

Life and Works of Evgenii Alekseevich Preobrazhenskii *Translated by Konstantin Gurevich*

Slavic Review, Vol. 50, No. 2, Summer 1991

Evgenii Alekseevich Preobrazhenskii has been one of the most important yet least known figures on the Bolshevik Olympus: a prominent party functionary, economist, journalist, and writer, a talented organizer of scholarly research, and educator. For political reasons, however, his activities have long been virtually ignored in Soviet writing. References to him in Soviet histories of the Communist party or economic histories have been one-sided and sketchy.¹

Preobrazhenskii was born on 15 February 1886 (old style) in Bolkhov in Orel guberniia. His father, Aleksei Aleksandrovich Preobrazhenskii, was an Orthodox priest and Bible teacher at the Bolkhov Parochial School.² Evgenii Alekseevich studied at his father's private school and completed two years at the Bolkhov City School. He joined the RSDRP in late 1903 and was arrested during his first year as a student at the Moscow University Law Department.³ He moved to various positions and towns and in December 1905 took part in the uprising at the Presnia.

After the uprising had been suppressed, Preobrazhenskii was sent to the Urals at the suggestion of Aleksei I. Rykov. There he met Iakov M. Sverdlov and his wife Klavdiia T. Novgorodtseva. He was involved in party work in Ekaterinburg, Cheliabinsk, Perm', and especially in the southern Urals: Ufa and Zlatoust. Preobrazhenskii was a member of the Ural Oblast Bureau of the RSDRP. In the summer of 1907, he was chosen to represent the Urals at the All-Russia party conference in Finland, where he met Lenin.⁴

Preobrazhenskii was repeatedly arrested. He was convicted on 5–7 May 1909 in Cheliabinsk by the Saratov Court Chamber and on 14 September 1909 in Perm' by the Kazan' Court Chamber and was sentenced to internal exile. He served his term in Irkutsk guberniia with Artem Sergeev and others. While in exile, he corresponded with Lenin, Grigorii Zinov'ev, and Nadezhda K. Krupskaja. In the spring of 1916 he moved to Chita and stayed there until the February Revolution.⁵

In Chita Preobrazhenskii took an active part in the February Revolution,⁶ but he left in April to serve as delegate to the First All-Russia Congress of Soviets of Workers' and Soldiers' Deputies (3–24 June). After the First Congress of Soviets, he returned to the Urals and was elected to the Ural Oblast Party Committee.⁷ The Zlatoust RSDRP(b) organization chose him as delegate to the Sixth Party Congress, where he was elected a member of the Mandate Commission and candidate member of the Central Committee. When the congress voted on the resolution on the

1. Preobrazhenskii's views have received a much more comprehensive and objective treatment in the Anglo-American historiography of Soviet society of the 1920s. The works of Edward H. Carr, Robert V. Daniels, Alexander Erlich, Stephen F. Cohen, Alec Nove, and others describe various aspects of Preobrazhenskii's political and scholarly activities. On the other hand, no works deal specifically with his life. Some biographical data can be found in *Who's Who in Economics: A Biographical Dictionary of Major Economists, 1700–1980* (Wheatstheaf, 1983); *Who Was Who in the USSR* (Metuchen, N.J.: Scarecrow Press, 1972). This paper is based on Preobrazhenskii's works, the memoirs of his son, Leonid Evgen'evich Preobrazhenskii, documents from the TsGAOR SSSR, TsPA IML, published party documents, and Soviet and non-Soviet historiographic works.

2. TsGAOR SSSR, f. 102 (D7), op. 1906, d. 6113, ch. 34, l. 1–1 ob.; op. 1911, d. 2349, l. 26.

3. Evgenii Alekseevich Preobrazhenskii, "Avtobiografiia," in *Entsiklopedicheskii slovar' Granat* 41 (pt. 2): 124, 120–121; TsGAOR SSSR, f. 102 (D7), op. 1906 d. 6113, ch. 34, l. 2.

4. "Avtobiografiia," 124–128.

5. TsGAOR SSSR, f.102 (DP 00), op.1911, d. 5, ch. 27, l.a.l. 50; f.102 (DP 00), op. 1916, d.5, ch. 27B, l. 46–48; f.102 (d.7), op. 1908, d. 2291, l.28; "Avtobiografiia," 128–129, 129–130, 130.

6. TsGAOR SSSR, f.533, op. 1, d. 1026, l. 24, 28; *Spravka* TsPA IML, no. 2793 of 25 April 1989 (see footnote 63).

7. "Avtobiografiia," 130.

political situation based on Stalin's report, Preobrazhenskii suggested that the socialist nature of the Russian revolution should be preconditioned in the resolution by a proletarian revolution in the west and cited the already adopted resolution on Nikolai Bukharin's report.⁸ Stalin disagreed strongly with the suggestion: "I am against such an ending to the resolution. It is not impossible that Russia will be the country that would open the way to socialism. . . . The obsolete view that only Europe can show us the way should be abandoned."⁹ This disagreement was a precursor to the mid-1920s debate concerning the possibility of building socialism in one country.

