

Russian Economic History

Lecture 5: Soviet Industrialization and the Command Economy

Econ 472

Fall 2020

Soviet Industrialization

Dnieper Hydroelectric Dam

Dnieper Hydroelectric Dam under construction, 1930



Soviet Industrialization

Magnitogorsk



Shakhty Trial



Soviet Industrialization

White Sea Canal



Soviet Industrialization

First Five Year Plan



Soviet Industrialization

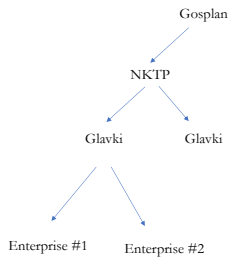
First Five Year Plan



Soviet Industrialization

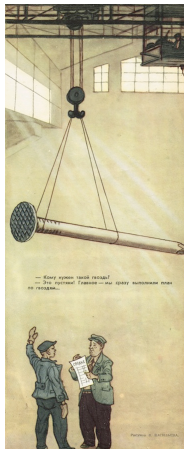
Sample Planning Hierarchy

Sample Planning Hierarchy



Soviet Industrialization

The Big Nail



Soviet Industrialization

Importance of Resource Abundance

Grossman:

[The] Soviet economic system became what it is in part thanks to the country's rich resource base, which permitted the planners largely to ignore the day-to-day discipline of the balance of payments and therefore also the imperatives of the market place and the pains of real economic cost. On this basis an elaborate and rigid institutional edifice sprang up. This economic system thrived for two human generations and achieved marked successes by its own criteria. But inevitably it hardened and came to be supported and protected by powerful vested interests.

Soviet Industrialization

Soviet Industrial Regions



Soviet Industrialization

The Kuzbass



Soviet Industrialization

Growth of Industrial Production

Growth of Industrial Production, 1926-1940, official figures

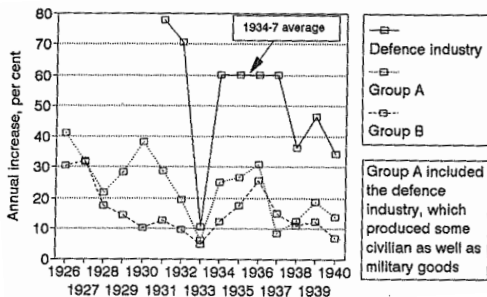
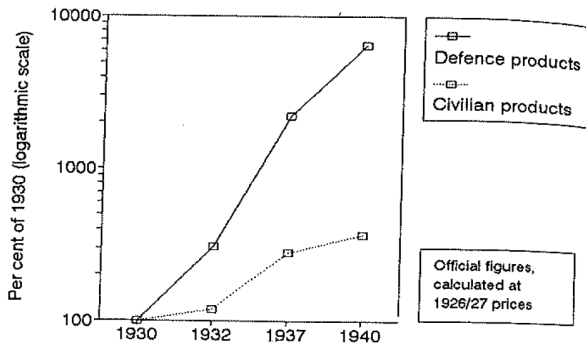


Figure 8. Growth of Industrial Production, 1926-1940, official figures

Soviet Industrialization

Civilian and Defense Industry

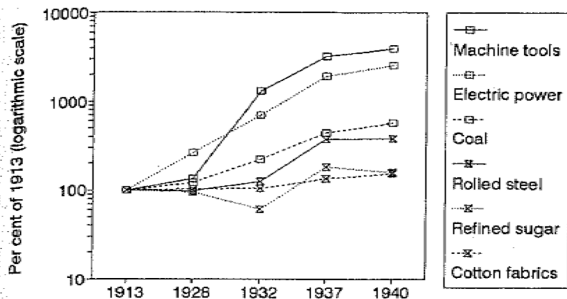
Civilian and Defense Industry, Gross Output, 1930-40



Soviet Industrialization

Growth of Civilian Industry

Products of Civilian Industry in Physical Units, 1913-1940



Soviet Industrialization

National Income by sector of origin

National Income by Sector of Origin, 1913-1940 (percent of NNP)

| | 1913 | 1928 | 1932 | 1937 | 1940 |
|--------------|-------|-------|-------|-------|-------|
| Agriculture | 50.7 | 48.3 | 32.1 | 31.0 | 29.5 |
| Industry | 21.4 | 20.4 | 28.8 | 32.2 | 32.8 |
| Construction | 5.1 | 3.2 | 5.1 | 5.2 | 4.5 |
| Transport | 5.8 | 3.9 | 7.5 | 8.3 | 8.2 |
| Trade | 8.1 | 7.9 | 6.2 | 5.1 | 4.7 |
| Services | 8.9 | 16.3 | 20.3 | 18.1 | 20.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Sources:

1913, at 1913 prices, from Gregory (1982), 73.

1928-40, at 1937 factor costs, calculated from Moorsteen and Powell (1966), 622-3.