

*Colonial Disfranchisement
And Exploitation of
Ukraine by Moscow*

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(Author of "Ukraine and Russia" — Marquette
University Press, 1958)

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It can be stated with certainty that among these ideas which do not possess a generally recognized or clearly defined meaning, the word colonialism is in the foreground, and particularly in its economic connotation. This would explain the existence of diametrically opposed conceptions in the appraisal of identical phenomena: Ukraine represents in this respect a convincing example.

The most frequent cause of such divergent appraisals is an erroneous approach to the problem itself: a lack of understanding of its true nature. This in turn, gives rise to application of erroneous criteria in analyzing events. If we deny to a certain country the attributes of a living organism and instead, regard it as a geographic region of another country (e.g. the comparison of Ukraine with the State of Pennsylvania), then many conceptions receive an entirely different meaning. It would appear that there is no ground for such substitution of one meaning with another: region for country, inasmuch as each is clearly definable. Whenever an actually existing ethnic group inhabiting a historical area in a compact mass possesses its own history, spirituality, culture, language, etc. and especially if it is aware of its national distinctiveness, then, if its independent historical existence is interrupted by one or another kind of violence from the outside, it nevertheless remains a nation, i.e. a people with its national territory.

That Ukraine answers all these requirements leaves no doubt even among people who think in reactionary terms.

Thus, when the matter concerns a national entity, in this instance Ukraine, economic phenomena cannot be considered in their abstract meaning or in the aspect of the interests of any other national entity. Each phenomenon should be considered in projection into the plane of direct interests of the given national group which emerge from the very nature of its existence.

Then manifestations of a colonial position will acquire clearly defined aspects. In the realm of economic relations they are:

1. Loss of hallmarks of an integrated national-economic organism;
2. Loss of sovereignty in the conduct of its own national economic policy;

3. Total or partial loss of property rights to national wealth;
4. Deliberate dwarfing of the development of some, and one-sided development of other branches of industry;
5. Artificial directioning of market relations, and, as a summary result of these:
6. Exclusion of a sizeable part of the national income from the national economy, i.e. economic exploitation.

Even during the period of the middle of the 17th century, when the Ukrainian state was negotiating an alliance with Russia, both contracting parties differed as to the degree of their industrial development and participation in world trade. Ukraine was, for that period, an industrially developed country having commercial relations with Western Europe, and far ahead of Russia in this respect. Therefore Russia even then made it a point not only to safeguard its own weaker industry from a dangerous competitor, but also to transform Ukraine into a market for its monopolistic trade. As early as the treaty of Pereyaslav, Ukraine waived the right to impose duties on imports from Russia, but the latter made wide use of her right to levy duties on imports from Ukraine. In his capital work "Organization of the Economy of Ukraine" (Organizatsiya khozyaystva Ukrainy), Prof. M. Slabchenko said: "The Russian bourgeoisie of the 17th and 18th c. did not consider it beneficial to develop Ukrainian manufacturing enterprises and to permit their products to enter the Western countries and Russia, where Ukrainian products could easily compete with Russian. The named causes called to life erection of commercial and industrial barriers, with the aid of which the imperial government could regulate exports from Ukraine and imports into Ukraine. The fiscal interests of the empire were simultaneously safeguarded." (Vol. II, p. 92).

But for Russia to be able to be the complete master of the Ukrainian market, it was necessary to rid it of its own industry, i.e. not to permit its further growth and to lower its existing level. The latter was achieved both by means of economic pressure, as well as by curtailment of rights and even direct destruction. Nearly every election of a Hetman, confirmed by the Russian monarch, was accompanied by a number of points restricting Ukraine's commerce. Thus were almost brought to nil such highly developed branches of Ukrainian industry as woolens, linens, ceramics, potash, etc. The great manufacturing plant of Pachaiv was directly ordered "this summer to be transferred to the cities of Great Russia" (Slabchenko, op. cit., vol. 3, p. 146).

A great number of measures, particularly of a customs nature which will be mentioned later, frustrated in Ukraine development of these

branches of industry which could compete with the Russian in serving the Ukrainian market. Ukraine was deliberately cast into a role peculiar to colonies: to be a supplier of raw materials and a market for the consumption of products of Russian industry.

A vivid illustration of the situation thus created is provided by computations relating to the textile industry. According to data of Prof. O. Ohloblyn "Pre-Capitalist Manufacturing" (*Peredkapitalistychna fabryka*) pp. 44-45, Ukraine consumed nearly one-third of the total production of the empire, while her own textile industry consisted of: cotton manufacture .5% of the imperial total, woollens 4.2%, linen and flax 7%, with the latter being mostly rope and twine. It was even more evident in wool; out of the total production of wool in Ukraine in the second half of the 19th c. of 9.6 million tons, only 25% remained in Ukraine, and the rest went to Moscow and Petersburg from where it returned to Ukraine in the form of woollens (Prof. N. Yasnopolsky "Ekonomicheskaya buduchnost Yuga Rossiya i sovremennaya yeya otstalost" [Economic Future of South Russia and its Present Backwardness] in "Otechestvenniye Zapiski" [Home Notes] 1871, p. 292).

The disproportion of industrial development of Ukraine, peculiar to colonies, will become more evident from a comparison of the specific gravity of various branches of industry of Ukraine and Russia on the eve of the revolution of 1917.

	Ukraine	Russia
	%	%
Textile industry	2.25	29.6
Wood milling and paper mfg.	2.9	5.7
Metalworking, machine bldg., railroad, shipbuilding and repairs	11.85	12.1
Mining and mineral mfg.	13.1	7.0
Processing of animal prod.	1.4	3.5
Food processing	66.1	33.5
Chemical industry	2.4	8.6
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	100	100

Thus we can observe that two-thirds of all Ukrainian industrial production was devoted to food processing, of which 70% was the production of sugar. At the same time such an essential industry as the textile was almost non-existent, with Russia, however, having nearly one-third devoted to it. Even such an industry as metalworking and machine-building occupied a smaller percentage in Ukraine than in Russia, in

spite of the fact that at that time Ukraine produced 52% of the empire's total pig-iron and 44.7% of its steel (M. Volobuyev "Do problemy ukrainskoy ekonomiky" [The Problem of the Ukrainian Economy] in "Bolshevyk Ukrainy" 1926).

It becomes clear from the above that the filling of the needs of the population, which is the usual thing, did not lie at the basis of Ukrainian industrial development. Neither by its extent, nor by its composition did that development answer the needs of its people, but served outside interests.

And this in turn, contributed to a creation of a disproportion between industry and agriculture, which was again the result of a deliberately directed course of economic policy of Russia in relation to Ukraine.

Nowhere else in Europe did the peasants experience such injustices as in Ukraine. In the state established by Khmelnytsky, the Ukrainian Hetman State of the 17th c., the peasants became a free class and owned the land which they tilled. Although serfdom had not been formally abolished, and the nobility and monasteries which stood on the side of the people kept their serfs, nevertheless personal servitude of a serf to the landlord withered away completely. Every peasant, not excluding those who were part of a landlord's estate, could voluntarily register as a Cossack or as a common, i.e. with those who served the country with arms or with material goods. How the latter complied with their duty, whether from their own industry, or through a landlord, did not reflect on their social position or on their rights. Work for a landlord was not in the nature of a legal duty, but of a mutual contract which the peasant could always repudiate without loss of rights to land which he tilled for himself. The landlords and monasteries were well aware of this right of the peasants and the latter's conduct never gave rise to complaints. The following example is characteristic of the situation prevailing at that time: the Abbot of the Nizhyn Monastery complained to Hetman Skoropadsky in 1712 that the peasants of the monastery's village of Talaevka had sold land which they had been tilling; he did not deny their right to do so, but merely requested that he be permitted to repurchase the land from its new owners.