After the congress, Preobrazhenskii returned to the Urals and stayed there through the October Revolution. There in 1918 Preobrazhenskii wrote his first major work, *Anarkhizm i kommunizm*, which reflected the contemporary Bolshevik vision of a rigidly centralized planned economy under communism, when "there will be no waste of social labor, since the role of the market . . . will be replaced by the work of a statistician." He argued that if the anarchist doctrine of transferring the means of production to "worker artels" is implemented, "narrow group interests" would prevail over public interests.¹⁰

During the Brest peace negotiations, Preobrazhenskii was a Left Communist and became close to Bukharin. Both were on the program commission created by the Eighth Party Congress to edit and prepare the final version of the program adopted by the congress; together they wrote the famous *Azbuka kommunizma*.¹¹ Although a leftist, Preobrazhenskii was no extremist. Particularly characteristic was his position on the peasant question. He severely criticized "the Marxist bookworms who memorized the dogma about the opposing interests of peasants and proletarians," those "pseudo-Marxists who predict the inevitability . . . of a peasant counter-revolution" (referring perhaps to Lev Trotskii?). The revolution gave for free to peasants land that had been mortgaged to the banks in which foreign capital was strong and the peasants have, therefore, "an economic interest in the world proletarian revolution." He wrote about "the deepest roots of our peasant and worker revolution."¹² In early 1918 he predicted intensified struggle within the peasantry and appealed to the party "to make sure that the struggle does not take the form of uncontrolled rioting with a *lumpenproletarian* tendency toward 'leveling' and peeking into other people's chests, but that it leads to an economic union of the poor . . . which could then turn to cultivating the land in artels."¹³

The Ufa party organization elected Preobrazhenskii as delegate to the Ninth Party Congress, which elected him to the Central Committee, which made him one of its three secretaries (along with N. N. Krestinskii and L. P. Serebriakov). In March 1920 he and his family moved to Moscow for good.¹⁴ In addition to the managerial assignment at the Central Committee apparatus, Preobrazhenskii was also charged with running its three departments: agitation and propaganda, work among women, and work in rural areas. He prepared the theses for the Central Committee's circular concerning the struggle against material inequality and bureaucracy within the party and also became member of the Central Control Commission (TsKK) at its creation.¹⁵

In the trade union debate, Preobrazhenskii supported Bukharin's platform, while at the Tenth Party Congress (March 1921) he supported the draft resolution proposed by Bukharin and Trotskii. Apparently, this support cost him election to the Central Committee. At the congress, however, Lenin supported Preobrazhenskii's views concerning the need to revise the financial

8. Ibid., 131; VI s'ezd RSDRP(b). Avgust 1917 g. Protokoly (Moscow, 1958), 7, 250, 461.

9. VI s'ezd RSDRP(b), 250.

10. E. Preobrazhenskii, *Anarkhizm i kommunizm* (Moscow, Izd. 2-e, 1921), 44–45.

11. VIII s'ezd RKP(b). Protokoly (Moscow, 1959); Nikolai Bukharin and E. A. Preobrazhenskii, *Azbuka kommunizma* (Petrograd, 1920), 246.

12. Preobrazhenskii, *Krest'ianskaia Rossiia i sotsializm* (Petrograd, 1918), 16–17.

13. Ibid., 6.

14. While in Irkutsk, Preobrazhenskii had married Roza Abramovna Nevel'son (1898–1980). Their children were Leonid (1917–) and Irina (1921–1988). In the mid-1920s, Preobrazhenskii married Polina Semenovna Vinogradskaia, with whom he had a son, Igor'.

15. IX Vserossiiskaia konferentsiia RKP(b). Stenograficheskii otchet (Moscow, n.d.), 84; X s'ezd RKP(b). Stenograficheskii otchet (Moscow, 1963), 800–802, and 65.

policy and to bring it in line with the New Economic Policy (NEP) and suggested that he be made head of the commission of the Central Committee and the Sovnarkom to implement financial reforms. Lenin regarded Preobrazhenskii as a major authority on finances, especially after *Bumazhnye den'gi v epokhu diktatury proletariata* was published in 1920.¹⁶

In 1922 a debate on whether gold was capable of offering a stable measure began in the Soviet Union.¹⁷ Preobrazhenskii believed that the measure of cost could be performed by the pre-World War I gold ruble until a firm paper currency acceptable in foreign countries and based on gold as the world money could be established. During 1922 and part of 1923, most of the major financial operations in the country were carried out using the ruble with the 1913 purchasing power adjusted to the 1913–1922 general index of commodities (the goods ruble). Preobrazhenskii did not deny the need to introduce firm currency backed by gold when gold prices become stable.¹⁸

