

R. W. DAVIES, MARK HARRISON, OLEG KHLEVNIUK, S. G. WHEATCROFT

# THE INDUSTRIALISATION OF SOVIET RUSSIA 7

## THE SOVIET ECONOMY AND THE APPROACH OF WAR, 1937–1939



**ЕСЛИ ЗАВТРА ВОЙНА...**



The Industrialisation of Soviet Russia Volume 7:  
The Soviet Economy and the Approach of War,  
1937–1939

R. W. Davies · Mark Harrison  
Oleg Khlevniuk · Stephen G. Wheatcroft

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palgrave  
macmillan

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ISBN 978-1-137-36237-7      ISBN 978-1-137-36238-4 (eBook)  
<https://doi.org/10.1057/978-1-137-36238-4>

Library of Congress Control Number: 2018939734

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Printed on acid-free paper

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The registered company address is: The Campus, 4 Crinan Street, London, N1 9XW, United Kingdom

*To Michael and Lucia*

## PREFACE

This volume concludes *The Industrialisation of Soviet Russia*. The series aims to provide an authoritative history of the Soviet Union's industrial transformation between 1929 and 1939 in seven volumes. R. W. Davies has been the author or co-author of every volume from the first, which appeared in 1980. When he envisaged the series, the world looked very different from today. The Soviet Union was a global superpower, the Cold War was in full swing, and the leaders of many countries emerging from poverty looked to the Soviet Union for military and economic assistance and advice. The writing of Russian history was also different from today, for the Soviet archives of the period were entirely closed to independent researchers. The world has changed and the writing of Russian history has also changed. In concluding our series, we are able to look back on the Soviet economy as a more passing phenomenon than appeared at the time, although one that has left indelible traces in the modern world. Today we can also look back with far more complete knowledge than we dreamed about in the 1970s, based on millions of pages of formerly secret official reports, investigations, and memoranda, including the private letters of Stalin, Molotov, Kaganovich, and other Soviet leaders.

Volumes 1–3 of our series narrated the sweeping transformations that Stalin set in motion in 1929 and 1930: the collectivisation of 25 million peasant farms, and the centralisation of the entire economy under a hierarchy of plans and quantitative controls. These changes were aimed at securing the basis of an immense national effort to industrialise the

country and modernise its economic and military power. While great steps were now taken towards these goals, the immediate result was a great crisis that spread across both town and countryside. In the context of unexpected harvest shortfalls in 1931 and 1932, Stalin's policies brought about a famine that carried away up to six million lives. The evolution of that crisis was recounted in Volume 4 and 5.

In the middle years of the decade, that is, from 1934 to 1936, the crisis receded. The harvest returned to a more normal level in 1933, and this was followed by a more general recovery. The recovery was promoted by a turn away from the extremes of 1929 and 1930. The more moderate policies of the mid-1930s included greater toleration of private farming and food markets, the limitation of repression and violence directed at managers and industrial specialists, and a more stable, predictable policy framework. This allowed not only the recovery of agriculture and food distribution but also the belated completion of many projects begun in earlier years. There was an upsurge of industrial production and productivity. The progress of this period, described in Volume 6, was remarkable.

The present and final Volume 7 covers the years 1937–1939. In contrast to the progress of the economy in the mid-1930s, the events we describe are darker in tone. Our period is dominated by war preparations. It begins with the Great Terror and concludes with the German-Soviet pact of 1939 and the outbreak of the Second World War in Europe. In this context, many chapters display common themes: the Soviet leaders' growing sense of war threats, the mobilisation of the society and economy against both internal and external enemies, the forced expansion of industrial production and particularly of war production, and the resources poured into capital projects to increase the country's industrial and defence capacities. In the absence of significant further growth of the economy's aggregate production, there was increased compulsion of labour of detainees held in camps under grim conditions, employees in factories and offices and of peasants in collective farms were increasingly regimented, and living standards were placed under severe pressure.