Thus, following the liberation from Polish occupation, the Ukrainian state was a land of peasant land ownership.

After abolition of the Hetmanate Russia introduced to Ukraine its system of land ownership under serfdom. It took the land away from the peasants and deprived them of personal freedom transforming them into serfs, belonging to landowners who were mostly Russian magnates generously rewarded with Ukrainian land and people.

When serfdom was abolished in 1861, the Ukrainian peasants were forced to buy back their own land which they were now going to manage. But in addition to this open plunder, the peasants experienced another evil: on their liberation they lost 30% of the land which they had been using under serfdom, while it was only 9% in Russia. Thus in a country with the highest density of population, a so-called "land shortage" was immediately created which later became a heavy burden upon the entire economic development of Ukraine. This was done for the purpose of assuring the huge estates of the colonizers of Ukraine of hired labor.

This terrible land starvation of the peasantry with simultaneous monetary burdens for the payment of land in disproportion to income and growing taxes, contributed to the appearance of processes which characterized the unnormal condition of Ukrainian economic life.

The curtailment of land use by the peasants created the so-called "relative agrarian over-population." It was "relative," because it did not arise from natural domination of employment opportunities for the population, but from artificially induced circumstances, conditioned by the colonial position of Ukraine.

The deliberate curtailment of industrial development noted by us, made it impossible for people to make a normal exit from agriculture into industry. The peasants remained on the land, the sole source of their subsistence. Even on the eve of World War I, when Ukraine already occupied first place in the empire in coal, metallurgical and sugar industry, 74.5% of the entire population was engaged in agriculture, 9% in industry, 5.3% in commerce, 1.4% in transportation, 4.8% as help and 5% in all other trades. But these figures apply to the entire population inhabiting Ukrainian territory at the time. If we consider the aboriginal population, however, then the apportionment in occupations is as follows: 87.5% agriculture, 5.1% industry, 0.8% commerce, 0.7% transportation, 3.5% help and 2.4% all others (Feshchenko-Chopivsky "Ekonomichna Heohrafiya Ukrainy" [Economic Geography of Ukraine]).

This caused a great hunger for land which in turn contributed to the exclusion of a large part of the peasants' income in favor of the land-owners-colonizers. In a majority of cases this income went beyond the borders of Ukraine.

Thus, deliberately created agrarian conditions in Ukraine caused a situation where not only the peasants' savings, but also a large part of their consumption budget was accumulated in land, i.e. in the hands mainly of alien landowners and it flowed away from the Ukrainian national income. Suffice it to cite such facts that land rent exceeded

normal land rent 4 to 10 times, i.e. payment of capital which formed the market value of land. Price of land increased 14-fold over the period of 30 years prior to the revolution.

All this proves conclusively that Ukraine was deprived of the opportunity to assure a normal distribution of labor within the national community, and that the basic group of the population, the peasants, lost the means which they should have invested in modernization of agricultural production as well as in industry and commerce. As we shall indicate further, any opportunity to accumulate resources for the national economy was also excluded in commerce and industry.

The new system of agrarian conditions which came into being after the revolution, not only did not alleviate the colonial burden carried by the Ukrainian peasants, but increased it in large measure. First of all, the very allegation that the revolution confiscated the property of large landowners and transferred it to the peasants, is simply not true. As a matter of fact, the communist, or so-called toilers-and-peasants revolution confiscated land from the peasants. As early as the 1890s, 42% of all landowners' land was mortgaged to banks in the amount of 714 million rubles, which was 63.5% of its value (M. Porsh, "Statystyka zemlevolodinnya" [Statistics of Land Holdings] in "Ukraina" 1907, p. 46).

In 1913 the landlords' indebtedness for mortgage land in only 5 banks out of 9 increased to 1,140 million rubles (Ostapenko "Kapitalizm na Ukraini" [Capitalism in Ukraine] in "Chervonyi Shlyakh" 1924, p. 130). It can therefore be asserted that the landlords had received from the banks the full value of their land even prior to the revolution, if we consider its normal and not inflated value. Thus, confiscation from the large landowners was actually a manipulation to balance the amounts which they had already taken in cash.

It was not so, however, with land of the peasants. At the time of abolition of private property in land, the Ukrainian peasants owned 26 million hectares of land of which 18 million was inalienable land which they had inherited since the abolition of serfdom and 8 million were purchased additionally. The inalienable 18 million had been paid for by peasants over a period of 40 years, at prices double its real value for that period. Also paid for was a major part of the additional 8 million hectares. This devoured completely nearly all savings which accumulated in the agricultural economy and thus delayed investment into production, and hence progress and intensification. As a whole, the Ukrainian peasants spent nearly 5 billion rubles for land, a huge amount for that time. All this accumulation was lost with the abolition of land owner-

ship. Thus in reality, the land was confiscated from the peasants, and not the landowners.

The right of land ownership, won by the Ukrainian peasants in military struggle against the occupying power, Poland, in 1648 was destroyed by Russia's introduction of serfdom, and subsequently, on the occasion of abolition of serfdom, Russia compelled the peasants to buy their own land back, and finally when that land had all been paid for, it was taken away again.

It was taken away not only in the sense of Moscow voiding the legal force of investments made by the peasants in acquisition of land, but took over property in the land and demanded payment for the right to use it. According to the Land Law of November 22, 1922, which was made part of the code in July 1927, it was provided: "All land on the territory of the Ukrainian SSR, no matter in whose possession it is, constitutes the property of the Toilers and Peasants' State," and it was being transferred into perpetual tenure of the peasants and their heirs. This could have been construed as declaration of land becoming the property of the Ukrainian nation. However, immediately after completion of collectivization, Moscow took over certain functions which flow from the nature of ownership: Moscow began to manage this property and all productive processes were carried out according to Moscow's plans and orders. And when in 1916 and 1937 the right of collective farms to land use was being documented, this was done in the name of the USSR, and not in the name of Ukraine. Nevertheless, even by 1940 Moscow had not completely taken over property rights to Ukrainian land. Although payments in kind went to Moscow's disposition since the very beginning in full, they were figured from planned production income of collective farms and hence could be legally considered as taxes on income. Enactment of the law of April 7, 1940 changed the legal nature entirely. Section 2 of this law provides: "collective farms are brought under the obligation to deliver to the state grain, potatoes, fruit, oil products and grass seed from each hectare of land of which the collective farm is seized." Since that time, compulsory deliveries are computed according to this code: per hectare of seized land. This applies to compulsory deliveries of meat, hides, wool and other agricultural products, with the exception of such industrial raw materials as sugar beets, tobacco, cotton etc. to which the obligation of delivering the entire crop supplies ("Vazhneyshiye resheniya po selskomu khozyaystvu" [Important Decrees on Agriculture], 1940, pp. 365 ff.). Since that time these contributions in kind lost their nature of taxes on income and became a simple land rent, i.e. payment to the owner of the land for the right to use it. The owner col-

lecting these payments is the empire. Thus, even formally, the land ceases to be national property. The Ukrainian peasants are compelled to make payment for the right to use their own Ukrainian land, to the metropolis in Moscow.

To the extent that earlier, under tsarism, part of the land belonged to the metropolis and its colonizer-landowners and this placed Ukraine in the position of a colony, now the position of a colony is even more clear, the whole land being owned by an alien power.

Seizure of property in land is not the whole story of expropriation of the peasants' property: Moscow seized all means of production.

