Foreword

The question of our paper-money and its fate, as with the general question of money-circulation during the transition-period, is one of both theoretical and also enormous practical interest. In the completely new situation of a socialist economy, the problem of the withering away of paper-money circulation must be of interest to an economist. It is important for the average person to know the fate of the paper-currency he has in hand. The proletarian state must consider how long it can make use of paper-emissions together with natural taxes. The trade-unions have to know how to agree on wage-tariffs in conditions of a rapid fall in the exchange-value of the paper-currency. Meanwhile, in our press there are only a few newspaper-articles and a few pages in various brochures that address the theme of paper-money in the period of proletarian dictatorship. The purpose of the present work is to fill this gap.

1. [From Preobrazhensky 1920, pp. 3–84. This book gives a ‘classic’ description of Bolshevik thinking on monetary questions in the period prior to the New Economic Policy (NEP), which began in the spring of 1921. Its themes are developed in several subsequent works by Preobrazhensky.]
This brochure has all the flaws of a work written in a hurry, during moments and hours snatched from other duties that were often more urgent. The statistical material is inadequate, the literature on the question is not reviewed, not all aspects of the problem are elaborated, and the style is careless and ponderous. I was not able to do better. Either nothing would be published or else I had to publish this imperfect work. I preferred to do the latter. Shortage of free time also prevented the author from completing a brochure that would be easily read by every worker who may not be familiar with the elements of political economy. To those readers who find the beginning of the work difficult, I recommend starting at the middle or at the end; then it will also be easier to understand the first chapters.

Despite all of the inadequacies of this brochure, as author, I do not wish to forgo my right to make a dedication. I would like to dedicate this incomplete work to the instrument whose perfection and voluminous effort inspired the writing of these pages: to the printing press of the People's Commissariat of Finance. The revolutionary government of France was able to survive and wage war thanks to the issuing of paper-money; the assignats were what saved the Great French Revolution. The paper-money of the Soviet Republic has supported a new power during the most difficult period of its existence, when it was not possible to pay for the costs of a civil war through direct taxes. Glory to our printing press! True, it is not left with much longer to live, but it has already completed three-quarters of its work. In the archives of the great proletarian revolution, along with the cannons, rifles and machine-guns of our epoch, the mechanism of the Narkomfin² machine-gun will occupy the place of honour. This machine-gun shot up the bourgeois order in its rear, in its monetary system, and transformed the laws of monetary circulation in the bourgeois régime into a means for destroying that régime and a source for financing the Revolution.

I

Metallic and paper-money

To understand all of the phenomena in the sphere of paper-money circulation during the period of the dictatorship of the proletariat, that is, during the period of the withering away of the monetary system in general, it is first necessary to have a clear idea of the role of paper-money in the epoch when capitalist production exists in its normal condition. One cannot understand the laws of

2. [Finance-Commissariat]