Surprisingly, perhaps, this is not the entire story of our book. Its chapters also describe factors at work in the economy that fell outside the party leaders' sphere of control. Among these uncontrolled influences were ordinary people. At work they were often recalcitrant or pushed back against the heavy hand of regulation; they also persisted in

being born, reproducing, and dying at rates that fell outside government projections. Foreign governments and international markets behaved unpredictably, sometimes to the frustration of party plans and directives, sometimes bringing unexpected opportunities for gain. One of the greatest forces that resisted Soviet rule was nature, which continued to exert more influence over the Soviet harvest than the planners.

Our book is organised chronologically and thematically. Chapter 1 sets out the extent of the mass repressions of 1937 and 1938, their possible causes, and their economic consequences. Chapter 2 describes the changes in the Soviet political and ideological order that accompanied the repressions, from the growing sense of war threat to the increasingly extreme centralisation of Stalin's authority. Chapter 3 traces the economic impact of repression in the sudden slowdown of the planned economy during 1937. Chapter 4 then examines the various branches and activities making up the economy in 1937. While the year was largely dominated by the struggle against internal and external enemies, there was also an unexpected bonus: good weather and a record harvest.

Chapter 5 turns to a different aspect of 1937, the population census held that year, the disappointing results of which led to a collision between demographic expertise and political authority. As the chapter recounts, a second census was held in 1939 with a quite different outcome.

Chapter 6 reviews developments through 1938. The narrative starts from the collapse of the state's capacity to plan the economy under the pressure of purges and continues through the subsequent rebuilding of the planning process. The economy's main branches and activities are considered, apart from agriculture. Chapter 7 is devoted to agricultural developments through 1939. The common thread of this story is the state's struggle to regain control over grain surpluses, temporarily lost after the 1937 harvest, paving the way to increased restriction of private farming activities.

Chapter 8 considers the state of the economy in early 1939 as the Soviet leaders prepared for and then held the eighteenth party congress. At the congress, Soviet leaders thought aloud about the third five-year plan, the requirements of economic modernisation, the threat of war, and the need for increased regimentation of the workforce in both state industry and collective agriculture. Chapter 9 summarises the further developments of the economy in 1939 under the impact of the



additional measures for war mobilisation taken at the time. The second half of 1939 was dominated by the sudden warming of Soviet-German relations and the opening of the Soviet economy to German trade as the Second World War began.

Chapter 10 concludes the book, and the series, with a retrospective view on the industrialisation of the Soviet economy in the 1930s. It considers the pattern of forced industrialisation, the measures of its progress that were made available at the time, the extraordinary militarisation of a mobilised society and economy, the emergence of the Soviet Union as a global military power, and the scope for reforms within the system that Stalin created and ruled over. To finish, we ask what kind of economic development this was.

\* \* \*

Many people and organisations have contributed to the research for this volume, and we owe thanks to all of them. Various institutions have provided financial and other support. Professor Davies thanks the Centre for Russian, European, and Eurasian Studies of the University of Birmingham; he remains grateful to the Economic and Social Research Council of the UK for its past support of the Soviet Industrialisation Project, the foundation of the present series. Professor Harrison thanks the Department of Economics of the University of Warwick and its ESRC Centre for Competitive Advantage in the Global Economy. Professor Khlevniuk thanks the Basic Research Program at the National Research University Higher School of Economics of the Russian Federation and the Russian Academic Excellence Project ‘5-100’ for research funding. Professor Wheatcroft thanks the University of Melbourne, Nazarbayev University, Hokkaido University, and Deakin University, and the Australian Research Council for funding under Discovery Project 120104384.

Our work would have been impossible without access to the wonderful resources of the Russian state archives. We thank the directors and staff of the Archive of the President of the Russian Federation (APRF), the State Archive of the Russian Federation (GARF), the Russian State Economic Archive (RGAE), and the Russian State Archive of Social and Political History (RGASPI), for their sincere cooperation and unmatched expertise. We extend the same gratitude to the British National Archives and their director and staff.

