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V. M. MOLOTOV

**THE INTERNATIONAL
SITUATION AND THE
SOVIET
UNION**

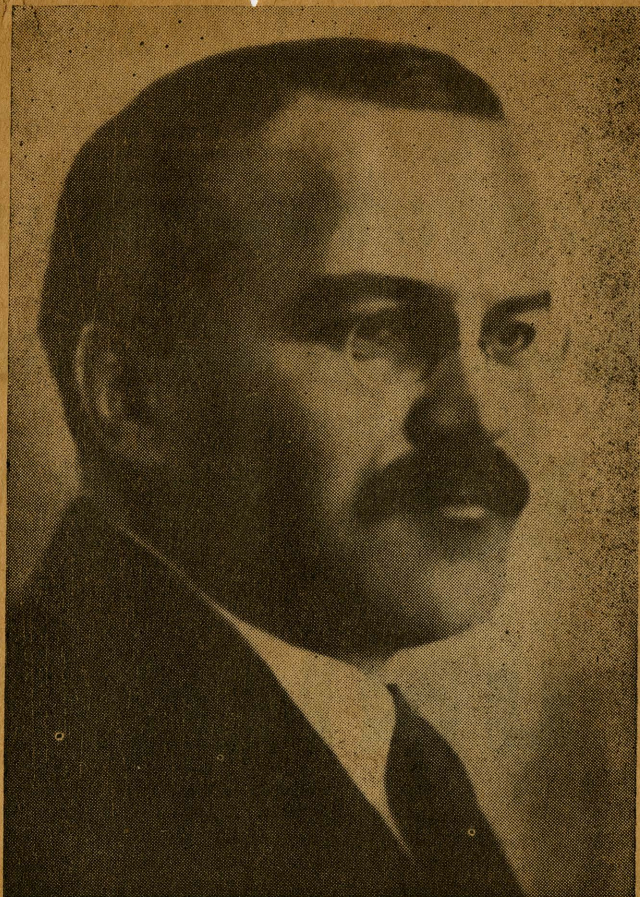


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V. M. MOLOTOV

Chairman of the Council of People's Commissars of the U.S.S.R.

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Union Labor Throughout

THE INTERNATIONAL SITUATION AND THE SOVIET UNION*

By V. M. Molotov

I. TWO LINES OF WORLD DEVELOPMENT

Four years ago the Sixth Congress of Soviets declared that the victory of socialism in our country was a settled question and that the victory of socialism was fully assured. This conclusion was based on the fact that even then socialist elements had already come to occupy a dominant position in our national economy. Even then there were hardly any capitalist elements left in industry. In trade too the part they played was insignificant. The position of the kulaks in the countryside had also been undermined.

But at that time only one-third of the peasants had joined the collective farms; the overwhelming majority of the peasants, however, were still individual farmers and were tied to their private enterprises. And, as we know, the peasants constitute the vast mass of our population. At that period, therefore, only a minority of the population of the Soviet Union were directly engaged in socialist economy.

The position has changed since then. Socialism has made tremendous strides in our country; the socialist system now enjoys undivided rule in our entire national economy. Nearly four-fifths of the peasants have joined the collective farms. Consequently, not only the workers, but the peasants also have in their mass joined the ranks of the builders of socialism and are constructing a socialist society with their own hands. As a result, *the overwhelming majority of the population of our country are now directly engaged in socialist construction.* (Applause.)

Such is the principal result of our development during these years. Such is the principal achievement of our *Leninist Party* and of *Stalin's* guidance of socialist construction. (Applause.)

Whatever may have been the individual difficulties and shortcomings of our constructive work, nobody can deny that also during the last four years the country has been forging ahead from year to year, steadily improving the living conditions of the mass of the people. And still greater opportunities and better prospects open before us now, when the greater mass of the toilers have severed their ties with private ownership and have taken the path of socialism, which guarantees greater productivity of labor and a hitherto unprecedented rise in the well-being and cultural level of the toilers. That is why the results we are now summarizing are not only the best measure of the successes achieved in the struggle of the toilers of our country, the successes achieved in our constructive work; they also point out the prospects that face the Soviet Union and reveal our future possibilities.

But, encircled as we are by capitalist countries, we can not speak only of ourselves and of our own constructive work. It is only nat-

* Report on the Work of the Government at the Seventh Congress of Soviets of the U.S.S.R.

ural that we should compare what is going on in our country with what is going on in capitalist countries.

The Union of Soviet Socialist Republics is one world, a world leading its own specific life. We are still the only socialist republic, although that republic represents a socialist union of many large and small peoples, of nations with numerous peculiarities of mode of life.

The capitalist countries are another world. This world leads its own life, distinct from ours. Recent years have very forcibly shown what is the present path of development in the capitalist countries.

Four years ago, at the Congress of Soviets, we had occasion to speak of the world economic crisis, the profound crisis that had overtaken all the capitalist countries. Have these countries emerged from the crisis since that time? No, they have not. It is not because we are opponents of capitalism that we have been obliged for the last six years to speak of the economic crisis, of the convulsions which are shaking the capitalist countries. Not only the opponents of capitalism, but even its supporters are unable to deny that during all these years the economic crisis has been lacerating capitalist society. That is why we are constantly obliged to speak of the economic crisis in the capitalist countries, of how low the economic life of these countries has sunk, how work in the sphere of culture is being curtailed, how the struggle between the class of the exploited and the class of the exploiters is becoming increasingly acute, how the struggle between whole states is also growing increasingly acute and the war danger becoming ever more menacing. More and more facts go to show that the particular severity of the present economic crisis can be understood only if it is realized that this is already the second decade that we are witnessing the development of the general crisis of the capitalist system and that the processes of decay of capitalism are becoming more and more marked.

The crisis has overtaken all capitalist countries. Not only industry, but agriculture also in all its branches is suffering from the crisis. The crisis has also affected trade, the credit system, and the economic life of these countries generally. Never has the level of industrial production fallen so low as during these last few years, and never in the past has there been a case of a crisis lasting for over five years. The past year has not witnessed any essential changes in the development of the economic crisis, although the level of world industrial production had somewhat risen as compared with the previous year. Here are certain figures illustrating the movement of the industrial crisis during the past few years:

INDUSTRIAL OUTPUT IN COMPARISON WITH 1929 (1929 = 100)

Country	1929	1930	1931	1932	1933	1934
U.S.S.R.	100	130	162	185	202	239
U.S.A.	100	81	68	54	65	67
Great Britain	100	92	84	84	88	96
Germany	100	88	72	60	69	86
France	100	101	89	69	77	71
Italy	100	92	78	67	74	80
World Total						
(without the U.S.S.R.)	100	85	74	62	71	76

Not a single country has yet reached the level of 1929, when the crisis had only just begun. Industrial production in the U.S.A. is still 33 per cent below the level of 1929. In France the level of industrial production even showed a drop in 1934 as compared with 1933, and was 29 per cent below the level of the pre-crisis period. In Italy it was 20 per cent below the pre-crisis level. Germany shows a growth of industrial production in 1934; but industrial production in Germany is still 14 per cent below the 1929 level. Industrial production has come nearest to the 1929 level in the case of Great Britain, but here also industry has not yet reached even the pre-war level.

The facts of 1934 testify to great unevenness in the development of the industry of the various countries. While there is a more or less marked tendency for industrial output to increase in the majority of countries, in certain cases the level was still falling even last year (France).

In general, world industrial output increased from 71 per cent in 1933 to 76 per cent in 1934. World industrial output is therefore still 24 per cent below the level of 1929. Compare this situation with the Soviet Union, where industrial output has increased since 1929 by 139 per cent! (*Applause.*)

The facts entirely bear out the conclusions drawn by Comrade Stalin at the Seventeenth Party Congress. The point of lowest decline of industry, the low point of the industrial crisis, was passed in 1932. After that, the crisis entered the stage of depression, but not the kind of depression that marked previous industrial crises. In those days the transition from crisis to depression was not only the first step out of the pit of crisis, but also the beginning of a new industrial boom. Now we have a transition from a crisis to a depression of a special kind, to a certain increase of industrial output, but an increase only in comparison with the lowest point of the industrial decline, an increase that shows no signs of a new industrial boom. What we have now is not the industrial depression of the pre-war period, when capitalism would pass by way of crisis to a new boom, but a depression of a special kind, natural to capitalism in decay, in its last phase.

What particularly interests us is how all this has affected the position of the workers and peasants, the position of the toilers.

If an industrial rise is not observable in a single capitalist country to this day, the position with regard to unemployment speaks for itself. It is calculated that there were 22,000,000-23,000,000 unemployed in 1933. The number of unemployed remained at the same level at the end of 1934, that is, not less than 22,000,000 persons. Even in countries which showed an increase of industrial output last year, the pay roll remained approximately at its former level or increased only very insignificantly. This means that many of the workers who have work are receiving lower wages. Capitalism is thus endeavoring to find a way out of the crisis at the expense of the workers, at the expense of the toilers.

As regards agriculture, there was a considerable shortage of harvest in grain and industrial crops in the capitalist and colonial countries in 1934, which year also witnessed a further decline in live-

stock. In order to inflate the prices of products of the large landlord and kulak farms, bourgeois governments frequently resort to a policy of deliberately reducing the area under cultivation and of abandoning the use of machinery in agriculture; but in doing so they are only dooming agriculture to retrogression. As a result, the position of the peasant masses in the capitalist countries and the colonies has grown still worse. Thus, whatever has been done by the ruling circles to minimize the force of the crisis in the capitalist countries has been done at the expense of the peasants, at the expense of the toilers, and in the interests of the ruling and exploiting classes. It is not difficult after this to compare the *two lines* of world development.

A steady improvement in the national economy, proceeding from year to year—such is the path of development of the U.S.S.R., the country that is building socialism. A crisis in industry and the national economy generally, a crisis which has continued for more than five years and which in spite of a certain improvement shows no signs of a new boom—such is the path of development of the capitalist countries, the path of decaying capitalism.

Our territory, in which there has been no economic crisis, is separated from the capitalist countries, where the crisis has been causing tremendous damage, by the frontiers of the Union of Soviet Socialist Republics. (*Applause.*) The workers can now see that in the capitalist states, no matter what their system of government—parliamentary or fascist—economic crises with their ruinous consequences are inevitable. And, on the contrary, the workers are now beginning to realize, not only from the theory of Marxism, but from living facts, which everybody can see, what social system does away with economic crises, provides unlimited possibilities of economic and cultural growth.

Just as in 1917 Russia by her October Revolution showed the way to end the World War by bringing the country out of the war and thereby saving the lives of millions of people, so during these last five years our country has shown the way of escape from the economic crisis and how it can be achieved by the workers. (*Loud applause.*)

A comparison of the Soviet Union with the bourgeois countries, particularly during these past few years, reveals the fundamental meaning and world significance of the dictatorship of the proletariat in the U.S.S.R., a country which is showing steady economic and cultural progress and the only country which does not stand in fear of crises. (*Loud applause.*)

II. RELATIONS OF THE U.S.S.R. WITH THE CAPITALIST COUNTRIES AND ITS EFFORTS FOR PEACE

1. SOVIET INITIATIVE FOR THE PRESERVATION OF PEACE

There are therefore no internal obstacles to the further development of our country. But as regards external hindrances the case is different. The crisis still prevailing in the capitalist countries has

accentuated the danger of external complications, the danger of war.

In their search for a way of escape from the crisis and the prolonged depression, the bourgeois classes are increasing the pressure on the workers and toilers. The domestic policy of the bourgeois governments is determined by this effort to escape from the crisis by bringing pressure to bear on the working class and the toiling peasants. Openly or covertly, the last remnants of the parliamentarism and bourgeois democracy are being abolished. The bourgeoisie is coming increasingly to favor a policy of direct violence and terror against the toilers.

The result of all this is an aggravation in the internal situation in the capitalist countries.

But the relations between these countries are also tending to become ever more acute, to intensify the struggle for foreign markets and more and more to assume the form of commercial and currency wars. Pacifist talk is becoming a thing of the past. Pacifists are no longer in fashion. Out-and-out imperialist wirepullers are increasingly approaching power in the bourgeois countries and are speaking more and more frankly of new wars of annexation, of war as a way of escape from the crisis.

In spite of the danger that the outbreak of a new imperialist war would involve for the ruling classes themselves in the capitalist countries, certain countries have already resorted to open action. Thus, Japan has not hesitated to start a war on China, has occupied Manchuria and is generally making herself at home in the country of the great Chinese people. Not only Japan, but Germany also has withdrawn from the League of Nations, and the meaning of this policy is patent to all. They did so in order to leave their hands free in the matter of armaments and preparations for war. Quite recently the Washington agreement on naval armaments, concluded thirteen years ago by America, Great Britain, Japan and other states, collapsed because certain people had come to regard it as a hindrance in the race for naval armaments and in the preparations for a new armed conflict for the Pacific. The diplomacy and foreign policy of the bourgeois countries are more and more becoming the servants of those who are already seeking allies for a war for a new redivision of the world among the imperialist powers at the expense of the weaker countries.

