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## PROBLEMS

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### *The Debate Between Marxists and Legal Populists on the Problems of Market and Industrialization in Russia (1882-1899) and its Classical Foundations*

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#### I

In a subsequently famous book, whose title summarizes the general terms of the late XIXth century controversy between Marxists and Legal Populists about the "fate of capitalistic development" in Russia, one of the leading exponents of the latter group, the doctor and pamphleteer Vasilij Pavlovič Voroncov (1847-1918), invited "our scholars and sworn capitalist and *narodniki* publicists to study the law of economic development of Russia".<sup>1</sup> This "law" came from the "particular historical circumstance" of having to promote massive industrial production in Russia at a time when the major Western capitalist countries had already reached a high level of growth in their productive forces. According to Voroncov, this had the following consequences:

1) the extreme *inopportunity* of following uncritically and "at a snail's pace" the "capitalist path" of development (which the author identifies directly with its "English form"), thereby sacrificing the possible alternative represented by the rural community institutions of the *obščina* and *mir* and by the co-operative production units (*arteli*) of the craftsmen (*kustari*). Although clearly inferior to the big Western capitalist factories in terms of the *level* of economic development, both the *obščina* and the *artel'* represented a qualitatively superior *type* of organization of social production. Indeed because of their relative "backwardness" they would have been able to glean from other

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<sup>1</sup> V.V. (pseudonym of V.P. VORONCOV), *Sud'by kapitalizma v Rossii*, Sankt-Peterburg (Spb), M. Stasjulevič, 1882, p. 1; cf. also pp. 7 and 187.

countries all that was valuable in terms of technical and cultural progress, at the same time avoiding the negative aspects.<sup>2</sup> In this way Voroncov took up the politico-philosophical, economic and sociological ideas on the "benefit of backwardness" put forward by P. Ja. Čaadaev and A.I. Herzen in earlier populist literature, and further developed into their classic form by N.G. Černyševskij. The latter had formulated the dialectical law of the shortened and accelerated path of development, according to which "a backward nation" could, by selectively drawing on the experience, culture and science of "advanced nations", completely avoid the intermediary stages or "at least (...) noticeably reduce them", and move directly to a higher social form.<sup>3</sup> Voroncov's reasoning was also linked to N. K. Michajlovskij's famous "formula for progress" which was based on the distinction between "types" of development which were open to qualitative evaluation, and "levels" which were measured according to quantitative criteria<sup>4</sup>;

2) the *impracticability*, or at least the enormous disadvantages, of a process of industrialization which instead of exploiting — via technical assistance, financial or other means of support, co-ordination and state control — the above mentioned forms of "popular production" (*narodnoe proizvodstvo*), aimed at Russian competition with rival Western countries "following the capitalist path".<sup>5</sup>

In order to avoid this "fatal illusion", Voroncov evolved the thesis of the "historical impossibility of the development of capitalist production in Russia",<sup>6</sup> because of the insurmountable difficulty of the "realization" (absorption) of the "surplus" social production by the market. He claimed to follow Rodbertus' "inductive method of research",<sup>7</sup> but in fact reposed, in simplified form, certain aspects of the Sismondian income theory.<sup>8</sup> Voroncov, in fact,

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<sup>2</sup> V.V., *Sud'by cit.*, pp. 13-14, 274 and 290.

<sup>3</sup> N. ČERNYŠEVSKIJ, "Kritika filosofskih predubeždenij protiv obščinnogo zemlevladienija" (1858), in Id., *Izbrannye ekonomičeskie proizvedenija*, edit. by I. Udal'cov, I, Moskva (M.), Gos.-oe izd.-vo polit.-oj lit.-ry, 1948, pp. 696-721; cf. J.F. HECKER, *Russian Sociology. A Contribution to the History of Sociological Thought and Theory*, London, Chapman & Hall, 1934, pp. 53-55, 58-62, 68-71; F. VENTURI, *Il populismo russo*, I, Torino, Einaudi, 1972, pp. 266-274. On the crucial problem of the "advantages of backwardness" in populist economic writings of the XIXth century, cf. para. II.

<sup>4</sup> Cf. on this argument A. WALICKI, *The Controversy over Capitalism. Studies in the Social Philosophy of the Russian Populists*, Oxford, The Clarendon Press, 1969, pp. 19-20, 54, 116-117; F. HERCKNER, *Russian Sociology cit.*, pp. 124-128.

<sup>5</sup> V.V., *Sud'by cit.*, pp. 15-16, 63-65, 270-275.

<sup>6</sup> V.V., *Sud'by cit.*, p. 4.

<sup>7</sup> V.V., "Militarizm i kapitalizm", in *Russkoe bogatstvo* (R.B), n. 9 (Spb., September, 1889), p. 78.

<sup>8</sup> Cf. J.-CH.-L. SIMONDE DE SISMONDI, *Nouveaux principes d'économie politiques ou de la richesse dans ses rapports avec la population*, Paris, Delaunay, 1827 (1 edit. 1819; Russian

breaks down the product value of every capitalist factory into just two components which are represented in physical terms thus: "worker's consumption", corresponding to the income quota of the workers, and "surplus value", defined as the "surplus production over and above the workers' consumption in wages". The surpluses of commodities of individual factories put together form the profit, interest and rents of capitalist production; these surpluses of commodities are allowed to flood the market in order to "realize the hidden surplus value". Nevertheless the owners of these surpluses, "however much they eat, drink and dance, will never be able to digest all the surplus value (contained in them)", but only a part of it which is exchanged to this end inside and outside the country for the most varied consumer and luxury commodities.<sup>9</sup> But Voroncov did not seem to think it very likely that the capitalists would accept his suggestion of "giving to the working class" that growing fraction of annual national income which exceeds "the satisfaction of their tastes and whims"; they prefer to squander it in increasing military spending.<sup>10</sup>

In putting forward this proposal for the redistribution of the national income in favour of the working classes, Voroncov probably had in mind the warnings of Rodbertus on the need to prevent, either by law or by agreement between the parties, the relative reduction of the wages quota in terms of the total value of social production determined by the progress in production techniques.<sup>11</sup> In general his reasoning is more in tune with the theories of Smith

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translation, edit. by B.E. Efrusi, Spb., 1897), Book II, chs. IV-VI. A study by Efrusi dedicated explicitly to the re-evaluation of the Sismondian theory of national income and crises is "Social'no-ekonomičeskija vozzrenija Simonda de-Sismondi", in *RB* nos. 7 and 8, July and August, 1896 (reprinted in Id., *Očerki po političeskoj ekonomii*, Spb., Izd.-c "Ruskoe bogatstvo", 1905, pp. 117-202), starting point for the famous polemic by K. Tulin (pseudonym of Vladimir Il'ič Uljanov called Lenin), "K karakteristike ekonomičeskago romantizma. Sismondi i naši otečestvennyja sismondisty", in *Novoe Slovo (NS)*, II, n. 7 (April, 1897), pp. 25-50, n. 8 (May, 1897), pp. 25-60, n. 9 (June, 1897), pp. 26-53, and n. 10 (July, 1897), pp. 18-32. For the discussion of the Sismondian theory of distribution and of the crises in the Russian literature of political economy cf. M. Tugan-Baranovskij, "Očerki iz istorii političeskoj ekonomii. I. Sismondi", in *Mir Božij (MB)*, X, n. 10 (Spb., October, 1901), Sec. I, pp. 134-160; S. SOLNCEV, *Zarabotnaja plata kak problema raspredelenija*, Spb., Tip.-ja Ju. N. Erlich, 1911, pp. 178-180; V. ŽELEZNOV, *Očerki političeskoj ekonomii*, 7th edition revised and enlarged (1st edition M. 1901), M., Tip.-ja To-va I.D. Sytina, 1912, pp. 1189-1192.

<sup>9</sup> V.V., "Izlišek snabženija rynka tovarami", in *Otečestvennyja zapiski*, n. 5 (Spb., May, 1883), Sec. II, p. 14; Id., "Militarizm" *cit.*, p. 80. To illustrate "more clearly" the insuperable difficulties of realization the author goes on to "examine the main expenditures" of the capitalists on meals, travels, "whims" etc. Cf. note 19.

<sup>10</sup> V.V., "Militarizm" *cit.*, p. 83; Id., *Očerki teoretičeskoj ekonomii*, Spb., I. Skorochodov, 1895, pp. 196-198.

