capitalist tricks need to be exposed. Using concrete facts we need to show these same English workers, who have long lived at the cost of superprofit in the colonies, that the fall in real wages under capitalism is axiomatic.

We can show them that during the Civil War in this country everyone was a millionaire. During the war we had the lowest prices; bread was sold for a ruble a kilogram, but produce was fixed.

We compute wages in a different way. We need to use concrete facts to show the situation with real wages here. This has large revolutionary and propagandistic significance.

It would be right to return to the question of wages in the section on monopoly capitalism and show how it really works.

In the textbook there is a big chapter on primitive accumulation. You can talk about this quickly, in two pages. Here it is told like some kind of duchess drove the peasants off the land. Who will you surprise with that? Things are more significant than an oversight. The epoch of imperialism provides more clear facts.

About the organization of the book. The section on capitalism should be divided into two sections: under the letter “A” address pre-monopoly capitalism and under the letter “B” address monopoly capitalism.

Now on the subject of political economy. In the textbook there is no definition of the subject of political economy. There is something more like an introduction. There is a difference between a definition of the subject of political economy and an introduction. In this sense the second version is closer to what is needed, although here we also get an introduction. That explains some of Marx’s economic terms. It leads the readers to assimilate the economic work of Marx and Lenin.

They write that political economy examines production relations. But this is not clear to everyone. They say that political economy examines the relations between production and exchange. This is not true. Take exchange. In a primitive commune system there was no exchange. It was also undeveloped during the slave owning system. The tone is also not right. All of this is also not entirely appropriate for socialism. It needs to be said: political economy looks at production and the distribution of material wealth. This applies to all periods. Production is the relation of people to nature and distribution is about where the productive wealth goes. This is pure economics.

In the textbook there is no transition from the subject of political economy to the primitive commune system. Marx began *Capital* with goods. But you for some reason begin with the primitive commune system. You need to explain this.

There exist two methods of description: one method is abstract and analytical and begins with general abstract concepts and adds supporting historical material. This method of description (which Marx follows in *Capital*) is geared towards more educated people. The other method is historical. This describes the historical development of

different economic systems and describes using historical material for a general understanding. If you want people to understand the theory of surplus value, lay out the question from the very birth of surplus value. The historical method is geared towards less educated people. It is more approachable, so that little by little the reader comes to understand the laws of economic development. (He reads definitions of the analytical and historical methods.)

Engels's scheme about savagery and barbarism is used in the textbook. This adds absolutely nothing. This is some kind of nonsense! Here, Engels did not want to split with Morgan<sup>39</sup> who at that point approached materialism. But this is Engels's issue. What are we involved for? Will they say that we are bad Marxists if we don't approach the problem the way Engels does? Nothing of the kind! It reads like a pile of garbage: the stone age, the bronze age, the tribal system, matriarchy, patriarchy, then savagery and barbarism. This only confuses the readers. Savagery and barbarism—these are disdainful names when viewed from the side of “the civilized.”

There are many babbling, empty and unnecessary words and many historical excursions. I read 100 pages and crossed out 10 and could have crossed out even more. There shouldn't be a single extra word in a textbook. The descriptions should be like a polished sculpture. Then at the end of a section there are some conclusions attacking imperialists: yes, you are imperialists—scoundrels, slave drivers, serfdom. This is all like Komsomol jokes, banners. This takes up time and clutters up people's heads. We should influence people's intelligence.

You write that Thomas More and Campanella<sup>40</sup> were individualists and did not interact with the masses. This is simply laughable. Is this what they are about? And if they had interacted with the masses, what would have resulted? That level of the development of productive forces required the existence of inequality. This inequality was impossible to destroy at that time. The utopianists did not know the laws of social development. They present an idealist interpretation.

Our cadres need to know Marxist economic theory well.

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<sup>39</sup> Lewis Henry Morgan (1818-1881), American anthropologist who studied Native Americans.

<sup>40</sup> Thomas More (1478-1535), an English politician and humanist scholar and Tommaso Campanella, an Italian utopianist of the seventeenth century.

The first, older generation of Bolsheviks was well grounded. We memorized *Capital*, summarized, argued and tested one another. This was our strength. This helped us a lot. The second generation was less prepared. People were busy with practical work and construction. They studied Marxism through brochures.

The third generation has been raised on pamphlets and newspaper articles. They don't have a deep understanding of Marxism. They must be given food that is easily digestible. The majority of them were raised on quotations, not the study of Marx and Lenin. If things continue this way, people might degenerate. People may decide they don't need *Capital* when we are building socialism. This threatens degradation. This will mean death. In order to avoid this even in part, it is necessary to raise the level of economic understanding.

The current size of the textbook is not right. It swells to 766 pages. We need it to be no more than 500 pages, with around half about the presocialist formation and half about socialism.

The authors of the first version of the textbook are not concerned with describing the terms Marx uses in *Capital*. The terms which Marx and Lenin use often need to be brought up at the very beginning so that they may guide the reader towards an understanding of *Capital* and other works of Marx and Lenin.

It is bad that there are no disagreements in the committee and that there are no arguments over theoretical questions. I mean, you are involved in a historic undertaking. Everyone will read this textbook. Soviet power has been around for 33 years and we don't have a book on political economy. Everyone is waiting.

