
A Program of Reconstruction.

by A.A. Heller †

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Statements appear in the Russian press from time to time that most of the business going on in Russia today is that of buying and selling. While trade, both internal and external, is developing rapidly, the industrial activity does not keep pace with it. The producing end is lagging, many of the industries not exceeding 25 percent of pre-war production. To be sure this is a considerable improvement over the industrial situation in 1921, and denotes a healthy, if slow, industrial revival. A speedy recovery of productive industry could hardly have been expected in the last twelve months, in view of the extremely difficult economic situation of the country. The famine, terrible and wholly unexpected as it was, consumed a great share of the government resources, compelling the curtailment of the industrial program. No new capital had been created in the country, and none came in from the outside, to permit of investment in industry.

People take up trading because of the quick turnover. But manufacturing is not a quick process; time and capital are required to put up a plant, to get it into running condition, to obtain raw materials, to turn these into a finished product, and finally to find a market for these products. For lack of necessary capital the newly organized “trusts” or other state enterprises are producing but a fraction of what they should and private owners, to whom their establishments were

turned back under the New Economic Policy, cannot put them in operation for the same reason.

Russia Counts on Its Own Strength.

Deplorable as this fact is in itself, it has produced a remarkable reaction in Russia, and may prove of inestimable value: Soviet Russia has ceased to look abroad for capital to rehabilitate her industries, but is resolutely turning to her own strength and resources for the reconstruction of the country. The meager results of the Genoa and Hague Conferences have convinced the Soviet Government that no help is to be expected from the ruling powers either in Europe or America. In the recent remarks of the Soviet leaders this realization is clearly indicated. Lenin, in his letter to the Fifth Congress of Trade Unions, says:

“In capitalist countries the industrial rehabilitation is carried out with the aid of credits.... Such credits we cannot obtain.... As long as we remain alone, the task of reconstructing our national economy falls heavily on our shoulders.”

Likewise Trotsky, in his interview with Paxton Hibben (*Times Magazine*, October 5, 1922), says:

“...Russia is slowly recovering. She will be the stronger for having owed the basis of that recovery to her own efforts.

†- Abraham Aaron Heller was born in October 1874 in Minsk, Belarus, then part of the Russian empire. He was partners with his father in the firm L. Heller & Son, importers of precious stones who went into business in 1893 and opened a Paris office in 1906. Although Heller's possible participation in the conversion of jewels to cash on behalf of Soviet Russia and the early American Communist movement does not seem to have been broached in the literature, this occupational background combined with Heller's closeness to both the Soviet government and the American radical movement might make this a fruitful question for future study for an interested scholar. Heller was the director of the Rand School of Social Science, circa 1918, and went to work as head of the Commercial Department of the Russian Government Soviet Bureau in 1919. Heller was active in the Friends of Soviet Russia organization from the time of its formation in 1921 and was the American Representative of the Supreme Council of National Economy of Soviet Russia (Vesenkha) from 1922. In addition to pamphlets published by the Friends of Soviet Russia, Heller published a full length book, *The Industrial Revival in Soviet Russia* (Thomas Seltzer, 1922).

There is no Russian who does not know that what Soviet Russia is, the workers and the peasants of Russia have themselves created from the wreckage left by the old regime and its capitalistic war."

Without foreign aid in the shape of loans, concessions, and mortgaging the country's resources, Russian economic recovery will be no doubt slower, but it will be more far-reaching and more secure; especially since the slower process accords well with the national trait of "less speed and more progress."

This changed attitude of Russia will permit the development of the country from within, and because of that will offer endless opportunities to those who participate in this development. In an earlier article, speaking of the vast opportunities that Soviet Russia offers, I had occasion to remark that a modern Horace Greeley's advice would be: "Young man, go to Soviet Russia! And grow up with the country!" There is a New State in the process of construction. There is a vast amount of work to be done, in agriculture, in industry, in commerce; in every endeavor there is opportunity to create, to develop; how are these opportunities to be exploited, especially from this end, from America?

Work Being Done in America.

In several ways:

The one way is the work which is now being done by the Society for Technical Aid to Soviet Russia, viz., the organizing of groups of workers to go to Russia for the purpose of establishing agricultural communes or industrial cooperatives; these groups equipping themselves, at their own cost, with the necessary machinery and tools, tractors, trucks, etc., and provisions for a certain period of time; and obtaining from the Soviet Government suitable lands or industrial enterprises to exploit. A number of such groups have already settled in Russia, and reports received from them are full of enthusiastic appreciation. Many more groups are in process of organization, ready to go over at the opening of the season, early in the spring.