We have been blessed in our colleagues and friends, who have freely given their time and experience to help us. We are deeply grateful to

Mike Berry, who at the last minute dropped everything to assist with the final preparation of the text; and to Leonid Borodkin, Mikhail Denissenko, Jane Gatrell, Ian Gazeley, Yoram Gorlizki, Amanda Gregg, Saulius Grybkauskas, Paul Gregory, Melanie Ilič, Viktor Kondrashin, Debin Ma, Joe Maiolo, Andrei Markevich, Mikhail Nakonechnyi, Steven Nafziger, Evgeny Rebrov, Arfon Rees, Ivan Rodionov, and Filip Slaveski. We thank Nicky Vinti for permission to use her photograph in the Afterword. We have tried the patience and valued the assistance of our editors, Molly Beck and Oliver Dyer, and of our production manager, Subasree Sairam, and we are grateful to them too. Finally, we thank those nearest to us for their love and support through our project: Anne, Dasha, Maurice, Nicky, and Ragini.

Birmingham, UK  
Coventry, UK  
Moscow, Russia  
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## The Repressions of 1937–1938 and the Soviet Economy

The opening of the Soviet archives has enabled us to obtain a much more accurate understanding of the character and scope of the terror, its various phases and their interconnection. From the beginning of 1936, on Stalin's initiative, the treatment of the former members of the party oppositions changed for the worse (Vol. 6: 281–283). In previous years many of them were expelled from the party, and some were confined to prison or exiled. But many others were given posts in the party or in government departments. In 1936, however, measures were prepared and enforced which indicated that the whole group was to be eliminated. The visible manifestations of these repressions were the public trials of August 1936 and January 1937. Early in 1937 a general purge of senior economic officials was launched, extending well beyond the former oppositionists, and this was accompanied by an attack on the middle ranks of the official strata more generally, including leading personnel in the regions. This continued during 1937 and 1938 and, on a reduced scale, in the last two and a half years before the war.

These developments may be categorised as the *nomenklatura purge*. The *nomenklatura* was a list (or rather a set of lists) of posts, appointments to which were approved by the party. Such lists existed at many levels of the hierarchy and in every region. By extension, Soviet officialdom has often been called 'the nomenklatura.' We had a general understanding of the nomenklatura purge of the late 1930s before the opening of the archives, because many of its actions were reported in the press at

the time or were publicised after Stalin's death.<sup>1</sup> But almost nothing was known about the *mass purges* of the same period which, including the 'mass operations' against 'anti-Soviet elements' and 'counter-revolutionary nationalist groups' undertaken between August 1937 and November 1938, involved the execution, imprisonment, or deportation to remote areas of over a million Soviet citizens.

The nomenklatura purge and the mass purges were linked. These were not chaotic events. Initiated and planned by the top leadership, they were carried out on the basis of decrees issued in Moscow. These circumstances are crucial to an attempt to ascertain the causes and impact of the terror. Purges and terror were utilised to a greater or lesser extent throughout the Stalin era. Within the interwar period, markedly different phases of repressions can be distinguished. Intensive repression took place during the Civil War, in the years of 'the great breakthrough' from 1928 to 1933, and during the terror of 1936–1938. In 1928–1933 and 1936–1938 political repression involved the concoction on a large scale of plots and conspiracies against the regime attributed to those arrested. On the other hand, during 1922–1927 and 1933–1935 a much more calculated and moderate policy was pursued. In these periods the political leadership placed less emphasis on the use of extra-judicial violence to solve problems, and switched to a relatively more sophisticated policy.<sup>2</sup> But the terror of 1936–1938 was far more intensive and violent than previous repressive measures, and requires a special explanation.

## 1 THE NOMENKLATURA PURGE

There are little or no grounds for the view that economic difficulties impelled the leadership to launch the nomenklatura purge in 1936.<sup>3</sup> This was a year of unparalleled industrial development, and grain stocks were sufficient to enable the state to overcome the consequences of the bad harvest of 1936 without large-scale famine. However, Stalin and the

<sup>1</sup>Conquest (1968).

<sup>2</sup>See *Australian Journal of Politics and History*, 53(1) (2007): 20–43 (S. G. Wheatcroft). This article shows that during the periods of intensive repression Ye. G. Yevdokimov (a central figure in the Shakhty trial of Soviet and foreign engineers and managers in 1928) and his associates played a major role.