For the Eleventh Party Congress (March 1922), Preobrazhenskii attempted to outline the party's goals regarding the various strata of peasants under NEP in his *Osnovnye printsipy politiki RKP v derevne*. Lenin read the theses and found them "inappropriate."¹⁹ In these theses Preobrazhenskii had said that after *prodrazverstka* had been abolished the growing urban market for goods would transform peasant farms from consumer units into goods-producing units. The rejuvenated social stratification would allow the kulaks to emerge. This stratum, which intensified agriculture by using its own petit-bourgeois methods, thus represented a necessary link in establishing new economic relations in rural areas. Therefore, "the policy of rejecting this stratum and using the *kombed*-style methods of 1918 for its brutal noneconomic suppression would be a terrible mistake." Lenin countered: "A war, for example, may force one to use the *kombed* methods."²⁰ This disagreement reflected Preobrazhenskii's position as an economic theoretician and that of Lenin as a practical politician. Arguing that noneconomic coercion was unacceptable, Preobrazhenskii wrote that the state should use higher taxes to limit the exploitative tendencies of the kulaks. Lenin supported Preobrazhenskii's view that it would be a mistake to support this class at the expense of others in order to develop agriculture as fast as possible.²¹ Further, Preobrazhenskii wrote about the need "to use, within available limits, the emerging process of capitalist accumulation in rural areas for the sake of socialist accumulation." Lenin made the following note: "The last words of Section II are true, but unpopular and too succinct. Need to be developed."²²

In the mid-1920s, Preobrazhenskii and Bukharin each tried to develop this idea that Lenin had supported. Bukharin, however, found himself in hot water with his "enrich yourselves" slogan, while Preobrazhenskii was branded "a theorist of Trotskism." In his ideas about the prospects of agricultural development under NEP, Preobrazhenskii was, to a certain extent, ahead of his time: What he writing about in the theses became important only in the mid-1920s. No wonder Lenin repeated in his notes more than once that the author's views were "archunpopular" and suggested changing the title to *O postanovke raboty RKP v derevne pri uslovii perezhivaemogo momenta*.²³

In the spring of 1922 Lenin and Preobrazhenskii disagreed on the nature of the country's

16. *X s'ezd RKP(b)*, 446; L. N. Iurovskii, *Na putiakh k denezhnoi reforme*, Izd. 2-e (Moscow, 1924), 29; V. I. Lenin, *Polnoe sobranie sochineii*, 43:57, 66, 52:114. See, for example: V. I. Lenin, *PSS*, 52:114; Vladimir Il'ich Lenin: *Biograficheskaiia khronika*, 10:253–254, 311–312, 384, 458, 541–542, 555; 11:199, 276, 321–322, 410, 416, 434, 450.

17. See E. A. Preobrazhenskii, "Teoreticheskie osnovy spora o zolotom i tovarnom ruble," *Vestnik Kommunisticheskoi Adademii*, 1923, no. 3, 58–64, 73.

18. *Ibid.*, 73.

19. Lenin, *PSS* 45:46; TsPA IML, f.2, op.1, d.22933.

20. Lenin, *PSS* 45:44.

21. *Ibid.*

22. *Ibid.*

23. *Ibid.*, 43.

economic system. At the Eleventh Party Congress, Lenin continued to argue that Russia's economic system was state capitalism, a necessary stage in the country's advance to socialism. He was thus cautioning the party against overestimating the socialist maturity of the transition economy and underestimating the role of market relations. He was directing party members to "test state-owned and capitalist enterprises with competition" and at the same time was calling on them to work against the manifestations of state capitalism in the sociopolitical and ideological spheres, such as bureaucracy in the state apparatus and at state-owned enterprises, factionalism within the party, and the *ustrialovshchina* in the press.²⁴

Preobrazhenskii's concept of the market-socialist nature of Soviet Russia's economic system underestimated the market's role in the state sector.²⁵ Its logical conclusion was the desire to broaden the democracy of worker and party. Since a victory was secured in state-owned industry, the state of emergency in the party and the state could be eased somewhat. Thus, Lenin emphasized the contradictory unity of the transition economy (state capitalism), whereas Preobrazhenskii concentrated on its dualism (market-socialist).

After the Eleventh Party Congress, the views of the two opponents moved closer. After realizing that cooperatives could engage a majority of peasants in socialist construction and could help the proletarian state influence the peasantry, Lenin supported Trotskii in his struggle to widen Gosplan's prerogatives, on the one hand, and called for more democracy in the party and the state, on the other.²⁶ Preobrazhenskii concluded that NEP was necessary not as much for the sake of the *smychka* between industry and the small producer sector, as he had first believed, but rather because of "the need to get everything . . . useful from the old capitalist methods of bookkeeping, accounting, etc.," for the state sector as well.²⁷

Immediately after the congress, Preobrazhenskii attended the Genoa Conference (where, among other things, he met John Maynard Keynes²⁸). In *Itogi Genuezskoi konferentsii i khoziaistvennye perspektivy Evropy*, Preobrazhenskii concluded that Lenin's idea of peaceful coexistence agreed with the world economic situation: "Different political systems in Europe are temporarily compelled to adjust to one another in order to support or further develop their own productive forces."²⁹

Peaceful coexistence with world capitalism and broad use of market relations in the Soviet economy was not in line with the party's program adopted by the Eighth Congress. In 1922 in *Ot nepam k sotsializmu: Vzgliaad v budushchee Rossii i Evropy*, Preobrazhenskii outlined the prospects for the country's evolution during the NEP. His model for the future was based on his interpretation of NEP as a market-socialist economy in which elements of socialism and capitalism were in an adversarial relation. Preobrazhenskii predicted that this struggle would bring Soviet society to an economic dead end by the late 1920s and that the European proletariat after its victory in a European revolution of the late 1920s or early 1930s would come to the Soviet Union's aid. The forecast was accurate with respect to the basic trends in the Soviet and world economy (consider the structural crisis of capitalism in 1929–1930 and the crisis in relations between the city and the countryside in the Soviet Union toward the late 1920s), although the result was different: various forms of state monopoly capitalism in the west and Stalin's "revolution from above" in Soviet Russia. During 1922 and 1923, Preobrazhenskii made several other

24. Ibid., 78, 69–130; 44:341–353.

25. See *XI s'ezd RKP(b). Stenograficheskie otchet* (Moscow, 1961), 82–83; E. Preobrazhenskii, *Ekonomicheskie frizivy pri NEPe. Stenogramma doklada, chitannogo, v S. Akademii 1 noiabria 1923 g.* (Moscow, 1923) 4–6.