Complete collectivization was not within the objectives of the first five-year-plan which abolished NEP. The plans called for engaging 20% of the farms in producing cooperatives, mainly in associations for joint tilling of land which did not infringe upon the rights of individuals to the product of their work. The decision to drive everyone into collective farms came only late in 1929. Following secret party instructions in this matter, a decision of the Central Committee was published on January 5, 1930, which provided that in such regions as Kuban and the Lower Volga "collectivization is to be to all purposes complete in the fall of 1930 and in any event not later than the spring of 1931, in other grain-producing regions (Ukraine and the Don) in the fall of 1931 and in any event not later than the spring of 1932." ("Vazhneyshiye resheniya . . ." 1935, p. 411).

How ruthless the decision was carried out is evident from the fact that as early as January 1, 1931 there were 35.8 thousand collective farms established in Ukraine which took in 65.3% of all peasant households and 67.1% of all arable land. Later, when the objective of enslaving Ukraine and other agricultural regions had been achieved, and when the turn came to apply collectivization to strictly Russian central regions, Stalin came out with the well-known pamphlet "Glavokruzheniye ot uspyekhov" (Dizziness from Success) which sought to save these regions from the Ukrainian experience. Then came the decision of the Central Committee of the All-Union Communist Party which mentions this practice and the fact that peasants were forced to join under threat of having their property taken away, that "middle and poor peasants get among those from whom the land is taken away" and "in some areas collectivization jumps from 10 to 90% within a few days" etc. (Vazh. resh. 1935, p. 417).

The legal basis for this attack upon the peasants was provided in the decision of the Central Executive Committee of January 25, 1930 which stated that "village councils are under duty to bring all poor and middle

households into collective farms, liquidating the kurkuls as a class." The nature of this liquidation was implemented by the decision of the Central Executive Committee of February 6, 1930: "Empowering the provincial executive committees to apply in these regions all necessary measures in the struggle against the kurkuls including the right of full confiscation of property and deportation beyond the borders of the regions or lands." (Vazh. resh. 1935, pp. 415, 416). Powers were granted to include others among the kurkuls, e.g.: "The poor and middle peasants who help the kurkuls oppose collectivization cannot be called allies of the working class, they are allies of kurkuls" (Decision of Central Exec. Comm. of March 17, 1931, (Vazh. resh., p. 422). De-kurkulization, i.e. confiscation of all property and deportation, according to admission of the Party Central Committee (Decision of March 15, 1930) embraced 15% of the total number of peasant households. In Ukraine the percentage was closer to 20, at a time when according to official data for 1926 there were only 4.8% wealthy peasant households in Ukraine.

Plundering of the peasants in Ukraine was not confined to merely de-kurkulization. It embraced all peasants: grain and feed reserves were confiscated, agricultural implements, and not only horses, but also productive cattle, and even chickens.

This was a process of total deprivation of the peasants of all means of economic activity, i.e. sources of livelihood; it was a transformation of them into hired labor on land belonging to the empire under direction of collective farms and MTS, both subject to the imperial authorities.

It is noteworthy that this policy of complete impoverishment of the peasants and the entire practice of collectivization was deliberately applied to Ukraine and the Kuban, i.e. regions of value to the exploiter. The resolution of the 16th Party Congress directly forbade "transfer to non-grain regions of tempos of collectivization which were made applicable by the decision of the CC only to grain areas" and proposed to treat with tolerance disintegrating collective farms which were established hurriedly and not to ignore "existing collective farms in these regions, only because there are 7 or 8% of them instead of the tens of percentages predicted on paper" (Decree of the 16th Congress) (Vazh. resh. 1935, pp. 403-407). The decree of the CC of March 26, 1932 states: "Stop all attempts of compulsory socialization of cows and small cattle of the collective farmers and those guilty of violation of this decree of the CC shall be expelled from the party" (Vazh. resh. 1935, p. 430).

Although the process of mass collectivization in Russian regions was also introduced at the same time as in Ukraine, later, however, when the

set objective had been reached in Ukraine, the collective farms in Russia were permitted to fall apart and there was a return to nearly an identical previous position. Mass nationalization of agriculture which went on in 1932 through 1934, was under different conditions. At that time in Ukraine, a further stage was already in process which was to assure her exploitation as a colony.

It has been noted above that in the pre-revolutionary period in Ukraine, by virtue of established agrarian conditions, through absorption of part of production savings and through artificial curtailment of industrial development, a relative agrarian overpopulation had been created. New agrarian conditions of the post-revolutionary period and broadening of the peasants' use of land could not introduce significant changes into the situation due to an even greater shortage of production facilities following three years of civil war, catastrophic crop failure in 1921 and ruthless confiscation of agricultural products by Moscow. Even in 1926, at a time of the highest development of the NEP, in medium-size farms only 48% of the available annual labor was utilized and in large farms only 63% ("Vistnyk statystyky Ukrainy" [Statistical News of Ukraine] 1926, vol. I, p. 69). Opportunities of finding work in industry lessened, because industry was only beginning to revive and according to the first five-year-plan industry was to get priority in the old industrial regions of Russia. Thus the new system of agriculture was immediately faced with the problem of a labor surplus which accelerated even faster as a result of mechanization which was made a principle of collectivization. This turned into a threat of thwarting all plans of utilizing Ukraine as a colonial supplier of food and industrial raw material. The very system of collective agriculture demanded employment of all hands and assuring all of some share in the product. In this manner the Ukrainian peasants became Moscow's competitors in the demand for Ukrainian food products. Colonial requirements toward Ukraine caused Moscow to seek means of getting rid of this competitor by destroying those who were interfering with colonial plans. Ruthless and brutal dekurkulization which embraced about 20% of all peasant households was insufficient to effect the desired result. Then came the planned action of mass destruction of Ukrainian peasants by famine which was realized in 1932 and 1933. Total collectivization which, according to Moscow's plans, was to assure Moscow of complete power of disposition of Ukrainian grain and to increase its utilization for the benefit of the metropolis, initially gave opposite results due to the ruinous destruction of agriculture. Grain reserve accumulation for 1929/30 (from the crop of 1929, i.e. prior to mass collectivization) gave 400,000 metric tons, and in

1931/32 only 195,000 metric tons (see P. Postyshev, "The 17th Party Congress of Ukraine" Party Publications, 1934, p. 15).

What this meant to Russia can be seen from the fact that out of the total of 908,000 metric tons of grain put into reserves in 1927/28 in the entire USSR, 372,000 tons were drawn from Ukraine. i.e. 41% of the total, at a time when Ukrainian arable land constituted only 19.2% of the Union's total (Statistical News of Ukraine, 1928, vol. I, p. 49). Thus, without consideration for any factor Ukraine had to deliver as much grain as the metropolis required. The then existing law on grain reserves (in 1933, during collectivization in Russia, it was amended), made it possible in that sense that the extent of grain deliveries was not determined by the total gross crop figure, but according to orders from Moscow. According to these orders, in 1932/33 Ukraine was charged with an amount equal to 85-88% of the total gross crop. Only 12-15% remained for seed and for feeding the peasants, while before collectivization in 1927/28 out of a total gross crop of 1.8 million metric tons, 1.3 million tons went for this purpose, or 72% with simultaneous increase of surplus going into the next year of 32% (N. Bilanin: "Grain Campaign 1927/28" in "Statistical News of Ukraine" 1929, p. 41).

Not only was all grain taken away from collective farms, including seed (during the following year loans of grain were made for seed), but also all what the collective farm workers had received in payment for labor.