<sup>3</sup>See Ilić, ed. (2006): 11–37 (R. W. Davies). For a contrasting viewpoint see Getty and Manning (1993): 116–117 (R. T. Manning).

other leaders had unrealistic hopes that the economy might expand even more rapidly, and Stalin was evidently convinced that young, more vigorous and Soviet-educated staff could give the economy a new impulse. The older generation of economic managers and politicians had been through the extreme tensions of rapid industrialisation and agricultural disaster; the belief among this élite that Stalin had a large share of the responsibility for the economic crisis and famine of 1932–3 may have been widespread. Stalin himself certainly believed that hostility from the established economic and political leaders was threatening his dictatorship in conditions where the danger of aggression by Germany and Japan was growing rapidly more acute. He warned early in 1937 that the capitalist countries ‘are encircling the Soviet Union and awaiting the opportunity to attack it, to destroy it, or at the very least to disrupt its strength and weaken it.’<sup>4</sup>

While the nomenklatura purge had its own grim logic, it was by no means an inexorable consequence of previous developments. There is no evidence that a major purge of economic and political officials was being prepared before the autumn of 1936. At the June 1936 council of the Commissariat of Heavy Industry, People’s Commissar Ordzhonikidze explicitly praised the loyalty and hard work of his officials, and Kaganovich took the same attitude to the staff of the Transport Commissariat. In the Commissariat of Heavy Industry only a handful of enterprise directors were dismissed in 1935 and the first seven months of 1936, and only nine of these were arrested.<sup>5</sup> At the February–March 1937 plenum which launched the nomenklatura purge, Yezhov complained, ‘I do not know a single fact when on their own initiative they rang me up and said “cde. Yezhov, something is suspicious about this person”.’ Molotov, the prime minister, noted that the Commissariats of Light Industry and Water Transport had failed to expose a single wrecker.<sup>6</sup> Similar remarks were made by participants in the plenum. Gurevich, deputy Commissar of Heavy Industry responsible for the metal industries, summed up the general view:

<sup>4</sup>Speech at the February–March plenum of the Central Committee, March 3, 1937 (*Voprosy istorii* (1995), no. 3: 5).

<sup>5</sup>Ilić, ed. (2006): 40 (Khlevniuk).

<sup>6</sup>*Voprosy istorii* (1994), no. 2: 21; *Voprosy istorii* (1994), no. 8: 2.

Among managers there are attitudes that wrecking is on a relatively small scale and affects only a few industries, and that therefore it is not necessary to give too much attention to wrecking.<sup>7</sup>

Even Mikoyan acknowledged that the idea that a Communist could blow up his own power stations ‘did not enter my head’.<sup>8</sup> Voroshilov took the same attitude to the military. At the meeting of the Military Council in October 1936 almost nothing had been said about wrecking, and even at the February–March 1937 plenum Voroshilov reported with some pride ‘our great delight’ that in the armed forces ‘so far not many enemies have been exposed’.<sup>9</sup>

All the evidence shows that cases against wreckers were initiated by the NKVD, with support and pressure from Stalin. The repressions greatly increased after Yezhov took over the commissariat in September 1936. The number of ‘members of anti-Soviet and Trotskyite organisations and groups’ in the state administration who were condemned between October 1, 1936, and March 1, 1937, amounted to 2020 persons out of a Central Committee nomenklatura covering approximately 30,000 government officials across the various people’s commissariats and other central agencies<sup>10</sup>:

- Heavy Industry and Defence Industry: 585 persons
- Education: 228
- Light Industry: 141
- Transport (mainly railways): 137
- Agriculture (mainly collective farms and machine-tractor stations): 102
- Food Industry: 100
- Water Transport: 88
- Internal Trade: 82
- Academy of Sciences and higher education establishments: 77
- Editorial boards and publishing houses: 68
- Local Industry: 60
- Health: 64

<sup>7</sup> *Voprosy istorii* (1994), no. 1: 21.

<sup>8</sup> *Voprosy istorii* (1994), no. 6: 16.

<sup>9</sup> *Voprosy istorii* (1994), no. 8: 5–6. No army engineers had been found to be wreckers by this date, and ‘only’ six generals.

<sup>10</sup> *Voprosy istorii* (1994), no. 8: 18.

- Timber Industry: 62
- Communications: 54
- State Farms: 35
- Finance: 35
- Courts and procuracy: 17
- Staff of the Soviets: 65.