26. Lenin, *PSS* 45:343–353, 383–388.

27. See E. Preobrazhenskii, "Ekonomicheskaiia politika proletariata v krest'ianskoi strane," *Kommunisticheskii International*, 1922, no. 23, 6275–6276, and idem, "Khoziaistvennoe ravnoesie v sisteme SSSR," *Vestnik Kommunisticheskoi Akademii* (1927), 22:23.

28. See *XII s'ezd RKP(b). Stenograficheskie otchet* (Moscow, 1968), 183.

29. E. A. Preobrazhenskii, *Itogi Genuezskoi konferentsii i khoziaistvennye perspektivy Evropy* (Moscow, 1922), 18.

attempts to draw the party's attention to NEP's future prospects and the need to change the war communist program of the party.³⁰

In the spring of 1923, however, Lenin essentially retired and the country's economic problems worsened through the summer and fall. A heated debate began within the party; struggle for power intensified in its higher echelons.³¹ In the course of the intraparty discussion, Preobrazhenskii elaborated his ideas of broadening party democracy and strengthening the planned character of the economy. He believed that the increasing complexity of the economic situation under NEP called for more independent primary party cells. The majority of the Central Committee, however, chose to strengthen the role of the apparatus, which froze party activity and increased careerism.³²

At the Thirteenth Conference of the RKP(b), Preobrazhenskii reported on party affairs, but the main report was given by Stalin. This conference and the Thirteenth Party Congress characterized the opposition's views as a "petit-bourgeois deviation." Preobrazhenskii, thus, was branded an oppositionist and shortly afterwards a "Trotskyite."

In the mid-1920s, Preobrazhenskii wrote his most important work, *Novaia ekonomika*, in which he theoretically analyzed the evolution of the Soviet economy and the specific transition to socialism in Russia under NEP. The individually published chapters, and later part one of volume one of *Novaia ekonomika*, were harshly criticized. The chief opponent was Bukharin, who, in the opinion of Preobrazhenskii, "sacrificed the theoretical conscientiousness of a scholarly study to short-term goals of today's debate."³³

Preobrazhenskii, like Bukharin, regarded socialism as a market-free planned system, the antithesis to capitalism and commodity production. In line with these views, state industry was considered mostly socialist, while small producers created the basis for market relations. Accordingly, Preobrazhenskii saw the Soviet economy as a mixed economy, in which socialism with its planning opposed forms of the economy that functioned on the basis of private property and the market. The theoretical analysis in *Novaia ekonomika* was based on the contention that the economy's evolution to socialism constituted a constant struggle between the opposing socialist and capitalist, market-oriented forms of economy. Because Bukharin generally shared the same theoretical views of the Soviet economy he could not argue with Preobrazhenskii about substance.³⁴

Unlike Bukharin, Preobrazhenskii recognized that the country's insufficient industrialization was the main obstacle to socialism. Russia had fallen behind the western countries technologically and economically, and a peculiar feature of its economy was that the socialist econ-

30. In late 1922 Preobrazhenskii prepared theses on the transition from capitalism to socialism, in which he listed the main difficulties and discussed more or less the same issues as those presented in *Ot nepa k sotsializmu* (see TsPA IML, f. 5, op. 2, l. 220–223). The theses were enclosed with his letter to the Politburo, in which he argued that a Central Committee plenum should prepare and adopt a resolution on the transition from capitalism to socialism in Russia. The same argument was made in Preobrazhenskii's "Pora," *Pravda*, 25 January 1923. See also his speech at the Twelfth Party Congress (*XII s'ezd RKP(b)*, 142).

31. In studies of party infighting, we tend to underestimate the role and significance of the distortions in the moral and ethical aspects of the life of the party and Russian society during the three revolutions, World War I and the civil war. Preobrazhenskii was among the first to acknowledge problems in this area. See his work *O morali i klassovykh normakh* (Moscow-Petrograd, 1923).

32. E. A. Preobrazhenskii, "O nashem vnutripartiinom polozhenii," *Pravda*, 28 November 1923.

33. E. A. Preobrazhenskii, *Novaia ekonomika* (Moscow, 1926), 250. See Nikolai I. Bukharin, "Novoe otkrovenie v sovetskoi ekonomike ili kak možno pogubit' raboche-krest'ianskii blok," *Voprosy ekonomiki*, 1988, no. 9; N. I. Bukharin, *K voprosu o zakonomernostiakh perekhodnogo perioda* (Moscow-Leningrad, 1928).

