 LENIN'S NEW ECONOMIC POLICY

In 1921, Lenin and the Bolsheviks were on the edge of disaster. With the Civil War over, workers and peasants expected to see an improvement in their standard of living and an end to wartime policies. However, by the spring of 1921 economic conditions had deteriorated and there was open revolt against the Bolshevik government. Lenin was forced into making economic concessions in his New Economic Policy (NEP) to ensure the survival of the regime. The economy recovered and the Bolsheviks were reprieved. The NEP was accompanied by political repression and a strengthening of the one-party state. By the time of Lenin's death in 1924, Bolshevik power had been consolidated and the foundations of the future Communist regime put in place.

By 1921, the Soviet economy was in ruins. The transport system was on the point of total collapse. Factories could not get the materials they needed and most industrial enterprises had ceased production. Grain production had fallen to disastrously low levels. Famine was rampant in the south and hungry people walked the streets of the northern cities. Hundreds of thousands died from disease - typhus, cholera, dysentery and the influenza epidemic which raged across northern Europe. In these circumstances, large sections of Russian society were not willing to put up with the continuation of wartime policies.

The main threat to the Communist government came from the peasantry. Now that the Civil War was over and there was not possibility of a White victory, the hostility of the peasants to grain requisitioning (still continuing because no food was getting into the cities) erupted in a series of revolts which engulfed the countryside. The most serious revolt was in the Tambov region where for almost a year the Red Army was unable to deal with a peasant army led by Alexander Antonov. A poor harvest in 1920 had left peasants with almost no reserves of grain. When requisitioning brigades arrived to take what little they had, the peasants reacted violently. This story was repeated in other areas where the Bolsheviks had deliberately set

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the amount of grain to be procured at unreasonably high levels. The remnants of Green armies, supported by local peasant populations and deserters, proved tough nuts for the Red Army to crack and large areas of the countryside were in open revolt and outside of Moscow’s control.

Nor was dissent restricted to the countryside. In the cities, the severe winter on 1920-21 brought repeated strikes. On 22 January 1921, the bread ration was cut by one-third in several cities, including Moscow and Petrograd. Food demonstrations had to be broken up by the Cheka and special troops because ordinary soldiers refused to fire on the crowds. The situation was not so very different from that of February 1917. Party spokesmen were howled down at workers’ meetings and hostile resolutions were passed. Urban workers were particularly angry about:
- food shortages
- the militarised factories, ‘worse than a tsarist prison camp’, where workers could be imprisoned or shot if production targets were not reached
- the way the state had hijacked their unions, making them no more than instruments to keep the workers under control.

There were calls for ‘soviets with Communists’ and there was a revival in support for other socialist parties. Martial law was imposed in Moscow and Petrograd.

The strikers in Petrograd were supported by the sailors at the nearby Kronstadt naval base who were in close contact with the workers. In March 1921, they mutinied in the hope of starting a general revolt against the Bolsheviks. They demanded multi-party democracy and civil rights. As the sailors were the heroes of the 1917 revolution their revolt was a great shock to the regime. Nevertheless, the sailors were roundly condemned and Marshal Tukhachevsky was sent to deal with the dissidents, who fought tooth and nail to defend their base. The ringleaders were rounded up and shot without trial; thousands of others were sent to Solovetsky, the first big labour camp, on the White Sea.

The situation in the cities and the position of the workers also led to divisions in the party. A group called the Workers’ Opposition grew up under Alexander Shlyapnikov and Alexandra Kollontai. They wanted the workers to be given more control of their own affairs and supported complaints about the reintroduction of single managers and the militaristic organisation of the workplace. In particular, they criticised Trotsky’s plan to make the trade unions agencies of the state, even to the extent that union officials should be appointed by the state. The trade union debate caused furious arguments inside the party at the end of 1920.

Lenin realised that concessions to the peasants and some measure of economic liberalisation were essential for the regime to survive. Popular discontent could no longer be suppressed. He said that the Kronstadt revolt was the ‘flash that lit up more than anything else’. It was clear to him that the government could not continue with its policy of War Communism, despite the desire of many Bolsheviks to do so. Some, including Trotsky, wanted to intensify War Communism by drafting the Red Army into a militarised labour force to build socialism by coercion. Lenin’s problem was how to carry the party along with him and prevent a massive rift from opening up that might destroy the party altogether.
In March 1921, faced with economic collapse and widespread rebellion, Lenin felt compelled to make a radical turnaround in economic policy, making significant concessions to private enterprise. This turnaround is called the New Economic Policy (NEP).

Key features of the New Economic Policy

Grain requisitioning abolished
Grain requisitioning was replaced by a ‘tax in kind’. Peasants had to give a fixed proportion of their grain to the state, but the amount that they had to hand over was much less than the amounts taken by requisitioning. They could sell any surpluses on the open market.

Ban on private trade abolished
The removal of the ban on private trade meant that food and goods could flow more easily between the countryside and the towns. Privately owned shops were reopened. Rationing was abolished and people had to buy food and goods from their own income. The money economy was back.