We must bear in mind that the direct danger of war against the U.S.S.R. has increased. Certain influential circles in Japan have long been openly talking of a war on the Soviet Union. Nor should it be forgotten that there is now a ruling party in Europe which has frankly proclaimed its historical mission to be the seizure of territories in the Soviet Union. Not to perceive the approach of a new war is to close one's eyes to the principal danger.

The Soviet Union replied to all this firstly by intensifying its efforts for peace.

Everybody knows the wide initiative displayed by the U.S.S.R. in the matter of the pacts of non-aggression. During the period under

review, the Soviet Union has concluded pacts with the neighboring Baltic states and with a number of European countries. It is not the fault of the U.S.S.R. that attempts to conclude a pact of non-aggression with Japan have proved fruitless.

Of great significance was the proposal made by the U.S.S.R. for defining an aggressor. Statements may be heard at international conferences and met with in a number of international treaties regarding the necessity of adopting specific measures against the attacking side, against the aggressor state which starts the war. But in spite of this the governments of bourgeois countries have never betrayed a desire to state clearly who is to be regarded as the attacking party, in other words, the country responsible for the outbreak of war. It became necessary for Soviet diplomacy, which is particularly interested in the maintenance of peace and in measures for preventing military aggression, to tackle the task. And this task too has been fulfilled by Soviet diplomacy with honor. (*Applause.*) The proposal we have made in this connection was submitted to an international conference for consideration. But in order to advance this matter immediately in a practical way, we proposed to several countries to conclude pacts of this kind, that is to say, treaties defining the aggressor party. As you know, such pacts have been signed by all the European states bordering on our frontiers, and also by Turkey, Persia, Afghanistan, Czechoslovakia and Yugoslavia.

Our government has always attributed considerable importance to a clear statement of the question of disarmament, or at least of a maximum reduction of armaments. And it was in this direction that the efforts of Soviet diplomacy at the International Disarmament Conference were directed. It may be said that the numerous sessions of the International Disarmament Conference have been barren of result. But nobody can assert that the Soviet Union has not done everything it could to insist on general disarmament, or at least on the maximum disarmament possible. It is not for us to defend the Geneva Disarmament Conference, but we have no doubt at all that the efforts made by Soviet diplomacy at this conference, which have become widely known in numerous countries, will not be in vain. A logical corollary of this policy was our proposal to convert the Disarmament Conference, of which some would like to rid themselves as soon as possible, into a permanent peace conference, into a body whose constant concern will be the prevention of war. This proposal has still to be discussed by other countries at an international conference and we shall insist on it.

The question of our attitude to the League of Nations has recently taken on a new form. As you know, the League of Nations was formed by states which at that time would not recognize the right of existence of the new workers' and peasants' state, but on the contrary participated in the military intervention against the Soviets. Strong efforts were at one time made to convert the League of Nations into a weapon directed against the Soviet Union. It was to help to bring about an understanding among the imperialists for this purpose. But this attempt failed. (*Applause.*)

Since then much water has flowed under the bridges. Recent events have served to emphasize the change that has occurred in the position of the League of Nations. The more bellicose and aggressive elements have begun to withdraw from the League of Nations. The League of Nations under existing circumstances proved to be an encumbrance, an inconvenience for them. But the majority of the members of the League of Nations at present for one reason or another are not interested in the outbreak of war. It behooved us to draw our own concrete, Bolshevik conclusions from this state of affairs. We therefore responded sympathetically to the proposal made by thirty states to the U.S.S.R. to join the League of Nations. Inasmuch as the League of Nations may now play a certain favorable part in maintaining peace, the Soviet Union could not but admit the expediency of collaborating with the League of Nations in this matter, although we are not prone to overestimate the importance of such organizations. It need hardly be said that the invitation extended by thirty states to the U.S.S.R. to join the League of Nations does not in any way diminish the international prestige of the Soviet Union, but rather the contrary. We enter this fact to our credit. (*Applause.*)

Not only has the Soviet government itself displayed initiative; it has also supported the measures taken by other governments on behalf of peace and international security. In this connection reference should be made to the active support we gave to the proposal of France for what is known as an Eastern pact of mutual assistance. In addition to the U.S.S.R., this pact is to embrace other countries, such as France, Germany, Czechoslovakia, Poland, Lithuania, Estonia and Latvia. The signatories to this treaty are to render each other every form of support, including military support, in the event of attack by one of the countries which have signed the pact. Negotiations for the conclusion of such a pact have been proceeding for several months between the countries mentioned. I shall not now stop to discuss the pretexts on which Germany, and Poland with her, have so far refused to consent to sign this pact. But the significance of the Eastern pact for all supporters of peace in Europe is obvious. And therefore, in spite of the resistance and objections so far offered by the countries mentioned, the Soviet government regards its attitude towards this matter as unchangeable. We shall look upon success in this matter as a forward step in the cause of preserving peace in Europe.

From this will be seen the basis of the foreign policy of the Soviet Union. The basis of our foreign policy is to preserve peace and to develop peaceful relations with all countries. (*Applause.*)

The role of the U.S.S.R. as a durable factor of general peace is now widely recognized. It has become the rule for other countries to address themselves to the Soviet Union in all matters relating to the preservation of peace. And that is natural.

There is not a single country, not even the smallest state bordering on the frontiers of the U.S.S.R., which has any grounds for uneasiness with regard to the Soviet Union, and this is more than can

be said of certain other large states. The prestige and might of the Workers' and Peasants' State in international relations now serve only one cause, the cause of general peace. The Soviet Union has become the spokesman of the vital interests of the toilers of all countries in the sphere of international relations. Whatever our class enemies may say, the political significance of the dictatorship of the proletariat in the U.S.S.R. under present conditions, when the danger of war is becoming more and more real, is that nowhere in the world can there be found a more reliable stronghold of peace than our workers' and peasants' government. (*Loud and prolonged applause.*)

2. RELATIONS OF THE U.S.S.R. WITH CAPITALIST COUNTRIES AND ITS FOREIGN POLICY

Our relations with foreign countries depend not only on us, but also on the foreign policy of these countries themselves. And you all know how many contradictions there are in the policy of bourgeois states.

While our own foreign policy is a clear and stable one, this cannot be said of countries where owing to various influences frequent changes of government occur and where one bourgeois party replaces another at the helm of state. We all know, for instance, the substantial changes and zigzags that have taken place during the period under review in the policy of certain countries and that have affected our foreign relations.

In the complex international situation there is at one and the same time *rivalry and collaboration* between two opposite social systems. It may be objected that such a statement is self-contradictory, but it corresponds with the actual state of affairs. Rivalry, or if you wish, a struggle is proceeding; but at the same time, and in ever newer forms, collaboration is developing between the U.S.S.R. and various capitalist countries, both in the field of economic relations and in connection with the maintenance of peace. The U.S.S.R. has done all it could to develop trade relations with other countries. But the most important thing in the period under review was the collaboration between the U.S.S.R. and other countries in the maintenance of peace.

What forms have these relations taken during the period under review?

The relations of the U.S.S.R. with capitalist countries in the period under review were in the long run determined by two main factors: first, the aggravation of the internal situation within the capitalist countries and the growing struggle between them arising out of the continuation of the economic crisis, and, secondly, the growing power of the Union of Soviet Socialist Republics.

In this connection it is particularly important to note the following facts. During the period under review the struggle between the victor countries and the defeated countries has become more accentuated, and as a result there has been an intensification of the work carried on behind the scenes, particularly in a certain part of Europe, aiming at a regrouping of forces against the event of a new war, and

an increased search for allies in all parts of the world for this purpose. At the same time the development of the relations between the U.S.S.R. and the capitalist countries was a reflection of a considerable growth of the importance of the U.S.S.R. as an international factor, and particularly as a factor of peace and security.

Passing to the concrete facts of the past period, we must first of all refer to the restoration of diplomatic relations between the U.S.S.R. and a number of states. Among them must be mentioned the U.S.A., China, Spain, Hungary, Rumania, Czechoslovakia, Bulgaria, and Albania.

Of great importance is the establishment of normal relations with America. For fifteen years the United States ignored the Soviet Union and refused to recognize the Soviet government on principle, while retaining in its waistcoat pocket some kind of a representative of Kerensky. This richest of capitalist countries trusted in its own strength and had a poor opinion of the durability of our government. In this matter it acted under the flag of defending the capitalist world against the new, Soviet world on irreconcilable grounds of principle. Apparently, until very recently, it was certain that, whatever might be the case with other countries, wealthy America would be able to stick to this position. But matters turned out somewhat differently from what former governments in America had anticipated. And President Roosevelt came forward with his well-known message on the establishment of normal relations with the U.S.S.R. America thus abandoned her position of principle, which we must regard as a very favorable circumstance, particularly from the point of view of the interests of general peace. We did not find it necessary in establishing these relations to modify our position or to make any sacrifices, and this also cannot be regarded otherwise than as a very favorable fact. (*Applause.*)

Normal relations have also been re-established with China, which had been broken off by China in 1928 under the pressure of her anti-Soviet elements. Since that time the Chinese government has apparently come to realize that the rupture of relations was not in the interests of the Chinese Republic and only damaged her international position. Perhaps somebody needed this practical lesson, but that is their affair. For us it was obvious without this that normal relations between the U.S.S.R. and China were in the interests of both countries and of general peace. It was therefore with satisfaction that we accepted the proposal of the Chinese government to re-establish relations, and this should serve to strengthen the friendly relations between our country and the great Chinese people.

It remains for me to say a word or two about the slanderous rumors alleging the Sovietization of Sinkiang. One is struck by the fact that these slanders against the U.S.S.R. are being spread with particular zeal in Japan, whose policy towards China is generally known and cannot be concealed by the dissemination of fabrications. I consider it necessary to point out what the real policy of the Soviet Union towards China is: the Soviet Union considers the seizure of foreign territories to be incompatible with its policy, and uncondi-

tionally favors the independence, inviolability and sovereignty of China in all her territories, including of course Sinkiang.

It need hardly be said that the establishment of normal relations with Rumania, Czechoslovakia and Bulgaria also entirely harmonizes with the interests of the cause, with the interests of peace in Europe particularly.

It may nevertheless be said that there are still certain countries which have not established normal relations with the U.S.S.R. And, indeed, there are such countries even in Europe, or, to be more accurate, in certain corners of Europe. To pass over these countries in silence would of course be wrong, however small their importance in international affairs may be.

Of these countries, three—Holland, Portugal and Switzerland—voted against the entry of the U.S.S.R. into the League of Nations, pretending that they were doing so from motives of principle in defense of the capitalist system against the Soviet danger. Thus every country except countries like Switzerland, Holland and Portugal has renounced its irreconcilability in principle to the U.S.S.R., but these countries want to maintain the prestige of capitalism to the bitter end. Whether capitalism will gain much thereby, I do not undertake to judge. But if, whether by their own wish or by the wish of others, that is what they want, let them do it! (*Applause.*)

After all, one can find only very small patches on the map of Europe denoting countries not in normal relations with the Soviet Union. If you take the map of the world you will see that normal relations with the Soviet Union have been established by every state enjoying any influence whatever in international affairs. Of course, one cannot speak of the colonies and the semi-colonies in this connection, inasmuch as it is not given them to decide such questions independently, since decisions of this kind are, as you know, arrived at in another way.

How then are we to estimate the chief results of our foreign policy during the past period? From what has been said, it follows that *the work of establishing normal relations between the Soviet Union and other countries has in the main been accomplished.* (*Loud applause.*)

Such are the most important results of our foreign policy during the period under review.

I shall deal briefly with *individual countries*, particularly with those with whom our relations have developed normally. In this connection we must first of all mention the Baltic countries, Lithuania, Latvia, Esthonia and Finland. The Soviet government has stressed the friendliness of its policy towards these states in a special declaration recognizing the inviolability and complete economic and political independence of these countries. Unfortunately, we cannot ignore the fact that Poland and Germany have declined to take part in this matter.

Our relations with such countries as Sweden, Norway and Denmark, Persia and Afghanistan, and also with Italy, have been developing quite normally, which serves as a striking confirmation of the

possibility of developing collaboration between countries possessing diametrically opposite social systems.

The best example of the development of friendly relations is afforded by our relations with *Turkey*. The past few years have not only witnessed the development of Soviet-Turkish economic and cultural relations, but have also provided a striking political demonstration of Soviet-Turkish friendship. (*Loud applause. The congress pays an ovation to the Turkish Ambassador.*) Until quite recently, until the Soviet revolution, Turkey, with her Straits and Constantinople, was an object of the piratical imperialist appetites of the Russian reactionaries and liberals of all shades, representing the Russia of the merchants, landlords and manufacturers. An abyss lies between this era and the era of the Soviet government. The Soviet government, as a government of the workers and peasants, bases itself on another policy, which precludes a policy of annexatory plans and which is imbued with a profound feeling of sympathy for the renaissance of the new Turkey. This is the solid foundation for the growing strength of the Soviet-Turkish relations of friendship. (*Applause.*)

Our relations with *Great Britain* have in general developed normally, with the exclusion of the incident with the former British Ambassador, Sir Esmond Ovey. The latter attempted to interfere in our internal affairs by making intolerable claims during the trial of the indicted engineer wreckers, who had worked in our country as the representatives of the firm of Metro-Vickers. This inept interference met with the rebuff it merited. (*Applause*) If there was anybody who needed once more to be convinced of the firmness of our policy—foreign and domestic—that was a suitable occasion for it. (*Applause.*) This incident, as you know, was the cause of considerable complications in Anglo-Soviet relations, but thanks to the measures taken by both sides they were in time entirely regulated. Sir Esmond Ovey was replaced by another ambassador. Our relations with Great Britain returned to normal channels and the trade agreement concluded a year ago opens up favorable prospects for the development of Anglo-Soviet trade.