34. If one disregards the political imperatives of the debate between Bukharin and Preobrazhenskii, one may say, with some degree of simplification, that each of the two opponents, while sharing the same general principles, concentrated on the problems within one of the two different components of the Soviet economy. Bukharin analyzed primarily the peasant agrarian sector, while Preobrazhenskii focused on the proletarian industrial sector.

omy was weaker compared to the private capitalist forms (especially those in other countries). So Preobrazhenskii believed that "for the state economy, the struggle for survival at this stage means that the dangerous period in its life, when it is both economically and technologically weaker than the capitalist economy, must be passed as fast as possible." The country had to live through a special period of primitive socialist accumulation, which would continue "until our state economy prevails over capitalism both technologically and economically."³⁵

Industrialization was impossible on the basis of accumulations in domestic industry alone (because of its weakness and the long history of dipping into its base capital) without transferring some of the surplus resources from agriculture to industry. Since there were only 5 million workers in the Soviet Union compared to 22 million peasant households, the peasants objectively had to bear the brunt of expenditures for industrialization. The task was to determine ways and means of transferring surplus resources from the agricultural sector of the economy to the industrial sector. Rather than calling for turning the countryside into the city's colony, for "taking more" from the peasants than the tsarist regime did, and for the exploitation of peasants by the proletariat, Preobrazhenskii proposed "to take more from the even greater profits that will be secured for small producers by 'rationalizing' the country's entire economy, including the small farms."³⁶ Opportunities were to be created for extended reproduction in agriculture, for raising profits above the prerevolution level, and for spending more of these profits on industrialization.³⁷

Preobrazhenskii understood that the accumulations created in the country through normal relations between industry and the peasant economy (the relations that ensured extended socialist reproduction for both the city and the countryside) were insufficient to meet the needs of rapid industrialization. He was hoping for the world revolution because he was skeptical about the possibility of achieving socialism in one country and he did not want to "rob" the peasants.

In *Novaia ekonomika*, Preobrazhenskii was able to identify theoretically a tendency in the evolution of NEP. The *prodna*log marked the beginning of the transition to NEP but not the essence of NEP. Lenin left no word about the future of the *prodna*log during reconstruction. What Preobrazhenskii tried to do was to develop the idea of the *prodna*log as applicable to that particular stage.³⁸

Before we can address the question of whether Preobrazhenskii was a Trotskyite we must define Trotskyism. If Trotskyism is an ideological and political trend within the workers' movement characterized by proletarian vanguardism; an emphasis on the workers' exclusiveness to the point of contrasting the socialist ideal of the proletariat to all other social strata, including the peasantry; political adventurism before and during the revolution; idolization of revolutionary violence; and extreme statism in the early stages of socialist construction, then, in our opinion, Preobrazhenskii was not a Trotskyite (all of these factors may not accurately describe different stages in Trotsky's career).

Two things apparently brought Preobrazhenskii closer to Trotsky. First, Trotsky turned in the early 1920s, whether sincerely or not, from the military methods of running the party and the state toward democratic methods. After Lenin's retirement, Trotsky was the most consistent advocate of worker democracy on the Politburo. Preobrazhenskii had unchangingly supported more democracy for the party and the state. Second, Trotsky and Preobrazhenskii agreed that socialist victory in the Soviet Union was impossible without a successful proletarian revolution

35. Preobrazhenskii, *Novaia ekonomika*, 251, 30.

36. E. A. Preobrazhenskii, "Osnovnoi zakon pervonachal'nogo sotsialisticheskogo nakopleniia," *Vestnik Kommunisticheskoi Akademii*, 8:59.

37. For the discussion of the debate in the 1920s Soviet literature concerning industrialization, see Alexander Erlich, *The Soviet Industrialization Debate, 1924–1928* (Cambridge: Harvard University Press, 1960).

38. Preobrazhenskii suggested introducing indirect taxation of peasants; see Preobrazhenskii, *Novaia ekonomika*, 123.

in Europe.³⁹ As Stephen Cohen has rightly noted, however, “few were struck by the contradiction between Preobrazhenskii’s reasoning on socialist industrialization in an isolated Russia and Trotsky’s emphasis on a crucial role of a European revolution.”⁴⁰ Meanwhile, Trotsky himself saw the danger of his theoretical opponents’ using Preobrazhenskii’s ideas to advocate “socialism in one country.”⁴¹ Furthermore, Preobrazhenskii was completely free of the antipeasant complex of Trotsky and so could by no means be considered an “orthodox Trotskiiite,” whatever this notion might mean. His association with Trotsky in the 1920s was more of a political coalition. Leonid Preobrazhenskii recalls that his father’s personal relations with Trotsky were not particularly close: The latter had invariably been referred to in the Preobrazhenskii family as “*bonapartik*” (originally Karl Radek’s *mot*).

Let us now address the question of whether Preobrazhenskii was “responsible” for Stalinism. Stalin did use Preobrazhenskii’s ideas to develop the strategy for the late 1920s (which is what Trotsky feared). He especially adopted the prediction that NEP policies would lead to an economic dead end, the concept of transferring surplus resources from the countryside to the city, and the need to overcome the country’s technological and economic backwardness as fast as possible. That his ideas were used by Stalin does not make Preobrazhenskii responsible for Stalinism.

