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Jason McGhee

Portland State University

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An Inquiry into the Foundations of Primary Socialist Accumulation

Working Paper No. 76

Authored by: Jason McGhee

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Prepared for Professor John Hall

Abstract: This inquiry seeks to establish that author and economist Evgenii Alekseevich Preobrazhenskii provided a substantial theoretical foundation for the Soviet “Grand Experiment.” What Preobrazhenskii sought to address were identifiable contradictions inherent in a nascent socialist system surrounded by capitalist countries. This inquiry focuses on Preobrazhenskii's contributions during the implementation of the New Economic Policy (NEP) at the start of the 1920s and to an area in the field of the “History of Economic Thought” known as “The Soviet Industrialization Debates.” Efforts are made to highlight key ideas advanced in his article *On Primary Socialist Accumulation* [1926]. In addition, this inquiry considers the charged political atmosphere of these times, including Stalin's rise to power and his appropriation of Preobrazhenskii's novel ideas. In sum, this inquiry aims to shed light on the often overlooked importance of Preobrazhenskii's earnest contributions to the formation of the nascent Soviet economic system.

***Journal of Economic Literature* Classification Codes:** B14, B24, B31, P21, P31

Keywords: E.A. Preobrezhenskii, Socialist Accumulation, Soviet Industrialization Debates, Soviet Union, Joseph Stalin

This inquiry seeks to establish that author and economist Evgenii Alekseevich Preobrazhenskii provided a substantial theoretical foundation for the Soviet “Grand Experiment.” E.A. Preobrazhenskii is known as an economist and politician reputed for his intellectual honesty; as a scholar who took the view of the “world as it is.” His professional and scholarly aim was to offer insights and actual policies for solving an array of the nascent Soviet Union's challenges. We could summarize by noting that his apparent aim was to render the Soviet Union's socialist system successful by better defining and overcoming the contradictions inherent in this grand experiment that was also surrounded by western capitalist countries moving through phases of capitalist accumulation. Core to Preobrazhenskii's thinking—and what made him stand out—was that he acknowledged that Russia had not achieved the the preconditions of capitalist accumulation necessary for a transition to a successful form of socialism based upon a broadly shared industrialism.

The importance of Preobrazhenskii's life and contributions to the development of the Soviet economic system tends to remain overlooked and neglected. Relatedly, this inquiry will focus primarily on his contributions during the implementation of Lenin's New Economic Policy (NEP) in the 1920s: the time of what went down in the annals of History of Economic Thought as the Soviet Industrialization Debates. To expound upon his story, and also to lend credibility

to his perspective, this inquiry shall offer a summarized biography, detailing important turning points in Preobrazhenskii's political and intellectual life. This shall also include an examination of the political atmosphere in the nascent Soviet Union during the 1920s; a charged political atmosphere that would lead to Joseph Stalin's rise to power and Preobrazhenskii's fall from grace. Additionally, efforts shall be made to summarize key points drawn directly from the legacy of doctrine, that is from Preobrazhenskii's 1926 article with the noted title: "On Primary Socialist Accumulation." Ideas contained in this document provided a way for Soviet industrialization to find the necessary sources of capital to proceed. Finally, we shall consider Stalin's contribution to the Soviet Debates with his 1928 article appearing in the newspaper known as *Pravda*. In his article: "Industrialization of the Country and Right Deviation," one can perceive how Stalin appropriated the key ideas advanced that Preobrazhenskii had advanced just two years prior.

Preobrazhenskii Early History:

In their article *Life and Works of Evgenii Alekseevich Preobrazhenskii*, author's M.M. Gorniov and S.V. Tsakunov (1991, 286-296) teach us about Preobrazhenskii's his political and intellectual life in his formative years. What the coauthors offer is an biography that has been largely ignored or glossed over in

histories of the Soviet Union. Regardless of this biography being downplayed, Preobrazhenskii's his life can be marked by his consistency and passion for attempting to bring social justice and economic fairness to the people of Russia, and with its founding in 1921, to the people of the Soviet Union.