The literary side of the textbook is poorly developed, there is a lot of babbling, many excursions into civil [*grazhdanskuu*] history and the history of culture. This is not a textbook on the history of culture. There should be fewer historical excursions. Turn to them only in those cases when it is necessary to illustrate a theoretical position.

Take Marx's *Capital* and Lenin's the *Development of Capitalism* and have them guide you in your work.

When the textbook is finished it will be placed before the judgment of public opinion.

I have one more comment. The description of capitalism in the textbook only follows the line of industry. But you need to keep in mind the overall economy. In *Capital* Marx also concentrated on the question of industry. But we have a different task before us. He needed to expose capitalism and show the curse of capitalism. Marx understood the meaning of economics as a whole. This is clear from the meaning he gave to Quesnay's<sup>41</sup> economic table. It is not right to describe agricultural issues only in the chapter on land leases.

We not only unmask capitalism, we overthrew it and stand in power. We know what kind of weight and meaning agriculture has in the economy.

As in Marx, our program of agriculture has not been given sufficient attention. This needs to be corrected.

We need to take the laws of economics in their entirety. Don't ignore agrarian relations during capitalism or during socialism.

[Source: RGASPI, fond 17, opis 133, delo 41, listy 18-25. Translated by Ethan Pollock.]

#### **Document # 4:**<sup>42</sup>

*[A little over a month later, Stalin again met with the authors of the textbook for about an hour. Rather than shifting his attention to socialism, Stalin offered detailed criticism of the section of the book on feudalism. He also remained concerned about the tone of the book (“you’ve approached writing about feudalism like it was hackwork”) and the use of Marx and Lenin. The minutes were compiled from notes by Leont’ev, Ostrovitianov, and Ivan Danilovich Laptev.<sup>43</sup> The words in parentheses were spoken by the authors of the textbook.]*

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<sup>41</sup> Francois Quesnay (1694-1774), French physiocrat and political economist who emphasized the importance of agriculture.

<sup>42</sup> The meeting took place on 30 May 1950 from 7 pm to 8 pm at Stalin's Kremlin office. Those in attendance were: Stalin, Malenkov, Iudin, Shepilov, Leont'ev, Ivan Danilovich Laptev, Ostrovitianov and Pashkov. See *Istoricheskii arkhiv* 1997 (1): 14.

<sup>43</sup> I.D. Laptev, Member of the Lenin All-Union Agricultural Academy.

[Stalin:] How do you intend to present the text on pre-monopoly capitalism? By chapters?

In separate chapters nothing will be accomplished. A general picture is needed. That is why I asked you to present all the chapters immediately. It is impossible to review an isolated chapter. It is necessary to present pre-monopoly capitalism as a whole and also to give a summary of the corresponding economic conditions by presenting the criticism that Marx gave of earlier political economy.

In the plan of the section on pre-monopoly capitalism how do you propose to describe primitive accumulation—in a separate chapter?

(Answer: No, that goes in the chapter on the rise of capitalism.)

[Stalin:] You plan to describe the question of “merchant capital and profit from trade” only in chapter XIII, after which, the characteristics of industrial capital are given. This is historically incorrect. The analysis of merchant capital should be in front. I would place the theme of merchant capital before the appearance of the capitalist mode of production. Merchant capital precedes industrial capital. Merchant capital stimulates the beginnings of manufacturing.

(Comment: We plan to look at merchant capital and profit from trade in the chapters on the allocation of increased cost during capitalism. In the chapter on feudalism we plan on writing about the role of merchant capital only in that period.)

Then the heading is not successful. Call the chapter “Profit from Trade.” Otherwise, people could think that merchant capital only appears in the period of mechanized industry and this is historically incorrect.

In the textbook in general the historical method is missing. In the introduction you say that the description will be based on the historical method, but you yourselves avoid it. The historical method is needed in this textbook; it is impossible without it. None of you understands why merchant capital is placed after the description of the machine period of capitalism.

You don't correctly use the section on feudalism. It is a bizarre, popular section that is written as if a grandfather were telling a story to children. In this section,

everything comes out of nowhere: feudal lords appear, trade appears, and buyers, [appear] like puppets on the stage.

Imagine the audience for whom you are writing. Don't imagine beginners. Instead keep in mind people who have finished eighth to tenth grade. You explain such words as "regulation." But you think that this will not be understood without an explanation. The tone is incorrect, you describe things like you are telling fairy tales.

In the chapter on feudalism you write that the town split with the countryside again. The first time the town broke off from the countryside was in slave-owning society and the second time was during feudalism. This is nonsense. It is as if the towns died along with slavery. The towns began during slavery. During the feudal period the towns remained. It is true that at first the towns developed weakly, but then they grew strong. The difference between town and country remained. Trade developed in connection with the discovery of America and the spread of markets in towns. Wealth was gathered.

In the chapter on feudalism the discovery of America is not mentioned. Very little is said about Russia. More needs to be said about Russia, beginning with feudalism. In the chapter on feudalism it is necessary to show the feudal period in Russia, right up to the abolition of serfdom.

During feudalism there were many major cities such as Genoa, Venice and Florence. During feudalism trade reached a large scale. Florence was three steps ahead of ancient Rome.