Preobrazhenskii’s theory of primitive socialist accumulation did not please the party leadership in 1924. Bukharin said the theory was anti-Leninist and designed to undermine the union of the working class and the peasantry.⁴² After the conflict of the mid-1920s, however, the positions of Bukharin and Preobrazhenskii were moving closer. Bukharin had to admit that the problem of industrialization and the resources it required was serious, while Preobrazhenskii softened his stand and concentrated on balance in the course of social reproduction in the economy.⁴³ This tendency to reconcile the differences on the principal issues was dwarfed by the escalation of political rivalry. In 1927 Preobrazhenskii was expelled from the party for his active involvement in the opposition movement and was exiled to the city of Ural’sk.

In 1929 Trotsky’s expulsion from the country and Stalin’s strong “move to the Left” led to faltering in the opposition ranks. On 25 April 1929 Trotsky wrote to Suvarin: “You report that Radek, Smilga, and Preobrazhenskii are faltering. I am well aware of that. It is not their first day, first month, or even first year of faltering.”⁴⁴ On 13 July 1929 *Pravda* carried “Zaiavlenie v TsKK byvshikh rukovoditelei trotskistskoi oppozitsii tt. E. Preobrazhenskogo, K. Radeka i I. Smilgi o razryve s oppozitsiei,” which was dated 10 July. In a letter to his associates, E. Solntsev, an active oppositionist, called this declaration an “unheard-of betrayal.”⁴⁵ We think exactly the opposite: By writing the letter to the TsKK, Preobrazhenskii, Radek, and Smilga were faithful to their principles. They honestly believed that the majority of the Central Committee, headed by Stalin, had struck against the Right and embraced their positions. Since the politi-

39. Now that we know what price the people have paid for the Stalin alternative, Preobrazhenskii’s attempts to find a different way for the country’s development appear at the very least justified. Without debating here the issue whether Stalinism was inevitable, we may note that the main reason why Stalin won within the party was that the Soviet Union was isolated as a socialist country.

40. Stephen Cohen, *Bukharin and the Bolshevik Revolution: A Political Biography, 1888–1938* (New York: Vintage, 1971), 169.

41. L. D. Trotsky, “Zakon sotsialisticheskogo nakopleniia, planovoe nachalo, temp industrializatsii i—besprintsipnost’,” in *Kommunisticheskaia oppozitsiia v SSSR, 1923–1927*, from *The Archives of Leon Trotsky*, 4 vols. vol. 1 (1923–1926) (Benson, Vt. 1988), 225.

42. N. I. Bukharin, “Novoe otkrovenie v sovetskoi ekonomike ili kak možno pogubit’ rabochekrest’ianskii blok,” no. 9, 149.

43. N. I. Bukharin, “Zametki ekonomista,” *Pravda*, 30 September 1928; Preobrazhenskii, *Khoziaistvennoe ravновesie v sisteme SSSR*.

44. Quoted from Em. Iaroslavskii, “Mertvye shagaiut bystro: Razval trotskizma,” *Bol’shevik*, no. 18 (30 September 1929), 60.

45. *Ibid.*, 73.

cal grounds for the differences were gone, one had to let bygones be bygones and rejoin the party. At that time, Preobrazhenskii did not know what methods Stalin would employ in his struggle for "the general line." When he did find out, however, he could not fully support these methods: "I could shoot the way I wanted but not the way the party was shooting. . . . And so I was expelled from the party for the second time" during the fierce fighting for collectivization in the countryside.⁴⁶

Between his two expulsions from the party Preobrazhenskii managed to publish several works.⁴⁷ He acknowledged, among other things, that the strengthening of planning by the First Five-Year Plan directives was inherited from "the planned economy of the war communism," "which was not abandoned [under NEP] but simply adjusted to the market system of relations between the state and private sectors."⁴⁸ The period of reconstruction was progressing:

After a period of certain disorder and weakened planning in industrial administration, we entered a period when the state economy is being modernized faster and its accumulation is increasing, on the one hand, and a period when planning is being strengthened in the state sector and its elements of regulation, as well as its regulating effect on the entire private economy in general are growing, on the other.⁴⁹

In light of these trends, Preobrazhenskii interpreted many phenomena new to the late 1920s as gradual progress toward the moment when the circulation of paper money would be terminated and money would lose most of its functions. He argued that the laws of capitalist monetary circulation did not automatically apply to the Soviet economy, especially to the state sector. This belief reflected both Preobrazhenskii's view that the law of value was only marginally valid in the state sector and his insight and scholarly intuition. The latter led him to conclude that a wide-scale interference of the state in the economy, and especially in the mechanism of market relations, required a different approach and a special study that Karl Marx could not possibly have undertaken. The issue was essentially further development of Marx's theory of monetary circulation.

In *Teoriia padaiushchei valiuty* Preobrazhenskii thoroughly studied the development of currency systems during the inflation of the first third of the twentieth century. Instead of analyzing stable monetary circulation, which Marx had done in *Das Kapital*, Preobrazhenskii concentrated on the factors that destabilize currency systems. He argued that declining currency indicated a monetary circulation system was in crisis. He thought that changes in monetary circulation were parallel to a cyclical crisis and he investigated how these processes occur: an initial currency decline, a great acceleration of the decline, collapse of the currency system, restoration and stabilization of the currency, and then the next destabilization.⁵⁰ Thus, Preobrazhenskii outlined a promising area of study.