<sup>11</sup> Cf. KARL RODBERTUS-JAGETZOW, *Zur Beleuchtung der Socialen Frage*. Edit. by Th.

and Sismondi, in the identification of "national income" (wages, profit and rents) — spent entirely on consumer and luxury commodities — with "annual production".<sup>12</sup>

If neither the working class nor the capitalist class can absorb the entire national surplus, "other consumers not directly linked to capitalist production" must be found for the domestic market — "third persons" or small independent producers: peasants and artisans.<sup>13</sup> But it was the development of capitalist industry "transplanted" on Russian soil, and maintained "artificially" by massive speculative investments of foreign capital and by government tariffs, grants and subsidies,<sup>14</sup> which had caused the ruin of millions of independent producers as a result of fierce competition, together with strong fiscal pressure from the State. By depriving them of their source of monetary income, this led to a general "impoverishment" of the population, thus reducing *ipso facto* the domestic market. Consequently the "islands" of capitalist production (the big textile industry, iron and steel and railway engineering), which had at their disposal the most modern technology imported from the West, would have been able to develop only intensively "as a form of exploitation of the masses", and not extensively "as the prevailing form of production".<sup>15</sup>

Finally, the traditional "way out of the difficulty" of realising surplus value, i.e. recourse to foreign trade, was barred in this process of "playing at capitalism".<sup>16</sup> It was this which proved to be the "Achilles' heel" of Russian industry; for the last to enter the field of international competition it was impossible to oust the most highly-developed nations from their commanding position in the world market. Therefore, despite signs of capitalist development in those branches of export trade where Russia enjoyed — as producer of raw materials — "certain natural advantages" over other countries, she was destined to remain, on the whole, "an empire of peasant-farmers" and of "popular production".<sup>17</sup>

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Kozak and A. Wagner, Berlin, Puttkammer & Mühlbrecht, 1875-1885, Part I, pp. 23 ff., 34f., 47ff., 57; Part II, pp. 20, 22, 87, 94, 183; Id., *Schriften*, Berlin, 1899, I, pp. 53-59ff.; II, 223-226.

<sup>12</sup> S. SISMONDI, *Nouveaux principes cit.*, tome I, pp. 113 ff., 119-120 ff.

<sup>13</sup> V.V., *Očerki cit.*, pp. 159-160 ff.; more generally, cf. also pp. 12-42.

<sup>14</sup> V.V., "Izlišek" *cit.*, pp. 3-4; Id., "Inostrannye kapitally v Rossii", in *Vestnik Evropy*, XXXVII, n. 3 (Spb., May-June, 1902), pp. 832-833.

<sup>15</sup> V.V., *Sud'by cit.*, preface; cf. A. WALICKI, *The Controversy cit.*, pp. 115, 117-118. Voroncov here sides with the populist Daniel'son in the polemic with the "bourgeois marxism" of P.B. Struve (V.V., *Očerki cit.*, pp. 249 ff., 280-285) and of A. Skvorcov (*loc. cit.*, pp. 286-319).

<sup>16</sup> V.V., *Sud'by cit.*, pp. 22-24.

<sup>17</sup> V.V., *Sud'by cit.*, p. 73 and *passim*; Id., "Izlišek" *cit.*, pp. 10 ff. To situate Voroncov's market theory in the more general context of the debate between Marxists and

Voroncov must have appeared, even to those thinkers who were moreover rather critical of liberalism and Legal Russian Marxism, "a kind of very confused economist and theoretician, not to be taken too seriously".<sup>18</sup> Many of his arguments were, in fact, born of a misunderstanding of the specific features of the the accumulation of capital: it is enough to quote the frequently repeated banality that "the cause of surplus production", and therefore "the Achilles' heel of capitalist industrial organization", lies in the "lack of elasticity in the

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Russian Populists cf. — as well as the classic pages of P. STRUVE, *Kritičeskija zametki k voprosu ob ekonomičeskom razvitii Rossii*, Spb., I. Skorochodov, 1894, pp. 25-26 ff., 98, 161, 245-260, 284 and *passim*; A. VOLGIN (pseudonym of G.V. Plechanov), *Obnovanie narodničestva v trudach g-na Voroncova (V.V.)*, *Kritičeskij časnik*, Spb., 1896; Id., *Naši raznoglasija*, 2nd edit., Spb., Izd.-e žurnala "Novyj mir", 1906, pp. 119-125 ff., 154-157; VI.IL'IN (pseudonym of Lenin), *Razvitie kapitalizma v Rossii. Process obrazovanija vnutrennago rynka dlja krupnoj promyšlennosti*, Spb., M. Vodovozova, 1898, (English transl. in V.I. LENIN, *Collected Works*, III, M., Progress Publishers, 1964, pp. 37-69 and *passim*); M. TUGAN-BARANOVSKIJ, *Russkaja fabrika*, 6th edit., M.-Leningrad, Gos.-oe soc.-ekon.-oe izd.-vo, 1934, pp. 420-431 (English transl. from the 3rd Russian edition: *The Russian Factory in the XIXth Century*, Homewood (Illinois), published for the American Economic Association by Richard D. Irwin, 1970); R. LUXEMBURG, *Die Akkumulation des Kapitals. Ein Beitrag zur ökonomischen Erklärung des Imperialismus*, Berlin, Buchhandlung Vorwärts Paul Singer, 1913, pp. 243-252 — the writings of A.A. Isaev, in *Preussische Jahrbücher*, LXXXVI (Berlin, 1896), pp. 368 ff.; W. SIMCHOWITSCH, "Die sozial-ökonomischen Lehren der russischen Narodniki", in *Jahrbücher für Nationalökonomie und Statistik*, dritte Folge XIV (LXIX), n. 5 (Jena, 1897), pp. 653-655 and 677n.; G. SCHULZE-GÄVERNITZ, *Volkswirtschaftliche Studien aus Russland*, Leipzig, Duncker & Humblot, 1899, pp. 208-223; S.N. PROKOPOVIČ, *K kritike Marksa*, Spb., Izd.-e L.F. Pantaleeva, 1901, pp. 151-157; M. OLENOV, *Tak nazывaennyj "krisis marksizma"*, Spb., "Delo", 1906, pp. 119-122 ff.; D. RJAZANOV, *Dve pravdy. Narodničestvo i marksizm. Očerki iz istorii russkoj intelligencii*, Spb., "Biblioteka marksizma", 1906, pp. 5-67 (reprint. in Id., *Očerki po istorii marksizma*, M., "Moskovskij rabočij", 1923, pp. 433-474); IVANOV-RAZUMNIK, *Istorija russkoj obščestvennoj mysli. Individualizm i meščanstvo v russkoj literaturnoj i žizni XIX v.*, II, Spb., M. Stasjulevič, 1911, pp. 348 ff.; R. WAGENFÜHR, *Die Konjunkturtheorie in Russland*, Jena, G. Fischer, 1929, pp. 21-22; S. SCHWARZ, "Populism and Early Russian Marxism on Ways of Economic Development of Russia (The 1880's and 1890's)", in *Continuity and Change in Russian and Soviet Thought*, edit. by E. J. Simmons, Cambridge (Mass.), Harvard Univ. Press, 1955, pp. 45-46; Th. von Lauc, "The Fate of Capitalism in Russia: The Narodniki Version", in *American Slavic and East European Review*, XIII, n. 1 (February, 1954), pp. 14-23; A. PAŠKOV, *Ekonomičeskije raboty V.I. Lenina 90-ch godov*, M., Izd.-vo soc.-no-ekon.-oj lit.-ry, 1960, pp. 71-76, 110-112; A. MENDEL, *Dilemmas of Progress in Tsarist Russia. Legal Marxism and Legal Populism*, Cambridge (Mass.), Harvard Univ. Press, 1961, pp. 34-36, 38-62 *passim*; R. KINDERSLEY, *The First Russian Revisionists. A Study of 'Legal Marxism' in Russia*, Oxford, Clarendon Press, 1962, pp. 13-17 and 24.

<sup>18</sup> R. Luxemburg's description, *Die Akkumulation cit.*, p. 243; cf. also *loc. cit.*, pp. 247, 248-249.

human organism (*nedostatočnaja elastičnost' čelovečeskago organizma*)" of the capitalists", who "could not widen their own capacity for consumption at the same rapid rate at which the surplus value grows".<sup>19</sup> Nevertheless similar conclusions were reached, with more rigorous formulation, by the populist statistician and economist Nikolaj Francevič Daniel'son (1844-1918), who was universally considered during the last thirty years of the XIXth century to be one of the leading exponents of Russian marxism. In fact, as well as having completed "an excellent Russian translation" (Marx) of Book I of *Capital* and successively of Books II and III,<sup>20</sup> he had acted as intermediary, since October 1868, between Marx and some of the principal *narodnik* exponents, and later held an active correspondence with Engels.

In the 1870s Bervi-Flerovskij expressed -- in two works which were instrumental in the formulation of the classic *narodnik* image of capitalism and of "bourgeois" political liberties -- the aversion of the populist movement to the growing division and socialization of labour connected to industrialization,<sup>21</sup> coming close in this to the "sociological romanticism" of Michajlovskij. In the 1880s Voroncov accepted industrialization as a necessary progressive phenomenon, dismissing with hasty optimism the hypothesis that the bases of "popular production" themselves would be subjected to the domination of the capitalist form. Daniel'son's writings of the 1890s acknowledged the painful fact of the *capitalist* industrialization of Russia which was now no longer an impossible process. His fundamental work: *Outlines of our Social Economy after the Reform* (1893) was greatly influenced by the great famine of 1891 which he took to be not the result of the insufficient maturity of Russian capitalism (the Legal Marxists' view), but the dramatic confirmation of the irreparable damage caused by its development. The diffusion of capitalism into the countryside, which had been allowed without effective opposition, upset the fabric of the Russian national economy based on the "centuries old principle" of the close link between means of production and direct producers, and on the interdependence of the state of the harvest and the fortunes of artisan industry. The process of capitalization of agricultural revenue and the economic policy of the Czarist government after the Crimean War (fiscal pressure on the peasant farmers, drastic cuts in all social services, large subsidies to railway construction companies), had resulted not in a broadly-based process of industrialization throughout the country, but in the unilateral growth of cereal exports. Nothing was

<sup>19</sup> Cf. above note 9.