According to Gorniov and Tsakunov (1991, 286), on February 15th 1886, Preobrazhenskii was born in Bolkhov in Russia. With benefits associated with the prominence of his father, an Orthodox priest and teacher, the young Preobrazhenskii was able to obtain a private education that clearly affected his development in the formative years. Later, joining the Russian Social Democratic Labour Party (RSDRP) in 1903, he was arrested during his first year of law school at Moscow University. Afterwards, Preobrazhenskii continued as an activist, taking part in the December, 1905 Russian uprising in Moscow. However, this 1905 uprising was suppressed and Preobrazhenskii was sent by party leaders to undertake work in the Southern Urals. As a representative of the Ural Oblast RSDRP, Preobrazhenskii attended the All-Russia Party Conference where he crossed paths with Vladimir Lenin. During the following years, 1909-1916, Preobrazhenskii faced multiple arrests by the Czarist authorities, leading, eventually to his internal exile in the Irkutsk Gubernia, location from which he continued corresponding with Lenin and other future Bolshevik revolutionaries.

Preobrazhenskii's Political and Intellectual Pursuits:

Authors Gorinov and Tsakunov (1991, 287-288) inform us of Preobrazhenskii's involvement in the February 1917 Revolution during which the Social Democrats under Alexander Krizenski rose to power. This was followed by his serving as a delegate at the First All-Russia Conference of Soviet Workers and Soldiers Deputies. Later, Preobrazhenskii attended the Sixth Party Congress, where he was run as a candidate for the Central Committee. Here, his first major brush with Joseph Stalin took place when Preobrazhenskii suggested that Russian Socialism should be preconditioned by proletarian revolutions in the western capitalist countries first. This view appears based upon an orthodox interpretation of works of Karl Marx and this position was also shared by Nikolai Bukharin, who, at times, would stand out as an ideological rival of Preobrazhenskii. Stalin and Lenin ([1905], 1972), however, were strongly opposed to the idea that Russia was not ready. Stalin, already showing his early determination to force the next stage of history onto the be Soviet Union, gave a strong rebuke to Preobrazhenskii's position that Russia could not lead the way towards world socialism.

During the October Revolution, Preobrazhenskii stayed in the Urals, where he wrote his first serious work *Anarkhizm i Komminizm (Anarchism and Communism)*. Gorinov and Tsakunov reflect (1991, 287-288) upon this work as Preobrazhenskii's first forecast that if the Soviet Union implemented anarchist

doctrine of handing over power of production to labour cartels, then narrow group interests would gain power over the public. This is one of the numerous times that Preobrazhenskii's predicted and warned of the over concentration of power and the related lack of democratic authority forming in the ideas of the communist party. Next, Preobrazhenskii and Nikolai Bukharin came together in 1920 to write *Azbuka Kommunizma* (or *The ABCs of Communism*). This collaboration by two capable theorists grew their bond and later led to Preobrazhenskii's supporting Bukharin's platform in the 1921 Trade Union Debates. However, this support would cost him the election to the Central Committee.

Though Preobrazhenskii was becoming politically unpopular, Lenin—perhaps showing some ideological flexibility—selected Preobrazhenskii to lead and push the financial reforms through the Central Committee so as to better align with Lenin's New Economic Policy (NEP). This was apparently due to Preobrazhenskii's work titled *Bumazhyne Den'gi v Epokhu Diktatury Proletariata* or *Paper Money in the Epoch of Proletarian Dictatorship*. In 1922, during the 11th party congress, Preobrazhenskii tried and failed to pass the adoption of party goals observing the various strata of peasants—including small capitalist peasants that were termed as *kulaks*— in order to forgo future class strife and brutal "noneconomic suppression" of differing classes among the rural peasant communities. Preobrazhenskii considered these middle capitalist peasants to be

essential to the development of the agricultural industry and, therefore, a foundational source for the primary socialist accumulation that he deemed so important. However, Lenin, considering this opinion to be inappropriate and unpopular, rebuked Prebrazhenskii.