The result was as planned: total famine and death from famine of at least 5 million peasants, at whose expense Moscow was able to increase the yield of the Ukrainian grain balance in the future, i.e. the extent of colonial deliveries.

This action of genocide continued in the form of planned annual arrests of peasants and their deportation to forced labor camps to work on development of Russian national territories.

If we consider the population of Ukraine according to the 1926 census and add to it an annual natural increase of 1.7% (according to official data), then according to the compound interest rate, and with addition of the figure of 11.7 million people in annexed territories (Western Ukraine and the Crimea) and with subtraction of 7.1 million of war losses of the civilian population and members of the armed forces, then the result is that the Ukrainian people suffered a loss of 14.8 million ("Bolshaya Sovetskaya Entsiklopedia" vol. 55, 1947 and "Narodnoye Khozyaystvo SSSR," 1956).

By this means and by means of appropriate legislation Moscow made sure of exploitation of Ukraine as the basic source of supply of

grain, at a time when natural conditions and demands of rationalization of the national economy required long ago a decisive rebuilding of the system of agricultural production in the direction of a much more intensified development of animal husbandry, dairy farming and production of industrial raw materials.

Having usurped the property rights to Ukrainian land, following collectivization Moscow also became complete master of disposal of productive processes in agriculture, both in the area of production as represented by control which was subjected directly to Moscow, as well as through local managers of Ukrainian agriculture.

It can be asserted that even now, in spite of introduction of permanent norms of grain deliveries as payment for the right to use land, there is absent that part of agricultural production which would be within the sole jurisdiction of Ukraine, and not Moscow.

By decree of the Council of People's Commissars and of the Party Central Committee of August 2, 1933, the following order was introduced into disposition of grain production: "All grain remaining in the collective farm after carrying out its duty indicated above and establishment of reserves (this concerns grain deliveries, payment in kind to the MTS, seed and fodder reserves) the remainder is all to be divided among collective farm workers in payment for daily wages" ("Vazhneishiye Resheniya po selskomu khozyaystvu" [Important Decrees on Agriculture], p. 553).

It would appear that the Ukrainian peasants were complete masters of what remained after carrying out all compulsory deliveries and accounts. But, according to official practice in Ukraine and since 1951 according to government directives, Moscow never adhered to that law. In addition to compulsory deliveries imposed by Moscow, there were the so-called government grain purchases instituted in 1951 which were compulsory. Thus, at the expense of what was due to the peasants as wages for their labor, Moscow wantonly increased the extent of obligations in kind which are different from grain deliveries quotas only by reason of a higher price for grain delivered. The totals of these additional burdens can be observed by the year 1955, when Ukraine delivered 350 million poods of grain above the quota of state grain deliveries, thus nearly doubling them.

Thus, there has actually been restored in Ukraine the system existing prior to 1938 which gave Moscow the opportunity of regulating consumption of grain by Ukrainian peasants and to confiscate it by Moscow's own fiat.

According to the system in force until recently, Moscow also had full control of directing production processes. Moscow determined what and when was to be planted, what terms were to be adhered to etc. Out of a great number of directives of this kind, we quote for illustration the following: "The Central Committee and Council of Commissars require of party and Soviet organizations . . . establishment of the following time limits of harvesting grain cereals on the Odessa, Dnipropetrovsk and Donets provinces of Ukraine 15 to 17 days, in Kharkiv prov. 17-19 days . . ." (May 27, 1933). Or the following: "Order the People's Commissar of Supply of the USSR and the People's Commissar of Land Affairs of the USSR . . .to insure the start of gathering of beets not later than September 10th."

The so-called decentralization of operative planning established now, after the death of Stalin, makes little change in the situation because the determining act remains the agreement with MTS, an agency of Moscow. Likewise unchanged are burdens of compulsory grain deliveries from cultivated areas. The new system interfered, for example, with the natural aim of Ukraine to increase the area of grasslands, by compelling Ukraine to transfer grasslands to plowed grain producing land in 1954.

Even what was said above justifies the conclusion that Ukrainian agriculture occupies a completely colonial position both as to the nature of land ownership as well as disposal of that property and of its product.

A similar nature of colonial dependence is also characteristic of Ukrainian industry. It has already been noted that Ukrainian industry, following the annexation of Ukraine by Russia, became an object of ruination and all kinds of measures thwarting its development. Its growth, particularly in the field of coal, iron-ore and metallurgy, which came at the end of the 19th c. and early 20th c. acquired a colonial nature almost since the very beginning.

Discovery of rich deposits of coal and ore gave rise to beginnings of a national industry, but since the very start it met with hostility created by the policy of the Russian Government, primarily in the sector of sales. The tariff act of 1822 which excluded Ukraine from imports of foreign goods completely, and simultaneously left the door wide open to goods of Russian industrial consumption (duty-free import of spun yarn, railroad equipment, coal etc.), was very detrimental to the young Ukrainian industry. Empty ships which entered Black Sea ports to pick up Ukrainian grain, began to bring English coal as ballast and thus to compete with Ukrainian coal which was working under the handicap of insufficiently developed railroad lines. The industrial centers of Russia, Mos-

cow and Petersburg could buy duty — free foreign coal cheaper than Ukrainian coal.

The same applied to railroad equipment: construction of railroads went on in Russia on a large scale and took advantage of duty-free imports.

The crisis of Ukrainian industry caused by the above, became more acute through measures undertaken by foreign banks aimed at depressing the price of shares of Ukrainian enterprises on exchanges. During the two-year period of 1899-1901 for example, the percentage of decline in price of Ukrainian metallurgical companies' shares on the Paris and Brussels exchange reached 65%, of coal mines 46%, of glass works 79% (P. Khromov: "Ekonomicheskoye razvitiye Rossiye v XVIII-XIX vv." [Economic Development of Russia in the 18th and 19th c.], Institute of Economics, Academy of Science, USSR, 1950, p. 309).

That the policy of the imperial government was in large measure responsible for this position of Ukrainian industry, the policy being directed toward insuring a privileged position for Russian industry, is evident from measures introduced in relation to the coal industry. Even before 1880, when due to a lack of demand for Donets coal, its prices began to fall precariously and reached 2 kopecks per pood (37 lbs.), and the mineheads accumulated huge stocks, the industrialists made futile attempts to have the government change its policy. Black Sea shipping and industry of central and northwestern regions of Russia, as well as Russian railroads could have become large consumers of Ukrainian coal. The first required lowering of railroad tariffs, the second introduction of duty on foreign coal. In the meantime, in 1876 a special tariff was introduced, according to which, e.g. from the station Shakhtna toward Rostov (in the direction of the ports on the Sea of Oziv) the charge was 1/36 kopeck per pood-kilometer, and only 1/61 kopeck in the direction of Moscow. English coal, however, was hauled at a tariff charge of 1/75 kopeck (M. Slabchenko: "Materyaly do ekonomichno-sotsialnoyi istoriyi Ukrainy" [Materials on the Economic-social History of Ukraine], 1925, p. 216). For this reason even in Odessa, situated close to the Donbas, Ukrainian coal cost 19 kopecks per pood (37 lbs.) and English coal only 17 kopecks.

The same applied to customs duties. The 6th Congress of the Metal industry of Ukraine appealed to the Minister of Finance as follows: "... in order to provide a market for Donets coal in the northwestern and Moscow regions, a duty should be imposed on coal imported through Baltic ports in the amount of 1 kopeck per pood, on coal going to distant areas of Russia 2.5 kopecks, and on coal going to Black Sea ports 3.5

kopecks." But the request was rejected. The Minister of Finance wrote: "We cannot compensate the damage which our industry would suffer, by increasing the price of fuel, particularly in northern Russia where many industries could not function if coal were burdened by duty" (M. Sobolev: "Tamozhennaya politika Rossiya" [Russia's Customs Policy], 1913, p. 438).