<sup>20</sup> The three volumes of *Capital* were published respectively in Petersburg on 1872, 1885 and 1896. For the vicissitudes of the first translation and diffusion in Russia of Marx's *Capital* cf. A. UROEVA, *Kniga, živuščaja v vekach*, M., Izd.-vo "Mysl", 1967, pp. 70-118.

<sup>21</sup> Cf. N. FLEROVSKIJ (pseud. V.V. Bervi), *Položenie rabočego klassa v Rossii. Nabljudenija i izsledovanija*, Spb., N. POLJAKOV, 1869; Id., *Azbuka social'nych nauk. XVII i XVIII veka sovremennoj zapadno-evropejskoj civilizacii*, Spb., Tip.-ja V. Nusval'ta, 1871.

further from fact, therefore, than the liberal illusion of a balanced expansion of the Russian economy based on a superficial analogy with the conditions of capitalist development in the United States.<sup>22</sup>

We will not examine in detail the aspects that differentiate the vision of the destiny of Russian capitalism and the "maximalism" of Daniel'son's alternative proposal from the "minimalism" of Voroncov's reformist programme,<sup>23</sup> but rather look at the underlying abstract-theoretical representation of the capitalist process of enlarged reproduction which Rosa Luxemburg herself defined (agreeing here with Lenin) as being "of pure Sismondian flavour".<sup>24</sup>

Daniel'son takes up again with more articulate and rigorous analysis the theme of the impoverishment of the direct producers following the reform of 1861, showing how the infiltration of capitalist relationships in the Russian countryside brought about first and foremost the progressive ruin of the large majority of the peasant farmers. As well as being submitted to harsh fiscal pressure, they were obliged to pay a high ground-rent to the former landowners or otherwise to provide burdensome personal services. They had also got into debt with usurers and tradesmen; they lacked equipment and technical assistance and adequate subsidies necessary effectively to increase levels of productivity. At the same time the progressive substitution of the subsidiary domestic industry and the traditional artisan trades by the capitalist manufacturing industry contributed further to the loss of revenue of the rural population and

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<sup>22</sup> NIKOLAJ-ON (pseudonym of N.F. Daniel'son), *Očerki našego poreformnogo obščestvennogo chozjajstva*, Spb., A. Benke, 1893 (German transl. München, 1899; French transl. Paris, 1902); but cf. his copious article on the same theme (in *Slovo*, n. 3, Spb., October, 1880, pp. 77-142), directly inspired and then praised by Marx (letter to Daniel'son 10.4.1879, reprinted in *Perepiska K. Marksa i F. Engel'sa s russkimi političeskimi dejateljami*, edit. by Institut Marksa-Engel'sa-Lenina pri CK VKP (b), 2nd edit., Leningrad, Gos.-oc izd.-vo polit.-oj lit.-ry, 1951, pp. 100-105), which was later included with some modifications as Part I in *Očerki*. Cf. on Daniel'son the critical review by P. STRUVE, "Zur Beurtheilung der kapitalistischen Entwicklung Russlands", in *Sozialpolitisches Centralblatt (SPC)*, III, n. 1 (Berlin, 2.10.1893), pp. 1-3, discussed by Engels in a letter to Daniel'son 17.10.1893 (reprint in *Perepiska cit.*, pp. 177-179); M. TUGAN-BARANOVSKIJ, *Geschichte der russischen Fabrik*, Berlin, E. Felber, 1900, pp. 387 ff.; R. LUXEMBURG, *Die Akkumulation cit.*, pp. 243, 252-260, and for a more general discussion N. AUGARSKIJ, *Legal'nyj marksizm (1876-1897 gg.)*, M., Mospoligraf, 1925, pp. 40-53; R. WAGENFÜHR, *Die Konjunkturtheorie cit.*, pp. 22-26 ff.; R. PIPES, *Struve. Liberal on the Left, 1870-1905*, Cambridge (Mass.), Harvard Univ. Press, 1970, pp. 79-80 ff.; A. MENDEL, *Dilemmas cit.*, pp. 42 ff.

<sup>23</sup> For a discussion of these differences, which does not however detract from the substantial affinity of the two theses, cf. A. MENDEL, *Dilemmas cit.*, pp. 56-59, and A. WALICKI, *The Controversy cit.*, pp. 125-126 ff.

<sup>24</sup> R. LUXEMBURG, *Die Akkumulation cit.*, pp. 255-256 and note; cf. K. TULIN, "K charakteristike" *cit.*, English transl. in *Collected Works cit.*, II, pp. 134, 136, 138, 140, 141, 145, 147 and note, 153n., 161, 163n., 168.

reduction of the domestic market. "The result is that we have on the one hand an increasingly impoverished peasantry and on the other an increasingly concentrated and technically advanced industry which is, however, wholly dependent on the domestic market, i.e. on the degree of separation between manufacture and agriculture".<sup>25</sup>

The antithesis between production and market is further emphasized by the specific internal dynamic of the process of the accumulation of industrial capital. The growth of capitalist industry, in fact, causes the constant reduction, both relative *and* absolute, of the first of the two components, "national wages budget" and "total surplus value", of annual social product. This is brought about in several ways (extension of the working day, increase in labour intensity and productivity) which make it possible to expel a part of the adult male workers from industry and to replace others by a younger or female work-force. Since, under these conditions, even a possible increase in real wages for the employed adult workers would be less than the savings of "variable capital" made under this system, the whole process will result in a progressive re-dimensioning of the role of the working class as purchaser of the means of subsistence. On the other hand a market could be found for only a steadily decreasing proportion of the surplus value in the demand for luxury goods from landowners, manufacturers, bankers, tradesmen and civil servants. The constant threat of competition stimulated the entrepreneurs to invest an increasing part of their surplus in the material form of the extensive and intensive development of the means of production, thus excluding *per se* personal consumption by the capitalist class. Thus the impossibility that the total social surplus value could be realized by the capitalists and workers who took part in its production inside the country: "In the same way as a single producer could not survive even for a day as a capitalist if his market were limited to his personal needs and to those of his workers, so an advanced capitalist country

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<sup>25</sup> Daniel'son's letter to Engels of 24.11.1891, in *Perepiska cit.*, pp. 149-151. In Daniel'son's reasoning we see the typically Smithian idea of the reciprocal influence of the size of the market and the progress of the division of labour on each other: cf. A. SMITH, *An Inquiry into the Nature and Causes of the Wealth of Nations*. Third edit., with additions, London, W. Strahan and T. Cadell, 1784 (first ed. 1776), Book I, chs. I-III. For the unsolved "vicious circle" in Smithian terms, cf. C. FURTADO, *Teoria e política do desenvolvimento econômico*, 3rd revised edit., São Paulo, Companhia Editora Nacional, 1969, p. 8. Cf. below note 88.

<sup>26</sup> NIKOLAJ-ON, *Očerki cit.*, pp. 183, 202-205, 338-341 and 213; Daniel'son's letter to Engels of 24.3.1892, reprinted in *Perepiska cit.*, pp. 156-159. The immediate identification and clear correspondance of the "single capitalist factory" and the "entire capitalist nation" proposed by the populist writer demonstrates his fall into the notion defined by Marx as "false and speculative" of the process of social reproduction as "the activity of a single subject" (K. MARX, *Grundrisse der Kritik der politischen Ökonomie (Rohentwurf) 1857-1858*, Berlin, Dietz Verlag, 1953, p. 15).

cannot survive on its domestic market alone".<sup>26</sup> Hence the growing necessity of finding alternative foreign markets, which were, however, largely inaccessible to Russian industry.

## II.

Recent historical analysis of XIXth century Russian socio-economic thought has tried to verify the extent to which Voroncov and Daniel'son were aware of the characteristics and the inherent "advantages" of a "backward" process of industrialization such as the Russian one. Occurring in an already established international division and specialization of labour and in a given world market, this had of necessity to take on a different form and rate of growth from the classic English model. The reactions and interpretations given by historians to a re-examination of the texts have been varied. Alexander Gerschenkron, by making "a confrontation between the actual flow of Russian economic history and the direction of Russia's economic development which our authors considered either desirable, or likely, or even inevitable", identifies in Černyševskij, Michajlovskij and Daniel'son the highest expression of a "(truly) curious divorce of the country's intellectual history from its economic history".<sup>27</sup> In his opinion these authors "proved unable to grasp the nature of the forces that were pushing the country's economy in a direction which was so repulsive to them. Much as they had thought about the peculiarities of Russia's economic evolution, they remained blind to those peculiarities which so greatly increased the chances of successful industrialization. As a result, Russia's economic history appears largely incomprehensible from the point of view of its intellectual history".<sup>28</sup> On the other hand, authors such as Arthur P. Mendel and Andrzej Walicki have tried to reevaluate — albeit from different points of view — evidence of an awareness in Voroncov and Daniel'son of such peculiar features of Russian industrialization as the considerable dependence of industry on state aid and on foreign financial capital, the effects of the concentration of the most modern Western technology in a few "islands", the conditions of the potential exploitation of the natural resources and of a labour-force offered by the particular "coexistence of asynchronic phenomena" (W. Kula) in an underdeveloped country.<sup>29</sup>

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<sup>27</sup> A. GERSCHENKRON, "The Problem of Economic Development in Russian Intellectual History of the Nineteenth Century", in *Continuity and Change cit.*, pp. 12, 33.