Preobrazhenskii's ability to think globally, to uncover hidden trends, and to predict their further evolution was also evidenced in *Zakat kapitalizma*. In the preface he said that the book was part of a larger work on contemporary imperialism and its downfall. The world economic crisis that had started in 1929 made study of the future of capitalism as a system current. Pre-

46. XVII s'ezd VKP(b). *Stenograficheskii otchet* (Moscow, 1934), 238. E. Preobrazhenskii, "Za chto nas iskluchili iz partii?: Pis'mo k partiinomu s'ezdu," *Kommunisticheskaia oppozitsiia v SSSR* 4:84; "Zaiavlenie v TsKK byvshikh rukovoditelei trotskistskoi oppozitsii tt. E. Preobrazhenskogo, K. Radeka, i I. Smilgi o razryve s oppozitsiei," *Pravda*, (13 July 1929).

47. E. A. Preobrazhenskii, "Ekonomicheskaiia priroda sovetskikh deneg i. perspektivy chervonsta," *Pod znamenem marksizma* (1930) no. 4; *Teoriia padaiushchei valiuty* (Moscow-Leningrad, 1930); "Izmeneniia v stoimosti zolota i tovarnye tseny," *Problemy ekonomiki* (1930), no. 1; *Zakat kapitalizma: Vospriizvodstvo i krizisy pri imperializme i mirovoi krizis 1930–1931 gg.* (Moscow-Leningrad, 1931).

48. Preobrazhenskii, *Ekonomicheskaiia priroda sovetskikh deneg*, 62.

49. *Ibid.*, 63.

50. Preobrazhenskii, *Teoriia padaiushchei valiuty*, 27.

51. Preobrazhenskii, *Zakat kapitalizma*, 5.

obrazhenskii's approach was to study changes in the capitalist reproduction cycle as compared to the cycle typical of the time of free competition that had been analyzed by Marx.⁵¹ He demonstrated that monopolism, which resulted from the concentration of production, deforms the process of reproduction and, consequently, severely hampers the transition to a new cycle of extended reproduction on a global scale.

Having shown that the very mechanism of capitalist reproduction at this stage required state interference, Preobrazhenskii, like most Marxists of the time, believed that this marked "the decline of capitalism" since "capitalism and planned economy are incompatible. Capitalism reaches a dead end and develops a need for a planned economy, while planned economy has no need for capitalism."⁵² Reality proved to be not nearly so simple. The old free competition capitalism and the monopolistic capitalism reached a dead end, but the "bourgeois" science produced Keynes, who developed the methods by which the state can regulate capitalist economy. As a result, world capitalism survived the structural crisis of the 1930s by turning to state monopoly capitalism.

Preobrazhenskii believed that capitalism would find a way out. In particular, he wrote that "a general economic crisis under monopolism, *unless it leads to a world war or is interrupted by a technological revolution*, would inevitably develop into a universal crisis of the entire capitalist system which is not only economic but social as well."⁵³ What makes this work of particular interest today is not that Preobrazhenskii wrongly predicted the decline of capitalism but that as early as the beginning of the 1930s he could identify capitalism's true potentials: state interference in capitalist reproduction, expansion of the military-industrial complex, and the technological revolution.

Preobrazhenskii late works suggest that he had matured as a scholar—he was forty-five in 1931, prime age for a scholar—but press hounding was intensifying. Preobrazhenskii was accused of being "the contraband of Trotskiism."⁵⁴ In late 1931 Preobrazhenskii sent the article "O metodologii sostavleniia genplana i vtoroi piatiletki" to *Problemy ekonomiki*. The article was not published, yet became a subject of harsh criticism. The critics would quote a few paragraphs from the article and then comment on it extensively or would limit themselves to just comments.⁵⁵

From what little appeared in the press, one can deduce that Preobrazhenskii, drawing from the results of, and the experience with, the First Five-Year Plan, called for designing the Second Five-Year Plan to balance the development of the national economy during this period, if possible. The period of reconstruction

begins and continues under the conditions of the inordinately great prevalence of the production of the means of production, especially with respect to elements of the base capital. . . . Later, when the task of modernizing the industry is resolved, restructuring of the relations between accumulation and consumption will inevitably occur and so will either the transfer of the ever-increasing portions of potential accumulation to the actual consumption by the society or a decrease in the total amount of social labor.⁵⁶

If accumulation continued to increase during the Second Five-Year Plan, forced accumulation at the expense of consumption would result in "an absolutely inevitable disbalance." To avoid this peculiar "overaccumulation" of "the equipment and the products of heavy industry," Preobrazhenskii proposed a gradual increase in the production of consumer goods in late 1934. Otherwise, he argued, the economic disbalance would increase.⁵⁷

52. Ibid., 11.

53. Ibid., 97. Emphasis added.

54. See, for example, B. Borilin, "Protiv izvrashchenii marksistsko-leninskoi teorii na ekonomicheskoi fronte," *Problemy ekonomiki* (1931), nos. 10–12.

