

## A NOTE ON PRIMITIVE ACCUMULATION IN MARX AND PREOBRAZHENSKY

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ALEXANDER Erlich's article in 1950<sup>1</sup> was without doubt the most important single factor in popularizing the concept of 'primitive socialist accumulation'. With the help of this concept Erlich's article offered what has become the standard conception of Soviet industrialization: as a process dependent upon the extraction of a surplus from the peasant-agricultural sector.

It is true that Maurice Dobb, as early as 1928,<sup>2</sup> had explained what Preobrazhensky meant by the term 'primitive socialist accumulation'. But it was Erlich who posed the Great Industrialization Debate in terms of 'Preobrazhensky's dilemma',<sup>3</sup> and who argued that this dilemma was resolved by Stalin with the decision to collectivize. Propagation of the standard story was doubtless aided by its presentation as a drama of tragic irony. According to Erlich<sup>4</sup> 'no other viewpoint [than Preobrazhensky's] developed during these years [of the debate] was so violently repudiated at the beginning only to be implemented ultimately on a scale surpassing anything its author had ever thought possible'. Alec Nove has retold this story with even greater effect by quoting Preobrazhensky's recantation of his theory at the XVII Party Congress.<sup>5</sup> Nove goes on to say:

Preobrazhensky was surely expecting at least some of his audience to see the point. Stalin had 'exploited the peasants by accumulating the resources of the peasant economy in the hands of the state'. Of course he had! But Preobrazhensky had not seen *forced* collectivization as a way out.

I have criticized this standard story of the actual role of Soviet agriculture during rapid industrialization elsewhere on both theoretical

<sup>1</sup> Alexander Erlich, 'Preobrazhenski and the Economics of Soviet Industrialization', *Quarterly Journal of Economics*, vol. 64, no. 1 (February 1950), pp. 57-88.

<sup>2</sup> Maurice Dobb, *Russian Economic Development Since the Revolution* (New York, 1929).

<sup>3</sup> Erlich, *op. cit.*, p. 81.

<sup>4</sup> *Ibid.*, p. 58.

<sup>5</sup> Alec Nove, *An Economic History of the USSR* (London, 1969), p. 220. For a similar view, see also E. H. Carr, 1917: *Before and After* (London, 1969), p. 156.

and empirical grounds,<sup>6</sup> and it is not my intention to press the matter further here. My purpose is to re-examine primitive socialist and primitive capitalist accumulation as theoretical concepts and, in particular, to contrast Preobrazhensky's and Marx's conceptions. Most discussions of the Great Industrialization Debate show little awareness of Marx's original use of the notion of primitive accumulation,<sup>7</sup> and several misconceptions have arisen in consequence. For example, it has come to be generally believed that Preobrazhensky, in the formulation of his concept of primitive socialist accumulation, was primarily concerned about the absolute (as opposed to the relative) tempo of economic growth of the main sectors of the Soviet economy and that the issue was primarily, if not exclusively, one of the accumulation of capital stock in physical terms.

I shall argue in what follows that both Preobrazhensky's and Marx's concepts are much richer analytically than has been generally presumed. By implication, I shall also argue that Alexander Erlich's famous article<sup>8</sup> infused more consistency and contemporary economic meaning into Preobrazhensky's theoretics than was there in the first place. Erlich essentially admits that this is so in the opening pages of his article. Moreover, careful examination of Erlich's use of sources (see his footnotes throughout) suggests that later works of Preobrazhensky were utilized heavily in the interpretation of earlier works. The result has been a distorted view of Preobrazhensky's conception of primitive accumulation and thus of the theoretical underpinning of the Great Debate.

### *Primitive Capitalist Accumulation*

It is important to note that, for the most part, Marx treats the concept of primitive capitalist accumulation with contemptuous irony.<sup>9</sup> He does so because this and analogous terminology had been and continued to be utilized to defend private property and thus to justify property income. Indeed, Part VIII of *Capital* is entitled 'The So-Called Primitive Accumulation', and the second paragraph of the first chapter reads in part:

<sup>6</sup> James R. Millar, 'Soviet Rapid Development and the Agricultural Surplus Hypothesis', *Soviet Studies*, vol. XXII, no. 1 (July 1970), pp. 77-93, and 'Mass Collectivization and the Contribution of Soviet Agriculture to the First Five-Year Plan', *Slavic Review*, vol. 33, no. 4 (December 1974), pp. 750-66. See also Michael Ellman, 'Did the Agricultural Surplus Provide the Resources for the Increase in Investment in the USSR during the First Five Year Plan?', *The Economic Journal*, vol. 85 (December 1975), pp. 844-63.