Gorniov and Tsakunov (1991, 288-289) teach us that Lenin respected Preobrazhenskii's prowess on matters of finance and the national currency; although, their views diverged when it came to the nature of the Russian economy. In his book *The Development of Capitalism in Russia* ([1899] 1908), Lenin writes at length about the reasons that he believed *Narodnik* economists were incorrect in assuming that Russia's backward Czarist economy was a sign that it was not yet in a stage of capitalism ripe for transition into socialism. In the 22 years since writing *The Development of Capitalism in Russia*, and even after backpedaling from the economic system of War Communism and the shaky implementation of the NEP, Lenin still would not consider that Russia lacked the necessary capitalist preconditions to transition to a socialist society. Despite their disagreements, Preobrazhenskii concluded that Lenin's NEP was needed to scrape everything from what little capitalist activities existed for investments into the state sector.

In 1923 when Lenin became inactive because of failing health, he left a power vacuum that needed to be filled. During this turbulent period, Preobrazhenskii pushed hard for further democratization of the party and the

allowance for different groups to form and to assert their positions. Unfortunately, he was not successful and political retrenchment set in. This, I believe, is the beginning of too much authority becoming too centralized under too few people, creating the way for career politicians and paving the way for the rise of what we can now term as “Stalinism.”

Divisions Within the Party

In Chapter 4 of their text *Russian and Soviet Economic Performance and Structure, Seventh Edition*, authors Paul Gregory and Robert Stuart (2001, 60-61) teach us about the period after Vladimir Lenin—father to the Bolshevik Revolution—died. In 1924, Lenin's death resulted in an increasing temperature for the Soviet industrialization debates. Readily, we can identify two dominant views regarding Soviet industrialization and these are: unbalanced growth or balanced growth.

Preobrazhenskii (Gregory and Stuart, 1991, 60-61) led the left wing of the party that argued for unbalanced growth and would be widely known as *superindustrialization*. That is, this party faction supported allocating all available resources into industry and commodity production at the expense of short-term benefits that could be gained by further agricultural development.

Preobrazhenskii's argued that the industrial sector's lack of capacity and losses to

saving capacity resulted in an inflationary imbalance. The source cause of this was argued to be related to a change in peasants' savings. Since the revolution of 1917, the peasants had greater surpluses and thus their demand for industrial goods increased. However, industrial capacity necessary to produce these goods had not kept up, and this had contributed to inflationary pressures. In addition, Preobrazhenskii argued that minor investments in the industrial sector would prove worthless, as the national economy found it short on even replacing worn out capacities. A main function intended by Preobrazhenskii's plan was to create state trade monopolies that could purchase the peasants produce low and sell it high as a way to help control demand and also build up and accumulate funds for the program of *superindustrialization*.

The right wing of the Bolshevik party was led by Nikolai Bukharin. Bukharin had formerly sided with the left until the New Economic Policy was initiated, causing him to switch political sides. Bukharin criticized Preobrazhenskii and argued that intentionally creating unequal exchange between the peasants and the urban dwellers would bring economic development to a grinding halt. Bukharin did not think that state monopolies needed to be created, because he believed the socialist form to be foundationally stronger than the capitalist: the state economy would overcome non-socialist sectors without the need for special efforts. He emphasized that "balanced growth" between the agricultural and industrial sectors

was necessary and wanted to use the agricultural exports to fund industrial sector investments—a slower process for achieving industrialization.

The mid-1920s saw further increase in economic writings with conflicting themes. Gorinov and Tsakunov (1991, 290) teach us that this is when Preobrazhenskii wrote his controversial *Novaia Ekonomika* or *The New Economics*. In this substantial work, Preobrazhenskii wrote down his observations and thoughts regarding the Soviet transition to socialism under the NEP. At this point, his former friend turned critic, Bukharin, spoke out against the ideas in Preobrazhenskii's book. While they both agreed on what socialism was—or rather what it should be—Bukharin criticized Preobrazhenskii's forwardness about the weakness of the Soviet position and that the Soviet economy was in a poor place compared to the capitalist neighbors. Despite his old friend's criticisms, Preobrazhenskii believed that if the Soviet Union was going to survive, the country would need to live through a unique period of socialist accumulation, leading him to write his ideas down in the important work *On Primary Socialist Accumulation* ([1926] 1964).