In our relations with *France* considerable improvement must be noted during the past period. The whole international situation, and particularly the changes that have taken place in Europe, made the problem of preserving peace and security a very real one, in which both the Soviet Union and France displayed particular interest. It must be emphasized that this problem will in no way diminish in importance in the immediate future, and therefore the closer relations that have been initiated possess a favorable soil for development. Matters will depend chiefly on the consistency displayed by the interested parties in carrying out the line indicated.

As regards *Poland*, we have manifested in an adequate and clear form our desire for the further development of Soviet-Polish relations. We cannot, however, say that we are satisfied with the results so far obtained in this connection. As regards ourselves we can say quite definitely that we intend to continue our efforts to develop neighborly relations between the Soviet Union and Poland.

We cannot close our eyes to the changes that have taken place in *Soviet-German* relations with the coming to power of the National-Socialists. With regard to ourselves it can be said that we have never had any other desire than to continue in our good relations with Germany. Everybody knows that the Soviet Union is imbued with a profound desire to develop relations with every state, not excluding states in which a fascist regime prevails. However, serious difficulties in the path of Soviet-German relations have recently arisen.

Of course, the obstacle to the development of Soviet-German relations is not the super-nationalist racial theories which assert that the German people are the "lords" of creation. While we have not a very high opinion of such "theories" (*laughter and applause*), we make no secret of our profound respect for the German people as one of the great peoples of modern times. (*Applause.*) We, who are internationalists, have demonstrated in practice the profound respect which the Soviet government entertains both for large nations and for small nations, both for the nations of the Soviet Union and for the nations of other countries. That is one of the signs of the great power of the principles of Soviet government. And, on the contrary, we discern in reactionary racial theories a sign of coming doom. . . .

And so it is not a question of these "theories", but of what lies at the basis of the foreign policy of present-day Germany. We are obliged to put this question bluntly, inasmuch as clarity in our mutual relations can only be of advantage. One circumstance particularly demands our attention. I refer to the statement regarding Russia made by Herr Hitler in his book *My Struggle*, which is now being very widely distributed in Germany. In this book we find the following:

"We National-Socialists deliberately draw a line through the pre-war foreign policy of Germany. We begin again where Germany left off six hundred years ago. We stop the eternal German march to the South and West of Europe and direct our gaze to the land in the East. We finally put an end to the colonial and commercial policy of pre-war times and pass to the policy of territorial conquest of the future.

"But when we speak of new lands in Europe today we can only think in the first instance of *Russia* and her border states.

"Destiny itself seems to be pointing to this road." (*The author's italics.*—V. M.)

Can we ignore such statements by the head of the present German government? Obviously not.

Ought the citizens of the Soviet Union to know of these declarations regarding the U.S.S.R.? We think they ought. (*Applause.*)

And after this we ask, does the aforementioned statement made by Hitler on Russia and now repeated in numerous new editions of the book remain in force? Does the statement of Herr Hitler still remain in force—the statement that it is necessary to pass to "a policy of territorial conquest" in Eastern Europe and that "when we [the National-Socialists] speak of new lands in Europe today we can only think in the first instance of *Russia* and her border states"?

Apparently this statement does remain in force, because it is only this assumption that can explain many things in the present attitude of the German government towards the Soviet Union and towards the project for an Eastern pact.

It is precisely for this reason that we find it impossible to ignore these statements of Herr Hitler. Let the toilers of the Soviet Union know how matters stand. Our only desire is to achieve clarity on this subject. And inasmuch as the statements of Herr Hitler which we have mentioned apparently remain in force, we shall reckon with the fact and draw the necessary conclusions. (*Loud and prolonged applause.*)

Finally, as to our relations with Japan.

Throughout this period we have displayed patience and a proper spirit of accommodation in these relations, endeavoring to avoid all occasion for the aggravation of Soviet-Japanese relations. Such was our attitude towards the settlement of disputed questions in the economic sphere, such as the matter of fishing areas and fishing rights of Japanese citizens in Soviet waters, the matter of Japanese concessions in Sakhalin, and so forth. Everybody knows that, guided by its policy of peace, the Soviet government made a proposal to sell the Chinese Eastern Railway in Manchuria to Japan and Manchukuo, intending thereby to remove all occasion for conflict. In this matter the Soviet government adopted a dignified and at the same time accommodating attitude and induced the other side to renounce their original unacceptable proposals. The negotiations for the sale of the Chinese Eastern Railway are now apparently nearing conclusion. We hope that our efforts to improve Soviet-Japanese relations and to preserve peace in the Far East will bear good fruit.

But we have no grounds for assurance. The aggressive and bellicose elements in Japan are not giving up the fight. In Japan there has long been open talk of a war against the Soviet Union, and so far there are no signs that such anti-Soviet utterances are abating. Certain Japanese circles, influential in government departments, have for a long time been openly indulging in plans not only for the seizure of the Chinese Eastern Railway, but also for the seizure of our Far East, and in the first instance of the Maritime Province. We cannot ignore these facts, all the more since we well remember that the Japanese were the last of the interventionists to quit our territory. It was only at the end of October 1922 that the Japanese left Vladivostok, and this was the withdrawal of the last of the interventionists from the Soviet Union.

All this goes to determine our policy on this question and explains those absolutely essential measures of defense which we have taken in the Far East. We can assure all supporters of peace in Japan that these measures harmonize with the interests of general peace.

I shall now say a few words regarding the results obtained in the sphere of *foreign trade*. We can here count important achievements which have considerably strengthened our position in trade relations with other countries.

Our foreign trade has passed through a definite period of difficulties. You know that until quite recently we were a very backward country technically. As a result we were obliged at the beginning of the First Five-Year Plan to import many machines from abroad in order to accelerate the work of industrialization and the technical reconstruction of agriculture in our country. But, once having laid the foundation, we were able during the past few years to develop the production of machines in our country, in our own factories. And this made it possible to reduce considerably the import of machines from abroad. This also produced a change in our balance of trade. As a result, the past two years have been marked by a considerable excess of receipts over expenditures in our foreign trade, which was not the case formerly. We were able during the past few years to reduce to one-quarter the foreign debt which had accumulated in the past, and now the balance of our debt cannot be considered large. At the same time, during the past four years the amount of gold mined, together with gold secured through the Torgsin, has increased sixfold. All this has helped radically to modify our exchange situation and our position in the foreign markets generally, all the more since the Soviet Union always fulfills its obligations faithfully and meets its payments punctually. Everybody abroad knows that when the Soviet Union enters into commercial agreements, it makes payments not in the way it is now the fashion to pay in many bourgeois countries; it pays not "symbolically", but as is proper, not in promises, but in foreign exchange. (*Applause.*) This fact is also of great significance in improving our position in foreign trade. From all this it follows that never before have we been in such a position to secure normal conditions for our foreign trade.

But while developing political and trade relations with other countries, the Soviet Union fully realizes the importance of the reliable *defense* of its frontiers. Who can deny the fact that the gigantic Soviet Union has never held out the threat of annexations to a single state, large or small? But, on the other hand, who can deny that the peoples of the Soviet Union, who are engaged in peaceful labor and who cherish peaceable aspirations, deserve a truly reliable defense for the frontiers of their state? (*Applause.*)

During the past few years we have built not a few fortified areas equipped with necessary armaments on our Western and Eastern frontiers. But these armaments cannot be transferred from our territory to the territory of another country. They are designed to repulse attacking forces. Our navy is growing, but in vessels, primarily submarines, of a type the defensive purpose of which is obvious. Our artillery, the number of our tanks and our aviation are also growing, and we confess that we have done a lot of persistent work in this connection. (*Applause.*)

We consider it one of our great achievements that during the period under review the technical equipment of the Workers' and Peasants' Red Army has considerably improved. This will be apparent from the following example: as compared with the period of the

last Congress of Soviets, the mechanical equipment (mechanical horsepower) per Red Army man in our army has increased fourfold. (*Applause.*) Thanks to the exceptional attention given by Comrade Stalin, we have accomplished this task with great success. (*Loud applause.*)

We have also been obliged to increase the numerical strength of the Red Army.

All this has not been easy and has not come cheaply. You will remember that the Party and the government were obliged to state bluntly that a certain underfulfillment of the First Five-Year Plan for industry was due to the necessity of strengthening our defenses.

After this it will be understood that our budget appropriations for the maintenance of the Red Army and for defense have considerably increased during the past period. The People's Commissar of Finance will speak in detail on this subject in his report on the state budget at the first session of the Central Executive Committee immediately upon the conclusion of the present congress. We incurred these sacrifices on the part of the state in the cause of the defense of the Soviet power and feel assured that you, comrades, will say here that the Party and the government acted rightly in taking the measures they did for the defense of the country. (*Stormy applause.*)

It is a question of an army in which not only the rank and file but also the commanders consist principally of workers and toiling peasants. (*Applause.*) It is a question of an army almost half of which consists of Communists and Young Communists, and nine-tenths of the peasant members of which are collective farmers. It is a question of an army of the most peace-loving state, an army that can be dangerous only for war-mongers, because the Workers' and Peasants' Red Army is the bulwark of our peaceful labor and of general peace. (*Applause.*)

The past four years were a period in which the danger of war for the Soviet Union at times became obviously acute. Nevertheless we were able each time to protect the cause of peace.

But preparations for military attack and the hounding of the dogs of war on the U.S.S.R. are not ceasing for a single day. Abroad, these preparations are being conducted at the present stage, in addition to other methods, by the dissemination in the bourgeois press of every kind of slander against the Soviet Union with the object of undermining the confidence of the masses in the Soviet state. The facts are known to all. Several years ago the slander experts filled whole pages of the bourgeois newspapers with inflated stories of a fictitious danger of "Soviet dumping" and with every sort of fabrication on the subject of "forced labor" in the U.S.S.R. We recall the disgraceful collapse of these anti-Soviet campaigns.

Recently anti-Soviet calumnies in the bourgeois press have again gone the extreme limit. Can we imagine anything more disgraceful than the howl raised by certain bourgeois and Socialist papers in connection with the shooting of a few dozen white-guard terrorists? These gentlemen, of course, do not consider it their duty to tell the

truth and to expose the people who send in these hired terrorist agents from abroad. It never enters their heads to tell the truth of those people in neighboring states who utilize certain government bodies in order to send these scoundrels into our rear. Apparently, these papers exist in order to cover up "affairs" of this kind and to turn the eyes of the public in another direction. That is why they are raising such an outcry about "the shootings in the Soviet Union." But let them expect nothing from us except ruthless measures against the criminals they are taking under their wing. (*Loud applause.*) As to the slanderous articles against the Soviet Union and the whole campaign for undermining the confidence of the masses in the U.S.S.R., they too will meet with disgraceful collapse.

The mercenary hacks of the bourgeoisie are also silent over the established fact of the connection of one of the foreign consuls in Leningrad with the assassin of Sergei Mironovich Kirov. They are holding their tongues between their teeth and are silent over the fact that the Soviet government was obliged to request this "representative" with a diplomatic passport to get himself gone. (*Applause.*) But in view of these and similar facts we must finally say to those states the organs and representatives of which do not stop even at sending terrorists into the U.S.S.R. and establishing criminal contacts with them within our country that they are thereby seriously trying our patience. We hope that it will be understood by those whom it concerns that there is a limit to the most long-suffering patience. (*Loud and prolonged applause.*)

The whole foreign policy of the Soviet government has been based on a consistent striving for peace and on a desire to enjoy normal relations and necessary trade ties with other states. The result of this policy has been that our international position has become stronger and the international prestige of the Soviet Union has undoubtedly grown.

Unlike the case of certain other countries, our foreign policy is distinguished by its complete clarity and consistency. Our participation in international agreements has always been distinguished by the fact that our signature can be relied on. And we are entitled to expect clarity in the attitude of other states towards us.

We have no occasion to change our foreign policy. We have always stood for the maintenance of peace and for the development of political and trade relations with other countries. The course of our foreign policy is as tried and reliable as the road along which the Soviet government is moving towards complete victory. (*Loud applause.*)

III. THE VICTORY OF SOCIALISM IN THE U.S.S.R. AND THE TASKS OF THE SOVIET GOVERNMENT

1. ECONOMIC PROGRESS AND THE VICTORY OF SOCIALISM IN THE SOVIET UNION

During the four years that have elapsed since the Sixth Congress of Soviets our national economy has made vast progress.

