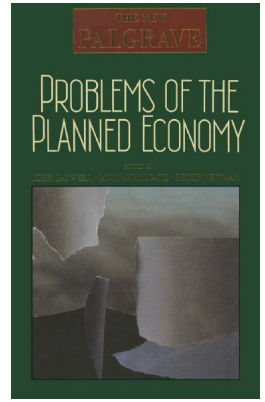


Evgenii Alexeyevich Preobrazhensky



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An Old Bolshevik and a distinguished Marxist theoretician, Preobrazhensky was born in 1886. He joined the Russian Social Democratic Workers' Party (which split into Bolshevik and Menshevik factions) in 1903 and became a professional revolutionary, being repeatedly arrested and twice subject to internal exile. He led the local party organization in the Urals during the October revolution. In 1918 he was a member of the Left Communist group within the party which opposed the treaty of Brest Litovsk. He played an active role in the Civil War. He was a full member of the Central Committee and also Central Committee Secretary in 1920–21. In 1921–2 he was critical of NEP (New Economic Policy). He was worried about concessions to the peasantry and their implications for rural stratification and Soviet power. A signatory to the Platform of the 46 (October 1923), he was an active oppositionist in 1924–7; he was expelled from the party in December 1927 and exiled to Siberia. Under the influence of Stalin's move to the Left, he broke with the Opposition and in July 1929 accepted Stalin's leadership. He attended the Seventeenth Party Congress (1934) where he praised Stalin and collectivization, denounced both himself and Trotsky, and advocated unity and unconditional acceptance of the party line and Stalin's leadership. Arrested in 1935, he served as a prosecution witness at the trial of Zinoviev in 1936. Arrested again in 1936, he was not brought to a public trial, probably because of his refusal to confess to non-existent crimes. He was shot in 1937.

Preobrazhensky was the author of a large number of books and articles. They covered the exposition of Marxist–Leninist theory, financial and monetary questions, economic policy in France and economic policy in the USSR. Preobrazhensky's most original and important work concerned the problem of building socialism in a backward, overwhelmingly agrarian country.

Marx and Engels did not analyse how a future socialist economy would be organized and strongly opposed utopian socialism with its speculations divorced

from current reality. Nevertheless, from their criticism of the anarchy of production under capitalism and their analysis of the views of rivals in the socialist movement, it is possible to draw inferences about how they expected a socialist economy to function. At the end of the 19th century Marxists had worked out some preliminary ideas for the transition to socialism and the organization of a socialist economy, as can be seen, for example, from the 1891 Erfurt Programme of the German SDP and Kautsky's *Das Erfurter Programm* (Stuttgart, 1892) which is a commentary on it. They assumed, however, that the country concerned would be predominantly working-class and have a highly developed industry. In the 1920s, however, the Bolsheviks found themselves in power in a predominantly agrarian country at a low level of economic development. How should they build socialism in these circumstances? It is in answering this question that Preobrazhensky made his main contribution.

In *Novaya ekonomika* (1926a) he argued that just as capitalist accumulation had required an earlier period of original accumulation (*Capital*, Vol. 1, part VIII), so socialist accumulation would require an initial phase of original *socialist* accumulation. That is, economic growth on the basis of investment generated within industry would have to be preceded, in backward Russia with its limited industrial apparatus, by a period of economic growth on the basis of investment resources obtained from outside the state sector. He generalized his argument into a fundamental law of socialist accumulation which runs as follows:

The more backward economically, petty-bourgeois, peasant, a particular country is which has gone over to the socialist organization of production, and the smaller the inheritance received by the socialist accumulation fund of the proletariat of this country when the social revolution takes place, by so much the more, in proportion, will socialist accumulation be obliged to rely on alienating part of the surplus product of pre-socialist forms of economy and the smaller will be the relative weight of accumulation on its own production basis, that is the less will it be nourished by the surplus product of the workers of socialist industry. Conversely, the more developed economically and industrially a country is, in which the social revolution triumphs, and the greater the material inheritance, in the form of highly developed industry and capitalistically organized agriculture, which the proletariat of this country receives from the bourgeoisie on nationalization, by so much the smaller will be the relative weight of pre-capitalist forms in the particular country; and the greater the need for the proletariat of this country to reduce non-equivalent exchange of its products for the products of the former colonies, by so much the more will the centre of gravity of socialist accumulation shift to the production basis of the socialist forms, that is, the more will it rely on the surplus product of its own industry and its own agriculture.

