

# The management of the Kazan province's industry in the Soviet Russia during 1917-1921 years: analysis of systemic reforms in the economics

## La gestión de la industria de la provincia de Kazán en la Rusia soviética durante los años 1917-1921: análisis de las reformas sistémicas en la economía

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#### ABSTRACT:

The establishment of the Bolshevik regime in Russia can be considered by us as the succession of events involving the search for the best possible ways of managing the economics, aimed at the formation of sustainable economic growth. The aim of the given research is studying of the peculiarities of the establishment of the workers' control authorities and factory committees on the premises of the Kazan province in 1917-1921 years. The review of the organizational changes in the management system during the post revolutionary period shows us some accomplishments of the Soviet regime

**Keywords:** Management of the Kazan province's industry, reforms, the workers' control authorities, the economic growth.

#### RESUMEN:

El establecimiento del régimen bolchevique en Rusia puede ser considerado por nosotros como la sucesión de eventos que involucran la búsqueda de las mejores formas posibles de gestionar la economía, orientadas a la formación del crecimiento económico sostenible. El objetivo de la investigación dada es estudiar las peculiaridades del establecimiento de las autoridades de control de los trabajadores y los comités de fábrica en las instalaciones de la provincia de Kazán en 1917-1921 años. La revisión de los cambios organizativos en el sistema de gestión durante el período posrevolucionario nos muestra algunos logros del régimen soviético con respecto a los asuntos de creación de la maquinaria administrativa efectiva de la gestión de la industria.

**Palabras clave:** Gestión de la industria de la provincia de Kazan, reformas, autoridades de control

# 1. Introduction

The events of 1917 changed the economic pattern of the Kazan province in a radical way. The change of the government and political and economical crisis across Russia jumbled the life of the whole country and the region. Besides the political and social aspects, the bolshevists faced a lot of difficulties of organizational character – there were ruined factories, worn-out equipment, and a great number of low-skilled workers who were hired at haphazard. On top of that, some other problems were revealed too. Index numbers of industrial production during the first post revolutionary years were disastrous. In 1920 comparing to 1913 there were produced 27% of coal, 42,7% of oil, 1,7% of ore, 2,4% of cast iron, 14,8% of trains, 4,2% of carriages in the Soviet Russia. About 43 million people were suffering from starvation. [Belousov... 1983, p. 30].

To keep the power and make the influence stronger there was need for some measures to stabilize the situation, among which the questions of developing the effective mechanism of industry management did not take the last place in a list.

In our research we will not focus on the development of the central institutions of management the more especially as during that period their functions were mostly nominal (it was impossible to subordinate all the regions, industry sectors and factories due to overall disorder and the continuing civil war), but we will analyze the evolution of management authorities that worked locally - the workers' control authorities and factory committees.

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## 2. Methodology

While conducting the research the author used the idea of evolutionary and updated development of the Russian state in the given period. When characterizing any phenomenon and process under consideration it was consistently studied taking into account the peculiarities of its development affected by various internal and external factors.

A great number of researches were dedicated to the studying of the questions concerning the development of socialistic industry and its peculiarities. Among them the works of the western scientific thought take a special place. There are such famous researches of the Soviet Union industry development as J. Bernal (J. Bernal, 1960), Evangelista M. (Evangelista M. 1986), Heleniak T. (Heleniak T. 1990), Rostow W.W. (Rostow W.W. 1960) and others. The studying of the mechanisms of the regional management system development in the Soviet Union was made mostly by Russian scientists such as Gataulinna I.A. (Gataulinna I.A., 2009), Kolomyts O.G. (Kolomyts O.G., 1995) and others.

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## 3. Results

### 3.1. The reasons for appearing of the workers' control authorities in Russia

It should be pointed out that the workers' control authorities were not new to Russia. The introduction of this management form was linked to the events of the February bourgeois revolution. It was then that the first workers' control authorities started to appear.

"Worker control" is the form of revolutionary intervention of the working people in the capitalist (market) economy. During the post October period after the acknowledgment of the Provision of the Workers' Control (14th of November 1917), the workers' control had to be accepted at the majority of big and middle-sized factories in the main industrial centers. They were to control almost all spheres of the factories' activities from the production itself to the commerce, finances etc. In the article 7 of the Provision it was pointed out that all the business correspondence and reports of enterprises had to be available to the authorities of the workers' control, the trade secret should have been abolished. The decisions made by

the workers' control authorities were obligatory for the owners of the enterprises (Article 8) (Bulba, 1960) etc.

Workers' control authorities could hire and fire workers, set up new prices, guarded the factory ownership, they organized registration and controlled reports of enterprises, they also provided them with fuel and raw materials. They were financed by labour unions in accordance with the budget they confirmed. Actually, each enterprise had to pay to a labour union 2% of all the salary they paid every month. Money spent on factory committees provided by an enterprise could be used locally beside the central till of a labour union but only in accordance with the budget confirmed by the union and under its control.