In the period under review we successfully completed the First Five-Year Plan, fulfilling it in four years. This enabled us to draw up a Second Five-Year Plan for the period 1933-37, and to include even greater tasks in this plan than in the first plan.

In reality, of course, there is no dividing line between the First and the Second Five-Year Plans. As a matter of fact the Second Five-Year Plan is an organic continuation of the First Five-Year Plan. The fundamental purpose of both is to advance the economic life of the country and to raise the level of material and cultural welfare of the mass of people.

It is the good fortune of our country that we do not know crises such as afflict other countries, that our country is from year to year proceeding along the road of economic progress, which, incidentally, does not preclude variations in the rate of progress in certain years and also does not preclude the fact that there were periods when certain branches of economic life showed a reduction of output instead of an increase. But our national economy as a whole, and our industry in particular, far from knowing a single year of decline, has steadily grown from year to year and has progressed very rapidly.

We have no idle factories in our country, no blast furnaces and steel mills at a standstill and no enterprises decaying from disuse. We are continuing to increase the output of our operating plants. But the existing number of plants and factories is inadequate. We are building hundreds and thousands of new plants, and not a single year passes in which new and gigantic electric power stations, machine-building, metallurgical and chemical plants, do not join the active ranks of Soviet industry. New industrial districts and cities are springing up as though out of the ground. Backward territories and regions are moving into the front rank. The blossoming of national cultures which has begun on a socialist soil is a spectacle without parallel outside the frontiers of the Soviet Union or in the history of the world generally. (*Applause.*)

It is impossible in a few brief figures to give a proper picture of the development of our country and of our economic progress. But even such figures, like landmarks, indicate the road that is being pursued.

A general expression of our economic progress is to be found in the considerable increase of the national income. And in fact during the past four years the national income has increased from 35,000,000,000 rubles to 56,000,000,000 rubles last year, or an increase of 59 per cent. During the same period the state budget increased 350 per cent. Since the state budget is the point of convergence of every branch of national economy, the considerable growth of the state budget is a reflection of the consolidation of our state as a single system, as a system of planned economy. Further, the figures show that the proportion of large-scale industry rose during the four years from 62 per cent to 73 per cent. Thus the primacy of socialist industry has become still more marked. Under present conditions this fact represents an important condition not only for the further growth of our industry, but also for the acceleration of the progress

of our agriculture, and moreover of our transport, the comparative backwardness of which we must now finally remedy.

The general progress of our national economy manifests itself not only in the principal industrial centers, but also in agricultural regions which until quite recently were absolutely undeveloped and remote. In this connection reference must be made to the particularly rapid industrial development of the Eastern regions of the Soviet Union and also to the fact that certain formerly backward nationalities have, thanks to the Soviet form of government, obtained the opportunity for rapid economic and cultural progress.

The day of even the most remote region of our Union has arrived. It was during the period under review that the Far Eastern Territory began to develop at an extremely rapid rate. This is of great importance to our country. The Far Eastern Territory is rich in national resources and has a great future before it. The period just passed has shown that the now strengthened Soviet Union is able rapidly to advance the development even of such remote regions with which transport connections present great difficulties. In the Far East we continued to develop the rich fishing and canning resources, and also lumbering. We continued to develop the industries, transport and agriculture existing in the Far East. But, in addition, we have during the past three or four years developed vast new construction work. We are successfully laying a second track along the whole railway line in the Far East, over an extent of 3,700 kilometers, and have started to build the great Baikal-Amur trunk line. Road construction has assumed wide proportions. Developing the ports and at the same time improving the existing shipbuilding industry in the Far East, we are building a big shipyard not far from the mouth of the Amur, in the new town of Komsomolsk. In addition to the development of gold mining and coal mining—not only in the old districts but also in the rich district of Bureya—we are about to build a metallurgical plant and are already building an aviation plant, an oil refinery, and also factories in the food, wood and light industries. In addition, the number of machine and tractor stations in agriculture is rapidly increasing and the mechanical equipment of agriculture is being greatly reinforced generally. All this goes to show what great importance we attribute to the economic development of the Far East.

I shall now proceed to deal with various branches of the national economy.

A. PROGRESS IN INDUSTRY

The gross output of large-scale industry during these four years increased from 28,000,000,000 rubles to 50,000,000,000 rubles, or by 80 per cent. Industry producing means of production showed a particularly rapid growth. The gross output of this branch of industry doubled during the four years. The production of articles of general consumption increased at a less rapid rate, but even here we have a growth of 50 per cent.

The following table shows the rate of growth of large-scale industry during the past few years:

INCREASE IN THE GROSS OUTPUT OF LARGE-SCALE INDUSTRY

Year	(in 1926-27 prices)		Percent of
	Gross Output	Increase	preceding year
	(in billions of rubles)		
1929	21.2	4.4	125.8
1930	27.8	6.6	130.7
1931	34.2	6.4	123.3
1932	38.8	4.6	113.5
1933	42.2	3.4	108.8
1934	50.0	7.8	118.3
1935 (planned)	58.5	8.5	117.0

The figures relating to the rate of growth of industry show that after a certain decline in rate of growth in 1932-33, there was again a considerable rise in 1934. The absolute increase of industrial output last year reached 7,800,000,000 rubles, a figure unprecedented in any previous year. We are absolutely convinced that we can and shall achieve the increase of industrial output planned for 1935, namely, 8,500,000,000 rubles.

The congress will hear the report of the People's Commissariat of Heavy Industry, which will present a complete picture of the development of heavy industry during the period under review. I will therefore be brief.

First, regarding the triumph of the iron and steel industry. As a result of tremendous efforts we achieved great success in the iron and steel industry in 1934, which must be regarded as the most important economic and political success of the past year. (*Applause.*) As a result, the output of pig iron increased by 110 per cent as compared with 1930 and amounted to 10,500,000 tons, of which the increase in the past year alone amounted to 3,300,000 tons. The output of steel increased by 66 per cent and reached 9,600,000 tons, of which the increase in the past year alone amounted to 2,700,000 tons. The output of rolled steel increased by 49 per cent and reached 6,700,000 tons, of which the increase in 1934 alone amounted to 1,800,000 tons. We now have metal, we are now a metal country! (*Applause.*)

Of course, for our present requirements in metal, even this is not enough; in particular, there is a shortage of rolled steel. But it is unquestionable that 1934 opened the way for further and greater successes.

In a recent talk with leaders in the metal industry, Comrade Stalin stressed the chief tasks that confront the metal producers. They are to achieve a considerable increase in the output of steel and rolled steel, so that steel should not lag behind pig iron, as is the case at present, and should become the foremost and leading factor in the iron and steel industry. It is the urgent duty of our producers of iron and steel to improve and fully master the operation of the open hearth furnaces and the steel rolling departments.

The past year was a year of great success for *heavy* industry generally. This was reflected in the fact that the 1934 plan for heavy industry as a whole was not only fulfilled, but overfulfilled

(101 per cent). (*Applause.*) This represents an increase of 27 per cent in the output of the industries of the People's Commissariat of Heavy Industry in the past year alone. There can be no doubt that the plan for heavy industry for 1935, which provides for a further increase of output by 19.4 per cent, will be fulfilled as a result of the efforts of the workers, engineers and business leaders in heavy industry.

But heavy industry must bring forward the backward districts of the oil industry and the non-ferrous metal industry (copper, tin, etc.), which is lagging heavily, and must advance the machine-building industry in every way, and in particular see to it that the orders for railway transport are executed.

In the production of articles of general consumption, we have achieved an increase in output of 50 per cent during the period under review. Undoubtedly this is an important success, particularly for the food and the light industries.

During the past year the food industry increased its output by 25.3 per cent. Nevertheless, the plan for the year was not fulfilled. The industries of the People's Commissariat of Light Industry showed an increase in output during the past year of only 5.2 per cent, and also failed to fulfill the plan. Yet considerable importance is attached to these branches of industry in the Second Five-Year Plan. The task laid down by the Second Five-Year Plan is to achieve an increase in the rate of production of articles of general consumption which will not only not lag behind the rate of heavy industry, but will exceed it.

However, our industry so far is not fulfilling this task. This year light industry has been given the task of increasing output by 11.7 per cent and the food industry by 14.8 per cent. This task must be fulfilled at all costs.

We cannot consider the present situation in *light* industry as satisfactory. Light industry has not yet coped with the task set by the Second Five-Year Plan in respect of either quantity or quality of output. The comrades of the People's Commissariat of Light Industry have lost no little time in tackling the job of creating sources of raw materials for industry. They are in many respects far behind foreign experience in regard to new kinds of raw material which are being utilized in other countries. That cannot be tolerated. Bolshevik rates of development of the light industries must be achieved in practice.

As regards the *food* industry, we must point out that, in addition to the task of developing the necessary rates of increase of output, stress must be laid on the duty of striving for a further improvement in the quality and assortment of products. The population is entitled to demand that the leaders of the food industry should completely eliminate such unpardonable facts as were recently revealed in the canning factories. The duty of securing good quality and purity of production in the factories newly built and renovated during these years, and also in the old factories of the food industry, is an important and urgent one. We must pass from the first suc-

cesses achieved in this field, especially in the past year, to still more serious tasks.

The fight for quality in every branch of industry is something that must be remembered by every business leader and by every worker.

In accordance with the decision of the Seventeenth Party Congress, the development of *local* industries has been presented in a new way. It cannot be said that real progress has already been achieved in this field, but our duty this year is to give every possible assistance in the matter of developing these industries. Local industries must occupy an honorable place in the production of articles of general consumption.

In spite of the considerable growth of the wood-working, wood-chemical, paper and other industries controlled by the *People's Commissariat of the Wood Industry*, here too the results obtained during the past period cannot be regarded as satisfactory. Lumbering and the transport of lumber, in which antediluvian methods prevail, are particularly lagging behind. The leaders of the wood industry have not understood the lessons we have derived in the past few years from, say, the coal industry of the Donetz Basin. Instead of striving for the mechanization of lumbering and lumber transport, instead of striving to secure the necessary machinery and permanent cadres of workers for this purpose, the comrades in the People's Commissariat of the Wood Industry have clung to the old beaten track. It is only natural that as a result they have recently been merely marking time instead of advancing the lumber industry. The Party and the government are now emphatically insisting on the necessity for mechanization. And it is time that the leaders in the lumber industry tackled this task in a Bolshevik way.

Inasmuch as the question of mechanization urgently faces a number of branches of industry, such as coal, peat and lumber, and also building construction, the valuable experience of the Donetz Basin and the unfortunate lessons of the People's Commissariat of the Wood Industry must be learned by every branch of industry and every leading worker in industry. Of course, only when mechanisms are used to the proper extent and persistent work is conducted in creating the necessary cadres can the attitude towards mechanization be regarded as a serious one.

We have already created a powerful industry. During the past four years alone we invested 39,400,000,000 rubles in industrial construction. Many of the plants, factories and electric power stations have already entered the active ranks of industry. Of a total plan of capital construction in 1935 amounting to 21,190,000,000 rubles, 10,500,000,000 rubles are being devoted to industrial construction. We are continuing industrial construction at a colossal rate and must demand a serious improvement in the work of our builders. It is time our construction works were provided with good plans and estimates, it is time machinery were widely introduced in construction work and building machinery utilized in a proper way. Our building construction must be able to rely upon permanent cadres and on

good organizers; rigid control over the cost of construction work must be introduced. In a word, we must adopt civilized methods of work. It must be realized that here too the preparatory period is over and that the demands we are now making on our builders are not what they used to be. If the necessary practical conclusions are drawn from this, we shall economize billions of rubles, we shall put an end to the backwardness of a number of branches of industry which need new factories and we shall secure a further increase in the tempo of industry.

B. PROGRESS IN AGRICULTURE

It may now already be asserted that the collectivization of agriculture in our country is in the main completed. At the beginning of 1935, four-fifths of the peasant farms were united to form collective farms; nine-tenths of the cultivated area in the U.S.S.R. belongs to the collective farms and Soviet farms. By the course of events, the individual peasant has been placed in the background and is playing an ever smaller part in agriculture. The collective farms are becoming stronger and are already in a position to tackle big tasks.

The work of the political departments of the machine and tractor stations has been a decisive factor in the organization of our forces in the rural districts in the past few years. But inasmuch as experience has shown that because of our growing tasks in the rural districts the political departments are no longer adequate, the Party has considered it necessary to convert the political departments of the machine and tractor stations into ordinary Party organs and to reinforce the district committees of the Party in every way.

It became possible to speak of an improvement in agriculture in general only on the completion of the reorganization period, when the greater mass of the collective farms had become more or less consolidated. You know that during the course of a number of years, the years constituting the reorganization period, down to 1934, there was a steadily increasing decline of stock raising. This seriously retarded the increase of the gross output of agriculture in general.