During slave building major cities and large-scale production appeared. So long as there were slave labor and cheap labor, there could be large-scale production and large landed estates. As soon as slave labor disappeared, large-scale production and landed estates began to split up. City life as it had been ceased to exist. But the cities remained and survived. Trade went on, ships sailed with 150 oars.

In some histories it seems like the middle ages represent a degradation in relation to the slave system and that there was no movement forward. But this is incorrect.

In the chapter on feudalism you did not even say which kinds of work formed the basis of feudal society. But you need to show that in the ancient world slave labor was the basis and during feudalism it was peasant [labor].

When the major landed estates of slave building split up and slavery fell, there were no more slaves, but peasants remained. During slavery there were peasants, but they were few in number and they were under the constant threat of becoming slaves. The Roman Empire fought the so-called “barbarian” tribes. Feudalism appeared when two societies clashed: on the one side was the Roman Empire and on the other side were the “barbarian” tribes, which fought against Rome. You have avoided this question. You don’t even mention the “barbarian” tribes. Who were in these tribes? They were Germans, Slavs, Gauls and others. These tribes fought with Rome and had a communal system. This was especially strong among Germans with their *marks*.<sup>44</sup> Rural society began to struggle with things that remained from the Roman slave society, from the Roman Empire. The Roman Empire showed great hardiness. At first it split up into two parts: the western and the eastern empires. Later, as the Western Roman Empire died, the Eastern Roman Empire remained for a long time.

It should be clearly and precisely stated that during feudalism the main foundation for the existence of society became peasant labor.

We always say that capitalism germinated in the depths of feudalism. This is absolutely undebatable and we need to show historically how that took place. [In reading this] one doesn’t feel how capitalism germinated in the depths of feudalism. You do not have the discovery of America. But the discovery of America happened in the middle ages, before the bourgeois revolution. They were seeking a sea route to India, and came across a new continent. But this is not what is essential. It is important that trade increased to a great extent and the market expanded. That is how the conditions were created in which the first capitalist-manufacturers were able to break the guild system. A great demand for goods appeared and manufacturing grew in order to satisfy that demand. That is how capitalism appeared. All of that is missing from the chapter on the feudal system.

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<sup>44</sup> German rural community.

Writing a textbook is not a simple affair. You need to ponder history more. You've approached writing about feudalism like it was hackwork. You are used to reading your lectures that way, chip-chop. They listen to you then and no one criticizes.

The textbook is intended for millions of people. It will be read and studied not only here, but all over the world. It will be read by Americans and Chinese, and it will be studied in all countries. You need to keep in mind a more qualified audience.

The slave system was the first class society. This was the most interesting society prior to capitalism. The plague of class-based society was pushed to the limit in the slave system. Now, when capitalism is getting in a tight spot it turns to the ways of slavery. In the ancient world, wars were conducted to get slaves. But in our time Hitler made war in order to enslave other peoples, especially the people of the Soviet Union. This was also a campaign for people. Hitler gathered slaves everywhere. Hitler brought millions of foreign workers to Germany, including Italians, Bulgarians and people of other countries. He wanted to restore slavery. But he wasn't able to. The conclusion is that when capitalism sours, it turns to the old and the most savage slave methods.

Bourgeois textbooks harmoniously hold forth about democratic movements in ancient times and praise "the Golden Age of Pericles." We need to show that democracy in the slave world was the democracy of slavery.

I implore you to conduct your work on the textbook seriously. If you don't know the material, study books, sources, ask whomever you need to. Everyone will read the textbook. It will be a model for everyone.

You need to rewrite the chapter on the feudal system. You need to show how the feudal system came about. The slaveholding elite were removed. Slavery collapsed. The land remained, trade remained, colonies remained, as did peasant labor. Towns remained. They flourished to the end of the middle ages.

It follows that the capitalist period should begin with the bourgeois revolution in England, in France and with the peasant reforms in Russia. Before that time, capitalism had foundations in the midst of feudalism. The better material on the beginnings of capitalism should be transferred to the chapter on feudalism.

The role and meaning of state power during feudalism has to be shown. When the Roman Empire no longer existed, power, like economic activities, was decentralized. Feudal lords fought with one another. Small principalities formed. State power became fictitious. Every landowner had his own excise tax. Power needed to be centralized. Later it gathered real power when the national state was formed on the bases of emerging national markets. The development of trade required a national market. And you don't have a word about the national market. Feudalism interfered with trade. They encompassed different customs and tariffs. You need to say succinctly a word or two about all of that.

Feudal society is closer to us—it was yesterday. In the chapter it is worth talking about Russia, the peasant reforms, how the peasants were freed, with the land or without it. The landowners were scared that the peasants would be freed from below, therefore the state undertook reform from above. For us, the serf system ended with the moment of peasant reform; in France it was the bourgeois revolution.

The chapter gives the correct description. But everything is scattered and not collected. There is no consistency. The very foundation is not stated: work served as the foundation of the feudal system.

A quotation from Il'ich is used to show that the serf system was maintained with the discipline of the stick. That quote is taken out of context. Lenin gave a lot of attention to the economic side of the question. It is impossible to keep people under control by using a stick for 600-700 years. The important thing is not the stick, but that the land belonged to the landlords. The land was the base, and the stick was extra. You use quotations from Marx and Lenin without thinking about what kind of connection they have with one or another meaning.