Another way is that undertaken by the Amalgamated Clothing Workers of America, through its President, Mr. Sidney Hillman, who organized the Russian-American Industrial Corporation with a capital of \$1,000,000 divided into shares of \$10 each; the

Union subscribing at the outset \$50,000 and appropriating \$10,000 for the expenses of the Corporation. The purposes of the Corporation are stated in the resolution adopted by the Chicago Convention of the Clothing Workers: "to enter into arrangements with the Soviet Government of Russia for the manufacture of clothing and for carrying on such other industrial enterprises as shall seem best." And Mr. Hillman, in his speech before the convention stated:

"The Russian Government will turn over to this Corporation, on a partnership basis, nine clothing and textile factories, employing today about 7,000 people. The actual value of the property...is perhaps from five to ten million gold rubles, or from \$2,500,000 to \$5,000,000. All we would be asked to do is to put into that enterprise \$1,000,000. That will make it possible for the \$5,000,000 to begin to work."

Mr. Hillman is at present in Russia arranging the details of the organization. This plan has met with merited success in America, and the stock subscriptions, I understand, are well on the way to the desired goal. Recently the Friends of Soviet Russia has accepted an invitation to cooperate in the sale of stock.

A third way to make these opportunities available to interested Americans, for their benefit and for the benefit of Soviet Russia as well, is through the providing of facilities for various Russian enterprises to become self-supporting and prosperous. This can be done through a Russian-American banking or developing institution to be organized by individuals interested in Russia, and prepared to take an active part in Russian industrial life. It would have to be a corporation with a subscribed capital divided into shares of \$50 or \$100 face value. The initial capital need not be large, perhaps \$250,000, sufficient to begin operations on a modest scale, in accordance with a definite plan. Many American corporations can serve as a type for the proposed institution — the large international banking and development corporations with which the reader is perhaps familiar; but yet somewhat different, to serve the particular purpose of this proposition.

An Opportunity for Profitable Service.

The plan of operation for this institution would be, primarily, to participate in existing industrial establishments in Russia, either state or private. I have

in mind now a number of such establishments, and shall cite the following three as examples.

1. State Electric Lamp Works in Petrograd.

Plant built before the war, occupies spacious buildings, has valuable equipment; requires additional machinery and working capital to the extent of \$200,000. Product can be manufactured at low cost, and there is an active demand for entire output of the plant.

2. Chinaware factory near Moscow, private.

Successful establishment before Revolution; buildings and equipment worth \$100,000; has on hand considerable stocks of raw materials. Requires repairs and operating capital of \$20,000. Product — medium quality chinaware, unlimited demand at profitable prices.

3. Book and shoe factory in Ukraine, private.

One of the largest mechanical shoe factories in Russia; prior to the war manufactured 3,000 pair shoes daily; is well located with reference to raw material and consumers. Plant can be rehabilitated and put in operation, including liquid capital, for the sum of \$25,000.

The investment of such funds in these enterprises would give under present condition substantial holdings in them, and would warrant handsome dividends on the capital invested.

The management of the properties would remain in the hands of the former managers where this course seems the most desirable, or would be placed in the

hands of a directorate chosen in accordance with existing rules, always subject to the laws and regulations of the government. In case of a state enterprise, a so-called “mixed” company would be formed, the government participating to the extent of its appraised holdings.

This is but an indication of what an institution such as described could do; its field of usefulness in Soviet Russia would be limited only by its capital, and by the technical skill at its disposal; its usefulness to American businessmen desiring to develop trade or investment relations with Russia would be exceptionally valuable; while the shareholders of the Corporation, wherever they might be located, would profit by the substantial returns of the enterprise; and would have the satisfaction in assisting the industrial recovery of Soviet Russia.

The Soviet Government will celebrate, within a few days, its fifth anniversary. In those eventful five years, full of struggle against what seemed insurmountable obstacles, the Soviet Power has proven its ability to live and to function. The Russian people, through the Soviet Power, have gained immensely; they have gained in mental stature, in intelligence, in a new attitude to life. The turbulent years of the Revolution are over; the ground is cleared for slow, patient, peaceful endeavor. There is room in this period of Reconstruction for every resource of modern technique, for all men of good will and honest intent.

Edited with a footnote by Tim Davenport.

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