But from 1933, when the process of reorganization in agriculture was completed, a marked improvement in the cultivation of grain and industrial crops began. This applies in the first place to grain crops. As a result, the total grain crop in 1933 was 590,000,000 poods larger than the total crop harvested from the same territory (within the frontiers of the U.S.S.R.) in 1913, which was regarded as a particularly good harvest. In 1934 the total grain crop in the Soviet Union was on the level of 1933; nevertheless, the amount of grain actually harvested last year, owing to the smaller losses incurred in the process of harvesting, turned out to be 250,000,000-300,000,000 poods more than in 1933. When making comparisons with 1913 the following circumstance should also be borne in mind: in 1913 over 600,000,000 poods of grain were exported, while only 60,000,000 poods were exported in 1934, all the rest of the grain remaining within the country for the use of the population. It was these successes of socialist agriculture which enabled us to abolish the bread cards.

Progress in industrial crops is far slower. The output of industrial crops increased during the last two years by only 5.2 per cent. Low crop yield is what is particularly retarding us here.

In spite of this, the last two years reflected the general improvement that has already begun in agriculture.

We have set the task in the present year of achieving a considerable increase of output in all branches of agriculture. In the present year we must increase the gross output of agriculture by 2,400,000,000 rubles, or an increase of 16.3 per cent. If this increase is achieved, agriculture will keep pace with industry in its rate of progress. This corresponds with the tasks set by the Second Five-Year Plan. This is a great and difficult task, but one that is truly worthy of the new collectivized countryside and of the Soviet country.

One important task of agriculture at present is to improve stock raising. At the Seventeenth Party Congress Comrade Stalin set before us and before the collective farms the task of achieving a radical change for the better in the development of stock raising already in 1934. We can now say that the past year saw the beginning of this change.

I am in possession of figures just received from the Central Board of National Economic Accounting relating to the animal census carried out on January 1, 1935. These figures are still incomplete; they do not embrace the Soviet farms and relate only to the collective farm and peasant sector. These figures cover the Northern, Gorky, Saratov, Stalingrad, Azov-Black Sea and Western Siberian territories, the Moscow, Ivanovo, Western, Sverdlovsk, Kursk and Voronezh regions, and the Bashkir, Tatar, Crimean and Ukrainian republics. But they enable us to form a judgment of the change in stock raising in general that took place in 1934.

Compared with the corresponding figures of the census of January 1, 1934, the figures for January 1, 1935, show that the number of horses in the collective farms increased by 8.5 per cent, although there was still a certain decrease in the number of horses (3 per cent) in the collective farm and peasant sector as a whole. In the collective farms the increase of large horned cattle in the past year amounted to 30 per cent, and in the collective farm and peasant sector as a whole to 21 per cent. In the collective farms the number of calves more than doubled, while the increase in the collective farm and peasant sector as a whole amounted to 94 per cent. The number of sheep and goats in the collective farms increased by 18 per cent, and in the collective farm and peasant sector as a whole by 11 per cent. The number of pigs in the collective farms increased by 27 per cent, and in the collective farm and peasant sector as a whole by 118 per cent, owing to the fact that the number of pigs in the individual possession of collective farmers increased almost fourfold.

Thus the census of 1935 points to a considerable advance in the development of stock raising in the collective farm and peasant sector, and particularly in the collective farms. The decline of stock raising is now a thing of the past. We are now witnessing the beginning of an improvement in stock raising, and in the present

year we must achieve real progress in this field on the basis of the state plan for the development of stock raising, by strengthening the collective dairy farms in every way and encouraging an increase in cattle and poultry belonging to individual collective farmers. The Soviet farms must take the place indicated by the Plenum of the Central Committee of the Party in this matter of improving stock raising. Special reports by the People's Commissariat of Agriculture and the People's Commissariat of Soviet Farms will be devoted to these questions at the congress.

We are confronted by the new and bigger tasks as compared with previous years not only in relation to stock raising, but also in relation to the cultivation of grain and industrial crops. Our agriculture is now equipped with machines, tractors, combines and automobiles as never before, and we must achieve other, higher rates of improvement of agriculture than was the case in previous years.

It is not so very long ago that we were obliged to import tens of thousands of tractors from abroad. On the import of tractors alone—totaling 86,000 in the period 1922-31—our government spent more than 200,000,000 gold rubles, realizing that it was at that time essential. In order to obtain an idea of the significance of this state expenditure, it is enough to mention that last year, when 48 gold kopeks could be obtained abroad from the sale of one pood of wheat and 27 gold kopeks from the sale of one pood of rye, we would have been able to reimburse this expenditure on tractors only by the sale abroad of 500,000,000 poods of grain.

Since then the situation has changed. We have built our own tractor plants, in which during the past year alone we produced 93,500 tractors. During the period under review alone we gave agriculture (the collective farms and Soviet farms) several hundred thousand tractors and other machines. In 1935 we are to supply the machine and tractor stations alone with 68,500 tractors, 10,000 automobiles, 14,600 combines and many other essential machines and implements. All we have to do is to learn to utilize these machines properly, and our villages will become centers of a prosperous and cultured life.

The government for its part has taken into account the serious difficulties the collective farms were obliged to face in their early stages. This explains why during the past four years alone grain loans to the amount of 262,000,000 poods were made to the collective farms. In accordance with a recent decision of the Party and the government, the monetary indebtedness incurred by the collective farms prior to January 1, 1933, was written off to an amount of 435,600,000 rubles. During this period monetary credits were advanced to the collective farms to the sum of 1,168,000,000 rubles, and especially for collective farmers not possessing their own cows to the sum of 73,000,000 rubles. 4,800,000,000 rubles were advanced for the organization of machine and tractor stations. We know that this assistance granted by the state to the collective farms will repay itself many times over. (*Applause.*)

The year 1934 was the first in which a serious improvement along

the whole front of agricultural work in the collective farms was observed: sowing periods were markedly reduced, harvesting was accelerated, late autumn plowing was widely practiced, proper importance began to be attached to bare fallow, weeding of grain crops became widespread, and in addition the first successes were achieved in the fight against losses during and after harvesting. It will now be understood why in spite of the severe drought which afflicted the whole southern part of the Ukraine we were actually able last year to harvest 250,000,000-300,000,000 poods more grain than in 1933, a good harvest year.

Among other successes achieved in agriculture, we have to note the increased development of agriculture in what is known as the consuming belt and the advance of wheat growing into new regions, such as the Moscow, Ivanovo, Leningrad and the Western regions, the Gorky and Northern territories and the White Russian Republic.

Apart from the improvement of stock raising, the most important task of agriculture now is to increase the yield of grain and industrial crops. We cannot reconcile ourselves to the present yield in cotton growing, flax growing, sugar-beet growing and grain growing. The time has come to secure real progress in this matter, relying on the great strength of the collective and Soviet farms.

It is time that our Soviet farms assumed their place as the leading enterprises in agriculture by finally eliminating organizational backwardness and the inability to utilize the technical resources and vast state resources which have been placed at their disposal. It remains for me to emphasize the responsibility of the leaders of the Soviet farms for the work that has been entrusted to them.

C. PROGRESS IN TRADE

During the period 1930-34, trade increased from 20,000,000,000 to 61,000,000,000 rubles, or threefold. The private sector in trade has been liquidated. The number of state and cooperative stores has considerably increased and state trade has developed with exceptional rapidity.

Comrade Stalin has vividly described the task of developing commodity exchange. He said:

"In order that the economic life of the country may gush in full fount, and industry and agriculture have a stimulus still further to increase their output, one more condition is necessary, and that is, to extend *commodity exchange* between town and country, between the districts and regions of the country and between the various branches of the national economy. The country must be covered by a dense network of trade bases, shops and stores. there must be a ceaseless circulation of goods through the conduits of these bases, shops and stores from their places of production to the consumer. The state trading system, the co-operative trading system, the local industries, collective farms and individual peasants must be drawn into this business.

"That is what we call extended *Soviet trade*, trade *without* capitalists, trade *without* profiteers.

"As you see, the extension of Soviet trade is an urgent problem, which, if not solved, will make further progress impossible."

These instructions of Comrade Stalin assume particular significance after the recent decisions to abolish the bread card system. The ability of the trading system created by the Soviet state to solve the great and urgent problems connected with the development of trade is now undergoing a practical test.

Our workers in state and cooperative trade will have to discard many of their habits; certain things they will seriously have to learn over again. They will be able to do this only if they realize the defects of the former ration system of distribution and hearken to the voice of the consumer; they will be able to do this only if they utilize the best elements in the commercial trade that has developed during the last few years and if they succeed in placing our trade on a cultural level worthy of a Soviet state.

D. PROGRESS IN TRANSPORT

During the period under review railway freight increased by 32 per cent, and water-borne freight by 27 per cent. In spite of this increase of freight, these figures testify that transport is seriously lagging behind the development of our national economy. As a result, transport has become the weakest factor in our economic system.

One seems to remember that a year ago the Seventeenth Party Congress issued a serious warning to our transport leaders, but it cannot be said that they understood the significance of this warning.

Since then a certain improvement has been achieved in the work of our railway and water transport systems. During 1934 railway freight increased by 17 per cent, while in the preceding year the increase was less than 1 per cent. But the plan for freight carriage on the railways is being systematically underfulfilled. The percentage of empty car runs to the total movement of cars on all the railways, although it was already very high, showed not a decrease but an increase in 1934 as compared with the previous year. We read the daily returns of individual railways and see that fluctuations in their work have not yet ceased. Progress is slow in the matter of creating permanent cadres and in improving their vocational skill. Proper discipline is often lacking on the railways. What transport needs most of all at the present time is the concerted effort of all its workers, and it particularly needs genuine Bolshevik leadership.

The year 1935 must witness a real turn for the better in the work of railway transport. The Congress of Soviets must demand this of all railway workers, and particularly of the commanding staff, the People's Commissariat of Railroads. The Party and the government have always considered it one of their most important duties to take care of the needs of transport and the transport workers. And not a little was done in this respect during the past year.

In the present year transport is again being granted large funds for construction work and technical reconstruction. The rolling stock, which falls far short of modern demands, will be considerably increased. This will be seen from the fact alone that the production of freight cars is being increased 170 per cent as compared with last

year. The whole problem of reinforcing the production and technical base of transport must now receive the attention which the most urgent needs of the country deserve.

But all this will bear fruit only if the railway workers will not spare any effort in the fight for the improvement of transport, and will weld themselves into one collective body by a conscientious attitude to their work and by iron labor discipline.

There is no necessity for me to speak here in greater detail of the development of the national economy during the past period, all the more since the report of Comrade Kuibyshev at the Moscow Congress of Soviets, recently published, contains remarkable figures presenting a vivid picture of our economic growth.

* * *

Let us sum up.

In spite of serious shortcomings in certain branches of national economy, including some of the most important, the country has made steady progress during these years and has strengthened all its positions. The economic power of the Soviet Union has grown tremendously, and the technical reconstruction which is now being extensively undertaken in all branches of national economy is creating a production basis worthy of the most advanced country in the world.

Summarizing the work of the Soviet government at the Seventeenth Party Congress, Comrade Stalin said:

"We have already laid the foundations of a socialist society in the U.S.S.R. and all we have to do now is to erect the edifice—a task which undoubtedly is easier than laying the foundations of a socialist society."

No one can refute this statement. The foundation of a socialist society in the U.S.S.R. has been laid, and laid securely. (*Applause.*)

We achieved great progress in our national economy because a socialist basis for its development was created. The most difficult problem of the past period—collectivization—we have in the main solved. Of capitalist economy in the U.S.S.R. nothing now remains. The remnants of small-property economy in agriculture do not make the pace. In this same report at the Party Congress, Comrade Stalin declared with complete justification that "the socialist system now has unchallenged predominance and is the sole commanding force in the whole national economy."

Socialism has won the victory in our country. This victory was won on the basis of the New Economic Policy (N.E.P.), which to the opportunists who were swinging towards the bourgeoisie seemed to be only a policy of retreat, but which in the hands of the Bolsheviks became a lever for the victory of socialism. But how far are we now removed from the situation in which N.E.P. was introduced, when numerous capitalist elements still lived in the pores of our system, and especially in the countryside! And even now we have not yet outlived N.E.P., inasmuch as even after the liquidation of capitalist

elements we still have millions of individual peasants with their private enterprises, and inasmuch as even the collective farmers in certain cases come into the market as private sellers of their products. In its last stage N.E.P. still persists and continues to perform its work for socialism. More, such tried weapons of our economic development as trade and money, which we took from the arsenal of bourgeois society and adapted in our own way to the needs of the Soviet system, will long continue to exist and to perform a function very necessary for socialism.

But remember the words the great Lenin uttered at the end of 1922:

"We have drawn socialism into daily life and must realize what it is all about. This is what constitutes the problem of our day, this is what constitutes the problem of our epoch. Permit me to conclude by expressing the conviction that, however difficult this problem may be, however novel it may be compared with our previous tasks, and however great the difficulties it may cause us, we shall all together, not in one day, but in several years, solve this problem at all costs, so that N.E.P. Russia will become socialist Russia."

These words contain profound thoughts on our revolution and indicate the main problem of the proletarian revolution, namely, to transform "N.E.P. Russia" into "socialist Russia." We discerned in these words the chief behest given by Lenin to our Party, which is guiding the whole work of construction.

