

**ABSTRACT**

**This paper uses the formerly secret state and party archives of the Soviet Union to study how the dictator went about creating the administrative-command economy in the 1930s in light of enormous information requirements and the vast principal/agent problems between “managers of production” and the dictator first suggested by Mises and Hayek. It explains how the dictator drew the line between its own decision making powers and those of its loyal agents and how it devised a system to insure the loyalty of functional agents in their dealings with industrial ministries and with enterprises. It also describes how the dictator enforced decisions and punished economic violations. Finally, the paper addresses the question of whether the Soviet economy was a “planned” economy or a “resource managed” economy.**