<sup>7</sup> An exception is Vaclav Holesovsky, 'Revision of the Taxonomy of "Socialism": A Radical Proposal', *Association for Comparative Economic Studies Bulletin*, vol. XVI, no. 3 (Winter 1974), pp. 19-40.

<sup>8</sup> Later expanded into a book: Alexander Erlich, *The Soviet Industrialization Debate, 1924-1928* (Cambridge, Mass., 1960).

<sup>9</sup> Karl Marx, *Capital*, vol. I (New York, 1906).

This primitive accumulation plays in Political Economy about the same part as original sin in theology . . . Its origin is supposed to be explained when it is told as an anecdote of the past. In times long gone by there were two sorts of people; one, the diligent, intelligent and, above all, frugal elite; the other, lazy rascals, spending their substance, and more in riotous living . . . Thus it came to pass that the former sort accumulated wealth, and the latter sort had at last nothing to sell except their own skins . . . Such insipid childishness is every day preached to us in the defence of property (pp. 784-5).

Marx, however, used the term to refer to the process of expropriation of the many by the few in the formation of capitalist relations of production.

Primitive capitalist accumulation is, in its fullest and richest sense, not an accumulation of previously created capital stock (although some accumulation is required for labour to be divided) but a process by which capitalist institutions are established:

The so-called primitive accumulation, therefore, is nothing else than the historical process of divorcing the producer from the means of production (p. 786).

Reformulation of the traditional concept of previous, or primitive,<sup>10</sup> accumulation in this fashion, as a concept comprehending the historical transition from feudalism to capitalism, served Marx as an introduction to a survey of the creation of capitalist institutions (mainly in England) via the enclosure movement. For comparison with Preobrazhensky, Marx's sardonic description of the process ought to be noted as well:

The spoliation of the church's property, the fraudulent alienation of the State domains, the robbery of the common lands, the usurpation of feudal and clan property, and its transformation into modern private property under circumstances of reckless terrorism, were just so many idyllic methods of primitive accumulation. They conquered the field for capitalistic agriculture, made the soil part and parcel of capital, and created for the town industries the necessary supply of a 'free' and outlawed proletariat (p. 805).

The expropriation of the agricultural population not only created a potential urban labour force, but it also set free their former subsistence for exchange with urban areas, for Marx assumed that the process was accompanied by an increase in the productivity of agriculture owing to technological change and to a larger and more efficient scale of produc-

<sup>10</sup> It would be more accurate to call the concept one of 'original' accumulation, for reasons that this essay addresses. However, 'primitive' has become accepted professional terminology.

tion. Thus the process increased agricultural output, provided a labour force, and created a 'home market' (pp. 817, 819).

Marx also considered the role of the state in the process of primitive capitalist accumulation. The 'power of State, the concentrated and organized force of society, [was utilized] to hasten, hothouse fashion, the process of transformation of the feudal mode of production into the capitalist mode, and to shorten the transition . . .' (pp. 823-4). The state assisted the process not only by not protecting the population from expropriation, but also by the acquisition of colonies and by the creation of the public debt and of the modern system of taxation (pp. 827-9).

In summary, then, in so far as Marx was prepared to treat the concept of primitive capitalist accumulation seriously, he used it as a shorthand reference for the process by which capitalist relations of production replaced feudal relations of production.<sup>11</sup> This transformation, of course, created a system by which capitalists could extract resources in the form of unpaid labour from the productive process. In a sense, then, the concept of primitive capitalist accumulation does comprehend accumulation proper, i.e., the question of where the resources come from to support industrialization. But the 'stage of development' is not really critical, nor is any true 'prior accumulation', for the efficacy of capitalist relations of production does not depend upon what may have been previously accumulated, but upon the efficiency with which the system promotes capital accumulation in the present. Conceived as a product of the abstinence of the capitalist, primitive capitalist accumulation is little more than a bad joke to Marx. On the contrary, primitive capitalist accumulation, if it meant anything at all, meant the forced abstinence of the labourer.