And we are now in a position to say: *N.E.P. Russia has become socialist Russia! (Stormy and prolonged applause.)* Our country has become transformed. In the main, this great task with which Lenin charged us has been accomplished. The vow made to the departed Lenin by Comrade Stalin eleven years ago has been fulfilled. *(Stormy and prolonged applause.)*

Such is the fundamental conclusion, a conclusion we can draw without the slightest hesitation.

2. CHANGES IN THE SOCIAL STRUCTURE OF THE COUNTRY

The transformation of "N.E.P. Russia" into "socialist Russia" was reflected in the profound change which has taken place in the social structure of our country.

Let us examine the social changes brought about by the proletarian revolution. I have received material on the subject from our Central Board of National Economic Accounting, where an extremely valuable piece of work has been carried out under the guidance of Comrade Kraval.

In 1913 the total population of the country (within the present frontiers of the U.S.S.R.) amounted to 139,300,000 persons. Ten years after the October Revolution it had grown to 152,400,000 persons. And, finally, at the beginning of 1934 it amounted to 168,000,000 persons. The figures show that the population of our country during the past few years has grown more rapidly than ever before. This

is one of the most important evidences of the growing strength of the Soviet Union.

Here are the basic facts on the subject:

1. CLASS COMPOSITION OF THE POPULATION (WITHIN THE PRESENT FRONTIERS OF THE U.S.S.R.), IN 1913, 1928 AND 1934

Class of Population	Number of Persons In thousands		
	1913	1928	1934 (on Jan. 1)
I. Proletariat (workers and employees, engineers and technicians and other proletarian sections of the population)	23,300	26,343	47,118
Of which:			
A. Industrial proletariat and employees (industry, transport, building construction, social and cultural institutions and government services)	17,300	24,124	41,751
B. Agricultural proletariat	6,000	2,219	5,367
II. Collective farmers and cooperative handicraftsmen and artisans	None	4,406	77,037
III. Individual peasants (not including kulaks) and non-cooperative toiling handicraftsmen and artisans	90,700	111,131	37,902
IV. Bourgeoisie (landlords, big and small urban bourgeoisie, tradesmen and kulaks)	22,100	6,801	174
Of which:			
Kulaks	17,100	5,618	149
V. Other sections of the population (students, army, pensioners, etc.)	3,200	3,671	5,769
Total population	139,300	152,352	168,000

Let us now examine the various classes.

I begin with the *working class*.

In 1913 the whole proletarian population in Russia, including agricultural laborers and their families, amounted to 23,300,000 persons. In 1928, just before the beginning of the First Five-Year Plan, it amounted to 26,300,000 persons, and at the beginning of 1934 it had reached 47,100,000 persons. In other words, the proletarian population had doubled as compared with 1913. (*Applause.*)

Even more profound changes have taken place among the *peasantry*, as you know. In 1913 the peasant population (not including the kulaks) together with handicraftsmen and artisans amounted to 90,700,000 persons. By 1928 the situation had changed. It had already become impossible to speak of the peasantry without dividing the peasants into collective farmers and individual peasants. In 1928 the number of collective farm peasants, together with the cooperative handicraftsmen and artisans, was still not very large. They amounted to 4,400,000 persons, as against 111,100,000 individual

peasants (not including kulaks). But we have an entirely different position at the beginning of 1934. At that time the number of collective farm peasants had already reached 77,000,000 persons, while the number of individual peasants had dropped to 37,900,000 persons. The overwhelming majority of the peasants had already joined the collective farms. Since then the number of individual peasants has again considerably diminished, and at the present time they constitute approximately one-fifth of the toiling peasant population.

Now let us see what has happened to the *bourgeois classes*, which include landlords, the big and small urban bourgeoisie, merchants and kulaks. In 1913 they constituted a large force. They totaled 22,100,000 persons, of whom 17,100,000 persons were kulaks. But the force of the October Revolution directed against this social stratum wrought great havoc in its ranks and many of its members began to filter into other social groups. Thus in 1928 there remained only 6,800,000 of them, of whom 5,600,000 were kulaks. At the beginning of 1934 the bourgeois elements in our country remained only as a sort of memento. The Central Board of National Economic Accounting calculated that there were then about 174,000 of them, primarily remnants of the kulak class.

Other sections of the population, which include students, the army, pensioners, and others, amounted in 1913 to 3,200,000 persons, in 1928 to 3,700,000 persons, and at the beginning of 1934 to 5,700,000 persons.

As the result of these movements, the relations between the basic social groups of the population of our country have changed in the following way:

II. CLASS COMPOSITION OF THE POPULATION (WITHIN THE PRESENT FRONTIERS OF THE U.S.S.R.), IN 1913, 1928 AND 1934

Class of Population	Per cent of total population		
	1913	1928	1934
I. Proletariat (workers and employees, engineers and technicians, and other proletarian sections of the population)	16.7	17.3	28.1
Of which:			
A. Industrial proletariat and employees (industry, transport, building construction, social and cultural institutions and government services)	12.4	15.8	24.9
B. Agricultural proletariat	4.3	1.5	3.2
II. Collective farmers and cooperative handicraftsmen and artisans	None	2.9	45.9
III. Individual peasants (not including kulaks) and non-cooperative toiling handicraftsmen and artisans	65.1	72.9	22.5

IV. Bourgeoisie (landlords, big and small urban bourgeoisie, tradesmen and kulaks)	15.9	4.5	0.1
Of which:			
Kulaks	12.3	3.7	0.09
V. Other sections of the population (students, army, pensioners, etc.)	2.3	2.4	3.4
Total population	100	100	100

The proletarian population increased from 16 per cent in 1913 to 28.1 per cent at the beginning of 1934. Collective farm peasants separated out from the peasant toiling masses: they amounted to 45.9 per cent of the total population of the country already by the beginning of 1934 and now they constitute more than half our population. At the beginning of 1934 the individual peasants constituted only 22.5 per cent, and by now this stratum has been still further reduced. The bourgeois section of the country, which in 1913 constituted as much as 15.9 per cent of the population, has now, as we know, been liquidated, and certain of these gentlemen have been simply ejected from the country. A certain number of persons formerly belonging to the bourgeois stratum managed to comprehend what was going on and to find a place for themselves among the ranks of the toilers who are building a new life. But this does not mean that there are not enough degenerate relics of the bourgeoisie and progeny of the nobles, merchants, manufacturers and kulaks still left who do not regard their present life as a comfortable one. And we must bear this in mind.

Thus, if we take only two social groups—the workers and collective farmers—we find that by the beginning of 1934 they already comprise 74 per cent of the population of the country. At the beginning of 1935 the workers and the collective farmers together constituted more than three-quarters of the population.

These figures are of profound and fundamental importance and are deserving of serious study. They show that the overwhelming mass of the population of our country have inseparably bound up their lives with socialism and that we are actually advancing towards a classless socialist society. (*Applause.*)

Nor must we overlook the changes that are taking place within the classes themselves, within the basic classes of the Soviet Union.

Our worker is not the worker of former days; he is not a proletarian bereft of means of production and working in the interests of another class, the class of exploiters. He now constitutes a class which knows its importance, which knows that it is the master of industry and of the whole country. On the other hand, a certain number of the non-proletarian elements have joined the ranks of the workers. Our collective farmer is not the downtrodden peasant of former days, a hopeless drudge obliged to endure the endless kicks and cuffs of his betters. And our office workers, engineers and intelligentsia are also changing.

These social changes are already making their influence felt in

every phase of our life. It is particularly necessary to note their favorable influence on economic affairs.

Productivity of labor is still low in our country, but it is rising. The rising productivity of labor has become the main force of economic progress. Labor discipline is very often still not all that it should be, but even here we have successes to our credit. During recent years we have greatly reduced unwarranted absences from work by workers and employees. And we must now put a definite end to such phenomena as unwarranted absence from work. Frequently only five or six hours of the seven-hour day, and sometimes less, are devoted to actual work. But for this we, the leaders, who have not succeeded in organizing production as we should, are responsible in a far greater degree than our working men and women. Our collective farms are also gaining in strength with the rapid realization by the collective farmer of the necessity for genuine labor discipline and serious concern for social, collective farm interests. Socialist competition has been taken up by tens of millions of workers and collective farmers and is the clearest expression of the growing political enlightenment of the toilers of our country.

The whole manner of life of the toilers has also undergone a fundamental change for the better.

It is already five years that there has been no unemployment in our country. It might already perhaps be easy for us to forget this scourge of the working class, were it not for the fact that the life of the workers beyond Soviet frontiers is daily reminding us how far we have now traveled from capitalist oppression. The wages of our workers are increasing, and now, after the abolition of the bread cards and in connection with the strengthening of the Soviet ruble, their real value will rise still more rapidly. The state displays exceptional concern for the way the workers are fed, and in this sphere we can count considerable achievements. All forms of social insurance of workers and employees are growing, including sanatoria and rest homes, things which the workers do not enjoy anywhere except in the Soviet Union.

With the consolidation of the collective farms, the life of the toilers in the countryside is also undergoing a rapid change for the better. An investigation of 83,000 collective farms in the R.S.F.S.R., the Ukraine and White Russia carried out towards the end of last year provides figures showing how the level of the collective farm villages is rising. One need only mention that in these 83,000 collective farms the amount of grain distributed to each household of a collective farmer increased from 550 kilograms in 1932 to 1,090 kilograms in 1934. A twofold increase! The amount of other products of the collective farms and their monetary receipts are also growing. More and more collective farmers are beginning to live prosperous and cultured lives. Question on this subject the collective farmers of, say, the Kabardino-Balkarian Region, and, of course, not of this region alone. At a time when hundreds of millions of peasants in the capitalist countries and in the colonies and semi-colonies oppressed by imperialism are suffering the torments of the

crisis and many agricultural toilers are dying of starvation, poverty has disappeared from our countryside and the way to a happy life has opened up for every honest toiler.

An index of the fundamental improvement that has taken place in the living conditions of our population is provided by the increasing health of our toilers.

In spite of all the shortcomings of our medical institutions, the benefit they confer on the toilers at the present day cannot be compared with what it was in pre-revolutionary times. One has only to mention that medical examinations of workers called up for military service in Moscow, in the Leningrad, Moscow and Ivanovo regions, in the Gorky Territory and in the Ukraine show that their average weight has increased in the last six or seven years by 1.5-2 kilograms and their average chest measurement by 1.5-2.5 centimeters. Let them try to quote such figures in regard to the situation abroad! But then to have strong fighters on behalf of the power of the Soviets is only what we are entitled to! (*Applause.*)

The Party and the government consider it necessary to incur considerably larger expenditures this year for hospitals and to increase the salaries of medical workers. We want to see more rapid progress in health protection, so that the health of the workers may improve and so that still larger numbers of Soviet athletes may be born in our country. (*Prolonged applause.*)

We are progressing, but our material needs are still a long way from being completely satisfied. For instance, there are many shortcomings in the matter of housing, and this question requires our most serious attention. Our municipal services are very backward, and only a minority of cities, headed by Moscow, have already tackled this task in the proper way. There is often a lack of the most essential commodities and products both in town and countryside. It must not be forgotten, however, that we have great opportunities for improving all this. But we are still utilizing these opportunities far from efficiently. We were not taught how to in the old days. But we are now acquiring a great education in the building of a new life. We do not want to exaggerate, and we do not say that the U.S.S.R. is already a rich country. But the toilers of the Soviet Union know that our country is growing rich!

In order to be able to cope with the tasks laid upon us by the proletarian revolution we need a high level of cultural development. Our strength lies in the fact that this has been realized by wide masses of the toilers. The desire for culture, the thirst for knowledge and art are growing among the masses, awakening new forces and talents in large numbers. The cultural level of the peoples of the Soviet Union is rising, rising on the Soviet principle and with a rich plumage of national hues. Whatever may be preached by illiterate nationalist and super-nationalist theories, every single peasant in our country sees that the road to the fullest development of national culture has been discovered in the U.S.S.R., which is building a new life under the banner of internationalism. (*Applause.*)

We do not close our eyes to the fact that our schools are over-

crowded, and we must rapidly put an end to the two-shift, and all the more to the three-shift system in the schools. Nor do we close our eyes to the defects of our higher educational institutions, but we know that recently matters have here shown considerable improvement and we must work still more energetically in the same direction. We must show greater care for the teacher and the savant, and also for the inventor without a university degree.

The swing-over to socialism on the part of the old intelligentsia must be regarded as one of the great successes of the Soviet government during the past period. This change did not take place without many vacillations and desertions from one side to the other. But take the greater mass of our old engineers, teachers, and, finally, our writers and artists, and you will understand the political significance of the Congress of Soviet Writers held in Moscow last year, which vividly reflected this change for the better among our intellectuals.