Don't skimp in terms of the economic viewpoint. Familiarizing oneself with this view, the reader gets a more concrete picture of the epoch. You need to talk about mercantilism, about Colbert.<sup>45</sup> Colbert lowered the tariffs within the country, but he closed off the state with high external tariffs in order to widen the development of

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<sup>45</sup> Jean Baptiste Colbert (1619-1683), a French politician who served as an adviser to Louis XIV.

manufacturing and the development of capital. Mercantilism preceded the bourgeois revolution.

I needed to make a comment and write a page for you on the democratic movements in Greece and Rome. In the chapter on slavery there was no criticism of the bourgeois view of the democratic movements in Greece and Rome. This movement does not just appear in bourgeois literature, but even in some of our books. The French revolutionaries cursed the name Gracchi.<sup>46</sup>

You need to present the material using the historical method, since you took up this work.

It is not advisable to use bizarre propaganda and popularizing language; it will seem like some grandfather telling fairy tales.

In your account the towns are separated from the country two times. They were separate, remained separate, and then for no reason separate again. The old town, during the slave-owning system, was not broken from the countryside. Some towns developed separately from the countryside at the end of the middle ages. It is enough to remember towns like Venice, Florence. Remember Hansa. What trade was like in those towns, what ships! Trade capital played a big role. Kings found themselves dependent on strong merchants.

Venice occupied Constantinople. They went to war and fought. The trade areas developed powerfully. In the depths of feudalism a trading class grew strong. This class dislodged a big percent. In the ancient world there were two major money lenders: one was a Hittite whose name I don't remember, and one was a Phoenician by the name of Kheiram.<sup>47</sup> They had a lot of money and they even loaned it to the state. But in comparison with the Fuggers<sup>48</sup> they both were worth nothing.

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<sup>46</sup> Tiberius Sempronius Gracchus and Caius Sempronius Gracchus, brothers, Roman statesmen and social reformers. Both were killed following efforts at reform in the second century B.C.

<sup>47</sup> Stalin may have been referring to the Phoenician king of Tyre Hiram who assisted the Israelite kings David and Solomon in exchange for tribute and territory.

<sup>48</sup> Johannes Fugger (1348-1409) and his son Jacob, German financiers who exerted considerable economic and political influence in the fifteenth and sixteenth centuries.

(Question: In connection with your instructions, would it not be appropriate to put part of the question of commodities in the section on feudalism, as it was in the draft?)

[Stalin:] Of course, it is better to talk about commodities and about different elements of goods in the chapter on feudalism. But the problems with commodities as a whole should go in the section on capitalism. Because we agreed to follow the historical method.

Marx followed a different method. He puts commodities at the beginning, as an economic unit of capitalism and he studies it from all sides by turning it on all sides. But you give the question of commodities separately. In the chapter on capitalism take the whole thing. It will be easier to master. You need to examine separate elements to present a theory of commodities, to measure the appearance of corresponding relations.

(Question: In as much as we present an economic study of the period of pre-monopoly capitalism, how should we understand Lenin's work? Where should we put that work?)

[Stalin:] In the chapter on pre-monopoly capitalism it is worth using Lenin's work up to the appearance of his book on imperialism, or to be more exact, to the appearance of his article against Trotsky "On the Slogan of the United States of Europe."<sup>49</sup> Then use new economic studies about the period known as free capitalism, when different countries slowly agreed with each other not to take over more territory. Then the new period began—the period of monopoly capitalism. In that sense, the description of Lenin's views can be broken into two parts.

The ideology of capitalism in the pre-monopoly period is completely different from the monopoly period. At that time some bourgeoisie praised feudalism, spoke of freedom, and praised liberalism. It looks completely different during imperialism, when the ideology of capitalism abandoned various vestiges of liberalism and assumed the most reactionary views of the previous periods. This, then, is a different ideology.

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<sup>49</sup>Stalin is referring to Lenin's 23 August 1915 article "On the Slogan of the United States of Europe." See *Lenin's Collected Works, Vol. 21* (Progress Publishers: Moscow, 1965), pp. 339-343.

(Question: We also struggled with this question: in the section on pre-monopoly capitalism we touch on a series of themes, such as land rent, which don't come up in the section about imperialism. Here, can we use concrete facts relating to modern capitalism?)

[Stalin:] Of course you can, since imperialism is also capitalism.

(Question: In the chapter on the machine period, is it necessary to limit discussion to the steam engine, as Marx does, or show its further development into the internal combustion engine and electricity without which there is no machine system?)

[Stalin:] Of course, it is necessary to talk about the machine system. Marx wrote in the 1860s, and since then technology has moved forward.

It will be necessary to increase the chapter on feudalism by about 15-20 pages.

(Question: Should we make two chapters: 1) on the main features of the feudal mode of production and 2) the end of the feudal mode of productions?)

[Stalin:] Decide that yourself as you find necessary. The chapter on feudalism should be redone along the lines of the plan by which the chapter on slavery was written.

In the chapter on feudalism it is worth remembering the "barbarian" tribes' economic system. You need to show what happened when the so-called barbarian tribes met slave-holding Rome.

In the beginning, feudalism did not force the peasants into serfdom, but then that happened. You need to show how serf relations took shape. Perhaps it is worth dividing feudalism into two sections: early and late.