### *Primitive Socialist Accumulation*

This term has, I think, come to mean something much narrower and much less rich than Preobrazhensky intended when he first developed the concept. In one sense, the concept has also, I believe, come to mean something other than what Preobrazhensky intended (at least when he first formulated the concept), and that is with respect to the question of the tempo of industrialization. But I shall take this issue up in the next section. My purpose here, however, is to attempt to discover what primitive socialist accumulation *really* meant.

It is important to note at the outset that Preobrazhensky was, in *The New Economics*,<sup>12</sup> seeking to analyse the economic system of the early

<sup>11</sup> This is the aspect that Karl Polanyi developed in his *The Great Transformation* (New York, 1944).

<sup>12</sup> E. Preobrazhensky, *Novaya ekonomika* (M., 1926). All quotations are taken from the translation of Brian Pearce, *The New Economics* (Oxford, 1965).

NEP (New Economic Policy) in terms of pure theory. The NEP represented a novel form of economic life for the contemporary Soviet Marxist, and Preobrazhensky was attempting to re-orient his thinking from the position he and Bukharin had assumed earlier (during the Civil War) in their *ABC of Communism*.<sup>13</sup> Although Bukharin apparently did not deign to recognize the fact in their ensuing dispute, Preobrazhensky went to considerable lengths to make it clear that he was abstracting from considerations other than the purely theoretical, e.g., from political feasibility:

I devote myself to the modest task of first abstracting from the actual economic policy of the State, which is the resultant of the *struggle* between two systems of economy, and the corresponding classes, so as to investigate in its pure form the movement towards the optimum of primitive socialist accumulation . . . (p. 63).

In essence, the problem with which Preobrazhensky was grappling is exceedingly simple. If the Bolshevik regime was to survive and socialism eventually to predominate in Soviet Russia, then two conditions had to be realized. First, an absolute increase in total output (and thus the capital stock) had to be achieved each year in order that relative plenty might eventually be attained. Second, the state (socialized) sector had to grow more rapidly than the private sector. The fact that the second condition is stated in relative rather than in absolute terms is crucial, for nowhere does Preobrazhensky argue in this important work that a particularly high *absolute* rate of growth is essential for the state sector.

It is clear that Preobrazhensky *accepted* the existence of the NEP setting. But he saw it, as did all good Bolsheviks, as a transitory state of affairs and one that could go either way in the absence of enlightened state policy. Should the private sector (which included as a predominant share agricultural producers) grow more rapidly, then Soviet Russia would revert to capitalism. Overcoming the actual state of economic dualism in favour of the public sector was for Preobrazhensky synonymous with primitive socialist accumulation. In fact, Preobrazhensky recommended:

Instead of 'new economic policy' it would be more correct and appropriate to say now: policy of socialist accumulation, period of socialist accumulation (p. 129, n. 1).

Like Marx, Preobrazhensky viewed primitive accumulation as a process of expropriation, and, indeed, it was perhaps as much his use of terms such as 'expropriation' and 'exploitation' that brought the

<sup>13</sup> N. Bukharin and E. Preobrazhenski, *The ABC of Communism* (Ann Arbor, 1966).

wrath of Bukharin and others down upon his head. Alec Nove has suggested that:<sup>14</sup>

It may well be that some [of Preobrazhensky's opponents] reasoned privately thus: 'Of course we will have to exploit the peasants in due time, but for goodness' sake let us keep quiet about it now.'