All this brought Ukrainian industry to a hopeless position and brought about the crash of the principal banks of Ukraine: the Kharkiv Commercial which was the financial and credit center of the coal and metallurgical industry, and the Kiev Commercial, of the sugar industry.

This constituted the background of the destruction of the national industry which was carried out according to a set pattern, going from one industrial enterprise to another. Cartels of foreign banks, chiefly the French, offered ultimatums to various companies to lower their founded capital to several times below its value. Following this, a company would be permitted to issue new shares for much larger amounts which were taken up by these banks. Under such "reorganization" came: the Taganrog Company in 1905, the South Dniپر Metallurgical in 1907 and the Donets-Yurovske in 1907 (N. Vanag: "Finansoviy kapital v Rossiya" [Finance Capital in Russia], 1930, p. 19).

As a result, the entire metallurgical industry, three-fourths of the iron-ore industry and one-half of the coal industry became foreign industries located on Ukrainian territory, i.e. industries of a colonial nature.

This does not mean, however, that in this respect Ukraine ceased to be a colony of Russia and became a colony of Western European capital. A colonial position is never confined merely to economic relations, but is always accompanied by certain political factors. Foreign capital could not have such opportunities in Ukraine, it acted through Russian banks. The latter were not only middlemen and guarantors, but also co-owners of Ukrainian enterprises. Large blocks of shares were bought by them either on orders of foreign banks, or to their own account out of proceeds of special loans granted by foreign banks. The Government, interested in floating its own loans abroad, mainly for the development of railroads, was in favor of these operations: "... interested in the success of state loans, the Government opened the doors wide for the penetration of foreign capital into the Russian banking system and industry" (P. Khromov: "Ekonomicheskoye rasvitiye Rossiya" [Economic Development of Russia], 1950, p. 370).

Alongside the general trend of economic policy of the imperial government, the factor of proprietorship of industrial enterprises determined the features of Ukrainian industry. Its production was not cal-

culated to satisfy the needs of the Ukrainian population, but of the interests of the metropolis. Its metallurgy, which at that time produced 70.6% of the empire's total pig-iron production and 60% of the steel, delivered metals for the metal-working industry of Russia and manufactured rails and other railroad equipment, while roofing, nails, scythes, etc. had to be brought in from the Urals. Ukrainian metal-working and machine building industry was on a level which was not in any degree commensurate with the metallurgical possibilities of the country. Branches of industry devoted to satisfaction of needs of mass consumption, such as the textile, etc. remained in Russia's monopolistic hands, with the banks' credit policy and the government with its customs and excise tax policy standing on guard of this monopoly. Egyptian cotton arrived at Black Sea ports and made its way all across Ukraine to the Moscow and Yaroslavl regions, returning to Ukraine in the shape of manufactured goods.

Even the sugar industry, whose product should primarily have satisfied the mass consumer needs was, by virtue of excise taxes, reduced to a minimum of consumption, while large amounts of sugar, free of excise tax, were available for exports. The Government was naturally interested in sugar exports which contributed to an active foreign trade balance. "If that excise tax were removed, then the price of Ukrainian sugar at home would be 6 or 7 kopecks per pound, i.e. it would sell . . . at the same price as Ukrainian sugar sold abroad." (Ostapenko: "Kapitalizm na Ukraini" [Capitalism in Ukraine] in "Chervony Shlyakh" [Red Path], Kharkov, 1924, p. 198).

This profit on exports operations as well as the interests of three Petersburg banks who seized control of the Ukrainian sugar industry contributed to the fact that the Government stopped placing obstacles in the way of its development in Ukraine. Before that its development was deliberately thwarted. A note of the Minister of Finance on the occasion of a lowering of the import duty on raw sugar for the Petersburg refineries stated in 1854: ". . . with a cheapening of colonial (imported) raw material we could decrease the excessively developed home sugar-beet industry . . . otherwise the northern refineries could not compete with the southern" (M. Sobolev: "Tamozhennaya politika Rossiyi" [Russia's Customs Policy] 1913, p. 87).

It can be stated in general that before the revolution the industry of Ukraine was not national, but alien and directed toward foreign interests. In pig-iron production 99.7%, in iron ore mining 75% and in coal mining over 50% was in the hands of enterprises owned by foreign capital in partnership with Russian banks. The general development of

Ukrainian industry of that period is best characterized by the following data for the beginning of the 20th century: in the gross total of the empire Ukraine participated in the following percentages: cotton textile manufacturing .5%, metal working and machine building 17.4%, other metal manufacturing 7.3% and so on, at a time when Ukraine produced 70.6% of all the metal. But even in this production of the metal working industry, the main items were such mill products as rods and bars (88% of the empire's total), rails (79%), telegraph wire (56%) etc. (M. Golman: "Russkiy imperiyalizm" [Russian Imperialism] 1926, p. 436).

The new order in relations between Ukraine and Russia imposed by Communist Moscow not only did not abolish this situation, but made it even more pronounced. It has been generally accepted, that during the revolution Ukrainian industry, like that of the other national republics, was "nationalized," i.e. transferred to national ownership. In reality, nothing like this ever took place. Moscow took over the ownership not only of those enterprises which were the property of foreign capital, but also others which had still preserved their national nature.

One of the first objects of "nationalization" was the Russo-Belgian Metallurgical Company. By decree of December 15, 1917, all its mines, plants, mills etc. located in Ukraine were confiscated and declared the "property of the Russian Republic" ("Natsionalizatsiya promishlennosti v SSSR" [Nationalization of Industry in the USSR], 1954, p. 294). The following day, in extending greetings to the first Communist Government of Ukraine, Moscow stated that it will favor "transfer of all land, factories, plants and banks to the toiling people of Ukraine" (ibid. p. 294). This did not, however, prevent Moscow to announce in January 1918 as "property of the Russian Republic" the plants "Deka" in Katerynoslav (ibid. p. 307), the "Helferich-Sade" plant in Kharkiv (p. 303) and the Shymansky steel mill, also in Kharkiv (p. 311). By decree of May 2, 1918 all sugar refineries with their buildings, land and tools also became "the property of the Russian Republic" (ibid. p. 317). Many similar decrees could be quoted, but it is sufficient to recall the general decree of June 28, 1918 which declared "the property of the Russian Socialist Federated Soviet Republic" all enterprises and property of all corporations in the field of mining, metallurgy, textiles, electric power etc. (ibid., p. 327).

Thus Russia continues as owner of industry located in Ukraine and as Ukraine's industrial colonizer.

Subsequently all industrial enterprises were divided into Union and republican. In the first category were placed all industrial enterprises

of a basic nature (coal, iron-ore, machine building, chemical, etc.) as well as so-called "enterprises of local significance" of major size.

Thus, since the very beginning, the Ukrainian Government was removed from management of the economy of the country. Moreover, even the very concept of a national economy was negated.

Attempts on the part of nationally-thinking official circles to change the situation encountered a decisive opposition in Moscow. This struggle became very acute during preparatory work for the first five-year-plan, when the groundwork was being laid for an economic policy of the new Red empire and when political conditions under the NEP did not as yet completely exclude an opposition to Moscow.