Don't blabber too much about manufacturing. This is not the most interesting period of capitalism. In manufacturing the technology was old. In factual terms it was nothing other than expanding crafts. Machines gave a new quality. Say less about manufacturing, don't become too engrossed. The machine period changed everything.

A one month period is not enough to write the chapter on pre-monopoly capitalism. I think that work on the textbook will take all of this year. Maybe a little of the next year will be needed. This is very serious work.

We think the names of all the members of the committee and “Approved by the Central Committee of the Communist Party” should be put on the textbook.

[Source: RGASPI, fond 17, opis 133, delo 41, listy 8-17. Translated by Ethan Pollock.]

**Document # 5:**<sup>50</sup>

MEETING ABOUT QUESTIONS IN POLITICAL ECONOMY

(FEBRUARY 15, 1952, THE MEETING BEGAN AT 10 PM AND ENDED AT 11:10 PM)

*[By April 1951 the authors sent Stalin a finished draft of the textbook. In the summer of 1951 the textbook was distributed to over 250 Soviet teachers, researchers, and party and government leaders. From 10 November through 8 December, Malenkov and M.A. Suslov<sup>51</sup> presided over a meeting at the Central Committee to discuss the textbook. Additional meetings were held in smaller groups to discuss specific sections of the textbook. Stalin read the minutes of these meetings as well as a set of prepared "Proposals" for improving the book, and in early 1952 he wrote "Remarks on Economic Questions in Connection with Discussion of November 1951" (later this became his Economic Problems of Socialism in the USSR). At 1 a.m. on 7 February 1952, Stalin spoke with Ostrovitianov on the telephone. According to Ostrovitianov's hastily written notes, Stalin said that he had written "about fifty pages" on the discussion of the textbook. He explained that it was "probably not expedient to gather all of the participants in the discussion." A few minutes later Malenkov called Ostrovitianov and*

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<sup>50</sup> Information about who asked which question was found in Ostrovitianov's file in the Academy of Sciences archive: ARAN f. 1705, op. 1, d. 166, ll. 57-67; the time and participants for this meeting were not confirmed by the list of those in Stalin's Kremlin office published in *Istoricheskii arkhiv*.

<sup>51</sup> Mikhail Andreevich Suslov, member of the Central Committee Secretariat who oversaw scholarship, among other things.

*continued the conversation. Stalin's "Remarks" were distributed to all of the participants, but only a select few were invited to discuss the "Remarks" with Stalin.<sup>52</sup> The meeting took place a week later. The minutes were compiled from notes by L.V. Gatovskii, I.I. Kuz'minov, Laptev, Leont'ev, Ostrovitianov, V.I. Pereslegin, Pashkov, Shepilov and Iudin. Others in attendance included Z.V. Atlas, A.A. Arakelian, A.V. Bolgov, V.Ia. Vasil'eva, A.D. Gusakov, G.A. Kozlov, N.N. Lubimov, and M.I. Rubinshtein.<sup>53</sup>*

QUESTION [K. Ostrovitianov:] May the "Remarks on economic questions" be published in the press? May your remarks be used in scholarly research, pedagogical or literary work?

ANSWER [Stalin:] Publishing the "Remarks" in the press is not advisable. The political economy discussion was closed and the people don't know about it. The speeches of the participants in the discussion were not published. People will not understand if I appear in the press with my "Remarks." Publication of the "Remarks" in the press is not in your interests. They will understand that everything in the textbook was determined in advance by Stalin. I'm worried about the authority of the textbook. The textbook should have undisputed authority. It would be right if the things in the "Remarks" are first known from the textbook. Quoting the "Remarks" in the press is also not advisable.

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<sup>52</sup> Ostrovitianov's notes are in his collection at the archive of the Academy of Sciences. See ARAN, f. 1705, op. 1, d. 166, ll. 55-56.

<sup>53</sup> Lev Markovich Gatovskii, economist in the department of socialist political economy in the Institute of Economics of the Academy of Sciences; Ivan Ivanovich Kuz'minov, teacher at the Central Committee's Academy of Social Sciences; Victor Ignat'evich Pereslegin, head of accounting at the Ministry of Finance and member of the editorial board of the textbook on political economy; Zakharii Veniaminovich Atlas, chair of the department of money circulation and credit of the Moscow Financial Institute; Artashes Arkad'evich Arakelian, a senior scholar at the Institute of Economics of the Academy of Sciences; A. V. Bolgov, scientific secretary of the Presidium of the Academy of Sciences; Vera Iakovlevna Vasil'eva, senior researcher at the Institute of Economics of the Academy of Sciences; Aleksandr Dmitrievich Gusakov, head of a section at the Institute of Economics of the Academy of Sciences; since the surname Kozlov is not listed with corresponding initials for the given name and patronymic it is possible that this is Gennadii Vasil'evich Kozlov, a teacher in the political economy department of the Frunze Military Academy. Given the nature of the meeting and the question asked, it is more likely Genrikh Abramovich Kozlov, head of the department of political economy at the Higher Party School of the Central Committee; Nikolai Nikolaevich Lubimov, chair of the department of hard currency at the Institute for Foreign Trade;

How can you quote a document that has not been published. If you like my "Remarks" use them in the textbook.