Also in keeping with Marx, Preobrazhensky did not differentiate between the gathering in of material resources via expropriation and the accompanying process of social change and class displacement. According to Preobrazhensky, socialism 'can begin only after the conquest of power by the proletariat. The nationalization of large-scale industry is also the first act of socialist accumulation' (p. 80). But in a relatively backward economy it was not possible to proceed on the basis of true socialist accumulation exclusively:

*Primitive socialist accumulation . . . means accumulation in the hands of the state of material resources mainly or partly from sources lying outside the complex of state economy. This accumulation must play an extremely important part in a backward peasant country, hastening to a very great extent the arrival of the moment when the technical and scientific reconstruction of the state economy begins and when this economy at last achieves purely economic [as opposed to political] superiority over capitalism (p. 84).*

This statement of the task follows directly from the initial problem of economic dualism, and clearly the issue is equally one of relative rather than absolute rates of growth of the two sectors. Consequently, in his reply to Bukharin, Preobrazhensky is quite correct when he asserts:

It is the same with [respect to] Comrade Bukharin's idea that I propose to kill the goose that lays the golden eggs for our state industry, that is, that I propose to hinder the development of peasant economy; this is in crying contradiction with the actual text of my work. And it is necessary to say further that my article gives no numerical analysis of the economy . . . (p. 255).

Preobrazhensky's feeling of a need for haste was a result of his estimate of the relative weakness of the state sector:

Fighting for the existence of the state economy means at the present stage hastening as fast as possible through that dangerous period of its life when it is both economically and technically weaker than capitalist economy. This process of extending and consolidating the state economy can proceed both at the expense of its own forces and

<sup>14</sup> Nove, *op. cit.*, p. 126.

resources, that is, the surplus product of the workers in state industry, and at the expense of private, including peasant (itself including middle-peasant) economy. Can it be otherwise (p. 226)?

It is difficult at this remove to see how it could have been conceived differently, and it is indeed unfortunate that Bukharin did not ever present a well-worked out alternative theoretical solution.<sup>15</sup>

Having analysed the dual economy, Preobrazhensky turns to an examination of the main methods by which primitive socialist accumulation might take place, and he compares these with the methods of primitive capitalist accumulation. (Interestingly, Preobrazhensky at no point indicates a recognition of Marx's sardonic use of the latter phrase.) The fundamental underlying character of primitive capitalist accumulation is force, whether applied directly by capitalists or indirectly by the state for the benefit of capitalists. According to Preobrazhensky, the role of the state in primitive socialist accumulation is even more important than in the capitalist.

The state under premature socialist conditions is, according to Preobrazhensky, to implement primitive socialist accumulation through tax, price and financial policies. The two critical differences between primitive capitalist and primitive socialist accumulation are found:

First, in the fact that socialist accumulation has to take place at the expense not only of the surplus product of petty production but also of the surplus value of capitalist economic forms. Secondly, the difference . . . is conditioned by the fact that the state economy of the proletariat arises historically on the back of monopoly capitalism and therefore has at its disposal means of regulating the whole economy and of redistributing the national income economically which were not available to capitalism at the dawn of its history (p. 95).

There is no need, I think, for us to explore in detail the particular policies Preobrazhensky recommended or considered as means for ensuring that there would be no leakage of surplus product from the state sector and for ensuring a net inflow of surplus value from the private sector, except to note that it was the proposal of non-equivalent exchange with the private peasant economy that raised most of the dust with his opponents in the ensuing debate. In this connection, Preobrazhensky's defence of non-equivalent exchange sounds very modern:

<sup>15</sup> Stephen F. Cohen's excellent intellectual biography does not do so either (*Bukharin and the Bolshevik Revolution* (New York, 1973)).

Accumulation by appropriate price policy has advantages over other forms of direct and indirect taxation of petty economy. The most important of these is the extreme facility of collection, not a single kopek being needed for any special taxation apparatus (p. 111).

However that may be, Preobrazhensky envisaged self-exploitation by the workers in the public sector during the period of primitive socialist accumulation.<sup>16</sup> Somehow this aspect of Preobrazhensky's programme has been lost track of, despite its obvious significance. Primitive socialist accumulation was to be accompanied by the 'self-denial' of the workers in the public (largely industrial) sector which would provide 'socialist accumulation' to match primitive accumulation in the private (mainly agricultural) sector.

