

**SCTMG 2020****International Scientific Conference «Social and Cultural Transformations in the  
Context of Modern Globalism»****MODERNIZATION PROCESSES OF NEW ECONOMIC POLICY  
(1921–1929)**

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***Abstract***

Modern historians make an active use of modernizing theories in their study of social history. They allow studying the history of industrial transformation not only of European countries, but also of the Russian-Soviet modernization, taking into account its peculiarities in a new approach. Having decided on its civilizational choice, Russia is in constant change of paradigms in search of the best variant of reforms and social compromise. Understanding the historical experience of the 1920s in the difficult conditions of the twenty-first century transition will allow defining the basic principles of the modernization path of development, with allowance for the historical peculiarities of Russia. The NEP should also be regarded as a forced measure by the state, the objective of which was to continue the industrial modernization of the country, interrupted by participation in the First World War, the revolution and the subsequent Civil War. A distinctive feature of this stage of Russia's modernization was its ideologization and active influence of the political single-party regime. Against the background of market reforms, the formation of the administrative-command system under the domination of the agrarian sector of the economy "included" the state method of regulation, which provoked the "modernization failure" of the New Economic Policy (NEP). An objective assessment of the role of the state in the NEP reforms makes it possible to take into account the experience and consequences of the NEP modernization, including the socio-political sphere, at the present stage of Russian history.

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## 1. Introduction

The new economic policy was started in the agricultural sector of the Soviet economy, when the Bolsheviks at the 10<sup>th</sup> Congress of the Party in March 1921 decided to replace the prodrazverstka with a fixed food tax. For the Russian peasantry, which accounted for 80 percent of the country's population, this was the first opportunity after the unfinished reforms by P.A. Stolypin to join the market. The country's economy during the First World War and Civil War (1914–1920) underwent significant changes that threatened the loss of national independence. At the beginning of 1921 the volume of industrial production was 12 percent to the level of 1913, goods were produced by 150 million rubles in gold, while for the exchange for agricultural products it was to be 20 times more. The production of the large industry has decreased 7 times, up to 80 percent of the railways have failed, and the inflation was 1200–1800 percent per month (Samohin, 2001). The aim of the reforms was to restore the country's economy, preserve the fragile social peace in the society, stabilize relations with foreign countries and solve internal party problems related to the struggle for leadership.

Both agriculture and Russian peasantry remained a priority in the domestic politics of the Bolsheviks until the mid-1920s. Using the example of the South Russian individual Cossack economy, we propose to consider this difficult and contradictory period in the history of the country.

## 2. Problem Statement

According to some authors, the NEP could have been a breakthrough and the country could have avoided social upheavals in the late 1920s and early 1930s. But the problem is that Russia interrupted its modernization stage in 1914 to continue it in other economic and political conditions and among the new emerging social relations. We can consider the ideologization of the new stage of modernization to be a fundamental difference. In this case, the policy of the NEP can also be regarded as a continuation of the policy of industrial modernization of the previous regime. Then a different question arises about the reasons behind the failure of the NEP path. The Russian economy did not have any potential opportunities to stimulate its further growth. The mobilization model of development was formed under the influence not only of the reforms carried out in the system of one party monopoly, but also as a consequence of the general level of development in Russia, where agriculture was characterized by low growth of productive forces, and individual peasant economy failed to meet the needs of the domestic market. In the South Russian agriculture of the early 1920s, the level of technical equipment could not ensure progressive development, but was only able to restore agriculture for some time. As of the beginning of sowing campaign 1920-1921 in Kuban-Black Sea region there were 193.334 ploughs of which 116.000 required repair, steam threshers – 3.941 of which 3.150 required repair, and winders – 58.582 of which 29.300 were in need of repair. This list can be continued, but the main thing is that the technical potential of agriculture in the region did not meet the needs of the country, let alone the political and ideological guidelines of the RCP(b).

### 3. Research Questions

The modern historiography provides different estimates of NEP. There are two main opposing ideas: the first is idealization and exaggeration of success. In favor of this point of view are the recovery rates in the first half of the 1920s, the second is the criticism of NEP being based on the crises and social upheavals that the country experienced, which led to a violent withdrawal of reforms. The object of research in the system of reforms in the 1920s historiography of the post-Soviet period are agrarian relations, the process of Sovietization, the protest movement of peasants, the role of the party in the reforms, etc. The greatest interest is aroused by the problem of relations between the authorities and society, and first of all between the Russian peasantry. In the post-Soviet historiography of the NEP we observe innovative interpretations of this policy, including the development of the South Russian village (Perekhov, 1997; Voskoboynikov & Batyrev 2003).

The trends in the development of the South Russian historiography in the post-Soviet period are similar to those of all-Russian historiography (Pankova-Kozochkina & Bondarev, 2012; Saveliev, 2012). The analysis of the regional historiography indicates the presence of a large array of works devoted to the formation of food policy, local governments, the formation of village councils, the protest movement of the Cossacks, land relations, and class conflicts. At the same time, it should be noted that the research interest in the problems of economic development of individual Cossacks decreased, but it was the individual economy that underwent reform and failed to meet the requirements of the subsequent stage of modernization, which ended in violent collectivization. Until now, the chronological framework of reforms in the agricultural sector of the economy of southern Russia has not been defined.