<sup>28</sup> A. GERSCHENKRON, "The Problem" *cit.*, p. 34; cf. also *loc. cit.*, pp. 21, 28-29, and Id., "Problems and Patterns of Russian Economic Development", in *The Transformation of Russian Society*, Cambridge (Mass.), Harvard Univ. Press, 1960, pp. 45-46.

<sup>29</sup> A. MENDEL, *Dilemmas cit.*, pp. 65-75; A. WALICKI, *The Controversy cit.*, pp. 25-28, 107-131. The peculiarities deriving from having "followed the path of progress later than the others" are repeatedly emphasized by Voroncov, e.g. in *Sud'by cit.*, p. 274.

Michajlovskij,<sup>30</sup> Černov<sup>31</sup> and Voroncov had criticized harshly the dogmatism with which both liberal and marxist writers assumed that "the law of economic development of Russia was (...) the same as that of Western society".<sup>32</sup> Such a reproach undoubtedly implied an important and stimulating methodological alternative to the theory of a universal and unilinear scheme of social evolution governed by necessary "natural" laws and moving in stages, which we find in the "orthodox" model of Plechanov as well as in the "revisionist" variant of Struve. The nucleus of truth contained in the *narodnik* economic conceptions was however distorted by their Smithian and Sismondian assumptions. The vital necessity and at the same time the impossibility of finding foreign markets for Russian industry grew, according to Voroncov and Daniel'son, out of the narrow limits of the domestic peasant market which impeded the progress of the larger scale economics and the corresponding price reductions as a result of mass-production. An obvious example of this was the big Russian textile industry, which in spite of having a greater degree of mechanization than other sectors of industry still could not compete with the English industry.<sup>33</sup> The vicious circle was completed by the inverse circumstance of the lack of inertial function of the industry, which prevented the setting up of the accelerating and multiplying process of investment and income and with that the growth of the domestic market (cf. above note 25).

In short, the faithfulness of Voroncov and Daniel'son to a "classic" representation of the process of the growth of capitalism can be summarized thus:

1) the domestic market is indicated as the "natural" pre-requisite of industrial "take-off" and a condition for a *gradual, balanced* and uniform development of accumulation. Moreover recent studies have confirmed how far this idea of homogeneous rather than "artificial" growth within various sectors of industry and of the market was current in aristocratic circles, in state and local administration (*zemstva*) and at least until the instigation of the policies of the finance ministers I. Vyšnegradskij and S. Ju. Vitte in the Czarist government itself. It had an undeniable influence on the hesitations and delays in the abolition of the economic and juridical obstacles that the *obščina* placed

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<sup>30</sup> N. MIHAJLOVSKIJ, "Literatura i žizn'", in *RB*, n. 1 (January, 1896), Sec. II, pp. 59-66, n. 2 (February, 1896), Sec. II, pp. 136-162, n. 4 (April, 1896), Sec. II, pp. 120-124, and n. 5 (May, 1896), pp. 142-149.

<sup>31</sup> V. M. ČERNOV, "Ekonomičeskij materializm i kritičeskaja filosofija", in *Voprosy filosofii i psihologii*, VIII, n. 39/4 (M., July-August, 1897), pp. 609-644; Id., "Tipy psihologičeskago i sociologičeskago monizma", in *RB*, n. 1 (January, 1899), Sec. I, pp. 33-69. For this argument cf. IVANOV-RAZUMNIZ, *Istorija cit.*, II, pp. 135-205, 374-387; A. VUCINIC, *Social Thought in Tsarist Russia. The Quest for a General Science of Society, 1861-1917*, Chicago-London, Univ. of Chicago Press, 1976, pp. 173-205.

<sup>32</sup> V.V., *Sud'by cit.*, p. 7.

<sup>33</sup> V.V., *Očerki ekonomičeskago stroja Rossii*, Spb., 1906, pp. 110-112; Id., *Sud'ba kapitalističeskaj Rossii*, Spb., 1907, pp. 47-48.

in the way of the rapid advance of industrialization (periodic redistribution of land, collective responsibility for taxation, restriction on residence etc.).<sup>34</sup> In this way the populist economists avoided analysis of the *substitutive role* — of which they were also aware — played by the fiscal, credit and tariff policies of the Czarist state and foreign capital in stimulating accelerated growth in the sectors (such as railway construction) linked to the export of agricultural raw materials in return for machinery and equipment, and the process of concentration and restructuring in the extractive, iron and steel and engineering industries;<sup>35</sup>

2) the domestic market was conceived fundamentally as a market for consumer commodities maintained by the domestic demand of the peasant farmer. Consequently the hegemonic function was attributed to the traditional textile sector, while the growing demand for investment, stimulated by the government's economic policy, was greatly undervalued;

3) in the writings of the Populists there is no *systematic* reference to development models different from the "classic" example, or to such atypical models as the German one. As is well known, an alternative to the *narodnik* identification of capitalism with the "English form" can be found in the writings of Struve and Lenin of the possibility of a "Prussian way" or an "American way", with reference to the creation of a domestic market for Russian industry.<sup>36</sup> It is no accident that the populist economist, Mark Borišovič Ratner, had to admit, after studying the rapid growth and concentration of the iron and steel, engineering and chemical industries in the Germany

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<sup>34</sup> Cf. on this argument — in addition to the classic pages of M. TUGAN-BARANOVSKIJ, *Russkaja fabrika v prošlom i nastojaščem. Istoriko-ekonomičeskoe izsledovanie*. Tom I, *Istoričeskoe razvitie russkoj fabriki v XIX veke*, Spb., Izd.-c L.F. Pantelecva, 1898, Part I, chp. VII; Part II, chp. V; *Russkaja fabrika*, 6th quoted edition, pp. 207-234, 399-431 — the exhaustive studies by A. GERSCHENKRON, "Agrarian Policies and Industrialization: Russia 1861-1917", in *The Cambridge Economic History of Europe*, VI, *The Industrial Revolutions and After*. Edit. by H. Habakkuk and M. Postan, Cambridge Univ. Press., 1965, Part. II, pp. 745-758 ff., 763-766 ff., 772-783; R. PORTAL, "The Industrialization of Russia", in *The Cambridge Economic History*, Vol. VI quoted, pp. 801-802, 803-805 ff., 836-843. Cf. below notes 35, 72 and 73.

<sup>35</sup> Cf. works quoted in note 34, and also A. GERSCHENKRON, "Problems and Patterns" *cit.*, pp. 48-49 ff.; W. HENDERSON, *The Industrial Revolution on the Continent. Germany, France, Russia 1800-1914*, London, F. Cass & Co., 1967<sup>2</sup> (first ed. 1961), pp. 215 ff.; Th. VON LAUE, *Sergei Witte and the Industrialization of Russia*, New York, Arhenaun, 1969<sup>2</sup> (first ed. 1963); J. MC KAY, *Pioneers for Profit. Foreign Enterpreneurship and Russian Industrialization 1885-1913*, Chicago-London, The Univ. of Chicago Press, 1970; O. CRISP, *Studies in the Russian Economy before 1914*, London, The Macmillan Press, 1976.

<sup>36</sup> Cf. P. STRUVE, *Kritičeskija zametki cit.*, 247 ff., 260; VI. IL'IN, *Razvitie kapitalizma cit.*, preface to 2nd edition (Spb., 1908), in V.I. LENIN, *Collected Works cit.*, III, pp. 31-34; cf. also *loc. cit.*, XIII, pp. 238-239.

of the last three decades of the XIXth century, the possibility of finding similar foreign markets for some branches of Russian industry.<sup>37</sup> But that meant recognition, at least implicitly, of one of the principal ideas of Lenin, Tugan-Baranovskij and Bulgakov.

In this way therefore, the principal limitation of the populist writers would seem to be that they failed to verify or use in their researches their own favourite hypothesis of the *specific* and *a-typical* quality of the "Russian path". Its inherent heuristic potentiality was to be taken up, at least partially — however paradoxical this may appear at first glance — by some of their more original and least orthodox adversaries, Lenin and Tugan-Baranovskij, that is, by those very writers who were to give effective proof of the substantial conformity of Russian social development to the "general laws of development" of capitalism. But it is time to examine in detail their criticisms to the stiffening of the *narodnik* thesis in the dogma of "impossibility".