The most outspoken defenders of Ukraine's position were at that time M. Volobuyev and V. Vvedensky who spoke in the name of the Ukrainian state plan. In his great article "On the Problem of the Ukrainian Economy" published in the official party magazine "Bolshevyk Ukrainy" (1926) M. Volobuyev gave basic evidence of Ukraine's colonial position and demanded a radical change of the official policy which was a continuation of the former imperial. His basic thought was that Ukraine cannot be treated either as a colony, nor as an integral part of a single economic Russian body. Ukraine must be assured of an opportunity to become a complete nationally-economic organism. He wrote: "The economy of the USSR must be approached as a complex of national economies, and each national economy as a certain entity. We must not forget that Ukraine is not merely the 'southern USSR', we must not forget, and it would be unforgivable to do so, that it is the nation of Ukraine."

The Ukrainian State Plan stood on the same position when it proposed its own variation of the five-year-plan and submitted it to Moscow: "... we are methodically proceeding along a road of creating a developing plan of the national economy of the Ukrainian SSR as a certain conclusively single economic entity" ("Diskussiia po perspektivnomu planu" [Discussion along the Prospective Plan] in "Khozyaystvo Ukrainy" [Economy of Ukraine], Nos. 11-12, 1927, p. 127). And V. Vvedensky said in "Problema pyatiletnogo plana" (Problem of the Five-year-plan) published in "Khozyaystvo Ukrainy" No. 3, 1928, p. 12: "We regard our task in developing the five-year-plan as a task of the highest possible development of a whole series of economic, political and social conditions in the country and of a growing, synthetically determined nature of its national-economic and social-cultural whole."

Moscow on its part considered this position of Ukraine as nationalist deviation and decisively rejected it. At the 15th Congress of the

Communist Party, Zelensky said: "Those elements (the opposition and nationalists) and a segment of our party membership have not yet freed themselves of nationalist deviation and they propose that the national republics should each possess all elements necessary for the development of a national economy. Each national republic should . . . organize its economy in such a manner that it would become a complete economic organism . . . It seems to me that we should pose a very clear task: our national republics should carry out certain functions within the system of the economy of our Union ("Stenographic Report" 1928, p. 832).

Resolutions of the All-Union Conference on the five-year-plan were carried in this spirit: "The All-Union Conference believes that it is not the task of five-year-plans of the various republics to seek such inter-relationships in the national-economic equilibrium which constitute part of the developing balance of the national economy and which can be found only during execution of the five-year-plan of the national economy of the entire USSR as a whole (a balance of accumulation and capital investment, a balance of demand and supply, determination of proportion between development of agriculture and industry, proportion between manufacture of production tools and consumer goods etc.). The quotations are from an article by V. Sadovsky: "Pyatylitka i narodno-hospodarski interesy Ukrainy" (The Five-year-plan and Ukraine's Economic Interests) in "Suchasni problemy ekonomiky Ukrainy" (Contemporary Problems of Ukraine's Economy), Warsaw, 1931, p. 95.

Thus, it was clearly determined even then that Ukraine was not given a position of an organic whole national-state economy, but that of an object of alien management.

Transfer of property rights to the principal industrial enterprises in Ukraine to Moscow, centralized planning, administrative and operational subjection of republican management to Moscow, and, in relation to enterprises of imperial significance, complete removal of the former from any say in their management, all this was the direct result of Ukraine's position. Moscow became the proprietor of Ukraine's: entire coal industry, iron-ore mining, metallurgical, machine building, large chemical, hydro-electric power, railroads and finance; i.e. all that which assured Moscow not only of complete management of Ukraine's economy, but also continuation of that kind of industrial development which would keep Ukraine in colonial dependence on Moscow. The best illustration is the condition of the textile industry which Moscow kept selfishly in her own hands since a long time, interfering in all possible ways with its development in Ukraine. Describing the relative importance of Ukrainian industry on the eve of World War II, P. Khro-

mov states: "... Ukrainian industry provided about 60% of all pig-iron produced in the USSR, a little under half of all the coal, steel and mill products ... and less than 1% of cotton goods and 4-5% woollens ..." (P. Khromov: "Ukrainska promyslovist pered vitchyznianoyu viynoyu" [Ukrainian Industry before the Patriotic War], 1945, p. 41). And he also notes: "By the end of the second five-year-plan 10.7% of the land under cultivation of cotton was in Ukraine." (ibid., p. 42). It is evident therefore, that even at a time when Ukraine had the raw material available, manufacture of cotton goods was still in Russia and Ukraine was kept as a consumer market.

There was also very little change in the character of Ukrainian industry: it continued, as before, a supplier of semi-finished products of the metal-working and machine building industry for Russia's central regions, the latter not possessing neither raw materials nor fuel. "In 1938 the South sent pig-iron and cast-iron in the amount of 1,561 thousand tons and 673 thousand tons of rolling mill products. The largest amounts of metals were delivered to the central region of the Union, whose highly developed machine building industry thrived on imported metals (primarily from Ukraine). A large part of the production of the Ukrainian metallurgical industry also went to the northern regions of the Soviet Union (primarily to Leningrad), the lower and middle Volga, western parts of the Union, etc." (ibid., p. 61).

Even more significant, however, than the extent of deliveries, was the localization of the process of industrialization which went on at an accelerated pace over the entire period of five-year-plans. Who bore the expense of that industrialization?

Soviet data make it impossible to determine the absolute extent of that part of the national income of Ukraine which was appropriated by Moscow as income from her own colony. There are only certain indications available, to which we shall refer later. Sufficient evidence is available, however, to make findings of the existence of the very fact of colonial exploitation, and this is our primary concern.

Even at the time of adoption of the first five-year-plan, over the protests of Ukraine, a course was taken toward a predominant industrial development of central and eastern regions of Russia. This means, that even that part of the national income from industry and agriculture which, by Government order, was excluded from consumption and earmarked for industrial capital investment, did not return to the Ukrainian national economy, but was appropriated by Russia for the development of industrial enterprises in other colonies of hers for the purpose of increasing the exploitation of the natural wealth of the latter.

The resolutions of the 16th Party Congress, which approved the first five-year-plan, stated: "... industrialization of the country can no longer be based merely on the southern coal and metallurgical basin. It is a life necessity of the accelerated industrialization of the country to establish a second coal and metallurgical center in the east by means of utilization of large coal and ore deposits of the Urals and Siberia," ("All-Union Communist Party [b] in Resolutions and Decisions of Congresses. No. II, 1940, p. 397).

In the development of her eastern regions, mainly at the expense of Ukraine, Russia did not lose sight of her own industrial centers which, as we have noted, had since a long time been established as the result of the imperial course of policy: "In the old regions heavy industry was supported increasingly and for example, in the Moscow province its relative importance grew from 24.5% in 1927-28 to 44.1% in 1932" (R. Lufschutz: "Ocherki po razmeshcheniyu promishlennosti SSSR" [Sketches on Location of Industry in the USSR], 1954, p. 130).

The same course of development of central and eastern regions of Russia was adhered to in subsequent five-year-plans. The second five-year plan: "... continuing the old industrial regions in the leading role of development of highly skilled machine building ... provided for development of machine building in new regions, including development of machine building in the Urals, where plans called for completion of construction of first-rate machine building plants" (R. Lufschutz, op. cit., p. 135).

A directive of the 18th Party Congress following the third five-year-plan provided: "Plan for a more accelerated growth of the extent of capital investment and construction of new enterprises in eastern and far-eastern regions of the USSR" ("Resolutions of the 18th Congress, VKP9b" p. 26).

