CONCLUSIONS
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In the foregoing pages a modest attempt has been made to provide a perspective on the process of economic development in Russia/the Soviet Union. It is almost impossible to understand the process of development in a backward country unless one considers it within the framework of the larger process of general historical development. The attempts made so far to study economic development in Russia/the Soviet Union in isolation have not yielded satisfactory results. Even when one looks at the process of economic development in Russia/the Soviet Union as part of the larger process of industrialization in Europe, one finds it less than interesting. It is only in the global context that it is possible to bring out all the fascinating aspects of the country's economic development both before and after the Revolution of 1917.

This study makes a distinction between the growth processes externally induced and those internally induced. Economic development in Russia/the Soviet Union is a variant of internally-induced growth. In so far as it is so, it has many common features with development processes elsewhere. At the same time it is remarkable for several unique features.

One of the interesting features of Russian/Soviet economic development is that it was delayed for long. It would, therefore, be useful to find an explanation not only for the pattern of economic development that subsequently emerged but also for the delay in its coming. The explanations offered so far are not adequate in that they omit to take into account a number of
significant factors that strongly influenced the growth process. In working out its explanation, therefore, the present study focusses on these neglected factors. They include the natural endowment of the country in relation to its population trends and changes in technique, the crucial role of the foreign trade sector, and the dynamic changes in the world economy. This would help in gaining a better appreciation of the reason why the growth impulses had to be generated internally.

The main obstacle to economic growth in Russia/the Soviet Union was the small size of its market. In several other countries like Britain and in such newly settled countries as Canada, the United States, etc., this obstacle was overcome by a sudden expansion of exports. But in Russia/the Soviet Union foreign trade failed to provide the impetus needed for an accelerated development of the economy. Being an old and overpopulated country with a very narrow resource base, the country had to contend with a number of serious limitations which hampered its efforts to expand its exports. It was unable effectively to compete with the new countries in the world market. Besides, beginning with the 1870s, certain significant changes occurred in the world economy, and these confronted the country with a relatively inelastic demand for its products. The secular changes in the terms of trade against primary commodities, the Depression, the spread of protectionism, operation of Engel's law, and the slow growth of population in the advanced countries—all these limited the size of the market for the country's major exports.
The resource constraints on the supply of exports on the one hand and the relatively inelastic external demand on the other meant that economic development had to take place virtually under the autarkic conditions obtaining in the country. This had far-reaching consequences for the pattern of economic development that subsequently emerged.

An alternative to the expansion of the country's exports was an increasing peasant demand for the products of growing industries. Here again, however, the peasant demand was unable to provide the inducement needed for large-scale investment. This was due not only to the country's low productivity, which is characteristic of agriculture in all overpopulated, backward countries, but also to the antagonistic nature of the country's climate and the poverty of the soil. There was, besides, the polarization in income distribution (before the Revolution).

Military compulsions acted as the primary motivational factor in the development process of Russia/the Soviet Union. The pressure of increasing population also played an important, though secondary, role. The primary motivational factor was partly responsible for the State becoming the propeller of economic growth. It also dictated a strategy of economic development characterized by the preferential growth of industry, particularly the capital-goods industry.

Even in the absence of military compulsions, a similar strategy would have been the imperative of economic development under conditions of autarky. In view of technological progress in the advanced countries the only effective way was for the
State to initiate and sustain rapid economic growth. It was also necessary that industry, especially the capital-goods industry, should be the leading sector in the development process. The State could sustain a high rate of economic development only through co-ordinated investment in technically related capital-goods industries.