Staff of the Commissariat of Heavy Industry accounted for 29% of the arrests listed above. These followed the arrest of the former Trotskyite Pyatakov, who was Ordzhonikidze's first deputy. The public trial of the 'anti-Soviet Trotskyite centre,' arraigning Pyatakov and his associates, took place between January 23 and 30, 1937, and was very widely publicised in the Soviet press and abroad (the English translation of the verbatim report of the trial is a huge volume of 585 pages).<sup>11</sup> Eleven of the 17 officials who were put on trial worked in the Commissariat of Heavy Industry. They included Rataichak, who until his arrest had been head of the chemical industry, and also the Kuzbass officials allegedly responsible for the Kemerovo explosion in September 1936 and for arranging delays in the construction of the chemical combine in Kemerovo. Kaganovich's second-in-command in the Commissariat of Transport, Lifshits, was another prominent person accused, and three other leading officials of Transport were also put on trial.

Ordzhonikidze accepted these developments at first. In September 1936, he joined in the condemnation of Pyatakov, and he did not criticise the public trial of the 'anti-Soviet Trotskyite centre' in January 1937. But he was increasingly unenthusiastic, and in the last two weeks before his death he made a valiant attempt to halt the mounting repression of economic officials. He sent out three commissions instructed 'to distinguish intentional sabotage from inadvertent mistakes'.<sup>12</sup> One, headed by Gal'perin, went to Kemerovo, and presented a detailed report which made no mention of sabotage or wrecking. A second, headed by Osipov-Shmidt, one of Ordzhonikidze's deputies, was sent to investigate the coking-chemical industry in the Donbass, and reported back in similar terms. The third, headed by Ginzburg and Pavlunovskii, went to Uralvagonstroï, a major engineering plant in Nizhnyi Tagil. According to

<sup>11</sup> *Report of Court Proceedings* (1937).

<sup>12</sup> *Za industrializatsiyu*, September 21, 1937 (Professor N. Gal'perin).

Ginzburg's memoirs, his commission reported to Ordzhonikidze by telephone that the factory had been 'well built, without shoddiness'.<sup>13</sup> These reports constituted a counter-indictment of the NKVD campaign against alleged wreckers. Ordzhonikidze reported these findings to Stalin. But matters were taken no further. On February 18, Ordzhonikidze committed suicide (or may have been murdered).<sup>14</sup>

In public, Ordzhonikidze's death, supposedly from 'heart failure', was appropriately commemorated, and the Central Committee's plenum was delayed for his funeral. The plenum assembled from February 23 to March 5. Its major topics were the Bukharin-Rykov case, which moved further towards their trial and execution; preparations for the elections to the Supreme Soviet established by the constitution of December 1936; and 'Lessons from wrecking, diversion and espionage by Japanese, German and Trotskyite agents'. Under separate items the plenum dealt with wrecking in the Commissariats of Heavy Industry and Transport, introduced by lengthy reports from Molotov and Kaganovich, and wrecking in the NKVD itself, introduced by Yezhov. All these reports were directed at showing that, contrary to the prevailing view, wrecking was very widespread. Molotov emphasised the wide range of wrecking activities in the Commissariat of Heavy Industry which, he asserted, were taking place in the chemical and coal industries, 'a number of branches of the engineering industry, including a number of branches of the defence industry', and the construction of power stations. He did not confine himself to heavy industry. 'Wrecking acts' had also taken place in light industry, 'although we have not yet gone into this matter properly', in the Commissariats of Communications and of State Farms, and in the banks. He politely described the commission to Uralvagonstroï as headed by 'our respected comrades and major managers' Ginzburg and Pavlunovskii, but strongly criticised its findings. He emphasised that the construction manager Mar'yasin and party secretary Okudzhava had already been exposed as wreckers:<sup>15</sup>

The commission travelled out to Uralvagonstroï as recently as February to check what had been happening there and concluded 'wrecking activity at the site did not develop greatly.' (*Voices from the floor*: Did not develop?

<sup>13</sup> *Voprosy istorii KPSS* (1991), no. 3: 91–92.

<sup>14</sup> For further details of these events, see Khlevniuk (2009): 157–165.

<sup>15</sup> This Mar'yasin is not the former head of Gosbank named in Table 1.