But perhaps nothing is comparable to the success gained by the Party and the Soviet government in the creation of a new intelligentsia, and particularly of technical cadres. This is not the first year that the destinies of many of our factories and collective farms are being guided by these young cadres, who have grown up breathing the air of the Soviets and are assiduously accumulating practical experience. For a number of years the Party has been centering the attention of the working class on this problem. And although the main results are still to be achieved, the new generation has already become a powerful force in production, in technology and in the sphere of scientific research. Lenin has spoken very vividly of how capitalism "crushed, ruined and rejected" the aptitudes and talents of the people. It was for this that our workers and peasants overthrew capitalism. And then the way was opened up for the cultural development of the masses, and particularly of our youth.

Our present tasks were recently formulated by Comrade Stalin in the following remarkable words:

"Since we have already learned to value technical methods, it is time to declare plainly that the chief thing now is *the people* who have mastered technical methods. . . . We must cherish every capable and intelligent worker, we must cherish him and cultivate him. People must be cultivated as tenderly and carefully as a gardener cultivates a favorite fruit tree"

From these instructions it is clear that what has been done by us so far in the training of new cadres in technical methods and other fields of development is far from enough, and we must work on these problems with even greater persistence. But we now have the main thing—a workers' and peasants' government, which is prepared to advance this matter to the utmost.

Does this mean that all difficulties have already been overcome, that the time has arrived for untroubled repose to the sweet strains of, let us say, the "Merry Widow" waltz? No, that is far from the case. Unconcern and reliance on unorganized effort in our work only play into the hands of our class enemy.

Socialism has triumphed, but only yesterday the open front of resistance of the bourgeois elements was still extensive. Having suffered defeat, the enemy does not now risk open warfare. He is isolated and pitiful, but he is filled with frenzied rage and is prepared to use any weapon. The more hopeless the position of the enemies of the Soviet government, the less scrupulous they are in their methods of warfare. Any relaxation of revolutionary vigilance under such circumstances is dangerous.

The enemy is cruel and resourceful; the enemy is prepared to adopt any disguise, to pretend even to be a friend of our Party in order to lull our vigilance and to strike a blow at head and heart. We have lost one of our glorious fighters, Sergei Mironovich Kirov, slain by the enemy solely for his loyalty to the cause of communism, the cause of the Soviet system. White-guard degenerates from the ranks of the Zinovievists, trained by the contemptible "leader" of provocateur duplicity, proved to be the organizers of this crime. It is a matter of indifference to the enemy who executes his will—be it even a criminal screened by a Party card, behind whom stand a gang of unprincipled careerists and lovers of big posts. Our reply to all this must be to increase our revolutionary vigilance towards the class enemy.

By the crime they committed in Leningrad the enemies of the Soviet system apparently hoped to cause confusion in our ranks. Do not these expectations of the enemies indicate how isolated they are from the masses, how isolated they are from the life of the country? The millions of workers and peasants replied in their own way to the shot fired in Leningrad: they replied by the exceptional fervor with which they rallied around the Soviet government and Comrade Stalin. (*Loud and prolonged applause.*) It is difficult to imagine a demonstration of greater political significance on behalf of our cause and against the enemies of our cause.

Thus our country, having laid a socialist foundation and having drawn the overwhelming mass of the toilers directly into the work of socialist construction, has become transformed from a N.E.P. country into a socialist country, passing in the process through various stages of N.E.P., from the final stages of which it has not yet completely emerged. Side by side with the improvement of our national economy we have a big improvement in the living conditions and cultural level of the toilers. The workers and collective farm peasant masses are united round the Party as never before. Ever larger cadres of builders of socialism are being trained from among the toilers, and particularly from among the women and the youth, inspiring us with legitimate pride and great hopes.

Such are the facts from which we must draw the main conclusions as to our policy and our tasks in the present period.

In order not to repeat what obviously follows from these facts and from all that has been said, and in order in drawing our conclusions to concentrate our attention on the main thing, that is on "the people who have mastered technical methods," I will borrow the

well-known words uttered by Comrade Stalin in his talk with the metallurgists:

"What we need in order to create a numerous army of production and technical cadres is to carefully cultivate and train people, to place them and organize them properly in production, to organize wages in such a way as to strengthen the decisive links in production and to induce people to improve their vocational skill."

These brief words of Comrade Stalin's contain several cardinal conclusions applicable to all our work.

Firstly, "to carefully cultivate and train people." (Stalin.) In spite of all that has been done so far, this is an urgent task of the moment.

The central economic task of the Second Five-Year Plan is to complete the technical reconstruction of every branch of the national economy. We have already devoted not a little effort to the technical reconstruction of industry, agriculture and transport. We have already endowed the national economy with not a little new technical equipment, not a few new industries, new installations and complex enterprises. But that is only a small part of what we desire to have in the final technical reconstruction of the economic life of the country. In the matter of the technical re-equipment of the Soviet Union we are progressing at a truly revolutionary speed. In doing so we are only fulfilling one of the chief historical obligations of the first proletarian state in the world.

On the other hand, several years have already elapsed since the Party called for the mastering of technical methods, the mastering of new machines and industries, as the most important practical duty, because we want everything that we have built to work well, to work better and not worse than in the capitalist countries. We saw the vast work that was developed for the accomplishment of this aim. Cadres of new engineers, agricultural experts, technicians, production managers, educationalists and so forth are steadily growing. People are growing up who have a new attitude to work, and among them there are not a few builders of the new society wholeheartedly devoted to the cause of socialism. At the same time far greater results are being obtained from the work of the old cadres of specialists. Not a single important industry can now be run in our country without new people who have mastered technical methods; without them not a single factory can be kept going. There are factories, and even new industries, such as, for instance, the production of synthetic rubber, the development of which is almost entirely in the hands of new technical cadres.

And this matter, the cultivation and training of people for the fundamental problem of technically reconstructing every branch of the national economy, must now be advanced on a still wider front. The technical qualification of these cadres must be raised to the proper level and must not be allowed to lag behind the qualifications of foreign specialists. To this matter of qualification, in other words, the quality of scientific and technical training, we must now devote

all the attention required in order to overtake and outstrip the technically and economically advanced capitalist countries, and to do so in the shortest possible time. Our aim must be to cultivate such cadres, especially from among the Party and non-Party youth, to make them devoted to their work and conscious builders of socialism, to train a new army of specialists in *such* a way. For this no means or effort must be spared. Nothing will now repay itself so rapidly and nothing will produce such fruits as the successful solution of this problem.

Secondly, "to place them [people] and organize them properly in production." (Stalin.) This is a formulation of our organizational tasks. And to these tasks the Seventeenth Party Congress devoted particular attention. Bolsheviks realize the power of organization.

No matter what question of recent practical development you take, you will find that the Party has concentrated its attention on problems of organization, on methods of work, on the structure of the apparatus, on the selection of people and on checking fulfillment. This is what is meant by properly placing forces. Take the example of the Donetz Basin. The Party and the government were faced by a big problem, the problem of securing correct mechanization and in this way of placing coal mining on a proper level. For a long time this matter progressed at a snail's pace. At the critical moment the Party concentrated its fire on the bureaucratic routine methods of the economic bodies in the Donetz Basin as the chief obstacle. Certain of the "higher-ups" received a proper drubbing in this connection; an exposure was made of not a few of these apologies for leaders who, being accustomed to work in the old way, tried in all sorts of underhand ways to avoid a reconstruction of working methods. Having given a thorough shaking to the quill-drivers and bureaucrats and conducted a big campaign among the working class masses explaining the significance of the fight against bureaucratic routine methods in economic work, we achieved a big success. The Donetz Basin has now emerged on to the broad highway, and proved it last year by completely fulfilling the plan of coal production.

But while it did not hesitate to subject the shortcomings of the economic apparatus to merciless criticism, the Party, by the whole line it laid down—it is time to master machinery! it is time to work with knowledge of the facts and not by blindly trusting your apparatus!—declared that our leading cadres, and especially the Communists, are capable of mastering the job entrusted to them if only they set about the matter in earnest, if only they are not discouraged by the first difficulties encountered in this new work. While criticizing defects and mercilessly flaying bureaucracy in the state apparatus, the Party at the same time inspired the ranks of the builders of socialism and our Communist cadres with confidence and courage. This attitude of the Party considerably contributed to awakening fresh forces and to promoting new Party and non-Party cadres, and at the same time helped to change the methods of work of the old cadres.

After what has been said, the principles of the reorganization re-

cently effected not only in many local organs, but also in the central organs, will be clear. But this work cannot be regarded as completed. We must continue to devote serious attention to organizational questions in production as well as to organizational questions in our government apparatus generally. Now, when all the fundamental conditions have been secured for comprehensive progress in the national economy, and also in the standard of living and culture of the toilers, proper organization constitutes one of the main duties of Communists and one of the main problems of leadership.

Thirdly, "to organize wages in such a way as to strengthen the decisive links in production and to induce people to improve their vocational skill." (Stalin.)

The question here is one not only of cadres, but of the workers in general. It is now an extremely urgent task in our construction work as a whole to lay stress on the significance of wages, all the more since the excesses which formerly marked our ration system of supply not infrequently fostered a criminally careless attitude to problems of organization of wages.

To organize wages means to make them the principal lever of progress in production, it means that a definite end must be put to the state of affairs in which business managers left this matter to subordinate persons, while they themselves were interested only in a paper plan of disbursement of the "wages fund". Organizing wages means that you must know your workers, their qualifications, that you must know what the decisive sectors in production are and who must be stimulated most of all. Such an organization of wages is impossible unless you have mastered the principles of production, unless you understand the importance of production technique. Organizing wages means directing the efforts of the whole collective of workers along proper channels, it means redoubling one's strength.

During the past three years the basic cadres of workers in the factories and on construction work have become stabilized. But in spite of the greater experience in production gained by a vast army of new workers, we have still done very little in the matter of forging strong factory cadres and of providing the decisive sectors with workers who really know their jobs, their equipment and their duties. Nor must it be forgotten that the old cadres of workers are frequently obliged to learn everything anew, since they are not sufficiently acquainted with the new technical processes.

The wages policy of the Soviet government aims at raising the standard of living of the whole mass of workers—that, so to speak, is its fundamental basis. But only opportunist chatterboxes will on this account replace our policy by a policy of petty-bourgeois equalitarianism in wages, paying no consideration to productivity of labor and to the skill of the worker. The Bolshevik policy demands a vigorous war on the "equalitarians" as abettors of the class enemy and as elements inimical to socialism. After all, the chief aim of socialism is to raise productivity of labor to a level unattainable by any other social system. Without this socialism cannot succeed. The haughty and scornful attitude to the organization of wages is nothing

but the backwash of such petty-bourgeois equalitarian survivals. The attitude of enlightened workers to this question is different. We must see to it that every worker should understand that a higher productivity of labor, that work in a more responsible sector, that higher skill must be remunerated by higher wages, and then our industry will develop still more rapidly, there will be goods in plenty, and the whole working class will benefit.

At the Seventeenth Party Congress, Comrade Stalin explained why in this present period the basic form of collective farm development is the agricultural artel and not the commune, for which we are still immature. Why, it is obvious that only in the artels do the collective farmers now have a proper combination of *personal* interest and the *social*, collective farm interest, and that only in this way can the cause of the collective farms be advanced. It is the collective farm (artel), and not the commune, which is now determining the progress of agriculture; and that road alone leads to the success of socialism in the countryside, by achieving such a combination of the interests of the individual collective farmer and the interests of the collective farm as a whole as can advance the collective farm system and rapidly improve the standard of life of the collective farmer. It is only because the petty-bourgeois equalitarianism of the communes was rejected and the artel form of collective farm adopted that the whole mass of collective farms entered the channel of healthy economic progress, strengthened discipline and increased the productivity of labor. And now too it is an urgent task to combat equalitarian sentiments in the collective farms, just as it is to combat every survival of capitalism in the minds of the collective farmers.

And now, when N.E.P. is no longer the new but the old economic policy, and when our country has become socialist in its foundation and in the decisive majority of its population, the question of correctly combining personal interest and social benefit in production is the cardinal question of the building of socialism. Our task is to secure a *general rise* in the material standard of the toilers and at the same time to encourage work in the more important sectors of production, to encourage higher productivity of labor and greater skill on the part of *individual workers* by increasing the remuneration of labor; our task is to build our wages policy on this basis. The proper fulfillment of this task will be the best guarantee that we shall successfully overcome every obstacle that lies in our path.

* * *

The October Revolution brought our country out of the system of world capitalism and opened a new chapter in world history. A country which under the rule of the tsars had been transformed into "a prison of the peoples" has since the October days of 1917 become the foremost of world history.

The "unknown" Bolsheviks—as the bourgeoisie would have liked to have them—"suddenly" became a power. And now nobody is assisting the cause of world progress as are our Bolshevik Party and our workers' and peasants' government. (*Applause.*)

Such is the turn matters have taken in this historic period. In view of this, can we expect the attitude of the worker and the bourgeois, the collective farmer and the kulak, the toilers of the colonies and the imperialists to be the same?

On the contrary, are we not witnessing ever new attacks on the Soviet system by capitalism and the remnants of capitalism in our own country?

