Book Review: Western Technology and Soviet Economic Development

Western Technology and Soviet Development
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The following is a review of the books Western Technology and Soviet Development, 1917-1930 and 1930-1946; by Antony C. Sutton. Hoover Institution on War, Revolution and Peace, Stanford University, Stanford, California, copyright 1968 and 1971 respectively.

This is possibly the most important book since the Bible. But like the Bible it won't do you any good unless you draw the proper lessons from it.

I thought a long time before committing that opening sentence to type, though it had occurred to me in a flash. I don't mean to be sacrilegious or facetious, nor do I intend to challenge comparison between Professor Sutton's belletristic value and that of either the Bible or the foremost secular literature.

Western Technology And Soviet Economic Development is not an exercise in *belles lettres*, though it is composed with admirable lucidity and economy of means. Neither is the Bible essentially a work of literature, though unlike even the greatest literary masterpieces it has no literary faults. The Bible is the word of truth which man requires to save his life in this world and beyond. The volumes here under review are a word of truth which the people of the United States require if they and their nation are to escape the catastrophe of revolutionary terror.

I do not suggest that Professor Sutton is inspired of God as were the authors of Scripture, but considering the hazards of the academic and bureaucratic jungle with which he is obviously familiar, and which he has in this work heroically defied (though without any least boast of the fact), I have no doubt that he has enjoyed the protection of Him whose eye is on the sparrow.

Why is *Western Technology And Soviet Economic Development* so important? Because it tells the truth about the umbilical relationship between Western technology and Soviet economic development. The latter is as dependent on the former as is the fetus on the placenta. But the image gives too much credit to the Soviets. A fetus will in due course develop an independent existence, the placenta to be discarded with the afterbirth. Some such eventuality is indeed what Communism hopes for. Soviet economic development, however, is rather a pathogenic parasite on Western technology which can never survive its host. Forgive so much figurative language. Antony Sutton's book is short on figurative language, though it is well provided with figures and facts.

You are to understand that the significance of Sutton's work is not in the originality of his message. Werner Keller delivered pretty much the same message in 1960 in *East Minus West=Zero*. I made the essential point in *The Secret War For The A-bomb* in 1953, and have been

trying to retransmit it one way and another ever since. James Burnham at first encouraged me in this course, and Admiral Lewis Strauss rather pointedly refrained from discouraging me – or so at one time I thought and hoped.

My own warnings, however, were to a large extent intuitive and speculative – I was right in principle, but I lacked conclusive evidence. And even Werner Keller's book does not, says Sutton, "meet the methodological standards of the economist" – a remark undoubtedly not intended in any unkindly way, since a similar criticism could have been made of Columbus.

The overwhelming fact about Antony Sutton's book* is that is does meet the strictest methodological standards. He has found in the record and presented in his text an incalculable wealth of hard data from which no reasonable inference is possible except that contemporary Soviet industry is almost wholly a creation of Western capital and expertise.

Not that the Communists did not inherit industry from Czarist Russia. They did. But they did nothing with it except destroy part of it. Not that Russians are never intelligent, sometimes brilliant, scientists and engineers. Often they are. But many of these were killed in the Revolution, and many escaped to Western Europe or America, where some of them continue to cherish patriotic sentiments about Russia. Some remained and survived in Russia. As a class, however, they have never been a significant force in the Soviet Union, where the Bolshevik rulers turned to the West, first to Germany, later to the United States above all, with significant assistance from France, Britain, and Italy. Let me quote you highlights of the concluding chapter of Sutton's first volume:

> *The industrial structure of the Soviet Union between 1917 and 1930 was the reorganized tsarist structure.... the tsarist industrial structure was not at all negligible.... it utilized modern efficient plants operating on scales comparable to those elsewhere in the world.... this structure was substantially intact after the Bolshevik Revolution.*
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> *What, then, created the economic debacle of 1921-2?*
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> *... work discipline collapsed, and skilled workers, engineers and managers fled into the villages or abroad. The distribution system was abandoned as unnecessary in a socialist economy .... Systematic destruction of a viable economy was aided by the inflation of the ruble to zero value (on the basis that money was not needed in socialism), the "instant demobilization of industry" decree [compare current attacks in the U.S. on the corporations], "free" public services, and the replacement of skilled managers with unskilled proletarians. By August 1922 the Soviet economy was at the point of collapse. This is not deduction. Lenin . . . made the point clearly.*
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> *The economic decline which directly followed the Revolution is unparalleled in the history of industrialized society; however, the Soviets not only survived, but in 1924 were able to institute the Second Bolshevik Revolution and return to the path of State control of industry. The factors behind the miraculous recovery are detailed in the text.*

