

Evgeny Preobrazhensky and His Attempt to Renewal the Social-Economic Thought

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Abstract:

In presenting the unfolding of the Economic Thought during decades and centuries, in order to fill the gaps in this holistic vision, or to highlight some aspects in time and space, we found it necessary to evidence one of these moments. It is about the third decade of the 20th century, in USSR, starring in the spotlight the thinker and politician Evgeni Alekseyevich Preobrazhensky (1886-1937).

He was the thinker, in the troubled period after Lenin's death and Stalin's rising, by trying background and imposing of so-called New Economic Policy (NEP), but very well to be understood as The New Economics. Better said, he tried to find theoretical features to support this policy, which emerged and was implemented in the early Bolshevik years after WWI in Russia/USSR. The important ideas and measures stipulated by Preobrazhensky resist decades and are still valuable in our days. The study of Preobrazhensky's writings must be done, either in the context of his doctrinal era, including famous thinkers as Alfred Marshall or John Maynard Keynes and in the context of today's approach on Political Economy.

Keywords: *New Economic Policy, limited market, possible perestroika, development.*

1. Overview of this issue

The action took place in the 1920s in the era of appearance of a new economic and social in the world and of the rising of I.V. Stalin power (in fact a dictatorship, so-called *the dictatorship of proletariat*). *The New Economic Policy (NEP)* was adopted in March 1921 and its basic scope was to use in some measure the market forces, in order to solve the enormous problems inherited from the Tsarist regime and WWI and to ensure a balanced situation and stability between the town (workers) and countryside (peasants).

The person called, amongst others, to support by theoretical and doctrinal ideas and measures, was Evgeni Alekseyevich Preobrazhensky. From the beginning, we want to highlight that the measures proposed by Preobrazhensky, sought to drag out the entire State of Soviets of starvation, chaos, economic disaster, that meant to lead to quick economic (industrial, mainly) and social recovery. BUT, due to the existence of the Lenin doctrine and to the different thoughts of the new leader, I. V. Stalin, the project linked to the name of Lenin, as a spiritual leader of the new social order and, in practice, to E. A. Preobrazhensky, **The New Economic Policy (NEP)**, was too much visionary and with little chances to succeed on long-run, even NEP was designed to be implemented for a minimum duration of time. In other words, the NEP was viewed by the Soviet Government as a temporary expedient to allow the economic and social recovery after the Great War and to strengthen the new power in Russia/USSR (We can see it in the *New Economic Policy (NEP)*, written by the editors of Encyclopaedia Britannica, last update 1998, www.britannica.com viewed January 10, 2017).

The ideas of Preobrazhensky regarding the new realities in Soviet economy and the appropriate theories have been inserted in his book “Novaya Ekonomika”-1926, translated into English in 1965 (Preobrazhensky, 1965/1926) as “*The New Economics*”. Through this book, known so later to the specialists, E. A. Preobrazhensky made a significant contribution to the Marxist literature, part of the Economic Thought as a whole. It was observed this paradox of existing elements of capitalism in the analyzed period, combined with specific Marxian methods applied in social science at the service of the general and outstanding principle of the struggle for social liberation of the working class. Therefore, we assist to the presentation of economic and social conflicts and contradictions between remnants of the Russian Empire and the Soviet emerged state, in fact a new social order in the world. Very important to highlight is that NEP is considered an era of *relative economic liberalization, a limited capitalist market*, during the first years of new social order in Russia. Quoting Anatoli Golitsyn (a former KGB agent), there are similarities between *Leninist perestroika* of those years and *Mikhail Gorbaciov’s perestroika* of the 9th decade of the last century (Golitsyn, 1995).

2. NEP and Capitalism within a Socialist State

Preobrazhensky was dubious, however, about this new policy, which comprises a market economy alongside the State sector, including industry, foreign trade and farms in agriculture (Preobrazhensky, 2017). In fact, the New Economic Policy intended to change the austerity and the rigidity of the social-economic relations post World War I and the War Communism, until 1921, with Capitalist relations-type, in order to encourage the increase of economy and the level of living for the people. And, because the largest part of the Russian people was in agriculture (more precisely, 80%), amongst the first economic and social measures was *the farmers’ tax reduction*. This was to be one of the measures took by the new power within *the New Economic Policy*, policy

aims to flat social tensions and to ensure the strengthening of the communist regime installed by 1917.

Thus, in agriculture, the core of the Russian post-WWI economy, it was succeeded to recovery and to ensure important crops for the population. Thus, the post-war starvation was stopped. The farms were established and flourished, private property upon a large part of the agriculture and the possibility that farmers to sell products at the asking price. In order to stop starvation and to supply grains for food, the rulers decided, as first step the *tax cut, the reduction of farmers' taxes*. Being the sole force of production, the farmers, and benefiting from the reduction by half in 1921, this population from countryside, working in agriculture, succeeded to recovery this sector of the national economy and to develop it with huge crops until the middle of 1920s.