On Primary Socialist Accumulation:

In his article, "On Primary Socialist Accumulation" ([1926] 1964), Preobrazhenskii couches his presentation in the classical literature advanced decades earlier by Karl

Marx. Preobrazhenskii's strategy for Soviet industrialization—and modernization—was rooted in Marx's concept of "primitive accumulation" as it was applied to capitalism. Please consider that capitalist accumulation had taken place over some centuries and had also involved the uses of draconian tools such as colonialism, slavery, and an owning class extracting surplus value from the laboring masses through the production process. In contrast, Preobrazhenskii advanced the view that socialism could be established and funded by siphoning off the profits of the bourgeoisie capitalist class in order to feed its "primary socialist accumulation fund." Why use this approach of allowing capitalists to exist in a socialist society at all? The answer is that Karl Marx teaches us that "...production on a large scale can develop only in the capitalist form." In Preobrazhenskii's view, the nascent Soviet Union needed first and foremost to industrialize at a rapid pace (superindustrialization) in order to catch up with the other European industrial powers with industries based upon large scale production capacities.

Preobrazhenskii's considers the question: whether or socialism—like capitalism—has had a prehistory. According to Preobrazhenskii ([1926] 1964, 230-231), primary socialist accumulation could not stem directly from capitalism. He purported that socialist prehistory could only commence after the victory of the proletariat. With the victory of the proletariat, nationalization of industry could then proceed and this would mark the start of the "socialist prehistory." But here,

he addresses the first issue. Through revolution, the proletariat could appropriate what what capitalists had already established, and Russia's prior economy had not yet fully industrialized. So, in order for true socialist accumulation to begin in the new Soviet Union, a term of “primary accumulation” would be first be necessary for the state economy to muster sufficient resources to take full advantage of its economic advantages.

At this point, two distinct terms have been used in reference to socialist accumulation, these are: primary socialist accumulation and socialist accumulation. Understanding Preobrazhenskii's ([1926] 1964, 234) distinction between these two terms is necessary for understanding the order in which things must be done so that the Soviet economy could compete with the industrialized capitalist West. Socialist accumulation can be defined as the addition to the socialist state economy of surplus production that is not needed for initial consumption or other production purposes. In capitalist terms, this would be similar to net profit of an investment that one could then reinvest to, not just maintain, but expand production capacity. Socialist Accumulation is needed for the expansion of already established productive elements. Primary Socialist Accumulation, on the other hand, needs to be understood as the initial accumulation of resources formed by the state economy from sources originally external to said state economy. Preobrazhenskii emphasizes that because of Russia's economically backward peasant origins, the

approach to carrying out Primary Socialist Accumulation would have to play an important role in the state economy's ability to overtake capitalism.

In order to achieve Primary Socialist Accumulation—and thus a full-blown *superindustrialization*—Preobrazhenskii ([1926] 1964, 230-231) proposed three steps for the precapitalist accumulation necessary for transition. First, create a higher stage of division of labor by allowing entrepreneurs to accumulate capital so that they might increase productive efficiencies. Second, is the formation of a body of trained laborers; that is, laborers trained in modern industrial and productive techniques. Third, is the development of markets and a market economy that would allow for initial capitalist production and accumulation. According to Preobrazhenskii, this pseudo-capitalist accumulation could be achieved with governmental guidance. In addition to the above guiding economic principles, Preobrazhenskii offered specific infrastructural recommendations to aid the transitional economy. He, alongside the likes of Lenin and Stalin, was a proponent of electrification intended to achieve increases in manufactories' productive capacities. Alongside electrification would be large investments in the steel industry, as steel is central to defense, railway, and infrastructure modernization. These synergies between a more liberal economic policy alongside state-controlled infrastructure investments would lead to the production surplus necessary for the next stage of socialist accumulation. This defines Preobrazhenskii's view.