### III.

In his first monographic study, a doctoral dissertation on *The Industrial Crises in Contemporary England* (1894), the "Legal Marxist" economist Michail Ivanovič Tugan-Baranovskij (1865-1919) set out vigorously to deny the theory of the market and the realization of the domestic product on which Voroncov had based his principal objections to the "capitalist" industrialization of Russia.<sup>38</sup> Four years later an occasional piece<sup>39</sup> by the same author brought to a head the decisive confrontation between the Legal Populists and Marxists concerning the question of the market. In fact, both Struve's reviews<sup>40</sup> of Daniel'son's *Očerki* and his *Kritičeskija zametki* (cf. note 58), the polemical

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<sup>37</sup> M. RATNER, "Teorija ryнков v eja otnošenii k voprosu ob ekonomičeskom razvitii strany. (Po povodu knigi S. BULGAKOVA, *O ryнках pri kapitalističeskom proizvodstve. Teoretičeskij etjud*)", in *RB*, n. 1 (December, 1898), Sec. II, pp. 85-86; Id., "Pis'mo v redakciju. (K voprosu 'o našich napravlenijach')", in *RB*, n. 9 (12) (December, 1899), Sec. II, p. 205-206.

<sup>38</sup> M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy v sovremennoj Anglii, ich pričiny i vlijanie na narodnyju žizn'*, Spb., Tip.-ja N.I. Schorochodova, 1894, pp. 404-407. An Italian translation of this work, edited by S. Amato, will be published by Feltrinelli.

<sup>39</sup> M. TUGAN-BARANOVSKIJ, "Kapitalizm i rynek. (Po povodu knigi S. Bulgakova, *O ryнках* etc.), in *Mir Bozij (MB)*, VII, n. 6 (Spb., Juny, 1898), Sec. I, pp. 118-127, where he accused Bulgakov among other things of plagiarism (p. 123). Cf. note 48. The polemic between Tugan and Bulgakov gave Lenin the opportunity of specifying his own critical position towards Tugan's theory of accumulation; cf. Vl. Il'in, "Zametka k voprosu o teorii ryнков. (Po povodu polemiki gg. Tugan-Baranovskago i Bulgakova)", in *Naučnoe Obozrenie (NO)*, VI, n. 1 (Spb., January, 1899), pp. 35-45.

<sup>40</sup> P. STRUVE, "Zur Beurtheilung" *cit.*, pp. 1-3; Id., review of Nikolaj-on's *Očerki* *cit.*, in *Archiv für soziale Gesetzgebung und Statistik*, VII (Berlin, 1894), pp. 350-358.

replies by Lenin, Daniel'son, Južakov and Michajlovskij,<sup>41</sup> and a further reply by Struve himself,<sup>42</sup> had only marginally touched upon the question of the market and realization. In the years that followed, the debate centred above all on general theoretico-philosophical and sociological arguments (cf. also note 83). At times it was enlivened by the celebrated controversy over "low cereal prices"<sup>43</sup> and interminable statistical quarrels concerning the actual number of factories and workers in Russia.<sup>44</sup> Thus both Voroncov<sup>45</sup> and Plechanov in his reply in 1896<sup>46</sup> largely ignored the fundamentally new ap-

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<sup>41</sup> K. TULIN, "Ekonomičeskoe sodržanie narodničestva i kritika ego v knige g. Struve. (Otraženie marksizma v buržuaznoj literature", in G. PLECHANOV, P. STRUVE, K. TULIN, *et. al.*, *Materialy k charakteristike našego chozjajstvennago razvitija. Sbornik statej*, Spb., Tip.-ja P.P. Sojkina, 1895 (English transl. in *Collected Works cit.*, I, pp. 493-500); NIKOLAJ-ON, "Apologija vlasti deneg kak priznak vremeni", in *RB*, n. 1 (January, 1895), Sec. II, pp. 155-185, and n. 2 (February, 1895), Sec. II, pp. 1-34; concerning Južakov and Michajlovskij, cf. respectively *RB*, n. 7 (July, 1894) and n. 9 (September, 1894).

<sup>42</sup> P. STRUVE, "Moim kritikam", in G. PLECHANOV *et. al.*, *Materialy cit.*, reprinted in P. STRUVE, *Na raznyja temy (1893-1901gg.)*. *Sbornik statej*, Spb., Tip.-ja A.E. Kolpinskago, 1902, pp. 1-59.

<sup>43</sup> Cf. "Vlijanie urožacv i clebnych cen na raznyja storony ekonomičeskoj žizni. Doklad A.I. Čuprova i preniya v III Otdelenii 1 i 2 marta 1897 g. (Stenografičeskij otčet)", in *Trudy Imperatorskago Vol'nago Ekonomičeskago Obščestva (Trudy IVEO)*, II, n. 4 (Spb., July-August, 1897), pp. 1-85.

<sup>44</sup> Cf. reports by the populists NIKOLAJ-ON, *Očerki cit.*, pp. 125, 161 ff.; *Id.*, "Nečto ob uslovjach našego chozjajstvennago razvitija", in *RB*, n. 4 (April, 1894), p. 18, and n. 6 (July, 1894), pp. 99, 104, 113 ff., 119 ff.; V.V., *Očerki cit.*, pp. 124-131 ff.; *Id.*, "Očerki sovremennyh napravlenij. Proizvoditel'nye klassy i intelligencija v Rossii", in *NS*, I, n. 6 (March, 1896), pp. 20-22; N. KABLUKOV, *Lekcii po ekonomii sel'skago chozjajstva čitannija v Moskovskom Universitete v 1895-1896*, M., 1897, pp. 12-13 ff.; N. KARYŠEV, "Materialy po russkomu narodnomu chozjajstvu", extract from the *Izvestija Moskovskago sel'sko-chozjajstvennago Instituta*, IV, n. 1 (M., January, 1898), pp. 1-52, and the replies by Vl. Il'in, "K voprosu o našej fabrično-zavodskoj statistike. (Novye statističeskie podvigi g. Karyševa)", in *Id.*, *Ekonomičeskie etjudy i stat'i*, Spb., Tip.-ja Leiferta, 1899 (English transl. in *Collected Works cit.*, IV, pp. 13-45); *Id.*, *Razvitie kapitalizma cit.*, in *Collected Works cit.*, III, pp. 434-458 ff., 481-484, 496-518 ff., and by M. TUGAN-BARANOVSKIJ, "Statističeskie itogi promyšlennago razvitija Rossii", in *Trudy IVEO*, I, n. 1 (January-February, 1898), Sec. II, pp. 1-41; *Id.*, "Spory o fabrike i kapitalizme. (Moim kritikam)", in *Načalo*, n. 1-2 (Spb., January-February, 1899), Sec. II, pp. 22-52; *Id.*, "Nekotoryja čerty iz novejšej evoljucii kapitalizma", in *Trudy IVEO*, II, n. 5-6 (September-December, 1899), Sec. II, pp. 90-114.

<sup>45</sup> For a few references to Tugan's *Promyšlennye krizisy (1894)*, cf. V.V., *Očerki cit.*, pp. 153n., 165-167, and B. EFRUSI, "Social'no-ekonomičeskija vozzrenija" *cit.*, in *Id.*, *Očerki cit.*, pp. 158-161, 167.

<sup>46</sup> Cf. A. VOLGIN, *Obsnovanie narodničestva cit.*

proach of Lenin's pamphlet *On the So-called Market Question* (autumn 1893)<sup>47</sup> and Tugan's *Industrial Crises* which referred to the model outlined by Marx in the second volume of *Capital* to show on a theoretico-abstract level the mode of realising surplus value and the creation of the domestic market in the context of accelerating growth led by industries producing capital goods (Sector I).

We must turn to the first studies by Bulgakov,<sup>48</sup> Skvorkov<sup>49</sup> and Lenin himself,<sup>50</sup> to find the first analysis of the theory of realization. Yet it is only with Tugan's article of June 1898 (cf. note 39) and the reply by the Populist Ratner<sup>51</sup> that the controversy gave rise to an abundance of theoretical papers, the result of fifteen years of research on both sides, published in their respective periodicals. Between January and December 1899 there appeared some twenty articles on the "question of the market" (cf. note 59). Later on, the focus of Russian disputes shifted to a "critique of Marxism", causing previous allies and antagonists to re-think their positions and take up new ones.

The critiques of Lenin, Tugan-Baranovskij and Bulgakov concentrated above all on the immediate introduction of foreign trade within the same conceptual conditions of realization of social surplus. They contend that this shows the fundamental difficulty encountered by Daniel'son and Voroncov in trying to describe in a pure or "ideal", "theoretico-abstract" way the process of reproduction of a national capitalist system. The question of realization, in its most general terms, is above all one of analysing the way in which the various constituent elements of the annual national product come to be substituted both in material terms (*Stoffersatz*) and in terms of value (*Wertersatz*).<sup>52</sup> In such an ideal model, foreign trade relations are confined to substituting, via the circulation of money, local commodities with other imported commodities of equal value. Thus resort by the *narodniki* to the foreign market as the "way out of the difficulty of realising surplus value" is nothing but a way of getting round the problem by shifting it to another, wider field without shedding any light on it.<sup>53</sup>

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<sup>47</sup> K. TULIN, "Po povodu tak nazывaemago voprosa o ryнкach", manuscript first published in *Bol'shevik*, n. 21 (M., 1937), English transl. in *Collected Works cit.*, I, pp. 79-125.

