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# The Soviet Foreign Trade Monopoly: Institutions and Laws by John Quigley

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*The Soviet Foreign Trade Monopoly: Institutions and Laws.*

BY JOHN QUIGLEY. Columbus, Ohio: Ohio State University Press, 1974. Pp. ix, 256.

The state monopoly of foreign trade in the Soviet Union has undergone the fate of many other distinctive institutions emanating from the 1917 October Revolution. Originally a unique and controversial approach to organizing foreign commerce, it has been sufficiently adapted by degrees in mixed-economy states as to no longer constitute a clear point of differentiation in categorizing socialist legal systems. Nevertheless, it remains an interesting institution in historical perspective, and Quigley's account of its basic organizational development adds additional details to a story whose essentials are fairly familiar.

Chapters 1-4 succinctly trace the ground best-known: the factors contributing to the decision to vest in the state an exclusive monopoly in the conduct of foreign commerce; the debates over what form the monopoly should take and how comprehensive it should be; the various institutions devised during the period of New Economic Policy and their adaptation to national economic planning; what the author calls the "bureaucratization of the monopoly" in the person of the USSR Ministry of Foreign Trade and its ancillary agencies; and the network of export-import combines which actually contract with foreign buyers and sellers.

It is the relationships of export-import combines with their domestic clients which are least understood abroad. Very little material is available on the subject, and Quigley has made excellent use of two recent Soviet monographs to outline as fully as possible the role of the combines in these respects. (Chapters 5 and 6). The concluding chapter seeks to evaluate the institutional facets of the foreign trade monopoly and "to see where reform is needed." On balance, Quigley is disposed to believe that the state monopoly of foreign trade has served the Soviet Union well; it has afforded protection "against rapacious capitalist traders and imperialist governments," helped determine and channel import requirements during industrialization, integrated foreign trade with national economic planning, enabled the USSR to secure higher prices for exports and lower prices for imports, and allowed trade to be used for political ends. For these ostensible advantages, Quigley believes the Soviet Government pays an excessively high price in the form of excessive bureaucratic centraliza-

tion and an unnecessarily artificial separation of the production "function" from the foreign trade "function". In his view, the Soviet Government would be well-advised to profit from some of the Eastern Europe experience by allowing certain enterprises to trade directly with foreign customers, to strengthen legally the enterprises' position vis-a-vis the Soviet foreign trade combine, or to alter financial incentives for enterprises which excel in performing export assignments. Flexibility along these lines, Quigley contends, also is called for by greater reliance in the domestic economy on contract instead of plan and on related economic reforms.

The problems with the study lie to some extent in the source materials accessible and partly in the parameters of the inquiry. The author has read widely in published Soviet sources, but these obviously are more plentiful and more forthcoming for the 1920-30s than for later years. Although that is an unavoidable fact of life, it severely limits the quality of generalization a prudent scholar ought to make about the operational effectiveness of Soviet foreign trade institutions, especially the domestic side (for the author is not concerned with appraising the obstacles, red-tape and bureaucracy reported by western officials and businessmen in light of their personal experiences). Quigley instead draws primarily upon self-criticism published in Soviet media over nearly seven decades, observations which though enlightening and instructive, are hardly a balanced or comprehensive assessment of the issues at stake nor a basis for recommending to Soviet foreign traders how they might reform their system.

Hyperbole also is in evidence rather often. It may well be, for example, that Quigley is correct in concluding that the state monopoly of foreign trade "was undoubtedly a major factor in the astonishingly rapid growth of the Soviet Union from an economically backward nation into one of the world's leading industrial powers." But there is nothing by way of new evidence adduced in this study to sustain that conclusion. Or the author's assumption, a very natural one to make, that the closure by the RSFSR People's Commissariat for Foreign Affairs of its economic-legal section somehow reflected the dismal level of diplomatic and commercial activity as a consequence of economic blockade and civil war (p. 19), is a further example. In fact the closure of that section was part of a much larger reorganization of ministerial legal services; legal sections of the people's commissariats for trade, industry, nationality affairs, post and telegraph, state control, finance, and all other central and local institutions were

eliminated in favor of a single General Consultation Section attached to the People's Commissariat of Justice.<sup>1</sup>

But there is no doubt that the Soviet example of state trading has influenced nations beyond the socialist family of legal systems and in this connection one wishes the author had ventured a little farther afield in his research. In the early years of the foreign trade monopoly, a key issue was not merely the legal status of foreign trade representatives or representations but their relationship to the institution of consuls. The matter had in fact arisen under the Imperial regime, when it was variously proposed that the consular services and representatives of the Russian Ministry of Trade and Industry should assume an active role in furthering Russian commerce. An enhanced commercial role for either type of official necessarily involved rethinking the consular function, and the same consideration figured prominently in pre-1926 Soviet discussions about draft consular legislation.

Similarly, the use of "plenipotentiaries" by the Ministry of Foreign Trade to assist in monitoring the work of Soviet enterprises involved in foreign trade — or at least one assumes so although most of the author's account of the activity dates from sources of the early 1930s — is of interest both for the term, which carries strong diplomatic overtones, and for the possible existence of similar officials created by other ministries for analogous purposes.

The volume is completed by seven appendices: a table of Soviet trade volume from 1917-72; the text of the 1918 decree nationalizing foreign trade; the 1925 Party resolution on foreign trade; a list of agencies handling foreign commerce during the new Economic Policy; a list of export-import combines; the Charter of the combine Stankoimport; and the 1960 conditions of delivery of goods for export; as well as a bibliography of sources used.

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1. *Dekrety sovetskoi vlasti*, VI, 502-503, 511 (Moscow, 1973).