On how to fund this expansion, Preobrazhenskii ([1926] 1964, 236) notes the importance for taxing capitalist profits. Preobrazhenskii emphasizes that by taxing the profits of all capitalist enterprises, to a much higher degree than seen in capitalist states, that the state would be able to begin massing its “socialist accumulation fund.” This fund would take form as part of the surplus value created by the laborers themselves were being given to the state—as a socialist society would dictate—because at this early stage, it would not matter whether the surplus came to the state before the capitalist, so long as the taxed profits were allocated toward expanding the fund for socialist accumulation. In the view of Preobrazhenskii, the capitalist would essentially be acting as a proxy for the state government. In this spirit, Preobrazhenskii also suggested that the state serve as the holder of all loans and collect the interest derived from the capitalists. Additionally, he argued that the Soviet Union should make use of its massive agricultural sector for exporting commodities onto world markets where the commodities could bring back to the Soviet Union precious foreign currencies. Preobrazhenskii advanced the view that allowing foreign trade through the state would bring in foreign money to fund socialist accumulation. It seems that Preobrazhenskii is suggesting that the Soviet Union allow the capitalist sectors to exist in the initial stage of socialist accumulation, while the state economy focused on the rationalization of functioning socialist sectors. This way the state sector

could, through taxation and loan interest, funnel funds out of the capitalist sectors and into the socialist accumulation fund. This would take form as a kind of state funded and controlled capitalism.

At this point in this article, Preobrazhenskii ([1926] 1964, 237) illustrates his fiscal and monetary knowledge by discussing the nuances of inflation and foreign exchange rates as according to his prior works *Paper Money in the Era of the Proletarian Dictatorship* and *Reasons for the Drop in the Exchange Value of Our Ruble*. Essentially, Preobrazhenskii introduces to us the idea that debasement of the currency can be used intentionally as a way of taxing the whole populace for the benefit of the state fund. Unlike in the prior capitalist system in which debasement of the currency meant a tax on everyone including the bourgeoisie, whose monetary value was relied upon for productive capacity, the socialist system could benefit from debasement because the issuer of the currency—the state government itself—remained as the party responsible for productive capacity in the economy. As such, the state could print and issue money so as to increase its funds while also maintaining the value of its investments in productive labor.

With nuance, Preobrazhenskii ([1926] 1964, 240) reiterates his thinking on the use of state lending in order to collect interest to support the socialist accumulation fund. He relates his fear that loans too favorable to capitalist enterprises inside of the Soviet Union might inadvertently lead to more capitalist

accumulation via the use of state funds—the opposite of the state's goal. His solution for this would involve emphasizing the lending of state funds with more favorable terms to state enterprises. In an example, he argues that while lending a private enterprise a loan at 10% would be more immediately profitable for the State Bank, a loan of 8% to state industry would be more profitable to the complex of the state economy as a whole. This could serve as a way for reinforcing feedback loops. Expressed differently, the building up of state industry would not only benefit the state in the form of returned interest, but also in the form of increased growth of productive capacity. Preobrazhenskii notes that not lending to private capitalist enterprise seemed to be the policy of the state bank at that time. However, being the pragmatic intellectual that he was, Preobrazhenskii also explains that care should be taken care to ensure that the policy of the state bank be flexible in this area; as there may be a time when lending to private enterprise would serve as the necessary tool for redistribution of the national income, especially as it might relate to the developing agriculture sector.

There is one final task to discuss on the subject of loans: loans to foreign parties and countries. Back in his day, Preobrazhenskii appears comfortable with the idea of lending to foreign capitalists and capitalist states. He sees this as an opportunity for the USSR to feed off of capitalists of other states without risking the expansion of private capitalist enterprise inside of the Soviet Union, itself. In

Preobrazhenskii's view, foreign monetary inflows in the form of interest payments could be yet another source for socialist accumulation.

Moving in sequence, Preobrazhenskii ([1926] 1964, 240-243) makes an effort to distinguish between what he terms as three different exchange activities as these relate to primary socialist accumulation: the first being "exchange within the purview of the state economy itself." This he considers a wash as any exchange between one state entity and another would not change the balance of resources. At best, the state could hope to lose less in costs of distribution. Therefore, there would be nothing to accumulate. The second activity is "exchange within the private economy." Here, he sees opportunity for socialist accumulation. He illustrates an example that state agencies could purchase grain and produce from private farmers and, acting as distributor, sell this output on the private market in the urban area with a markup. The difference in price is what would have originally been profit for the farmer, but which is now heading to the accumulation fund of the state. Another form would be via the charging of fees for private entities to use state infrastructure (think railways) in order to transport their products. The third—and final that Preobrazhenskii notes involves exchanges "between the state economy and the private." Here, Preobrazhenskii perceives a difficult balancing act: the state could offload commodities into the private economy for the sake of having lower distribution costs, but in doing so allow

capitalists to potentially derive gains from the surplus of state industry—a net negative for socialist accumulation. These thoughts on exchange lead Prebrazhenskii to consider that the state should take charge of all "middlemen" activities. Why? Because the capitalists profit from these activities, draining value from the peasantry to hoard for themselves. Whereas the state, taking value from the peasantry, would redistribute that value back to the benefit of the peasantry and laborers.