<sup>48</sup> S. BULGAKOV, *O ryнкach pri kapitalističeskom proizvodstve. Teoretičeskiј etjud*, M., Izd.-c M.I. Vodovozovoj, 1897, pp. 1-58, 130-131 ff., 157-169, 235-257. Cf. above note 39.

<sup>49</sup> A. SKVORCOV, *Osnovanija političeskoј ekonomii*, Spb., Izd.-c O.N. Popovoj, 1898, pp. 281-295.

<sup>50</sup> K. TULIN, "K charakteristike" *cit.*, in *Collected Works cit.*, II, pp. 141-174; Vl. Il'in, *Razvitie kapitalizma cit.*, in *Collected Works cit.*, III, pp. 43-69.

<sup>51</sup> M. RATNER, "Teorija ryнкov" *cit.*, pp. 78-102.

<sup>52</sup> Cf. K. MARX, *Das Kapital*, Book II, Frankfurt/M.-Berlin-Wien, Ullstein, 1970, p. 369.

<sup>53</sup> Cf. M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy cit.*, p. 429; *Promyšlennye kri-*

As can be seen, the three authors based their critique on a methodological principle fundamental to a Marxist theory of the market. According to Marx, "to understand the essence of the question at hand, unencumbered by secondary considerations", we must make "a complete abstraction" of foreign trade, or rather "consider the whole trade world as representing one single (capitalist) nation".<sup>54</sup> In this he took up an already widely-discussed principle that had appeared in classical thought since the Physiocrats and had been used by Sismondi in his debate with Ricardo.<sup>55</sup> The same methodological principle seeks to reach an abstraction from any complicating factors introduced by the distribution of surplus into actual dynamics of enlarged reproduction. The empirical and specific analysis of the different classes of "derived incomes" (commercial profit, interest, rent and state taxation), public expenditure and unproductive consumption would in fact hinder "the examination of the reproduction process in its fundamental form". At such an abstract level of analysis, the resort to foreign trade (Voroncov, Daniel'son), militarism (Voroncov), unproductive consumers and "third persons" (Malthus, Voroncov, Daniel'son and even Struve) is but to so many kinds of *deus ex machina*, introduced by "political economists to explain something they are unable to explain".<sup>56</sup>

It is a result of this approach to the problem of market and realization *in general* or *in itself* that the first divisions within Russian legal marxist literature appear. On the one hand Struve argues strongly against any reference to an "ideal capitalist society, isolated and self-sufficient", and to "abstract condi-

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*zisy. Očerki iz social'noj istorii Anglii.* 2nd revised edition, Spb., Izd.-e O.N. Popovoj, 1900, pp. 31-32; Id., *Studien zur Theorie und Geschichte der Handelskrisen in England*, Jena, G. Fischer, 1901, pp. 34-35; Id., "Kapitalizm i rynok" *cit.*, pp. 120-121; K. TULIN, "K charakteristike" *cit.*, in *Collected Works*, II, pp. 162-163; Vl. Il'in, *Razvitie cit.*, in *Collected Works cit.*, III, pp. 43 ff., 64-66; Id., "Ešče k voprosu o teorii realizacii", in *NO*, VI, n. 8 (August, 1899), pp. 1566, 1573, 1577-1578; S. BULGAKOV, *O rynekach cit.*, pp. 132, 198-199, 236-238.

<sup>54</sup> K. MARX, *Das Kapital cit.*, Book I, p. 527, note 21a; Book II, p. 439; cf. also Id., *Theorien über den Mehrwert*, edit. by K. Kautsky, Stuttgart, Dietz, 1905, Book II, t. 2, p. 244: "To simplify the problem, let us consider it a closed nation, without its foreign trade".

<sup>55</sup> Cf. SISMONDI, "Sur la balance des consommations avec les productions", in *Revue encyclopédique*, XXII (Paris, May, 1824), reprinted in Id., *Nouveaux Principes cit.*, t. II, pp. 412-414; cf. also *loc. cit.*, t. I, p. 115: "To trace these calculations more exactly and to simplify the question, we have hitherto completely excluded foreign trade; we have presupposed an isolated nation; human society itself is such an isolated nation, and whatever relates to a nation without foreign trade is equally true of the human race".

<sup>56</sup> Compare K. MARX, *Das Kapital cit.*, Book II, pp. 426-427, 471, with S. BULGAKOV, *O rynekach cit.*, pp. 15, 32n., 236; K. TULIN, "K charakteristike" *cit.*, in *Collected Works cit.*, II, pp. 161-164; Vl. Il'in, *Razvitie cit.*, in *Collected Works*, III, pp. 43-47, 58-64; M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy*, 2nd edition *cit.*, p. 18; Id., *Studien cit.*, p. 20.

tions of realization" in order to explain the concrete "historical conditions" of the growth of the domestic market.<sup>57</sup> He considers the latter can be discovered in the progressive replacement of the natural economy of subsistence of direct producers by a monetary economy and the rising "consumption by third persons". By these he originally meant private employees, civil servants, professional people, etc.,<sup>58</sup> but later he refers to peasants and independent craftsmen, as his thought moves closer to populist ideas, albeit with an "optimistic" tone.<sup>59</sup>

On the other hand Tugan-Baranovskij, Lenin and Bulgakov — a swell as to some extent A.I. Skvorkov — refer to the models outlined by Marx in Volume 2 of *Capital* to explain the conditions of realization of the total social product and its reproduction on an enlarged scale in a given national economic system. In order to summarise the mathematical proof of the four authors we may suppose that the total annual output of commodities is subdivided into two basic sectors: Sector I, comprising the means of production, and including raw and subsidiary materials employed in the productive process, and Sector II, comprising consumer commodities. Let us moreover suppose that

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<sup>57</sup> P. STRUVE, "K voprosu o ryinkach pri kapitalističeskom proizvodstve. (Po povodu knigi Bulgakova i stat'i Il'ina)", in *NO*, VI, n. 1 (January, 1899), pp. 51-52 ff., 56-57; Id., "Protiv ortodoksii", in *Žizn'*, III, n. 10 (Spb., October, 1899), p. 176.

<sup>58</sup> P. STRUVE, *Kritičeskija zametki cit.*, pp. 245-260, 280; cf. a critique of this in K. TULIN, "Ekonomičeskoe soderžanie" *cit.*, in *Collected Works*, I, pp. 494-499.

<sup>59</sup> P. STRUVE, "K voprosu o ryinkach" *cit.*, pp. 61-62. For similar critical references to Lenin and Tugan, cf. P. NEŽDANOV, "K voprosu o ryinkach pri kapitalističeskom proizvodstve. (Po povodu statej gg. Ratnera, Il'ina i Struve)", in *Žizn'*, III, n. 4 (April, 1899), pp. 297-301 ff.; P. SKVORCOV, "Tovarny fetičizm" (critical review of Vl. Il'in, *Razvitie cit.*), in *NO*, VI, n. 12 (December, 1899), pp. 2277-2278, who had however in his previous work sided with Tugan-Baranovskij rather than with Struve and his substantial adhesion to the populist thesis. The counter-attacks by Lenin and Tugan are given in Vl. Il'in, "Otvēt g. P. Neždanovy", in *Žizn'*, III, n. 6 (June, 1899), 283-288; Id., "Ešče k voprosu" *cit.*, pp. 1564-1578 (followed by the polemical reply by Struve, "Otvēt Il'inu", in *NO*, VI, n. 8 (August, 1899), pp. 1580-1584), and in M. TUGAN-BARANOVSKIJ, "Osnovnyja pričiny krizisov v kapitalističeskom chozjajstve", in *MB*, VIII, n. 11 (November, 1899), Sec. I, pp. 194-222, followed by the polemical review by Struve of the "Novoc izdanie 'Promyšlennych krizisov' M.I. Tugan-Baranovskago. (Kritičeskaja zametka)", in *MB*, IX, n. 10 (October, 1900), Sec. I, pp. 259-279. For other positions which emerged in the debate cf. A. IZGOEV, "Teorija ryinkov v našej literature", in *Žizn'*, III, n. 4 (April, 1899), pp. 286-296, generally favourable to Tugan-Baranovskij, and the critical report by B. AVILOV, "O 'novoj' teorii ryinkov. (Po povodu statej gg. Neždanova i Izgoeva. *Žizn'*, april 1899)", in *NO*, VI, n. 12 (December, 1899), pp. 2296-2308. The *narodnik* position is however re-stated with some rectifications by NIKOLAJON, "Uslovija razvitija vnutrennago ryinka dlja produktov krupnoj promyšlennosti", in *RB*, n. 4 (April, 1899), Sec. I, pp. 119-154, and n. 8 (August, 1899), Sec. I, pp. 31-72; M. RATNER, "Pis'mo v redakciju" *cit.*, pp. 195-207.