The fundamental problem with which Preobrazhensky was struggling may be broken down into several component parts. First, the initial 'socialist' revolution had occurred in a relatively backward and primarily agrarian economy. Second, revolution elsewhere was no longer expected in the near future (at least not on a large scale), which meant that Soviet Russia would have to help itself or backslide into capitalism. Third, socialism was weak and likely to remain weak relative to the main, advanced capitalist countries for the foreseeable future both militarily and from the perspective of economic development. Consideration of these aspects and of the fact of the NEP, which in and of itself signalled a revision of Marxists' hopes, led Preobrazhensky to attempt a modification of Marxism that would provide the analytic basis for state policy. In this Preobrazhensky was a realist as well as a theorist.

### *Primitive Accumulation: Marx and Preobrazhensky*

Most scholars who have confronted Preobrazhensky's concept of primitive socialist accumulation have done so exclusively in the context of his debate with Bukharin. Erlich, who has defined the contemporary framework for this analysis, presents Preobrazhensky's argument in terms of the *rate of industrialization* and the notion of unbalanced growth. However, if one considers Preobrazhensky's initial presentation of the concept, what is striking is that there is nothing to be found of either unbalanced growth or rapid industrialization. Indeed, Preobrazhensky merely urged that the rate of growth of the socialized sector must exceed that of the capitalist, and this was *not* specifically an argument for the more rapid growth of industry. It was, of course, true

<sup>16</sup> 'The law of wages is subordinated to the law of socialist accumulation which is expressed in conscious self-restraint by the working class' (Preobrazhensky, *The New Economics*, p. 123).

that the socialized sector was primarily industrial. In this connection, compare Maurice Dobb's first description of Preobrazhensky's concept of primitive socialist accumulation with that in the revised edition of 1966, where suddenly in the latter it is the 'scale' of exploitation required to maintain the rate of growth allegedly envisaged by Preobrazhensky, rather than the very fact of exploitation itself that is objectionable. Dobb was particularly concerned in the early edition with the danger that the workers might become accustomed to exploiting the peasants.<sup>17</sup>

The concept of primitive socialist accumulation is very closely related to Marx's notion of primitive capitalist accumulation, even though it is based on an exception in which the socialist revolution occurred first in a backward, underdeveloped capitalist system. Given the legitimacy of revising Marx, Preobrazhensky seems to have applied the concept properly, although without the contempt Marx exhibited for the capitalist parallel. Like Marx, Preobrazhensky views the concept as one in which two questions need not be differentiated. The first question is: where did (or must) the resources come from to support accumulation during the transition period? The second question is: how did (or must) the relations of production develop such that capitalism (socialism) might be established on a self-sustaining basis? Consequently, both Marx and Preobrazhensky speak at times as though primitive accumulation refers to the accumulation (expropriation) of material resources. Primarily and fundamentally, however, the concept refers to institutional change.

It was clear to Preobrazhensky that there was a need to extend socialist relations of production into the private sector and that socialism was endangered precisely to the extent that capital remained in the hands of petty capitalists. He was also clearly aware that the line between public and private ran mainly between industry and agriculture and that this division raised delicate political issues.

The question remains: why did Bukharin (and others) react so violently to Preobrazhensky's concept? Was it, as Nove suggested, a matter of impolitic terminology? Why, also, has Preobrazhensky's concept come down to us in so distorted a form—both stripped of richness and positively twisted? Is it because the Great Industrialization Debate was presented to the profession initially under the misconception that collectivization actually led to a successful net extraction of resources from the private, agricultural sector? Preobrazhensky certainly thought this would be necessary, and this view is clearly compatible with

<sup>17</sup> Compare Maurice Dobb, *Soviet Economic Development Since 1917* (revised edn., New York, 1966), pp. 185-6, and Dobb, *Russian Economic Development Since the Revolution*, pp. 260-8.

his Marxist conception of the economy. In formulating the concept of primitive socialist accumulation Preobrazhensky *was* a revisionist, but he was a careful Marxist theoretician as well, and one quite sensitive to the pragmatic concerns of the new Soviet regime. There is considerable empirical evidence today that suggests that Preobrazhensky's policy proposals, while not 'necessary' as he thought, were at least feasible.<sup>18</sup> If so, they would certainly have been superior to what has come to be thought of as Stalin's 'solution' to the Bolsheviks' development 'dilemma'.

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<sup>18</sup> See footnote 6 above.