When considering foreign trade, Preobrazhenskii ([1926] 1964, 245) considered the State's monopoly of utmost importance. Noting this as one of the forms of primary socialist accumulation, Preobrazhenskii also considered the State's monopoly as a form of socialist protectionism that would safeguard the accumulation processes. In addition, there are further synergistic benefits to be had. As the economic plan to increase agriculture paid dividends, the Soviet Union would be able to export surpluses that were deemed unnecessary for direct distribution—in order to create yet another inflow of revenues into the socialist accumulation fund. Additionally, this would serve to strengthen ties between peasant farmers and the state government: as the farmers would come to rely upon the government for distributing their produce abroad. Finally, the state's monopoly on foreign trade would enable the state to enact trade protections designed to

protect the nascent sectors within the larger program of Soviet industrial development.

Preobrazhenskii ([1926] 1964, 247-257) rounds out his thoughts by discussing several important concepts intended to guide the Soviet Union's policies intended to promote economic development. The important ones have to do with why the profit motive and the capitalist idea of value does not provide the same benefit to state agencies. As noted above, tasking economic duties to state agencies—instead of to a more efficient profitable capitalist enterprise—would be the preferable course of action for the Soviet Union. The long-term benefits of building up state-run agencies could feasibly pay huge dividends, albeit in the future. A secondary and more immediate benefit is that delegation to state agencies, instead of private enterprise, would serve to keep capitalists from draining their profits from the socialist government. To better understand this, a reference to Marx's *Capital* is again necessary. Preobrazhenskii quotes a passage from *Capital* in which he describes capital as, "...movement, the process of a cycle, a process which traverses various stages...Capital, therefore, is conceivable only as a movement." To this, Preobrazhenskii informs us that if capital is indeed best thought of as "movement," then socialism could offer an example of an even faster movement. Essentially, Preobrazhenskii is asserting that the state economy must feed on the capitalists—creating socialist inflows—or else the capitalist mode of

production would eat the capital away from the state economy, thereby creating capitalist inflows.

Stalin's Approach:

During the time known as the Soviet Debates, there were people other than Preobrazhenskii putting forth their ideas about how to handle the transition to a socialist economy. Nicholas Spulber curated many of the key articles highlighting the different arguments in the *Foundations of Soviet Strategy for Economic Growth* (1964). After the summary of Preobrazhenskii's article *On Primary Socialist Accumulation*, a look at the article released a couple years later by Joseph Stalin is warranted. In it, there will be similar thoughts and ideas. Stalin's article echoes the basic ideas of Preobrazhenskii and the progressive wing of the party; however, where Preobrazhenskii's article is written with the nuance of an economist, Stalin's is written with political deft, hero worship of Lenin, and foreign demagoguery.

In his contribution to the Soviet debates, Joseph Stalin's *Industrialization of the Country and the Right Deviation* ([1928] 1964, 266-278) argues that a fast rate of industrial development and the ability to produce of the means of production—machinery previously imported from capitalist countries— was key to creating a Soviet economy that would allow for socialist development. In Stalin's view, this would require intense industrial capital investments, and that rapid investment

would create a state of tension. However, due to both internal and external conditions, Stalin argues that this is necessary, as a slower, less tense, growth is not ideal to improving the internal and external situation. Stalin's main argument here seems to be similar to that of Preobrazhenskii, in that the Soviet Union's technical equipment is severely outdated and in desperate need of modernization. To Stalin, the most important thing is that the Soviet Union is able to overtake the western capitalist industrial nations in their ability to produce the means of production, meaning to make the Soviet Union the most technologically advanced country in the world. This was especially important as a means to defend the nascent socialist society from external capitalist power.