You can use the "Remarks" in lectures, in departments, in political circles, without quoting the author. If too few copies are published, you can add some, but so far it is not advisable to publish it in the press. When the textbook is out and a year or so has passed, then you can publish the "Remarks." Maybe they can be included in one of the volumes of [my] works.

QUESTION [K. Ostrovitianov:] Your "Remarks on economic questions" mentions consumer goods, but is the means of production a commodity for us? If not, how can we explain the use of managerial autonomy [*khozraschet*] in sectors producing the means of production?

ANSWER [Stalin:] Commodities are things that are freely sold and bought, for example bread, meat, etc. It is impossible to count our means of production like a commodity. This is not an item of use in the market where whoever wants to buy buys. We allocate the means of production by itself. This is not a commodity in the generally accepted meaning, not a commodity as it exists in capitalist conditions. There [in capitalism] the means of production are commodities. Here the means of production cannot be called a commodity.

Our accounting is not like accounting in capitalist enterprises. Accounting in capitalism means that unprofitable enterprises are closed. Our enterprises may be very profitable and may be entirely unprofitable. But the latter are not closed down here. They receive a subsidy in the budget. For us, accounting is used for statistics, for calculations, for balance. Accounting is used for control by economic leaders. The means of production for us are figured formally as a commodity. Consumer goods are items in commodity circulation, but the means of production is not.

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and Modest Iosifovich Rubinshtein, head of the section for the American countries in the Institute of Economics of the Academy of Sciences.

QUESTION [K. Ostrovitianov:] Is it right to call the means of production a “commodity of a special type”?

ANSWER [Stalin:] No. If it is a commodity, it needs to be sold to everyone and everyone who wants to can buy it. The phrase “commodity of a special type” won’t work. The law of value acts on the production of the means of production by way of the realization of consumer goods. The law of value is necessary here for computation, for balance, for calculation, for checking the advisability of an action.

QUESTION [K. Ostrovitianov:] How should the terms “general crisis of capitalism” and “the crisis of the world capitalist economic system” be understood? Are they one and the same?

ANSWER [Stalin:] They are one and the same. I emphasize that you need to talk about the crisis of the world capitalist system as a whole. We often take one aspect, but this is not right. Earlier, when we looked at the condition of capitalist economy they reached conclusions based on the conditions in one country—England. Now in order to evaluate the conditions of capitalism we should take the whole capitalist system and not just one country. The economics of all capitalist countries are interwoven. Some countries rise to the top at the expense of others. We need to take into consideration the organic [nature] of the modern world capitalist market. For example, the United States ended up in good shape by removing its main competitors, Germany and Japan. The United States hoped to double its production on the strength of its monopolistic position. But they didn’t double production and their calculations came tumbling down. One country—the United States—advanced and others went backwards. But the situation is not stable. In the future relations will change. One country cannot be thought of as typical for the purposes of evaluating the conditions of capitalism. It is incorrect to take one country, you need to take capitalism as a whole. I emphasize: you need to look at the world system as a whole, but we are used to looking at one country.

QUESTION [D. Shepilov:] Is the plan for the section on “the socialist mode of production” given in the “Proposals”<sup>54</sup> for the draft of the textbook correct?

ANSWER [Stalin:] I’m in agreement with the plan presented in the “Proposals.”

QUESTION [A. Arakelian:] What should we call the part of the national income of the USSR which has the names “necessary products” and “surplus products”?

ANSWER [Stalin:] “Necessary and surplus labor” and “necessary and surplus products” do not fit our economy. Would it be possible to say that those things that are for education or defense are not necessary products? Are the workers not interested in this? In a socialist economy it is necessary to differentiate approximately like this: work for oneself and work for the society. What was previously called “necessary work” in socialist economics, corresponds to work for oneself, and that which was previously called “surplus work” is work for society.

QUESTION [A. Arkalian:] Is it right to put “organic working” of the law of value in place of the understanding of the “transformation” of the law of value in the USSR?

ANSWER [Stalin:] The laws of science cannot be created, destroyed, abolished, changed, or transformed. Laws must be considered. If you break a law, you suffer. We have the wide spread opinion that the time of laws has passed. This opinion is seen not only among economists, but among practical workers and politicians. This does not correspond to the meaning of laws. The situation of the transformation of laws is a diversion from science and is caused by narrow-mindedness. You can’t transform the laws of nature and society. If you can transform a law, that means you can abolish it. If you can transform and abolish a law of science this means that we are all for nothing. Laws must be considered, controlled, and used. The sphere in which they apply can be limited. This is so in physics and chemistry. This is so in relation to all science. You

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<sup>54</sup> “Proposals” refers to a document created at the end of the November 1951 meeting at the Central

need to speak not of the transformation of laws, but about limiting the spheres of their effect. This would be more accurate and more scientific. No inaccuracy at all can be allowed in a textbook. We will appear in front of the whole world with the textbook on political economy. It will be used here and abroad.

We do not limit laws. The existence of objective conditions limits laws. When the sphere of a law's effect is limited, the law looks different. The sphere of effect of the law of value is limited here. The law of value is not entirely that which it was during capitalism. It is not transformed here, but its power is limited by objective conditions. The important thing is that here private property has ceased to be relevant, and the labor force is not a commodity. These objective conditions bring limits to the sphere of the effects of the law of value. The limits to the law of value here do not result because we want them to, but because they are necessary and because there are favorable conditions for those limits. These objective conditions push us to the limit of the sphere of effects of the law of value.