In his reference book, already mentioned, "New Economics", E. A. Preobrazhensky sustain that there is no economic, but only political path to Socialism, therefore it exists the possibility that Political Economy to end, when the market and capitalist features will end at their turn (Stojanovic, 2017). It was observed to Preobrazhensky's ideas that there is a tendency to analyze and to present the economic issues part from the world revolution problems. In a sum, *to isolate the economics from the politics*. Aspect impossible to be accomplish, even in a Socialist regime and with the credinta that we assist to an end of the Political Economy.

This conception, alongside of other Bolshevik leaders and thinkers, which is contrary to the basic Marxian economics, was not confirmed in practice, the Political Economy continuing to provide all the aspects and mechanisms of the social-economic life within world Socialist system. In order to progress, the Bolshevik leaders considered that the new system had to rely on a performance industry. In this respect, the workers from industry benefited from the reduction of the working day, on the average, from 9.9 hours in 1913 to 7.8 hours in 1928. Also, within the working class, considered as "the ruling class", the discrepancies between the gains of the skilled workers, compared with unskilled ones, have substantially decreased from pre-WWI era.

Another author, Stephen Cohen thought that, indeed, industrialization in that mixed economy had to be promoted to balance market (considering the wheat crisis, occurred after 1926). In such manner, plus the reality that the Bolshevik Revolution of 1917 and the new design for the economy have determined profound changes in social relationships within Russia/USSR, in the 20s, the society was one more egalitarian than the Russian Empire from 1914. And all these measures had to be achieved through market relations, based on private property, in one word, based on Capitalism.

Furthermore, *the money reform project* was conceived for long-term loans and new banks to operate. Market relations brought benefits, even in that period, overall in just few years, USSR production grew by three times and surpassed the pre-WWI era (See *Of Russian origin: New economic policy (NEP)*, www.russiapedia.rt.com viewed January 8, 2017). But, going toward the latter part, as Lenin foresees, the market was stronger than the rulers of the new regime.

3. The falling down of NEP and the pursuing of the Stalinist road

The realities of those years showed us that, exactly at the end of the implementation of the New Economic Policy, i.e. 1928, it has started the first five-year plan for the country's economic development based on total control of the State. From that point, indeed, we may no longer speak about NEP, because the capitalist open market and the basic rules entered in collusion with the Communist Party policies (as specification, in 1931 it was issued a decree to prohibit all private trade and it was the end of the last remnant of Capitalism).

In 1928-29 was desbanded the ownership of farms and started the process of colectivization of agriculture under State strictly control. The sudden change of the political measures was accompanied by the destruction of millions of prosperous private farms and, de facto, the end of NEP. The planned industrialization, the subordinating of agriculture and of the countryside to the industry and urban zones, had prevailed, even if E. A. Preobrazhensky thought to a limitation of the NEP action. The entire short period described by Preobrazhensky in his main book remains relevant to understand the development of a singular and isolated economy (Soviet economy until the creation of the Socialist social-economic system after the WW2) has to be read in order to understand in the contemporary global economy.

4. Conclusions

The ideas presented by Y. A. Preobrazhensky and counteracted by Bukharin were very appropriate to the capitalist open market and to the liberty of small and medium producers and owners, especially in agriculture. And, this situation is very good example in supporting Schumpeter's "heresy" that, however, the *Socialism will fail (perish) only from the economic point of view* (and the historical reality proved this aspect). In rest, the corpus of his "heresy" laid in the idea that the Socialism was to replace the Capitalism, especially in the social domain.

Important to understand from this paper, from the facts exposed above, that economic policies were at the first rank in the Soviet economy and they needed of theoretical, doctrinal, foundations, in order to proclaim a viable situation for the country. BUT, as we know, Socialism in Stalinist form has failed, even to lack of clarity in the economic works, exactly from early 1920s, Preobrazhensky being one of those theoreticians (himself being eliminated, like many others, by the Stalinist regime). The analyzed author was amongst the first thinker to deal and grapple with the issues of

the new economic mechanism within a Communist regime. We think that an analyses of the business mission is important now, in our days (Eşi, 2014, 131-138).

E.A. Preobrazhensky's ideas must be assessed further, especially in relation and in the context of today's Political Economy. The period analyzed by the author was one of troubles, after a social revolution, and remains relevant for the attempt to adapt the market features to an economy ruled quasi-total by the Communist State and, in which, agriculture was the dominant force of production and the ground for testing the mixture Socialism and Capitalism. The title of his major work, *The New Economics*, is very well translated, because in this book we are dealing with mechanisms (theoretical and practical) designed by Preobrazhensky, amongst others, of new social-economic relationships within an developing economy (the Soviet one, during post-WWI), in order to funding and to put in work a different socio-economic mechanics in Russia/USSR.

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