Small businesses reopened
Small-scale business under private ownership were allowed to reopen and make a profit. This included businesses like small workshops and factories that made goods such as shoes, nails and clothes. Lenin realised that peasants would not sell their produce unless there were goods that they wanted on sale.

State control of heavy industry
The state kept control of large-scale heavy industries like coal, steel and oil. It also retained control of transport and the banking system. Industry was organised into trusts that had to buy materials and pay their workers from their own budgets. If they failed to manage their budgets efficiently, they could not expect the state to bail them out.

The details of the NEP were worked out among members of the Politburo and presented to the party with the full support of influential leaders. Zinoviev put the main Politburo line: ‘I ask you, comrades, to be clear that the New Economic Policy is only a temporary deviation, a tactical retreat.’ Bukharin rammed home the point: ‘We are making economic concessions to avoid political concessions.’ Lenin compared it to Brest-Litovsk, something that had to be done but which would not last forever. This turnaround was hard for Lenin to justify; some party members considered the NEP to be a betrayal of the principles of the October Revolution. At the Tenth Party Congress in 1921, there was fierce debate. What finally persuaded the doubters was the Kronstadt revolt. They realised that splits in the party could result in their losing power altogether. There was a genuine desire for unity and they were prepared to fall in behind Lenin - as long as the NEP was a ‘temporary’ measure.
Economic Recovery

By 1922, the results of the NEP were better than anyone expected. There was food in the markets in the cities and brisk trade in other good. Shops, cafes and restaurants reopened and life began to flow back into the cities. By 1923, cereal production had increased by 23% compared with 1920. Industrial production also made a rapid recovery as small-scale enterprises responded quickly to surging demand. From 1920 to 1923, factory output rose by almost 200%, admittedly from a very low base. When there were profits to be made, it was amazing how quickly distribution systems began to operate, albeit in a haphazard and disorganised way. Larger-scale industry took longer to revive but the recovery was well underway by 1924.

One of the chief agents in the revival was the appearance of the private traders, or ‘Nepmen’ as they came to be called. They scoured the villages buying up produce - grain, meat, eggs, vegetables - to take into the markets and to the peasants. Stalls turned into premises and then into much larger shops. by 1923, Nepmen handled as much as three-quarters of the retail trade. The first three or four years of the NEP were the heyday of the Nepmen. Deals were made, corruption was rife and the rewards were high. Property speculators were back. You could get anything from officials if the bribe was big enough. This was a get-rich-quick society and the Nepmen, a much coarser breed than the old bourgeoise, displayed their wealth conspicuously.

Progress was not even and there were problems. by 1923, so much food was flooding into the cities that prices began to drop whilst the price of industrial goods rose because they were still in short supply. Trotsky called this the ‘scissors crisis’. This imbalance was problematic because it made the peasants reluctant to supply food. But the crisis did not last long: the government took action to bring industrial prices down and started to take the peasant tax in cash rather than in kind to encourage the peasants to sell their produce. Meanwhile, industry made steady progress, reaching the production levels of 1913 by 1926.

The peasants did well out of NEP. After the famine, there was rapid recovery in the villages. A great deal of the trade was between villages, in produce and handcrafted goods. Peasants could also make money on the side in the cities or through the Nepmen. It seemed to them that they had won back their villages to something like the situation in late 1917 - they could farm their land without too much interference from the government.

Many people inside and outside Soviet Russia thought that the NEP marked the end of the Communist experiment. They believed that Lenin’s government had realised that centrally directed industry and food supply could not work and had returned to the capitalist fold. Foreign powers wanted to encourage the trend and started to make trade agreements, Germany in 1922 and Britain in 1924. The NEP’s success in lifting the economy and taking the steam out of the peasant revolts was not in doubt, but the Communist experiment was merely on hold; it was far from over.

What similarities were there between War Communism and the New Economic Policy? Compare the two by completing a table like the one below.

<table>
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<tr>
<th>Procuring grain from the peasants</th>
<th>WAR COMMUNISM</th>
<th>NEW ECONOMIC POLICY</th>
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<td>Private trading</td>
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| PROBLEMS IN THE ECONOMY | - Transport system point of collapse  
| - Factories shut down  
| - Grain production fallen  
| - Lack of raw materials  
| - Disease > reduced labour force  
| - Strikes in cities |
| THREAT FROM PEASANTS | - Revolt in the countryside to grain requisitioning  
| - Poor harvest 1920 > no reserves of grain  
| - Green Army = organised resistance  
| - Disease & famine = discontent  
| - Refused to deliver food to cities |
| OPPOSITION FROM WORKERS | - Strikes  
| - Objecting to militarisation of factories & unions loss of power  
| - Food demonstrations  
| - Party spokesmen howled down at workers’ meetings |
| PROBLEMS FROM KRONSTADT | - Aligned with workers  
| - March 1921 = mutiny  
| - Put down with force  
| - Catalyst for Lenin’s realisation of the extent of opposition |
| DIVISIONS IN THE PARTY | - Trade union debate |