Those factors consisted of various ways of getting architectural, engineering, management, and even actual manufacturing firms from foreign countries to restart Czarist plants and build and start new plants. At first, foreign operators were given pure concessions. Later, these were, characteristically, revoked and the companies' property confiscated. Western companies, however, were still found which would enter into various contractual arrangements with the Soviet government to provide every kind of technical assistance. Returning to direct quote from Sutton:

> *Such assistance was at first almost completely German …. As late as 1928, Soviet industry was run by a partnership of German and prerevolutionary engineers independent of nominal Party control.*
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> *The tendency at the end of the decade was to turn increasingly toward American technical leadership…. [An earlier agreement] was overshadowed by the 1930 Ford Motor Company agreement to build a completely new integrated plant for mass production of the Model A, the 2.5 Ford truck, and buses using Ford patents, specifications, and manufacturing methods. The plant was erected by Albert Kahn, the builder of River Rouge, and so enabled the Soviets to duplicate the immense advances of American automobile engineering within a few years of inception in the United States.*
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> [It should be noted that Sutton shows elsewhere that no matter how modern a plant the Americans built for the Russians, the latter were never able, after the Americans went home, to operate it efficiently.]
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> *… The electrical industry had the services of International General Electric… and RCA …. The chemical industry fumed to Dupont [and others] … to supplement I.G. Farben aid …. This was supplemented by more specialized agreements from other countries: ball bearings from Sweden and Italy; plastics, artificial silk, and aircraft from France; and turbines and electrical industry technology from the United Kingdom.*
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> *The penetration of this technology was complete. At least 95 per cent of the industrial structure received this assistance.*
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> *We may conclude, therefore, that the basic Soviet development strategy was to learn from that country considered to have the most advanced processes within a given field of technology and to leave no industrial sector without the benefits of this transfer process.*

I have barely begun to relay to you the relevant information from Sutton; obviously, even in a comparatively long review I can give the merest sampling from his storehouse of facts. But one question must be answered at least in general terms by any reviewer who places as much reliance as I do on the correctness of an author's position, and that is: where does he get his information?

I'm glad you asked that. The Hoover Institution on War, Revolution and Peace at Stanford University in California has, as you may know, the world's largest collection of material relating to

Soviet Russia – probably not excluding the Kremlin, since at the Hoover Institution they do not destroy records when the Party Line changes. The late President Herbert Hoover himself, who was responsible for founding the Institution and in whose honor it is named, told me that some years ago the Kremlin sent to Stanford and requested from the Hoover Institution copies of certain early issues of *Pravda* which were missing from their files. The request was granted.

Professor Sutton's sources in general include all relevant publications and other documents available at the Institution and other record repositories. In particular he emphasizes the importance of Archives of the German Foreign Ministry and Military High Command, and especially of the U.S. State Department Decimal File – all available to him on microfilm or otherwise. I think you might be interested in the following comment:

> *The State Department Decimal File was found to be a superlative source of material in the form of reports from attaches and diplomatic offices, but the Department has not used this data for its own assessments; indeed, public statements by the Department are completely at variance both with previous academic assumptions and with the empirical findings of this study* [Sutton's own], *itself based heavily upon the Decimal File.*

Remember *that* the next time someone says, or you are tempted to think, We've *got* to believe responsible agencies of our own government. Here is direct evidence that the State Department finds out one thing by actual investigation, and reports something else to the American people. Do you suppose C.I.A., the Defense Department, or Dr. Kissinger would be any better?