The new economic policy in a short frame of time, by the middle of the 1920s, contributed to the achievement of the pre-war level of the economy by a number of significant indicators, including the restoration of individual peasant economy. However, one of the reasons for the incomplete reforms of NEP is the lack of a comprehensive, integrated, economically justified government plan to carry out the reforms. The NEP was not a preliminarily prepared clear-cut program of the country's development. The decision made by the 10th Congress of the Party was supplemented by more governmental and party decisions on the organization and implementation of economic and political reforms (Sokolov, 2001). Lenin did not have the initially developed concept of the NEP and it was focused on the solution of the food issue, replacement of the prodrazverstka with the pro-tax in order to relieve some political tension in the society and provide food to the population. The Bolshevik leader spoke of the short duration of the "retreat" at the 11th Congress of the RCP(b) in the spring of 1922, proclaiming that the "retreat was over" and beginning the regrouping of forces for a counteroffensive (Lenin, 1922). The subsequent course of thinking about the importance of NEP led to the thesis that "NEP is a serious matter and it came to stay".

The established economic mechanism in 1918–1920 had clearly revealed the advantages of administrative and command methods of leadership, which confirmed their effectiveness in the system of market reforms in the 1920s. Realizing the political goals, the Bolsheviks used these methods as an opportunity to solve economic and political problems during the new economic policy. In the implementation of NEP, various objective and subjective factors, including the multiplicity of the economy and the contradictions that were generated by them, were of great importance. We mentioned the Bolshevik monopoly on power and further formation of the administrative structure of management,

which limited the possibilities of market mechanisms and, consequently, the process of modernization. While the reasons for the closure of NEP in the late 1920s were multilevel in nature, having a political and economic character, the influence of the political system on the content of reforms was decisive. The evolution of the regime, which took place intensively in the second half of the 1920s, contributed to the restoration of traditional forms of centralized governance from above, relying on bureaucracy, in this case the party-soviet, which predetermined the end of NEP era and the beginning of forced modernization of socialist industrialization.

However, the reasons for taking such radical measures were conditioned by economic reasons and, first of all, by the level of development of individual peasant economy, whose "regenerative effect" (potential) was exhausted by the middle of the 1920s. A total of 786,019 people, of whom 548,090 (69.8 percent) were engaged in agricultural production and only 36.3 percent were landowners. By the middle of the 1920s, the area under crops was restored only by 74.3 percent against the 1917 benchmark. The economic activity of Cossack farms and the area of sown areas was ruled by the population's needs. The initial growth of production activity and development of the "regenerative effect" of the individual Cossack (peasant) economy was conditioned by the change in food policy. Further development required targeted state financing and technical re-equipment of agriculture, which could provide food to the population and the export potential of the country.

In the North Caucasus region, as much as 18 percent of the cultivated area was mechanized by the end of the 1920s. In the early 1930s, the state of the individual Cossack farm in the Kuban region was characterized by low grain yields and unsatisfactory condition of animal husbandry.

Looking at the events of the 1920s from the perspective of the history of everyday life, we see how difficult it was to implement the main provisions of the reforms. Particular attention was drawn to the formation of councils as local self-government bodies in opposition to rural gatherings. During the implementation of the policy of "Face to Face with the Village" (1924–1926) the affluent strata of the South Russian village were activated, which continued to conduct active industrial and public activities. According to the data from the State Pedagogical University, seventy four "terrorist" acts were registered in the territory of the Kuban district for the period lasting from January 1928 to early 1929. Fifty four people were recognized as active participants in these acts, who belonged to the prosperous part of the Kuban village. They were also active during the election campaign to the Soviets, provoking the dependent part of the bread-breeders, organizing family evenings (with heavy alcohol consumption), providing interest-free loans to the poor and the poor. At the election events, the words in their support were often heard: "My master's right to vote was incorrectly revoked, it has to be reinstated". The situation in the South Russian situation was complicated by class contradictions, which had a significant impact on the course of reforms and modernization of agricultural production. In the Don district, Cossacks expressed frank dissatisfaction with the Bolshevik migration and land policy. The wealthy Cossacks stood for "equality" in the countryside, blaming the Soviet authorities for supporting only the poor. The Don stanitsa preserved its class contradictions being aggravated by the growth of social stratification.

Acknowledging that modernization is not universal, it has different models and directions and is subject to disruption depending on the specific historical situation, we can explain the incompleteness of

the NEP. The peculiarity of the "modernization failure" in the late 1920s, as well as the previous period for Russia was related to political events. On the other hand, while maintaining the multi-functionality of the economy, it continued to provoke the reproduction of natural forms of the former agrarian society and rejection of the ongoing reforms. Rural gatherings still played a significant role in the rural community and their authority dominated over the Soviets. It was not possible to ignore this confrontation, and their confrontation in the format of "village dual power" was allowed by administrative and legislative measures. Against this background, an active political movement to establish peasant unions and growing discontent in the Cossack peasant environment developed. For the villages of the Don and Kuban the formation of Soviets was considered through the prism of economic activity. Each candidate was assessed as a successful businessperson capable of showing his organizational skills at a new job.