55. Ibid.; K. Butaev, "K voprosu o material'noi baze sotsializma," *Problemy ekonomiki* (1932), no. 1.

56. Butaev, "K voprosu," 9.

57. Ibid., 12.

As a result of this sensible analysis Preobrazhenskii was accused not only of smuggling in "the Trotskyite contraband," but at the same time of the "rightist opportunistic deviation,"⁵⁸ even though the Seventeenth Party Congress came to essentially the same conclusions in January and February of 1934. The congress resolved to "project a higher growth rate for the production of consumer goods not only in comparison to the First Five-Year Plan, but also in comparison to the growth rate for the production of the means of production during the Second Five-Year Plan."⁵⁹

Preobrazhenskii was expelled from the party again. Leonid Preobrazhenskii remembers that he never saw his father so depressed before or after that time. Life had to go on, but Evgenii Alekseevich could not live outside the party. This statement may sound like an exaggeration to us, but it was true. In the mid-1920s, Preobrazhenskii wrote two obituaries dedicated to the memory of the women revolutionaries, Bina N. Lobova and Eugénie B. Bosh, for the journal *Proletarskaia revoliutsiia*. In them he gave a memorable description of the Old Bolshevik revolutionaries, who, in Preobrazhenskii's words, were "becoming extinct faster than the cherry orchards in [Ivan] Turgenev's nests of gentlefolk were being cleared."⁶⁰

The chief traits of all old revolutionaries of this kind, beginning with Il'ich, are the complete and whole-hearted devotion to the interests of the working class and its liberation goals, the complete subordination of their entire work and their entire life to the interests of the collective, the unbreakable, nearly physical tie to what embodies the collective will of the class—the party, the greatest modesty in their private lives, setting the highest standards to themselves, sensitivity to their comrades.⁶¹

Preobrazhenskii himself was one of these revolutionaries.

On 31 January 1934 Preobrazhenskii gave an apparently repentant speech to the Seventeenth Party Congress. The speech, however, did contain veiled criticism of Stalinist collectivization. It was not an opposition to Stalin, but rather an unintentional act of free thinking: Stalin has won, Preobrazhenskii basically said. Although at enormous cost, he did lead the country out of the economic dead end predicted by the Left, including Preobrazhenskii; and he did it without the help from the world revolution that never materialized. Preobrazhenskii admitted this in his mind and tried to abandon his own convictions: "If you cannot force yourself to speak the way the party speaks, you should still go with the party, should speak like everyone else, don't try to act smart, have more trust in the party."⁶² Nevertheless, he could not change his heart: "When I have to say something political not exactly the way I think, I can't force myself to do it. My old comrades know this political shortcoming of mine."

Along with other Old Bolsheviks, Preobrazhenskii fell into the trap they themselves had set up. They could not do without the party, but what if the majority of the party was doing something wrong? What then? In principle, Stalin was right in accusing the old guard of *dyurush-nichestvo*. Obeying party discipline and sensing the imminent threat of war, they glorified Stalin in their public speeches and official articles, but they could not forget Lenin.

During the 1930s Preobrazhenskii held several important positions, but he was no longer at the highest echelons. In 1929–1930 he was deputy chairman of the Krai Party Committee in Nizhnii Novgorod. In 1930–1931 he worked at the People's Commissariat of Foreign Affairs. He was on the board of the People's Commissariat of Light Industry in 1932, but criminal charges were brought against him in January 1933. (Preobrazhenskii was cleared of these charges in 1989 in accordance with Article 1 of the 16 January 1989 decree of the Presidium of the Supreme Soviet. In 1933 he was a consultant to the Oblast Planning Commission in Semipalatinsk. Starting in September of 1933 he was deputy head of the Planning Department of the People's Com-

58. Ibid., 19.

59. XVII s''ezd VKP(b), 661.

60. *Proletarskaia revoliutsiia* (1924), no. 7, 170.

61. *Proletarskaia revoliutsiia* (1925), no. 2, 15.

62. XVII s''ezd VKP(b), 239.

missariat of State Farms. On 20 December 1936 (Leonid Preobrazhenskii recalls that it was on the New Year's Eve of 1937) he was arrested.⁶³ He refused to testify⁶⁴ and lost his life on 13 July 1937. The case was reviewed at the Plenary Session of the USSR Supreme Court on 22 December 1988: "The sentence given to Preobrazhenskii Evgenii Alekseevich by the Military Board of the USSR Supreme Court on 13 July 1937 is reversed and the case is closed due to the absence of corpus delicti in his actions."

63. Certificate from the Military Board of the Supreme Court, 16 January 1989, no. 6n-0505/88, signed by the head of the Secretariat of the Military Board, "colonel of jurisprudence," A. Nikonov; certificate from the USSR Prosecutor's Office of 18 April 1989, no. 13/157043, signed by the assistant to the prosecutor general, senior jurisprudence counsellor P. A. Laptev; certificate from the Central Party Archive at the Institute of Marxism-Leninism with the CPSU Central Committee of 25 April 1989, no. 2793, signed by the deputy head of the Central Party Archive, I. U. Akhapkin, and research worker, E. Karavaeva.

64. *Neva* (1988), no. 10.