The opponents of the Soviet system in the bourgeois and Men-shevik-Socialist press frequently say: No, the Soviet Union is not a socialist country but something entirely different. To console themselves they resort to the fable of "state capitalism"—a fable they themselves do not believe. And, indeed, who is going to believe that there is such a thing as capitalism without capitalists, capitalism without crises, capitalism without unemployed? It must be assumed that Messieurs the capitalists will soon drive these chatterers off their newspapers as being much too stupid as slanderers against socialism. For our part, we should like only one thing—that the workers, however great a distance may separate them from us, should know more of the Soviet Union, of its difficulties and its successes in the building of a new life. And we desire this all the more now that "Russia" has become "socialist."

Our state apparatus, which despite all its defects is enabling us to carry out the great plan of socialist construction, is depicted by our enemies as a bureaucratic super-structure, incompatible with the development of individuals and individual talents. But this "criticism" of bureaucracy only serves to conceal the true aims of our enemies, namely, to undermine the apparatus of the Soviet system, which is administering the vast economic life of the country in the interests of the toilers, which has replaced all the bosses, large and small, who formerly really did "develop" and live a life of ease, but did so at the expense of the peasants and workers, by exploiting the toilers. We know very well that a real fight against bureaucracy is inseparable from the fight for the victory of socialism, and that with the successful development of large-scale production in town and country, and with the rising cultural level of the masses, our ability to overcome bureaucracy increases immensely. We deem it one of our most important tasks to get the toilers to participate still more in the work of our organs, and, under the leadership of the Party, to make them still more active in the struggle against bureaucratic distortions in our apparatus, knowing that it is the surest way to hasten the advent of the complete victory of socialism.

In bourgeois countries, where a minority—the exploiters—dominate the majority—the toilers—the organs of government power endeavor to conceal from the masses their true class purpose as organs for the protection of capital against the interests of the toilers. The bourgeoisie is obliged to conceal its dictatorship under various parliamentary forms and to keep the masses as far removed from the apparatus of administration as possible. Even in states of the fascist type, which are openly designed to keep the toilers in a state of fear and subjection under the heel of the capitalists, the bourgeoisie pusil-

lanimously screens the fangs of its dictatorship by representative bodies of various kinds allegedly representing the population. And that is natural. A bourgeois dictatorship, even in a democratic garb, once exposed, will lose all prestige in the eyes of the toilers and be revealed as a power entirely alien and inimical to the toilers.

The dictatorship of the proletariat, which is the embodiment of an alliance between the workers and peasants under the leadership of the working class, is the only government of the toilers; it is a dictatorship which, far from fearing the toilers, sees that its strength lies in securing the active participation of the toiling masses in every branch of government. Such a dictatorship alone, having smashed the bourgeois machine together with its foundation—private property—and having made its prime purpose to develop social ownership on behalf of the toilers, is able to build a new society, a society without classes, which will make it possible to raise the welfare and culture of the people to a truly high level. We are prepared to admit that there are many big defects and little defects in our system, but its foundation—social ownership and a government of the toilers—is a great and invincible power. (*Applause.*)

Our Soviets are the embodiment of the dictatorship of the proletariat. As organs of government of the toilers, their prime care should be to strengthen social, state, cooperative and collective farm property and to guard the interests of socialist law. As organs of government they must be keenly vigilant and strike the enemy with unerring hand, at the same time displaying a sensitive concern for live people, for the toilers.

It is clear from all this what must be done to improve the work of the Soviets.

The work of the sections of the Soviets, the deputy groups in the factories, the patron groups and socialist collaboration by workingmen in state institutions, must be developed still more widely in order that the Soviets may establish even closer contacts with the mass of the workers. The city Soviets must play their part in carrying out the policy of industrialization and technical reconstruction, they must show even greater concern for the material and cultural needs of working men and women, they must help to improve trading and housing, they must better conditions in the schools and hospitals, they must improve the cinemas and libraries, they must regulate conditions in public baths and on sports grounds and must steadily raise the vocational skill and political education of the working-class youth, that powerful force of socialism.

Our village Soviets must devote their efforts to raising the level of the collective farm villages, they must through the collective farms and Soviet farms assist in advancing agriculture and the cultural growth of the collective farmers, they must extend the work of hospitals and schools, they must provide the masses with books, newspapers and cinemas, they must bring roads and telephones into the villages, and they too must fully devote themselves to endowing the collective farm youth, in whom our future lies, with vocational skill and political enlightenment.

By raising the work of the Soviets in town and country to a level worthy of a socialist state, we shall consolidate the Soviet power and guarantee the complete success of our cause.

The Soviet Constitution was adopted in 1918. Drawn up by Lenin, the Soviet Constitution became the banner of the toilers in the fight for socialism. Under this banner we have made vast progress. At the time of the formation of the Union of Soviet Socialist Republics the Soviet Constitution was still further developed in the text of the Fundamental Law of the U.S.S.R. drawn up by Comrade Stalin. Since that time, the successes of socialism have wrought immense changes in the whole social structure of our country, but it has not yet been possible to reflect these changes in the text of our Constitution. The Soviet Constitution must therefore be revised in order to give formal effect to such achievements of the October Revolution as the creation of the collective farm system, the liquidation of capitalist elements and the triumph of socialist ownership in the Soviet Union. Our Constitution must also reflect the aim of developing Soviet democracy to the utmost and developing the old and new forms of participation of the toilers in the administration of the state. Our aim is to give a full reflection of the successes of the new, socialist society in our Constitution, and to make it the basis of a further comprehensive development of Soviet democracy, thus defining the future of socialist construction generally.

The Seventh Congress of Soviets must utter its weighty word on this subject.

It is not difficult to realize the exceptional position of the republic of workers and peasants as long as there is only one Soviet state in the world. But while the system of capitalism is being torn by ever more powerful contradictions and the onlooker is seeing more and more clearly that it is not standing so very firmly on its feet, we can declare to our friends that the Soviet Union, in its economic power and in the solid support given by the toiling masses to the Soviet Power, is now greater than even before. (*Loud applause.*)

For this we must primarily thank our Party, which is the very soul of all socialist construction. Our Party is marching onward beneath the flying colors of Marxism-Leninism, inspiring the warriors in the fight for Communism; the millions are being led by *our Stalin*, and we firmly know that this is the road leading to complete victory! (*Loud and prolonged applause. Cries: "Long live the great Stalin."*)

REPLY TO THE DEBATE

Comrades, the debate at the congress on the report of the government reveals complete solidarity on the part of the delegates from all the republics and districts of the Soviet Union with the home and foreign policy of the government. (*Loud applause.*) In view of this I shall be very brief in my remarks on the discussion.

Today our newspapers publish a telegram from Tokyo reporting recent statements made in the Japanese parliament by the Minister of Foreign Affairs, Mr. Hirota, specifically on the subject of the

relations between Japan and the U.S.S.R. In these speeches Mr. Hirota stated that he "intends to encourage friendship with the U.S.S.R. in every way" and "to hasten the peaceful development of Soviet-Japanese relations by redoubling his efforts to settle the problems that still remain unsolved." We welcome these statements, which correspond with our own intentions.

However, Mr. Hirota considered it necessary, in addition, to refer to the defensive measures which, as you know, we were obliged to undertake in the Far East for the protection of our frontiers. In this connection he referred to the Portsmouth Treaty which was concluded in 1905 after the Russo-Japanese War.

Let us take a glance at the Portsmouth Treaty. Article II of this treaty states that "in order to avoid all cause of misunderstanding, the High Contracting Parties [*i.e.*, Russia and Japan] will abstain on the Russo-Korean frontier from taking any military measure which may menace the security of Russian or Korean territory." Analogous obligations are contained in Article IX in relation to the frontier between the two parts of the Island of Sakhalin.

In accordance with the Peking Agreement concluded by us with Japan on January 20, 1925, the Portsmouth Treaty remains valid to the present day as between Japan and the U.S.S.R.

Everybody knows that the U.S.S.R. scrupulously abides by every provision of the Portsmouth Treaty, as incidentally it does by every international obligation it has assumed. This relates in particular to the obligation contained in Articles II and IX not to fortify our frontiers with Korea and South Sakhalin.

In his speeches of January 22 and 25, Mr. Hirota expressed himself in favor of extending this provision of the Portsmouth Treaty to the Soviet-Manchurian frontier. But the Portsmouth Treaty, as we know, does not say a single word about defensive fortifications on the Soviet-Manchurian frontier.

But, while referring to the articles of the Portsmouth Treaty mentioned, Mr. Hirota apparently forgot the existence of certain other articles of this treaty. For instance, Article III contains the undertaking by Russia and Japan: (1) "to evacuate Manchuria completely and simultaneously, with the exception of the territory covered by the lease of the Liaotung Peninsula" (Port Arthur and Dairen), and (2) "fully and completely to restore to the exclusive administration of China all parts of Manchuria" which at the moment of the conclusion of the Peace Treaty were occupied by Russian and Japanese troops.

Further, in accordance with Article VII, Russia and Japan undertook "each to exploit their railways in Manchuria exclusively for commercial and industrial purposes, but in no case for strategical purposes," the proviso being added that this limitation does not extend to the railways on the Liaotung Peninsula.

Lastly, a supplementary clause to Article III of the Portsmouth Treaty states that Russia and Japan may maintain in Manchuria for the protection of their railways not more than fifteen men per kilometer, with the special proviso that the number of military guards

maintained for this purpose should be "as small as possible, in accordance with actual demands."

Everybody knows that the U.S.S.R. has not only fully complied with these obligations, but has done even more than is required by the Portsmouth Treaty. This will be seen from the fact that, although in accordance with the Portsmouth Treaty the Soviet Union has the right to maintain on the Chinese Eastern Railway, the length of which exceeds 1,700 kilometers, more than 25,000 troops, it has voluntarily surrendered this right and does not maintain a single soldier in North Manchuria. And what about Japan? Even a superficial glance at the articles of the Portsmouth Treaty referred to is sufficient to show that they have been utterly forgotten by the Japanese side and are not being observed by Japan in Manchuria even in the slightest degree.

As regards the pact of non-aggression, we must agree with Mr. Hirota that the mere conclusion of a pact of non-aggression will not settle the question of guaranteeing peace in the Far East. At the same time, it cannot be denied that a refusal to conclude such a pact is a very unfavorable symptom in relations between states, for such a refusal does not help to strengthen confidence in the peaceful intentions of the party which refuses to give an undertaking not to resort to aggression.

There is no need for me to dwell on the speeches made by individual comrades at the congress. The substance of these speeches confirmed what I said in my report. I will single out only the speech of the writer Avdeyenko, who with the help of living examples, the examples of three people, vividly stressed the difficulties and the great significance of our fight for socialism and the devotion to the Soviet government and love for our Party and for Comrade Stalin with which the millions of the toiling masses are inspired. (*Applause.*)

And great changes have indeed taken place in our country in recent years.

Seventeen years ago Lenin said that "the expression 'Socialist Soviet Republic' signifies the determination of the Soviet Power to effect the transition to socialism, but it does not signify that the present economic system is socialist." Since then a radical transformation of our country has taken place on the basis of the victory of socialism; its economic and social structure have undergone a change. The life of the masses of the people has changed, and when we come to look at the matter we find that we are now living in a new world, in absolutely new conditions.

Our industry has become a different thing—the country has become industrialized with its growth. Agriculture has been reconstructed on new lines, on the lines of collectivism and new technical resources. We have achieved great progress in our national economy, which has been steadily advancing for the very reason that the basis of its development is the victory of the new system.

The victory of socialism, which signifies the victory of the principles of social ownership, has radically altered the face of our country, the class structure and social relations of our state. How-

ever firmly the class enemy may cling to his old positions, our development is undermining each and every buttress of the old society, replacing them by new, socialist relations based on a new conscious discipline. The manner and conditions of life of the toilers are being remolded, the level of Soviet culture is rapidly rising, women are confronting a new life, a youth is growing up which is Soviet to its marrow. The people of our Soviet land are producing hero after hero.

And not only is an intense struggle being waged for the reconstruction of our whole manner of life. Newer and newer ranks are coming forward to fight and master nature. The successes we have gained in the conquest of the Arctic and the names of the courageous Soviet people and heroes of the Arctic are known to millions. Here, too, we have achieved the first victories, victories which seemed impossible to the people of the old world, but which the Soviet people are making merely the starting point for further and still greater successes. Soviet people have taken a prominent place in the conquest of the stratosphere. And in this glorious struggle for altitude we also discern a manifestation of the growth of our strength and of our great aspirations.

The Soviet country is still young, it has only very recently opened the true road for the development of new forces. Considerable difficulties still confront us, and the survivals of capitalism in our country are still great. They are still to be found in the economic life and social structure of the Soviet Union. They are particularly tenacious in the minds of people and will make themselves felt for a long time to come. The class enemy has not yet laid down his arms, and the more hopeless his cause the more desperate become the efforts of the doomed. . . .

But we know our road and are absolutely convinced of the justice of our cause. Under the banner of the Party of Lenin and Stalin we shall advance along this road to new and still greater victories. (*Loud and prolonged applause. Cries: "Long live our leader Comrade Stalin!" "Long live Comrade Molotov!"*)

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