Much has been written, and much is still to be written, about the Gulag. We all know of its status as an “archipelago” (in Solzhenitsyn’s words) of penal slavery, inflicted on millions and held as a threat over the rest of the population. We know that the Gulag had great human consequences and came to be, as it were, a distillation of the Soviet terror-state. As such it has been an endless source of personal and historical material.

It is a merit of the present book that it concentrates on an aspect of the story that, while not exactly neglected, has been overshadowed—the Gulag’s significance in the Soviet economy and in the Communist theoretical approach.

What is recorded here is in fact revealing of the entire Stalinist order. That order envisaged, in the crucial period, a large pool of labor that could be used as the regime wished. This meant that convicts could be sent to, and used in, the most inhospitable areas, to which little free labor could be attracted. And these convicts could easily be redeployed if further prospects proved appealing to the leadership.

Moreover, as the forced labor population increased, this encouraged the leadership in grandiose plans. Even now, most of us do
not take enough into account the sheer importance in the Stalinist mind of the subjective drive for spectacular achievements, and along with that drive, the absence of considerations of, and knowledge of, economics.

Thus, besides its penal role, the Gulag was designed from the first to carry out some of the large projects of the planned economy that the USSR was supposed, even sometimes believed, to be putting into practice. This distorted view gives us insight into the connection, or absence of connection, between the minds of the Soviet leaders and reality, above all economic reality. What emerges are not only the economic aspects of the Gulag itself but the huge irrationalities that its existence encouraged.

The Stalinist mindset in the late 1920s and after was not one of thoughtful and careful planning, though it presented itself as such to the world. The Communist leadership, especially Stalin himself, was obsessed with the idea of grand projects that would make the USSR the envy of the world. The Five-Year Plans were issued without serious examination by experts or against their advice (for as long as they survived).

The mania for the grandiose—and the opposition to such schemes from economists, transport experts, even geologists—emerged in the first discussions of the original Five-Year Plan,¹ when forced labor had not yet developed on a vast scale. Among the projects covered were ones such as Magnitogorsk, which was intended to be manned only partly by forced labor and was originally publicized as the greatest of steel works and a model city for prosperous proletarians. The steel works emerged, but the model city failed to follow. Economists pointed out that this “Largest Steel Mill in the World” would be located where fuel had to be delivered from afar, that the deposits might give out (as they did eventually),

¹. For example, see Loren R. Graham, The Ghost of the Executed Engineer (Cambridge: Harvard University Press, 1993).
and so on. This ill-considered crash planning became a feature of the Gulag.

In the end, it has been cogently argued, the USSR, like other backward states, only survived economically because of its oil. (And part of the built-in delusion of technical progress was the imitation or larceny of Western invention and development. The extent of this was remarkable. But the Soviet state never could catch up.)

Thus one of the economic characteristics shown here is the Gulag’s effect on, and contribution to, the distortive economic efforts of the regime.

The White Sea–Baltic Canal, of which even Molotov is quoted as being skeptical (dealt with in Chapters 8 and 9), was the first of the enormous Gulag projects. It was completed with great publicity—including a celebration by leading Soviet writers, headed by Maksim Gorky. Prisoners were produced, all of whom spoke of how “corrective” labor had indeed corrected them. This story came out, as noted here, in a book published also in the West. But unfortunately the book had to be withdrawn when one of its heroes, S. G. Firin, the camps’ commander, disappeared into the execution cellars with other contributors to the book. (This propaganda operation was never repeated, though deceptions of Westerners and others occasionally occurred). The canal was never of much use—as is true of various later projects. On Stalin’s death, a large-scale Arctic railway was abandoned, with camps and even locomotives left on the tundra.

Some of the large Gulag enterprises were profitable, in particular the horrific Kolyma gold mines where the ore was near the surface, though as Nordlander tells us in Chapter 6, later mining had to be done deep down so that the output, compared with the inevitable new expenses, became less impressive.

But generally speaking, there was a flawed calculation at the level of the work, and of the poor fare, of the ordinary prisoner. The misunderstanding of economics that emerges had its source in
the idea that forced labor was a powerful and positive resource. Marx had held slave labor to be unprofitable because the slave had no economic incentive. The Gulag was designed to create an incentive—with lower production resulting in lower rations. Though this sounds plausible, it did not work out as planned.

In part Gulag inefficiency was caused by the shortages of real, as against supposed, rations even at the highest work-to-eat level, and in part by the large-scale faking of results—that is to say, the struggle for existence produced at least some element of economic reality.

As demonstrated in these pages, there was always a contradiction between the two objectives of the Gulag—punishment on the one hand, and on the other, exploitation of the victims’ labor. In 1937–39, even the residue of rationality in the system disappeared, and the aim of crushing the enemy became paramount: the forced laborer was undergoing retribution and could not even marginally be “coddled” (as Stalin once put it). This led to huge human—and economic—losses, including the wastage of the skilled: a professor of physics is not best used as a shoveler.

Eventually, though inadequately, the general inefficiency of the forced labor system became clear even to its senior operators. As Khlevnyuk notes in Chapter 3, the MVD (Soviet Interior Ministry), especially after Stalin’s death, used various economic incentives—in particular, moving part of its workers from forced labor to a form of free labor. But (he notes) these workers were still bound to their jobs and locations and often, in penal exile, were made to report regularly to the police (as had been true under Lenin and Stalin, and with others under the Tsar). This may be regarded (in Khlevnyuk’s words) as a transfer from slavery to serfdom—an improvement, but an inadequate one, both economically and otherwise.

In these pages, we see the development of projects large and less large, in which forced labor played a central part. It is not a simple
picture, but one that varies in time and place. But viewing these developments together, we find an extraordinary presentation of a major aspect of the Soviet approach to economic achievement—an approach largely vitiated by mental distortions whose results should prove a lesson to the world.

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