I can hardly begin to go into all the findings which Professor Sutton reports. I gave you above a sort of summary of his conclusions in the first volume. From the second volume, which is if anything even ~ more instructive in detail, I propose to relay here a good deal of the substance of one chapter. Fourteen of the twenty-two chapters in the volume deal with particular industries as they were transformed from the West to Russia during the years 1930 to 1946. Covered in systematic detail are irrigation construction; non-ferrous metals; iron and steel; fuel; chemicals; coke-oven, synthetic rubber, cement, alcohol, and wood distillation; machine-building and allied industries; electrical equipment manufacture and power-station construction; automobiles and tractors; railroads; shipbuilding; aircraft and aircraft engines; military materiel – tanks, guns, explosives; planning and construction.

Only in synthetic rubber, out of all those industries, did Russia make a significant original contribution, and indeed at one time hold the lead. The Russian chemist I.I. Ostromislensky pioneered in this field and his method was used in Russia as early as 1915 (pre-Bolshevik era, of course) to produce butadiene. Even so, Sutton shows that, later, "the Soviets gained far more than the United States in the World War II technical exchange in synthetic rubber, although this was the single area where the Soviets were presumed to be more advanced."

To illustrate the basic situation, I should like to give you a rather thorough sampling of quotations from Sutton's Chapter Eleven: "Technical Assistance to the Automobile and Tractor Industries."

This is where you might expect American influence to be dominant, but you would hardly expect it to be so completely dominant as in fact it evidently has been. Consider:

> *In mid-1929 1he A.J. Brandt Company of Detroit undertook an extensive two-year reorganization and expansion of Amo* [automotive plant in Moscow] *.... This Brandt-built plant was described by Carver, a skilled American observer, as "by far the largest and best-equipped plant in the world devoted solely to the manufacture of trucks and buses.* [This is as of 1932.] *Basically, the equipment is the last word in American practice."*

For this plant, the Soviet trading agency, Amtorg, in 1929 ordered $600,000 worth of cold-stamping presses from Toledo Machine and Tool Company; and in 1932 ordered multi-cylinder lathes from Greenless, in Rockford, Illinois. In 1936 the Russians made a technical-assistance agreement with the Budd Company of Philadelphia and the Hamilton Foundry and Machine Company of Ohio to produce 210,000 chassis and bodies a year for the ZIS automobile. Sutton observes:

> *The Budd Company sent engineer R.L. Adams and two shop men to supervise installation of $1 million worth of dies made by the company for ZIS production. One feature of the contract. . . was a requirement that 100 finished sets of body stampings were to be made from the dies in the United States and shipped with the dies.*

Those hundred were to be used in assembling 100 ZIS cars (under Budd's supervision) in Russia to celebrate the 1936 anniversary of the Bolshevik Revolution. Even with the dies from America the Russians didn't trust themselves to be able to turn out the cars in time or proper condition. And they were right. "In late 1937," writes Sutton, "neither the Ford-built Gorki . . . nor the Brandt-built Amo plant was fulfilling production schedules, because of 'tremendous disorders.' . . . The U.S. Moscow Embassy concluded from various reports that the Soviet automobile industry was 'in sore need of further assistance.'"

The copy of Ford's River Rouge plant which Albert Kahn had built in Russia "started operation on January 1, 1932, but in 1936-7 it still had operating problems." Inept as they are at sober industry, the Soviets are masters at shifting the blame. "In 1937 S.S. Dybets, Director of the Gorki [*Ford*] plant, former mechanic, and reputed active member of the I.W.W. in the United States, was removed from office. The charges included Menshevik associations and Bukharinist tendencies."

You see it doesn't pay a Left-wing American to mess around with a bunch of Russian Bolsheviks. The Russian Communists early learned to have as much contempt for American political naïveté as they had respect for American technical expertise. "The move from German to American technology," writes Sutton, "was partially dictated by the probability the American engineers were less likely to get tangled in the meshes of counterrevolution, which had its origins in Europe rather than the United States." In other words, Americans as a rule had no comprehension of

Communism, no realization that in Soviet Russia every industrial project has a political – which in Russia means conspiratorial – purpose. This American naïveté, which is by no means extinct, accounts for the fact which Sutton reports: "The rapidity with which the Soviets were able to acquire even closely guarded Western processes is little short of amazing."