More importantly, the preferential development of industry in Russia/the Soviet Union was, as in several other developing countries of the world, a reflection of the basic differences in the production functions of industry and agriculture and their implications for the realization of the economies of scale needed to augment growth rates in a backward country. In economic theory, the concept of economies of scale is the same for all firms, whether in agriculture or in industry. This is not so, however, in reality. Agriculture depends on biological growth processes. As such it depends on a large number of exogenous variables. An intensification of agricultural activity results in diminishing returns; a spatial extension of agricultural operations increases the unit cost of transport; and these and other factors give rise to diseconomies of scale in agriculture. Any injection of demand by the Government in the agricultural sector, therefore, does not immediately release expansionary forces in the economy; it would not start the chain reaction. Indeed it makes economic growth through development of agriculture a slow process. And for this reason it is politically unacceptable in most of the developing countries.
Once rapid industrialization became the primary concern of the State in Russia/the Soviet Union, the role of other sectors such as agriculture and foreign trade in the economy underwent radical change. The development of these sectors was geared to the promotion of industrial growth. Agriculture was deliberately subordinated to industrial development and was made to provide the massive resources needed to finance the Government's initiatives to create the market. In this sense agriculture provided the market for industry via State budgets.

Scholars have so far ignored the role of foreign trade in the development process of Russia/the Soviet Union. This is unfortunate; for the lag in the development of the foreign-trade sector exercised a decisive influence on the growth pattern in that country. If Russia/the Soviet Union had had a foreign-trade sector comparable to that of either Britain or the United States, its entire pattern of development would have assumed a different character. However, with the State taking the initiative to get the growth process under way, all developments in the foreign-trade sector were so oriented as to maximize the rate of industrial development. Import substitution was pushed to its extreme limits to retain the multiplier effects of investment. Import substitution was necessary to prevent linkage effects of investment occurring outside the country from benefiting foreign producers. It was one of the important means used to maximize the aggregate national output.

An interesting feature of the process of economic development in Russia/the Soviet Union was its balanced pattern. This,
however, is not the view of most economists; for they understand the concept of balanced growth in its broader connotation and regard balanced growth as a balance between different sectors of the economy. This is how they arrive at the conclusion that Soviet economic development was a case of unbalanced growth process. Such an approach to Soviet economic development is quite misleading. The concept of balanced growth in its strict sense — i.e. in the real Smith/Nurkse/Rosenstein-Rodan sense — means a balance between "the size of markets, the volume of supply, and the demand for capital." Viewed in the light of this interpretation of the concept, the development process in Russia/the Soviet Union turns out to be a balanced growth process.

Successive Governments in Russia/the Soviet Union realized the irrelevance of isolated advances to the task of overcoming economic backwardness. They, therefore, adopted a strategy of balanced growth (though it was of a crude form during the Tsarist period) and sought to promote investment in a number of technically related industries in a co-ordinated manner. Government policy was deliberately designed to synchronize investment. This enabled the country successfully to come out of the "low equilibrium trap."

There were many striking similarities between the basic economic policies pursued by the Tsarist Government and those pursued by the Soviet Government. Such differences as existed related to the implementation of individual policies, especially to the extent of implementation of individual policies and the institutional framework within which those policies were
implemented. The Tsarist Government succeeded in promoting a remarkably high rate of industrialization. However, it failed to bridge the gap between Russia and the advanced countries of the world. Sustained industrial growth in the Russian situation required a further strengthening of co-ordinated decision-making, as also accumulation on a larger scale than was attempted. The Tsarist Government was unable to achieve these tasks. On the contrary, it withdrew from active economic policy just at a time when the situation demanded a further strengthening of policy. The Soviet Government succeeded in a spectacular manner in centralizing all investment decisions in a single authority and in achieving accumulation on a massive scale in the interest of maximizing the rate of economic growth.

The pattern of economic development in the Soviet Union was especially distinguished for the ingeneous institutional devices used to promote rapid industrialization. The Government did not just dominate the process of economic development; it took the initiative to evolve new institutions both to formulate and to carry out its economic policy. Centralized planning and collectivization were two of the most outstanding of the new economic institutions that the Government deployed. Without these revolutionary institutional changes, the strategy of balanced growth could not possibly have succeeded. Ideology was adapted to support the Government's economic policy, including its unorthodox institutional aspects. It was used to rationalize policies and instruments adopted under purely economic compulsions.