in each sector the product is further subdivided into three fractions of value corresponding to the means of production wholly consumed in the cycle of the year and thus to be replaced (m), wages spent during the year (w), and the surplus or profit obtained (s):

$$\begin{aligned}\text{Sector I } & 4.000 \text{ m} + 1.000 \text{ w} + 1.000 \text{ s} = 6.000 \\ \text{Sector II } & 1.500 \text{ m} + 750 \text{ w} + 750 \text{ s} = 3.000\end{aligned}$$

The entire output of commodities in Sector I, including the elements of value corresponding to wages (I 1.000 w) and the amount of profit not directed toward productive re-investment (let us say I 500 s), here exists in material form — means of production — excluding individual consumption. In other words, these elements cannot represent an *immediate* revenue, thus passing directly into funds for consumption both of capitalists and the workers who contributed to their production. To this end they must be replaced by that part of the annual output of commodities in Sector II (II 1.500 m) which, consisting of a given quantity of means of subsistence and luxury commodities, corresponds to the value of the means of production employed in that sector, which must be replaced. As for the surplus fraction in Sector I destined for accumulation (I 500 s), the majority of it may be invested directly in the same sector as additional means of production (I 400 sm). The remaining part (I 100 sw) will be replaced by an equivalent fraction of means of subsistence of Sector II (II 100 sm) so as to permit a corresponding employment of additional workers in Sector I and additional means of production in Sector II. By finally reinvesting the remaining amount of profit in Sector II (II 50 sw), we shall obtain the following distribution of the total national product, as a result of the interchange between the two sectors in the hypothesis of unchanging “organic composition of capital” (i.e. without technical improvement):

$$\begin{aligned}\text{Sector I } & 4.400 \text{ m} + 1.100 \text{ w} + (500 \text{ s}) = 6.000 \\ \text{Sector II } & 1.600 \text{ m} + 800 \text{ w} + (600 \text{ s}) = 3.000\end{aligned}$$

In the second year, if production continues at the same rate of growth in both sectors and if capital and social labour are proportionally distributed in the various branches of the national production, the annual output will be:

$$\begin{aligned}\text{Sector I } & 4.400 \text{ m} + 1.100 \text{ w} + 1.100 = 6.600 \\ \text{Sector II } & 1.600 \text{ m} + 800 \text{ w} + 800 \text{ s} = 3.200\end{aligned}$$

As can be seen,<sup>60</sup> calculations of reciprocal conversions in an ideal, normal

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<sup>60</sup> This schema of enlarged reproduction on given technical basis is contained, with the same reasoning and the same figures as used by us, in K. MARX, *Das Kapital cit.*, Book II, pp. 476-480; K. TULIN, “Po povodu tak nazyvaemago” *cit.*, in *Collected Works*,

accumulation with unchanging organic composition — which can only, however, happen in intervals between technical advances — show that expansion in production and domestic market mainly concerns the sector of industrial raw materials and capital goods. Yet such a dominance as regards Sector I is still further emphasized if the dynamics of technical advance based on the labour-saving characteristic of phases of accelerated mechanisation are introduced into the equation. And this is precisely what Lenin, Bulgakov and Tugan-Baranovskij do in an endeavour to represent more precisely the growth in accumulation and Russian market.<sup>61</sup>

As the Physiocrats had correctly seen, the entire part of social output constituted by “avances primitives” or original advances of capital (corresponding to a fixed capital), and by “avances annuelles” or annual advances (corresponding to circulating capital).<sup>62</sup> does not “resolve itself” — in the Smithian sense — in income,<sup>63</sup> but is simply transferred to the annual output of commodities and re-integrated into the productive cycle of the following

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I, pp. 81-83; S. BULGAKOV, *O rybnkach cit.*, pp. 43 ff.; A. SKVORCOV, *Osnovanija cit.*, pp. 289-295, and with different figures in the writings of TUGAN-BARANOVSKIJ, *Promyšlennye krizisy cit.*, pp. 410-422; 2nd edition *cit.*, pp. 20-27; 3rd revised and enlarged edition, Spb., Izd.-c Tov.-va O.N. Popovoj, 1914, pp. 216-219; *Studien cit.*, pp. 21-27; “Osnovnyja pričiny” *cit.*, pp. 207-215; *Osnovy političeskoj ekonomii*, 3rd revised edition, Petrograd, Izd.-c jur.-ago knižnago sklada “Pravo”, 1915, pp. 551-554, in which the author uses always three sector models: I — means of production, II — consumer commodities for workers, III — consumer commodities for capitalists.

<sup>61</sup> K. TULIN, “Po povodu” *cit.*, in *Collected Works*, I, pp. 84-89; Vl. Il'in, *Razvitie cit.*, in *Collected Works*, III, pp. 54-56 ff.; S. BULGAKOV, *O rybnkach cit.*, pp. 161-167 ff., 210; M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy cit.*, pp. 422-425; 3rd edition *cit.*, pp. 225-228; Id., “Der Zusammenbruch der kapitalistischen Wirtschaftsordnung im Lichte der nationalökonomischen Theorien”, in *Archiv für Sozialwissenschaft und Sozialpolitik*. XIX (Tübingen, 1904), n. 2, pp. 284-287; Id., *Theoretische Grundlagen des Marxismus*, Leipzig, Duncker & Humblot, 1905, pp. 224-227.

<sup>62</sup> F. QUESNAY, “Analyse du Tableau Economique”, in *Collection des principaux économistes*, Vol. II, *Physiocrates*, edited by Daire, Paris, Guillaumin, 1846, p. 59; A.-R.-J. TURGOT, “Réflexions sur la formation et la distribution des richesses”, in *Oeuvres*, edit. by Daire, Vol. I, Paris, Guillaumin, 1844, p. 40; P.-S. DUPONT DE NEMOURS, “Maximes du docteur Quesnay, ou Résumé de ses principes d'économie sociale”, in *Collection cit.*, Vol. II *cit.*, p. 391; G.-F. LE TROSNE, “De l'intérêt social”, *ibidem*, p. 928. With reference to this Tugan-Baranovskij dedicates his treatise on political economy firstly to “Quesnay, author of *Tableau économique*” as well as to “Gossen, founder of the theory of marginal utility, and to Marx, the profound critic of capitalism” (*Osnovy političeskoj ekonomii*, Spb., Tip.-ja akc.-ago ob.-va “Slovo”, 1909, pp. III, VIII).

<sup>63</sup> Cf. A. SMITH, *An Inquiry cit.*, t. I, pp. 75-79, 423-424; a critic is given in K. MARX, *Das Kapital cit.*, Book I, chp. XXII, par. 2; Book II, chs. X, XI and XIX; Book III, chs. XLVIII-L.

year. It is enough to remember this insight, brilliantly developed in Marx's *Tableau*, to rid ourselves *ipso facto* of the difficulties of realising the "surpluses" raised by populist thinkers.<sup>64</sup> Following Adam Smith and Sismondi, the latter formulate an original and necessary identity between the value of the annual national product and the sum of the incomes (wages, profits and rents) of the basic classes of the population. By reducing, in particular, the entire surplus to income spent on consumption of final goods, Voroncov and Daniel'son covertly re-introduced a model of simple reproduction while endeavouring to explain the mechanism of the enlarged reproduction.<sup>65</sup> Thus, as a result of denying *a priori* any outlet onto the domestic market for the part of surplus directed toward investment, they eliminate at the very outset the necessary conditions for accumulation of capital, and thus (in order of importance):

1) the transformation of a growing amount of surplus into capital goods, which determines an increase in actual demand for all the linked branches of the means of production. This constitutes the principal factor giving impulse to a growth of the domestic market in countries which come late to a process of accelerated industrialization, as with Russia in the last two decades of the XIXth century;<sup>66</sup>

2) the corresponding employment of a *relatively* declining part of capital surplus in the form of additional wages, which is, however, accompanied by an *absolute* expansion of total actual demand for subsistence commodities by workers. On the one hand Daniel'son confuses the relative decrease in variable capital, connected to the increase in the organic composition of the social capital, with its absolute decrease.<sup>67</sup> On the other, he fails to understand, behind and within the phenomenon of the absolute reduction in output for their own consumption by the less well off peasants, the growth in their *monetary* con-

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<sup>64</sup> S. BULGAKOV, *O rynkakh cit.*, pp. 19-20, 235-237 ff.; K. TULIN, "K charakteristike" *cit.*, in *Collected Works*, II, pp. 150-154; Vl. Il'in, *Razvitie cit.*, in *Collected Works*, III, pp. 47-54, 68; M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy*, 2nd edit. *cit.*, p. 18; Id., *Studien cit.*, p. 20; Id., *Osnovy*, 3rd edit. *cit.*, p. 551.

<sup>65</sup> On the limitations of the analysis of social reproduction in Sismondi and the Russian populists, cf. our "Sismondi e la critica dell'economia politica", in *Problemi del Socialismo*, terza serie, XVI, n. 21-22 (Rome, May-August, 1974), pp. 397-419; cf. also P. BARUCCI, *Prime teorie sul sottoc consumo*, Florence University, 1971, pp. 57-70.