The most succinct revelation of the degree of Soviet dependence on American industry appears in the following lines:

> *The Stalingrad Tractor Plant, largest in Europe, was a packaged plant built in the United States, dismantled, shipped to the U.S.S.R., and re-erected at Stalingrad under supervision of American engineers. All equipment was manufactured in the United States by some 80 firms; the plant produced the International Harvester 15/30 model.*

Now this concerning another tractor plant:

> *Kharkov was identical to the Stalingrad plant .... Although the original intention was to build Kharkov as an all-Soviet undertaking, American engineers were called in at a very early point. ... the equipment was almost all foreign – "either German or U.S. – if German then patterned after American makes, "** in fact no equipment at the Kharkov plant has been identified precisely as Soviet. The forge shop had $403,000 worth of American forging machines and dies; and the heat-treating equipment, automatic furnace-temperature controls, and similar equipment were supplied by Leeds and Northrup of Philadelphia.*

And a final, somewhat less sharply focused, but provocative example of Soviet tractor-plant construction and operation:

> *The Chelyabinsk plant was started in 1930 without foreign technical assistance as another duplicate of the Stalingrad Tractor Plant which, you recall, had been 100 percent American. One year later, in March 1931, a letter to the Soviet press signed by 35 Cftelyabinsk Tractor Plant engineers and economists charged that the plant was "on the verge of total collapse."**** [So much for Soviet ability to copy anything as big and complex as a tractor plant–not the most complicated of operations.]
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> *. . . American engineers, including John Calder, the expert trouble-shooter, were then called in to take over reconstruction of the plant and operating responsibility. ... One puzzling point concerning Clzelyabinsk is the extent of assistance rendered by the Caterpillar Company, of Peona, Illinois. In 1968 company officials did not have a technical-assistance agreement* [with the Russians] *on file nor could any current official recall an agreement. However, the Stalinets S-60 tractor was an exact copy of the Caterpillar 1925-1931 model*

No doubt you are by now ready to say, O.K., I'm willing to believe that Antony Sutton has made an

irrefutable case that Soviet industry, lock, stock, and double barrel, has been installed and sustained by Western – particularly U.S. – industry, at least as far as the period 1917-1946 is concerned. But it is now twenty-five years since 1946 and there has been much water over the dam. Why do you (that's me) insist so strenuously on the importance of these volumes?

Because they establish not merely static facts, but historical processes. If Soviet industry depended on U.S. industry before 1946, it has done so since 1946. Not to jump the gun on Sutton's as yet unpublished third volume, but there can be no logical doubt that Russia has needed foreign help even more this past quarter century than ever before. The devastation wrought in World War II by the German Army and by the Russians' own "scorched earth" policy was unprecedented. If the Soviets could not build and operate a tractor plant without U.S. aid (including materials and supervision as well as plans) before World War II, they could not build and operate nuclear and space industries after that war without considerably more U.S. aid. To be sure, in Lend-Lease they had the beginning of just such aid.

The immense value of Sutton's work is that it may shock intelligent Americans into a new sense of reality. We have been given a false picture. The deception regarding Vietnam, hideous as it may be, is a detail. The great deception has been the image of two superpowers which must either merge into one world power or, "like two scorpions in a bottle," destroy each other in a final fury. The deception, complex as it is in practice, may be simply stated. The deception is the pretense that there are two superpowers.

The Soviet Union is not a self-sustaining, independent rival of the United States of America. The Soviet Union is essentially a parasitic, not to say carcinomatous, growth. I speak not of the Russian people, nor of Russian culture, but of Communism in action in a vast area.

Antony Sutton has demonstrated beyond a doubt that American industry has virtually created Soviet industry. As a logical consequence of what Sutton has demonstrated we can see that American foreign policy has virtually created the superpowerful prestige of the Soviet Union.

It will not do to say again that we have nothing to fear but fear itself. What will do very well, and indeed must be done, is to recognize that we have nothing to fear from the technological capability of any other country. What we do have to fear is the loyalty and judgment of those who control our own technological capability – and our own foreign relations.

Don't just read Antony C. Sutton's work yourself. Do that. But also insist that your Senators and Representatives read it . . . and your favorite industrial tycoon

* I call it a book, though here under review are two books by Antony Sutton and a third in this series is promised. One book composed of books is also Biblical.

** Sutton is quoting a State department file.

*** Quoted from Za Industrializatsiiu, a Soviet Publication.