### **3.2. The management structure of the workers' control authorities**

The local workers' control authorities were in charge of the Central Factory Committee which was situated in Petrograd. The direct management of factories and plants was fulfilled by the local Soviets of Workers' Deputies. In organizational aspect the workers' control could be carried out by the special control authorities that consisted of the chosen workers' representatives and technical staff of the given enterprise, factory committees and others. In Kazan the workers' control authorities were managed by a party organization. In December 1917 at the Provincial Convention of the Soviets of Peasants' Deputies the Workers' Control Decree was adopted and it was declared that to make workers free from the entrepreneurs the Soviet will help to control the factories' production and distribution of goods. (Struggle for Establishment...1962; Mukharyamov,1958).

In practice, the creation of workers' control authorities was impeded for a long time due to the total confusion and weakness of the local governments. While in the central districts the workers' control could interfere with financial and economic activities of the enterprises, on the province territory only in February 1918 at the Joint Meeting of the Soviet of Workers' Control of the Kazan industrial district the presidium worked out an instruction due to which control committees of the enterprises were to report about their activities "to the superior authority of workers' control under the guidance of which it functions as well as to the joint meeting of enterprise workers not less than twice a month" (The Soviet of Workers'... 1918). And only after that the Soviet of the Workers' Control got down to discharging their functions. One of its main tasks was coordination of worker's control of production on the territory of the Kazan province.

The structure of the Soviet of Workers' Control consisted of the following representatives: 5 members of the workers' section of the Kazan Soviet of Workers' Soldiers' and Peasants' Deputies; 5 members of the Kazan Soviet of Peasants' Deputies; 5 members from the Kazan Central Labour Union; 5 members from the Kazan Central Soviet of Factory Committees; 3 representatives from the "Union of Engineers and Technicians", 3 members from each labour union (Banner of the Revolution... 19th February, 1918).

There were created the following departments:

- Committee of Control of Industry Conversion from Military Production;
- Committee of Industry Financial Control;
- Committee of Efficiency Control;
- Committee of Factories' Supply Control.

The Committees were to be guided by the presidium of the Soviet and be chosen by the joint meeting of Soviet of Workers' Control. (Nazipova... 1976).

Along with these ones there were established committees that conversed the industry from military production; supplied the factories with necessary raw materials, controlled the efficiency of enterprises etc. Since the autumn of 1918 the Kazan Regional Council of National Economy has become the central managing body of workers' control.

### **3.3. The activities of Workers' Control Authorities in the initial**

## period of the Soviet regime in the Kazan province

In the settings of central governance authorities' weakness and quite organized work at the local level during the short post-October period the significance of the local governance authorities immensely increased.

In the Kazan province's industry from 147 factories and plants at 83 enterprises (or 56, 5% of total) there were factory committees, and at 48 enterprises (or 32,7% of total) there were special workers' control authorities. (Table #1). The highest number of workers' control authorities was among the machine building plants and metal-working productions (91,7%), textile, felt manufactures and footwear industry (88,9%), leather goods and fur factories (81%). At the construction materials enterprises there was no any factory committee. Most of all the special workers' control authorities were represented among the chemical plants (75%), leather goods factories (66, 7%), printing factories (60%) (Nazipova...1976). In terms of volume of factory committees (in percentage terms) the Kazan province was the third after the Moscow province and the Vyatka District.

**Table 1**

The number of factory committees and special workers' control authorities depending on the size of enterprises on the territory of the Kazan province (Russian State Archival Depository of Economics)

<i>Size of establishment by employment</i>	<i>Total number of establishments</i>	<i>Among them the ones having factory committee</i>	<i>In %</i>	<i>Among them the ones having workers' control authorities</i>	<i>In %</i>
Up to 50 men	90	42	46,7	26	28,9
51 – 200	32	26	81,3	12	37,5
201 – 500	11	11	100	8	72,7
501 – 1000	-	-	-	-	-
1001 – 5000	2	2	100	1	50
More than 5000	2	2	100	1	50
Unknown	10	-	-	-	-
<b>Total</b>	<b>147</b>	<b>83</b>	<b>56,5</b>	<b>48</b>	<b>32,7</b>

The workers' control authorities were important as under conditions of limited control, absence of an economic development plan and beginning of the civil war, the Bolshevik government with the help of local authorities managed to organize work not only of big enterprises but that one of small enterprises too. Being a prologue to decentralized principles of building a management structure the workers' control authorities were essential to establishing the local industry management structures.

However, the functioning of the workers' control authorities could not last for long because of the beginning of management centralizing and need for tough control of all the province's enterprises. In accordance with the Clause of District and Local Soviets of National Economy, accepted by the Supreme Soviet of National Economy on 23th of December in 1917 (Soviets of National... 1957), local Soviets of National Economy were created with aim to organize and regulate the whole economic life of each industrial district, region, province consistent with the state and local interests.