#### **4. Purpose of the Study**

The purpose of this research is to determine the state and contradictory tendencies of NEP by the example of development of the South Russian village and individual Cossack economy in the 1920s.

#### **5. Research Methods**

While writing this article, we relied on methodological constructs and theoretical ideas that conditioned our understanding of modernization development as a complex, multilayered process under the influence of a complex of economic, social and cultural factors.

The study used some updated methods and tools for scientific research, including an interdisciplinary approach. The work is based on the method of synchronous binary comparative analysis. The study has used some published materials and documents from the archives of the Rostov region, Krasnodar region and Moscow. The volume of archival content presented in the archive collections is very diverse and reflects a wide range of issues that contribute to the definition of the specifics of the new economic policy and the details of the concepts in the modernization aspect. The source of information is the statistical data of the 1920s, political reports of party and Soviet authorities, letters and appeals of bread-breeders to the Central Committee of the Russian Communist Party (Bolsheviks). In the post-Soviet period, researchers were able to use the new array of archives without limiting themselves to ideological principles.

#### **6. Findings**

The introduction of market mechanisms in the economic structure of the country led to the revival of the economy: the restoration and expansion of the peasant and Cossack economy, overcoming the consequences of 1921, providing local markets with food, economic independence of enterprises, free trade. At the same time, there were syndicates that united and monopolized the entire commercial apparatus of the industry, prepared materials, sold products and distributed orders. Such a controversial form of market reforms took place, combining elements of the free market, on the one hand, and, on the other hand, control and state regulation.

Reaching pre-war indicators by the middle of the 1920s, Soviet Russia was significantly behind those of Western European countries, which provoked the situation of economic stagnation (Pavlyuchenkov, 2002). This could have been overcome, in the opinion of the country's top leadership, by industrialization, which would have ensured the construction of socialism in a particular country. This required the support of the majority of the population in the person of the Russian peasantry, capable of accepting new ideological attitudes and overcoming traditional patriarchal ideas. In the Cossack region, these traditions determined the content of the village self-government, land management, which actively resisted the internal policy of the Bolsheviks. The confrontation initiated a number of compromise decisions by the government, as it was under constant pressure from the masses: the period of the Small Civil War of 1920-1923, the abolition of elections in 1924, and the proclamation of the policy "Face to Face with the Village". Another special way of development of Russia was implemented. Thus, one of the reasons for the failure of the NEP was the inversion of modernization and traditional value systems.

The closing market relations had an impact on the functioning of the entire economy of the country. This was manifested in the crisis of trade between the city and the village, the crisis of supply, and since the end of 1927 there was a commodity "hunger". In agriculture, there was a decline in bakery production. This was the basis for a ban on the sale of complex agricultural machinery to the wealthy strata of the village and village. The peasants' farms demonstrated a decrease in the marketability, and there was an uncontrolled return to subsistence farming. Peasant and Cossack farms almost halved their production levels, increasing their own consumption. This leads to the conclusion that smallholder production could not ensure grain production in 1923-1926, even at the pre-revolutionary level (Seniavskiy, 2006).

In the political sphere, measures were taken to revoke some earlier decisions on the elections to the Councils in the autumn of 1926. The Presidium of the All-Russian Central Executive Committee of the RSFSR and the USSR Central Executive Committee cancelled the "liberal" instructions on the elections to the Councils adopted in October 1925. Village councils were declared to be organizers and leaders of meetings. On March 14, 1927, the All-Union Central Executive Committee and the SNK of the RSFSR approved the "Regulation on the general meetings (gatherings) of citizens in rural settlements" (SU of the RSFSR). The Bolsheviks liquidated the institution of private property in the economy, realizing the program goals reanimated the supreme state property and the system of centralized distribution, at the same time tightening the state control. As a result, contrary to their own good intentions, yesterday's revolutionaries simply replaced the former ruling bureaucracy (Krzhevov, 2008).

## **7. Conclusion**

The contradictions of NEP, which were laid down in it from the moment of adoption of the first party documents, the attempt to avoid the command methods of leadership in the economic and political spheres did not correspond to the system of party bureaucratic leadership of the country. The main contradiction that led to the collapse of the new economic policy, in our opinion, lay not only in the sphere of economics, but to a greater extent in the political structure of power, which determined the main content of the current reforms and the prospects of the country's development, in contradiction with the principles of the market and the established traditions of Russian society. As it was already noted, Russia

did not once again develop in the 1920s, but recovered, demonstrating all the contradictions of a backward economy (Mau, 2017). The formation of the administrative-command system did not happen at once, but was a consequence of consistent reforms, accelerated modernization, the foundations of which were in NEP. Modernization provided for the formation of a strong country in economic and political terms, able to ensure national interests at the international level, ensuring a high level of social welfare of the population.

In modern Russian conditions, the experience of NEP both positive and negative gives an opportunity to look at the problems of the role of the state in the ongoing reforms in a new way. This interest is conditioned by deep social and economic transformations in Russia.

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