As methods to obtain investment resources from the non-state sector (predominantly peasant agriculture) Preobrazhensky recommended the state monopoly of foreign trade, price policy, railway tariffs, taxation and state control

of the banking system. He paid particular attention to the advantages of price policy as opposed to the use of coercion.

Preobrazhensky's analysis was very controversial when it was first published and led to a very heated debate. The reason for this is that the political basis of the Soviet regime in the 1920s was the precarious compromise between the Bolsheviks and the peasantry represented by the New Economic Policy. In addition, economic policy was based on the encouragement by the Bolsheviks for the peasants to 'enrich yourselves'. It was hoped that the development of peasant agriculture, in a mixed economy in which the commanding heights were in the hands of the state, would provide the food, raw materials, exports, internal market and labour force necessary for Soviet economic development. Hence Preobrazhensky's argument, with its presentation of the case for accumulation at the expense of peasant agriculture, was both politically and economically very disturbing. In particular, the analogy with original capitalist accumulation was distinctly ominous. According to Marx, original capitalist accumulation was based mainly on force, in particular on the use of force to expropriate the land from the peasantry. In the minds of the supporters of NEP, Preobrazhensky's analysis raised the spectre of a revival of the methods of War Communism.

Preobrazhensky's ideas evolved over time. In a paper of 1921, the very year the NEP was introduced, he anticipated an armed conflict between the Soviet state and the kulaks. He regarded this as inevitable and argued in good Stalinist style that 'the outcome of the struggle will depend largely on the degree of organization of the two extreme poles, but especially on the strength of the state apparatus of the proletarian dictatorship'. He concluded his argument, which was published at a time of serious famine and disease, partly caused by the class-war policies of the Bolsheviks, by warning his readers 'to prepare for everything that will ensure victory in the inevitable class battles that are to come'. In a paper of 1924, the thesis about the inevitable conflict between the state and the peasantry still plays a central role, but economic levers (e.g., price policy) rather than coercion, play the key role in resolving the conflict in the interests of socialist accumulation.

In a paper of 1927, attention has shifted to the conditions for growth equilibrium. The Harroldian conclusion about the essential precariousness of dynamic equilibrium is reached. The lesson is drawn that 'The sum of these contradictions shows how closely our development towards socialism is connected with the necessity – for not only political but also for economic reasons – to make a break in our socialist isolation and to rely in the future on the material resources of other socialist countries.'

In an unpublished paper of 1931 he criticized overinvestment and pointed out the danger of an 'overaccumulation crisis'. His argument that 'socialism is production for consumption's sake' was unacceptable during the frenzy of the Soviet Great Leap Forward and was condemned as heretical. His position in 1931 seems to have been similar to that of Rakovsky, another Left Communist intellectual, who in an article of 1930 warned against the coming Soviet economic

crisis (which shook the whole economy in 1931–3) and stressed the wasteful and inefficient methods of Stalinist industrialization.

The accumulation that Preobrazhensky theorized about was *socialist* accumulation, that is, accumulation leading to the development of socialist relations of production. It is entirely natural, for example, that the imaginary author of Preobrazhensky's book *From NEP to Socialism* (1922), which takes the form of lectures supposedly given in 1920, is simultaneously a university professor and a fitter in a railway workshop. This reflected Preobrazhensky's expectation that the division of labour would be sharply reduced under socialism.

Preobrazhensky's work has had an enormous influence throughout the world. In the USSR in the 1920s he played a major role in the debate about the main directions of economic policy. In the West he was rediscovered in a famous paper in the *Quarterly Journal of Economics* (1950) and has been much discussed ever since. In the Third World his ideas play an important role in theoretical discussions and policy debates. He is rightly considered one of the outstanding Marxist economists of the 20th century.

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