Upon the Soviets of National Economy were imposed such functions as organization, regulation and planning of all the economy branches locally – production, building, agriculture and transport. According to the Decree of the Kazan Regional Soviet of National Economy all the industry and trade establishments were transferred into its charge. To manage all of them there were created plant offices which contained three representatives from nationalized establishments, respective labour unions and three non-manual workers. The structure of the plant office was as a rule confirmed by the Department of Nationalized

Establishments Management and the Soviet of People's Commissars. Soviet of National Economy had the right to renew it if it was not able to manage industry. (Banner of the Revolution, 4th of October, 1918). The factory committees had to "immediately start organizing production, having set up proletarian control over the whole life of an enterprise" (Andrianov, 1962). In July of 1918 on the basis of the clause by the Supreme Soviet of National Economy dated 5th January, 1918, the Kazan Soviet decided to transfer the Soviet of the Workers' Control to the charge of Soviet of National Economy. This decision was justified in the following way – "The Soviet of Workers' Deputies, admitting that separate existence of Soviet of Workers' Control and Soviet of National Economy causes confusion of these two organizations' functions and creates undesirable parallelism in the matter of industry regulation...transfers the Soviet of Workers' Control to the charge of Soviet of National Economy. (Nazipova, 1976)

It's noteworthy that at the same time with the workers' control authorities in the terms of fighting for power and absence of management experience, Bolsheviks experimented with the questions of creation the alternative industry management authorities. During a short period of time – from the second half of 1917 to 1918 on the territory of the region there were created and cancelled different authorities of province and city management of industry. So, just right after the revolutionary events there were created committees by the workers' section of the Kazan Soviet, which were in charge of certain questions of management (administrative, economic etc.). Then since November of 1917 there were formed (but quickly dissolved) Commissariat of Labour containing the Departments of labour and capital relations, protection of labour, social insurance, economics and statistics, Soviet of the Workers' Control with the Committee of Registration. (Consolidation of Soviet...1964). At the same time during January and February of 1918 there were created the city economy management authorities. On the basis of the decree by executive committee of the Kazan provincial Soviet there were eliminated the Kazan City Duma (Communist way...1922), Provincial Country Council in Kazan (Gorodetsky...1947), District City Dumas and Councils – the ones of province, district and volost (Consolidation of Soviet...1964). Instead of City Councils there were created Departments of City Economy as parts of Soviets of Deputies. On 12th of February the Soviet of Kazan Province created the Kazan Soviet of City Economy (Nazipova, 1976). All these establishments worked simultaneously with workers' control authorities and Soviet of National Economy, they had similar functions and due to it they were not effective and were liquidated very quickly.

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## 4. Discussions

Despite the essential reorganization that were carried out by the start of the New Economic Policy, the region had a huge number of establishments which completely stopped working due to lack of raw materials (18 distilleries, brewing and yeast enterprises etc.) or the ones that worked with interruptions and extremely ineffective (the paper production reduced by 100%, manufacturing of linen fabric by 71%, leather goods factories produced 13% of pre-war time volume) (National Archive of Republic of Tatarstan). According to census of population in 1918 there were 147 enterprises in the region and 21 of them did not function. In those industries which still worked there appeared a problem of work force lack – hunger made workers look for job in other better places. Some of the enterprises were closed down due to this problem. Need for food caused unjustified absence at work, its level reached 50% and even more at some enterprises.

Operating assets that were provided were extremely insufficient and often non-liquid, the equipment was worn-out and needed constant repair. Purchasing power of population (which was in 94% agricultural and experienced tough consequences of hunger) was nominal. That is why it was necessary to change organizational forms of enterprises management, reduce their number and concentrate production at the high-capacity plants, with transfer to conservation or full liquidation of the weakest ones, to raise which there were not enough assets.

In spite of the measures taken, the level of workers' life was very low. By the beginning of New Economic Policy malnutrition of city citizens was on a large scale. The critical situation

in the local industry across the country and at local level led to the important changes in social issues. On 17th of June V.I. Lenin signed the decree called "About collective providing of workers and office workers of some state enterprises" and on July, 12 there was approved the decree of Soviet of People's Commissars "About the collective (monetary and noncash) remuneration for workers in Soviet establishments" which declared duration and that salary was completely transferred into monetary form (Sherstneva...2007). These arrangements partly helped to restore exchange relationship in city and survive in the complicated terms of the civil war and economical crisis. Only by 1922-1923 years the situation was in some way stabilized by providing city citizens with necessary food stuff.

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## **5. Inferences**

Workers' control was the first Soviet model of grassroots territorial management. The quick expansion of such a form was linked to a number of reasons:

- the civil war and related to it political, social and economical problems;
  - weakness and disorganization of the central structures of governance which were on the stage of creation;
  - lack of real control over some structures of governance at local level;
  - lack of stable and effective relations between the central and regional authorities of industry management;
  - duplication of functions of some establishments at central and local levels
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## **6. Conclusions**

The review of organizational changes in the governance system during the post-revolutionary period shows us certain achievements of the Soviet government concerning the issues of creating the effective apparatus of industry management. This period was characterized by its essential reformation, continual establishing of a new model oriented on the socialist principles of economic management. To a large extent the successful creation of the Soviet system of governance depended not on the management at the central level but on the activities of the local (grassroots) forms of management.

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