On the internal situation, Stalin tells us that the foundation for rapid development lies in fixing their backward agricultural system ([1928] 1964, 270-271) and in electrifying the country. This too seems borrowed from Preobrazhenskii. On this, Stalin seems to introduce some contradiction or conflict. In order to fuel the rapid industrialization and technological advancement, Stalin says the Soviets must maximize agricultural production. Yet to maximize agricultural production, Stalin says they must supply the industry with maximum investments in modern tools and means of production. Stalin seems satisfied that this contradiction can be overcome simply by forcing a much faster rate of development.

The differences between Stalin's thoughts and those of Preobrazhenskii seem to lie in their emphasis on the speed and type of application. Preobrazhenskii argued for the setting up of a state controlled pseudo-capitalist economy that developed and grew with use of markets. This would develop the primary socialist accumulation; however, this would happen through taxation of capitalist surplus and take longer. In contrast, Stalin seems more focused on speed and direct control of the application of Preobrazhenskii's and Lenin's ideas about agriculture and industrialization. Stalin speaks far less on the role of markets and is more focused on administering, through direct state control, the development of modern technologies for the benefit of the agricultural sector. Will his approach work? History tells us.

Stalin's Rise:

Stalin wins. Not with his pen, but with his sword. Gregory and Stuart (2001, 61-62) inform us that after Lenin's death in 1924, Stalin consolidates power in a short four-year period. During this time, Preobrazhenskii is forced out of political life. Preobrazhenskii's fall from grace was likely due to the intense turmoil of the political wings in the communist party, and of being on the wrong side of Stalin. On the road to consolidating power, Stalin joined the right wing of the party to topple Trotsky and the leftist opposition. Once that was accomplished, he

manipulated the Central Committee to denounce Bukharin and the leaders of the right wing. At this time, Stalin adopted the first Five Year Plan using the leftist's platform that he had also put forth in his article. Why the political change up? According to Gregory and Stuart, in 1927, several setbacks with foreign policy and the grain markets prompted Stalin to adopt the superindustrialist positions. Doing so prompted progressives like Preobrazhenskii to reenter the party.

The Purging of Detractors and Supporters Alike:

In the book *Was Stalin Really Necessary?* author Alec Nove (1964, 301) describes the brutal approach Stalin took to push the new industrialization plan in his "revolution from above." This approach involved forcing peasant farms to collectivize and report to centralized state authorities. Mass deportations, mass famine, and violent coercion ensued in the name of destroying the enemies of socialism. While the Great Purge wouldn't take place until 1936, many early contributors to Soviet ideas were killed earlier under false pretenses. According to the research (Gorinov and Tsakunov, 1991, 296) Preobrazhenskii was either arrested on December 20th or 31st, 1936. Refusing to testify, he was executed on July 13th, 1937. According to authors Gregory and Stuart (2001, 66), both Bukharin and Trotsky would both perish at the hands of Stalin as well. The Party,

according to Alec Nove, had completed its transformation into "a caste of disciplined rulers" punctuated by The Great Purge.

Conclusion:

The importance of Preobrazhenskii's life and contributions to the development of the Soviet economic system is often overlooked. This inquiry sought to establish that author and economist Evgenii Alekseevich Preobrazhenskii provided a substantial theoretical foundation for the Soviet Grand Experiment and the process of superindustrialization. E.A. Preobrazhenskii was an economist and politician who toed the party line hoping to make the Soviet Grand Experiment a success. Unfortunately, he could not keep from speaking his mind, and paid for it with his life. Unlike Stalin, Preobrazhenskii had an acute economic mind and approached economic ideas with a nuance missing from Stalin's more politically motivated arguments. Preobrazhenskii had many significant writings that contributed to the foundations of Soviet economy. Not least of which was his article *On Primary Socialist Accumulation*. In that article, he expanded upon and defended numerous key economic policies that would have allowed for superindustrialization to go forward without the brutish bloodletting used by Stalin. Preobrazhenskii understood the complex overlapping synergies and feedback loops that could benefit from one another in different sectors including industrialization,

agriculture, banking and finance, transportation, and foreign exchange. It's a shame, but sometimes might wins.

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