Subsequent five-year-plans followed the same line. Even at the recent 20th Congress, anent the sixth five-year-plan, Khrushchev said: "During the next 10 years we must transform Siberia into the strongest base of the Soviet Union in coal mining, production of electric power; into a fundamental base of thermal and energy production, particularly in production of aluminum, as well as electro-metallurgy, coal chemistry and electro-chemistry ... we must with full swing push the growth of metallurgy eastward ... during the course of the next 2-3 five-year-plans we must create in Siberian regions a third strong metallurgical base with production of 15-20 million tons of pig-iron a year" (Pravda, February 23, 1956).

As a result of localization of the bulk of capital earmarked for in-

dustrial investment in the central and eastern regions of Russia, the position of Ukraine in the main branches of industry has been steadily declining, and that of Russia growing. Thus, in smelter production Ukraine's position in the Union fell from 69.2% to 52.2%, with the east growing from 23.9% to 30.3% and the center from 6.9% to 15.2%. A similar picture prevails in production of pig-iron and steel (R. Lufschutz, op. cit., pp. 165, 168).

Even more telling is the utilization of the main branches of industry. In 1938 Ukraine produced 47.1% of the total production of rolling mill products of the Union, consuming only 28.7%, while the north-western region (mainly Leningrad) and the central (Moscow) consumed 45.9% ("Ocherki razvitiya narodnogo khozyaystva Ukrainy SSR" [Sketches of Development of the National Economy of the Ukrainian SSR], 1954, p. 397). Of all rolling-mill products destined for the automobile industry, Ukraine received only .4%, and the central region 98.9%. Similarly for the Diesel industry Ukraine received .4% and the central region 98.4%. Even for the tractor industry Ukraine received only 20.7%, while the Urals got 45.4%. Only for agricultural tools Ukraine received the major part, 78% (according to L. Shulgin: "Potrebleniye chernikh metalov v SSSR" [Apportionment of black metals in the USSR], 1940, pp. 204-260).

During the same year Ukraine was compelled to cover 53.2% of her requirements for roofing, 60.4% of high quality rolled steel etc. by imports, simultaneously exporting 54.4% of other high quality rolled steel, 54.2% bars etc. (R. Lufschutz, op. cit., p. 274).

It is not our purpose to appraise the economic wisdom of industrial development of Russia's eastern regions, nor the advisability of utilizing natural wealth, etc. From the viewpoint of Russia's economic interests it is probably justifiable. This does not, however, weaken the argument that those benefits for its own national economy are gained by Russia at the expense of exploiting Ukraine and at the expense of a deliberate deterioration of the development of Ukraine's own economy, i.e. at the expense of colonial exploitation. At its base lies political and economic enslavement of Ukraine. One of the main tools of this exploitation and enslavement is the Soviet system of finance.

It has already been noted that even before the revolution of 1917, Ukrainian attempts to establish an independent banking system were firmly repulsed by the Petersburg banks supported by the Government. Ukrainian banks were unable to stand up against this pressure and disappeared. P. Khromov, analyzing this phenomenon merely in the aspect of concentration of banking capital and ignoring the completion of

colonial subjection of Ukrainian industry to Russian banks and foreign capital, says: "What is the meaning of this disappearance in a capitalist society? It means that weaker capitalists, capitalists of the 'second class' are squeezed out by more powerful millionaires. The place of the Kharkiv millionaire Alchevsky was taken by the Moscow millionaire Ryabushinsky" (P. Khromov: "Ekonomicheskoye razvitiye Rossiyi v 19-20 v." [Economic Development of Russia in the 19th and 20th c.], 1950, p. 308). In this connection, it is not important to compare the relative strength of banks, but the fact that this was done through the efforts of foreign capital which at that time had already become the owner of Ukrainian industry and which, as has been noted, wanted the Russian banks to participate in order to guarantee the legal position in colonizing a foreign territory. "With the help of French banks, the Azov-Don Bank (in Petersburg) bought up a majority of shares of the Kiev Bank and became one of the principal monopolists in financing the sugar industry" (N. Vanag: "Finansoviy kapital v Rossiye nakanune mirovoy voyni" [Financial Capital in Russia on the Eve of the World War], 1930, p.1924). Even the Minister of Finance Kokovtsev, in a letter to his deputy Ya. Utin, wrote about Russian banks that they "have attached themselves to a matter in which they take no real part (in the meaning of investment of their own capital)" (N. Vanag, op. cit., p. 139). The director of the Petersburg Private Bank, Davidov, informing the shareholders about a guarantee of an issue of stock by a syndicate of French banks, said: "Through this operation the Paris banks intend to help the Russian credit institutions to become middlemen between industrial enterprises and the European market" (ibid., p. 149).

Thus it came about, that as early as the 1900s the banking system of Ukraine, with the exception of tiny communal banks, was completely in the hands of Russian finance capital, in which in turn, 46% of the capital belonged to foreign banks (L. Ol.: "Inostranniy kapital v Rossiye" [Foreign Capital in Russia], 1922, p. 148). All the banking institutions in Ukraine were merely branches of Russian banks, mainly of those of Petersburg.

This system was inherited by the Communists. Nationalizing their own banks, they simultaneously appropriated all balances of banks active in Ukraine and acquired a monopoly.

Later, after several reorganizations, the presently existing system of total centralization of credit operations was introduced, with complete removal of any competences of the Government of the Ukrainian republic.

The following bank systems are in operation in the USSR: the

State Bank (Derzhbank), Prombank (Industrial Bank) which extends credit to industry, Selkhozbank (Agricultural Bank), Torgbank (Commercial Bank) and Communal Banks (extending credit to cities).

Short-term credits are extended by Derzhbank exclusively, all others extend long-term credits. Only branches of the above banks are active in the republics, with the exception of communal banks. The latter are uniting in organizations of republic banks, but Ukraine does not even have that. In place of a republic communal bank, Ukraine has a branch of the Union Central Communal Bank. All special banks are actually branches of Derzhbank which operate according to a single credit plan of Derzhbank and under its control.

Derzhbank is not only the exclusive bank for short-term credit, it is also the only state treasury, and in addition the only cashier of the entire economy. All budget receipts and disbursements go through it, as well as all cash in commercial transactions. No institution or enterprise is permitted to keep cash in its cash registers.

Thus, Derzhbank is the financial-operative center of all economic processes. It also administers all items of so-called republican budgets, thus making the role of republican ministers of finance very limited, as we shall indicate later.

Generally speaking, in spite of division of the administration of state institutions and economic enterprises between the ministries of the republics, Union-republican ministries and Union ministries, the metropolis possesses, in the shape of the finance and credit system, an apparatus of centralized management, subject exclusively to Moscow.

Under circumstances of a planned economy, with plans being set by the center and having the force of binding orders, and when such plans are embodied in the so-called "promfinplan" (industrial-financial plan) which reduces them, in final analysis, to a monetary value, the resulting centralization of financial management brings about an actual centralization of management, leaving unto the governing circles of republics only a minor and secondary role. "Branches of Derzhbank and of long-term credit banks, located on the territory of a Union republic, are not subject to the Minister of Finance of the republic, but act pursuant to directives of higher-ranking organs. Nevertheless, they do carry out directives of the Minister of Finance of the Union republic, both as to execution of the budget, as well as other operations."

"Acting in Union republics, are Boards of state savings banks and Boards of state insurance. In their operational activities, these Boards are subject to their respective superior organs."

"Supervision of auditing and control in Union republics is within

the competence of chief comptrollers and auditors who are appointed by the Ministry of Finance of the USSR. The chief comptroller-auditor in a Union republic is under direct orders of the director of the Control-auditing Board of the Ministry of Finance of the USSR" ("Finansi i kredit SSSR" [Finance and Credit of the USSR], publication of the Ministry of Finance, USSR, 1953, p. 405).