A law reflects an objective process. A law reflects the correlation between objective forces. A law shows the correlation between the cause and the result. If we are given the correlation of force and some kind of condition then a specific result will unavoidably follow. One cannot avoid taking these objective conditions into account. If some conditions are missing, then the correlating result will change. We have objective conditions that have changed in comparison with capitalism (there is no private property, labor force is not a commodity) and therefore the results are different. The law of value has not been transformed here, but its sphere of effect is limited because of objective conditions.

QUESTION [V. Pereslegin:] How should the category of profit be understood in the USSR?

ANSWER [Stalin:] We need profit. Without profit we cannot raise reserves and accumulation, address problems of defense, or satisfy social needs. It is obvious that there is work for oneself and work for society.

The very word “profit” [*pribyl*] is messy. It would be good to have some other understanding. But what kind? Maybe net income [*chisty dokhod*]. An entirely different content is hidden behind the category of profit. We don’t have the spontaneous transfer of capital; there is no law of competition. We don’t have the capitalist law of maximizing profits, just like intermediate profits. But without profit it is impossible to develop our economy. For our enterprises a minimal profit is sufficient and sometimes enterprises can even work without profit at the expense of other enterprises. We ourselves distribute our means. We have very profitable, slightly profitable and completely unprofitable enterprises. In our first years our heavy industry didn’t make any profits but then began to make some. In general, at first heavy industry needed capital.

QUESTION [A. Pashkov:] Was the position of the majority of participants in the economic discussion correct on the question of the relationship of Soviet money to gold? Some people in the minority denied this connection and asserted that in the “Remarks on economic questions connected with the November 1951 discussion” there is no answer to that question?

ANSWER [Stalin:] Have you read the “Proposals”? It is written in my remarks that on other questions I don’t have anything to add to the “Proposals.” This means that I am in agreement with the “Proposals” on the question of the connection of our money with gold.

QUESTION [A. Pashkov:] Is it correct that differential rent in the USSR should be entirely withdrawn by the state, as it was asserted by some participants in the discussion?

ANSWER [Stalin:] On the question of differential rent I am in agreement with the opinion of the majority.

QUESTION [A. Gusakov:] Does the connection between Soviet money and gold mean that gold in the USSR is a monetary commodity?

ANSWER [Stalin:] For us gold is a monetary commodity. Earlier we had trouble with the cost of mining gold, then we took measures to lower the cost and things got better. We crossed over to a gold basis. We are following a line so that gold would be a commodity and we will achieve that. There is of course no need to change the monetary sign to gold. Capitalist countries don't have that now either.

QUESTION [A. Lubimov:] Is Soviet state finance part of the base or the state-political superstructure?<sup>55</sup>

ANSWER [Stalin:] Is it superstructure or base? /he laughs/. In general a lot has been said about the question of base and superstructure. There are people who even understand Soviet power as part of the base.

In this question, if we avoid the abstract characteristics of the base and superstructure then it is necessary to begin with socialist property. The budget in fundamental ways differs from a capitalist budget. In capitalism each enterprise has its own budget and the state budget takes up a much smaller part of the economy than our state budget. Our budget embraces all revenues and expenditures of the economy. It reflects the condition of the entire economy and not just the administration of expenditures. This budget is for the whole economy. Therefore elements of the base predominate in our finances. But there are also elements of the superstructure in them, for example the administration of expenditures relates to the superstructure. Our state is the leader of the economy, here the budget includes not only profit of the administrative apparatus, but also the expenditures of the whole economy. The budget has elements of the superstructure, but economic elements prevail.

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<sup>55</sup> Discussions of "base and superstructure" were ubiquitous in the late Stalin period after the publication of *Marxism and Questions of Linguistics* in which Stalin declared that language was neither part of the economic base nor the superstructure.

QUESTION [A. Bolgov:] Is it true that agricultural artels will exist during the whole period of the gradual transition from socialism to communism, and that the agriculture of the commune is related only to the second phase of communism?

ANSWER [Stalin:] This is an idle question. That the artel leads to communism is clear. The commune will exist after that as a function of the peasant village to care for private needs. There is no need to rush with the peasant commune. The transition to communism requires solutions to a mass of questions, the creation of cafeterias, places for laundry, etc. The agricultural commune will exist when the peasants themselves become convinced of the benefits of the transition to them. The second phase of communism does not correspond to the agricultural artel, and more likely corresponds to the commune. The artel requires commodity circulation, at least for now. It does not allow for the exchange of produce, nor direct distribution. Exchange of produce is trade after all, and direct distribution is distribution by need. As long as commodity production and buying and selling exist, you need to keep them in mind. The artel is connected with buying and selling. Direct distribution will occur in the second phase of communism. When the agricultural artel will grow into communism is hard to say. It is impossible to say precisely that the second phase of communism will already begin when communes appear. But to say that without communes it is impossible to make the transition to the second phase of communism is also risky.