It is therefore evident, that the governments of the national republics are completely devoid of any say in financial management of their country, and hence of its industrial economy, inasmuch as in the Soviet system the former and latter are organically bound with each other. All is centered in the hands of the central, imperial authority. "The basic material for credit planning (banks) are national-economic indices which are kept in a centralized order" (A. Gusakov & I. Dishmits: "Denezhnoye obrashcheniye i kredit v SSSR" [Money Circulation and Credit in the USSR], p. 203).

Such disfranchisement of the governments of national republics reaches its peak in the existing budgetary order. Actually, the republics have no budgets of their own, and what figures under that name, is nothing more than an estimate given by a manager to his subordinate for execution. Even in the twenties, when a tense struggle was in progress against Moscow for the rights of republics, M. Volobuyev, expressing the position of the Ukrainian Government, wrote: "The existing order of approval of budgets transforms the so-called budget rights of Ukraine into an illusion." "Unsatisfactory conditions of budget laws which have actually transformed Ukraine's budget into an estimate, have called forth a natural desire to have these laws amended" (M. Volobuyev: "Do problemy Ukrainskoyi ekonomiky" [On the Problem of the Ukrainian Economy] in "Bolshevyk Ukrainy," 1928). Since that time, however, even those vestiges of rights which Ukraine then possessed have been taken away.

Ukraine has no right to determine what shall be subject to state taxes, nor to levy their extent. All this is a monopolistic prerogative of Moscow. According to art. 14 of the Constitution of the USSR, levying of taxes and charges which go into the Union, republican and local budgets (in practice all budgets without exception) "are in the competence of higher organs of government of the USSR." "Local Soviets of workers' deputies (including those of a republic) have no right to levy any taxes, unless provided for by all-Union legislation" ("Finansi i kredit SSSR", 1953, p. 121).

In addition to the fact, however, Moscow usurped the exclusive right to determine the extent and sources of budget income, it disposes

of the lion's share of this income. For example, in 1953 into the Union budget, or to the disposal of Moscow, went 80.6% of the entire budget, to all republics went 5.9% and to localities 13.5%. That year was not unusual. A similar apportionment takes place from year to year ("Zakon o gosudarstvennom budzhetе SSSR na 1953 g." [State Budget Act for 1953, an annual publication of "Gospolitizdat"]).

Centralization of the fundamental part of state budget in the Union budget favors a rational (in the interests of the metropolis — author) apportionment among the regions of the country," i.e. it facilitates appropriation of part of the national income of subject republics for purposes of the metropolis. "Expenditures for the national economy, financed out of the Union budget, constitute nearly nine-tenths of all expenditures for the national economy according to the state budget of the USSR," which makes it clear that republics are removed from managing their own national economies. (Finansi i kredit SSSR, pp. 121-122).

Moscow bases the existing budgeting order on proprietary rights to all state income of the national republics. It is not the republics that reserve part of their state income for common (Union) needs, a natural way and in accord with the principle of a union of sovereign nations, but on the contrary, out of income collected and appropriated from the republics, Moscow allots them accounts determined in advance for specifically indicated purposes.

In the above mentioned budget for 1953, out of all budget income taken in by Ukraine which amounted to nearly one-half of all the budget income, she received only 8.3%; out of the total of individual income tax receipts Ukraine received only 25%; with the same proportion of income of the MTS; out of agricultural taxes and forest income, as well as compulsory loans, etc. only 40%. Hardly anything was left to Ukraine out of the profits of industry, which are appropriated by Moscow to the extent of 81%.

This sum total of financial burdens does not exhaust the entire colonial exploitation of Ukraine. Of no less importance is the order to appropriation of goods by Moscow under the latter's monopoly of all trade.

We are again compelled to state that the system of statistical accounting, deliberately adopted by Moscow, excludes any possibility of exact calculation of losses suffered by Ukraine in the apportionment of goods. In this instance, however, the very finding of the fact of such losses will suffice. And there are sufficient data available for this. For example, the law of April 7, 1940 on changes in the policy of reserves and purchases of agricultural products states in section 8: "All purchases made in excess of the state plan of purchase, are to remain

at the disposal of republics, lands and provinces for local deliveries" ("Vazhneyshiye resheniya po selskomu khozyaystvu" [Important Decrees on Agriculture], 1940, p. 369). Thus, within the discretion of republican governments, for the purpose of satisfying the needs of the local population, only that part remained which could be collected from the countryside of Ukraine, already cleaned out by Moscow. The entire bulk of goods taken from Ukraine was appropriated by Moscow to its own use. What amounts out of this would fall to Ukraine is clearly indicated by the following data: as is well known, in spite of all attempts of the Communists to conquer this phenomenon, there are two markets in the USSR; the state market which sells merchandise at officially set prices, and the so-called collective farm market where peasants sell mostly products of their household plots at prices normally determined by the law of supply and demand. Those prices are usually several times higher than the official. It is self-evident, that the existence of that private market is conditioned by an insufficient satisfaction of the population's demand by the state market, in other words by an insufficient amount of goods left by Moscow in Ukraine for the satisfaction of local needs. It is also self-evident that the smaller that part, the larger the extent of the needs of the population which must be taken care of by the private market and at higher prices.

Thus, the data pertaining to satisfaction of the people's needs by the state market and by the private market are simultaneously evidence of the extent to which the population is stripped in apportionment of goods. These data indicate that: "In Leningrad, e.g. the population purchased on the private market only 16% of the meat, 13% of milk, 14% potatoes, 3.4% eggs (data pertaining to 1953), while in Krasnodar in the Kuban (an area of the Northern Caucasus, inhabited by Ukrainians), 92.6% meat, 78% milk, 98.2% potatoes and 96.5% eggs were bought on the private market. In cities of medium and small size, particularly in agricultural regions of the USSR, collective farm markets play a major role in supplying the population with food products" (M. Makarova: "Sovetskaya trgovla i narodnoye potrebleniye" [Soviet Trade and Demand of the People], Derzhpolitizdat, 1954, p. 18). Thus, the agricultural regions of the USSR, i.e. regions from which Moscow draws the bulk of food products, with Ukraine occupying first place among them, the regions themselves receive the least part of these products for their own use and are compelled to resort to the private market almost exclusively.

Analogous data on Ukraine reveal a study of supply of food products to workers, conducted by the Academy of Science of the Ukrainian

SSR in 1939 in the large cities and industrial centers of Ukraine showed that workers bought on the private market the following: 37.5% to 54.2% veal, 42.8 to 71.7% mutton, 54 to 79.1% pork, 79.1 to 92.8% eggs, 59.1% to 94.4% milk, 45.5% to 70.9% vegetables etc. (M. Hurovych: "Kolhospna-rynкова torhivla USSR" [Collective Farm-market Trade in the Ukrainian SSR], Academy of Science, Ukrainian SSR, 1940, p. 31).

It must be emphasized that the above data refer to the largest cities and to workers who were usually permitted to buy products in plant stores in addition to regular allotments through state stores. Other categories of the population and residents of small towns are compelled to satisfy their needs through the private market in higher degree and at much higher prices. This means, that even under equal wages of workers in Russia and Ukraine in cash, the real wages of the workers of Ukraine are much lower.

Thus, in all sectors of economic life: agriculture, industry, finance and the purchasing market, Ukraine is an object of exploitation, an exploitation based on disfranchisement. The Ukrainian nation is in the position of colonial disfranchisement and colonial exploitation at the hands of Russia.

Moscow tramples Ukraine's economic sovereignty to her own benefit and to the detriment of the national economy of Ukraine.