It is impossible to imagine the transition to the second phase of communism through narrow-mindedness. No special “step” to communism will happen. Slowly, without our noticing, we will enter communism. This is not like an “entry into town.” when “the gate is open and you may enter.” In our times some *kolkhozniki* of the collective farms are already pushing for freedom from the shackles of domestic work, by giving livestock to the *kolkhoz* in order to receive meat and milk products in return. But they still don’t turn over fowl. These are just isolated facts, the growth of the future. At the present time, the agricultural artel in no way exists as shackles for the development of

the economy. In the first phase of communism the artel will slowly transition to communism. Here it is not possible to take a steep slope.

It is necessary for *kolkhoz* production to slowly approach the general [needs] of the people. There are a bunch of difficult questions. We need to train the *kolkhoz* workers to think more about societal affairs. Now the *kolkhoz* worker doesn't think about anything but himself and doesn't want to know anything of economics. Would it not be advisable to create from above an All-Union agricultural organ with representatives from industry, and the economy, while taking into account the production of industry and the *kolkhoz*? We need to begin with an account of the production of the state enterprises and the *kolkhozy* and then move to the distribution of excess produce. We need to establish funds that are not distributed and funds that are subject to distribution. We need to slowly train the *kolkhozniki* to think about the interests of the society in general. But this is a long road and it is not advisable to rush. There is nowhere to rush to. Everything is going well. The goal is correct. The road is clear, the roads are all marked.

QUESTION [Z. Atlas:] In the "Remarks on economic questions connected with the November 1951 discussion," why is the term "money economy" put in quotation marks?

ANSWER [Stalin:] Since commodities circulate there has to be money. In capitalist countries, financial institutions, including banks, contribute to the impoverishment of workers, the pauperization of the people and the enrichment of the exploiters. Money and banks in capitalism act as a means of exploitation. Our money economy is not typical, but differs from the capitalist money economy. Here money and the limited money economy act in the strengthening of socialist economy. For us the money economy is an instrument that we take hold of and use in the interests of socialism. The quotation marks are so that our money economy is not confused with the money economy under capitalism. I use the word value and the form of value without quotation marks. Money is not like this. For us, the law of value determines a lot, and indirectly influences production and directly influences circulation. But the sphere of its effect is limited. The law of value does not bring impoverishment. The most difficult thing for capitalists is the

sale of market output and the conversion of goods to money. This is accompanied by strain and brings about the impoverishment of the workers. With us, sale happens easily, it goes smoothly.

QUESTION [Kozlov:] What is the content of the law of planned proportionate development of the economy?

ANSWER [Stalin:] There is a difference between the law of planned development and the national economy and planning. Plans may not take into consideration that it is necessary to take into account the correspondence of that law and its demand. If, for example, a certain quantity of automobiles is planned, but at the same time the corresponding quantity of thin sheets is not planned, then in the middle of the year the automobile factory will stop. If the plan calls for the production of a specific number of cars but the corresponding amount of benzene is not planned then this will also cause a break in the connection between separate branches. In these situations the law of planned proportional development of the economy seriously makes itself known. When you don't break the law, it sits quietly and its location is unknown—it is everywhere and nowhere. In general, all laws let themselves become known when they are broken and this doesn't happen without retribution. The law of the planned development of the economy influences the lack of coordination between branches. It requires that all the elements of the economy find their mutual correspondence and develop in coordination with one another proportionately. The law of planning of the development of the economy corrects any deficiency in planning.

QUESTION [Rubinshtein:] How should the major economic problems of the economy of the present day USSR be understood? Should we determine this question by beginning with capitalist per capita production on the scale of 1929 or should we take for comparison the contemporary level of capitalist production, which, for example, in the USA is higher than in 1929 in connection with the militarization of the economy? Is it correct to conclude, as is often done in the press and in lectures, that the achievement of

the scale of production given in your speech of 9 February 1946 signifies the resolution of the basic economic problems of the USSR and marks a step to the second phase of communism?

ANSWER [Stalin:] The method of accounting based on per capita production remains in force. Per capita production is the chief measure of the economic might of a country. There are no measures besides the existing ones. We need to begin not with the level of 1929 but with contemporary production. We need new calculations. We need to compare our per capita production with the contemporary numbers of the capitalist countries.

The numbers, given by me in 1946, do not signify the resolution of the main economic questions and the transition to the second phase [of communism]. By attaining this level of production, we become stronger. This secures us from accidents, from the danger of attacks from enemies, and an attack by capitalism. But the resolution of problems, presented in the speech of 1946, does not yet signify the second phase of communism. Some comrades are hurrying with the transition to the second phase of communism. It is impossible to speed up that transition, just as it is impossible to create laws. Some even thought up a third phase of communism. The measures remain old, but you need to use contemporary data to make comparisons with a country that is rich. Doing this will push us forward.

[Source: RGASPI, fond 17, opis 133, delo 215, listy 2-13. Translated by Ethan Pollock.]

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Conversations with Stalin (Serbian: Razgovori sa Staljinom) is a historical memoir by Yugoslav communist and intellectual Milovan Āilas. The book is an account of Āilas's experience of several diplomatic trips to Soviet Russia as a representative of the Yugoslav Communists. Writing in hindsight, Āilas recounts how his initial enthusiasms and feelings of ideological and ethnic brotherhood towards the Russian Communists were replaced by feelings of bitterness and disappointment following his repeated