<sup>66</sup> Cf. M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy cit.*, pp. 404 ff.; 2nd edit. *cit.*, pp. 23-24 ff., 53; Id., *Studien cit.*, pp. 26 ff., 58, 222-224; S. BULGAKOV, *O rynkakh cit.*, pp. 155-169; K. TULIN, "Po povodu" *cit.*, in *Collected Works*, I, pp. 84-89; Id., "K charakteristike" *cit.*, in *Collected Works*, II, pp. 155 ff., 159; Vl. IL'IN, *Razvitie cit.*, in *Collected Works*, III, pp. 55-56 ff., 494.

<sup>67</sup> Cf. above p. 130 cf. critique in K. TULIN, "K charakteristike" *cit.*, in *Collected Works*, II, p. 228n.; cf. also *loc. cit.*, pp. 155, 158n.

sumption — even if smaller and lower — accompanying the process of their transformation into wage-earners.<sup>68</sup>

3) the absolute increase — within the context of a relative reduction — in the personal consumption of the capitalist classes, which continues to expand the domestic market for the sector of luxury goods.<sup>69</sup>

The re-introduction of such variables into analysis of the process of accumulation showed how “the impoverishment of the mass of the population as a consequence of the expansion of capitalist production” did not at all imply “the impossibility of the development of capitalism in Russia”.<sup>70</sup> On the contrary, this was accompanied by a high increase, albeit not a uniform one, in the gross national product, and a multiple expansion of markets as outlets for different sectors as a result of a kind of process of circular causation. In particular, Lenin argued against Voroncov that the spread of capitalist relationships through the Russian countryside did not only cause a generic, undifferentiated “impoverishment” of the “peasant mass”, nor even a simple distinction within the peasants and craftsmen in terms of “rich” and “poor”, “parasites” (usurers, *skupšćiki* etc.) and “producers”, but rather a true division of social antagonism “within the people” between bourgeoisie and proletariat. Such a development, far from being an obstacle to accumulation by contracting the market, represented the determined mode of creation of the domestic market for Russian capitalism.<sup>71</sup>

By dogmatically identifying the “single factory” with the entire “capitalist nation” (cf. above p. 130 and note 26), Voroncov and Daniel’son approached the question of the realization of the overall social surplus from the point of view of the individual entrepreneur, concerned to protect himself against competition from foreign commodities and to “sell abroad” his products at the best price possible. The nationalist objective to “catch up and overtake the West” by means of state-controlled industrialization, protection and subsidies granted to the peasant *obščiny* and the craftsmen *arteli*, doubtless also revealed the influence of the thought of Friedrich List and the young German

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<sup>68</sup> Cf. respectively, NIKOLAJ-ON, “Čem objasnit’ rost našich gosudarstvennych dochodov?”, in *NS*, III, n. 5 (February, 1896), pp. 69-71, and S. BULGAKOV, *O rybkach cit.*, pp. 214-215, 238-245; K. TULIN, “Po povodu” *cit.*, in *Collected Works*, I, pp. 106-107 ff.; VL. IL’IN, *Razvitie cit.*, in *Collected Works*, III, pp. 53-55, 65 and note, 68.

<sup>69</sup> S. BULGAKOV, *O rybkach cit.*, pp. 45 ff., 161-162 ff.; K. TULIN, “Po povodu” *cit.*, in *Collected Works*, I, pp. 120-125 *passim*; VL. IL’IN, *Razvitie cit.*, in *Collected Works*, III, pp. 150 ff., 163-166; M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy*, 2nd edit., pp. 19 ff.; *Id.*, *Studien cit.*, pp. 21 ff.

<sup>70</sup> M. TUGAN-BARANOVSKIJ, “Kapitalizm i raynok” *cit.*, p. 120; *Id.*, *Promyšlennye krizisy*, 2nd edit. *cit.*, pp. 29-30; *Id.*, *Studien*, p. 33.

<sup>71</sup> K. TULIN, “Po povodu” *cit.*, in *Collected Works*, I, pp. 102-103 ff., 108-109 ff., 115 ff.; *Id.*, “Ekonomičeskoe soderžanie” *cit.*, in *Collected Works*, I, pp. 496-497; VL. IL’IN, *Razvitie cit.*, in *Collected Works*, III, pp. 172-181, 552 ff.

historical school,<sup>72</sup> and this helps to explain both the widespread attraction of legal populist ideologies in the universities, local administration and circles linked to the Czarist government, and the subsequent reconciliation between one group of the Legal Populists and the liberal wing of Russian Legal Marxism on the basis of shared nationalistic concerns. Nevertheless, protectionist tendencies in defence of the "vital interests" of Russian industry, "the last to arrive" on the scene of the world market,<sup>73</sup> derived logically from the consistent Smithian and Sismondian premises of the populist theory of reproduction (cf. above notes 8, 24, 25).

On the contrary, in both Lenin and Tugan-Baranovskij, the initial recognition of an essential capitalist dynamic within the complex network of Russian socio-economic relationships accompanies a more objective examination of the both its de-stabilizing and progressive effects. In both authors this gives rise to an anything but "orthodox" or unilinear appraisals question of the specific historical forms of Russian industrialization.

Thus Lenin is well aware of the misleading and subordinate nature of a protest "against big capital i.e., against commodity economy in one form, its most developed form" while "praising utopian-like the small producer (especially the peasantry), i.e., commodity economy in another form, its rudimentary form".<sup>74</sup> He therefore concentrates his research on the multiple logico-structural and historico-empirical links between "the 'factory'

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<sup>72</sup> R. PORTAL, "The Industrialization" *cit.*, pp. 804 ff., 824; W. KULA, *Problemy i metody historii gospodarzezy*, Warszawa, Państwowe Wydawnictwo Naukowe, pp. 18-22. For the influence of the politico-economical analysis by Fr. List (whose main work was translated into Russian in 1881, the year before the appearance of Voroncov's work quoted in note 1) and the German historical school (L. Brentano, K. Knies, G. Schmoller, etc.) in the debates concerning Russian industrial and commercial development, cf. VI. ŽELEZNOV, *Očerki političeskoj ekonomii*, 3rd edition revised and extended, M., Biblioteka dlja samoobrazovanija, 1912 (first edit. M., 1901), pp. 188-191, 792-814, 847-850.

<sup>73</sup> Cf. V. JA. LAVERYCEV, *Po tu storonu barrikad (iz istorii bor'by moskovskoj buržuazii s revoljuciej)*, M., 1967, pp. 66 ff.; V.S. DJAKIN, *Russkaja buržuazija i carizm v gody pervoj mirovoj vojny (1914-1917)*, Leningrad, 1967, pp. 56 ff.; U. LISZKOWSKI, *Zwischen Liberalismus und Imperialismus. Die zaristische Aussenpolitik vor dem Ersten Weltkrieg im Urteil Miljukovs und der Kadettenpartei 1905-1914*, Stuttgart, Klett, 1974, pp. 33, 35-38 ff., 53-56 ff., 92-106 ff. *passim*, 124 ff., 143-147 ff., 188 ff., 217-218 ff., 267. Such implications of populist theory of the markets are most efficaciously criticised by LENIN, "Po povodu" *cit.*, in *Collected Works*, I, p. 102. On the confrontation between protectionists and free-traders in Russian 'society' and literature before and after the reform (1861), cf. M. TUGAN-BARANOVSKIJ, *Russkaja fabrika cit.*, Part I, chp. VII, and Part II, chap. V; 6th edit. *cit.*, pp. 207-234, 399-431; Id., *Geschichte der russischen Fabrik*, Berlin, E. Felber, 1900, pp. 319-368, 589-626; P.A. AXELROD, "Die historische Berechtigung der russischen Sozialdemokratie", in *Neue Zeit*, XVI (Stuttgart, 1897-1898), Bd. II, pp. 101-102 ff., 109-110. Cf. above the notes 34 and 35.

<sup>74</sup> K. TULIN, "K charakteristike" *cit.*, in *Collected Works*, II, p. 200.

and 'handicraft' industry", with a view to explaining how and why "the development of forms of industry, like that of all social relationships in general, cannot but proceed very gradually, among a mass of interlocking, transitional forms and seeming reversions to the past".<sup>75</sup> The same undogmatic and well-articulated concept of "totality" leads him on the one hand to emphasize the unequal regional and sectoral development of the Russian national economy, and the dragging role of sector I, concomitant with the growth in the average organic composition of social capital. On the other hand, it enables him to demonstrate the also diachronically--differentiated dynamic of this growth connected to the successive stages of industrialization. For example, if the comparative data on the volume of gross production, annual investments and the number of workers in the iron and steel and mining industries show that in the years from 1888 to 1898 there was a rate of growth superior to that of France, Germany and the United States, such a particularly high initial growth rate is inevitably followed by a slowing down, and in any case cannot be generalised as a universal constant in terms of middle to long-term development, nor the alternating phases of the business cycle.<sup>76</sup>

The same undogmatic impulse leads Tugan-Baranovskij to argue against "the habitual (unilinear) model of the struggle between large and small industry" ever-present in Russian debates.<sup>77</sup> According to this, the small-scale commodity production of the *kustari* should have grown out of subsidiary peasant cottage industry, and then in turn slowly lost their own independence to merchant contractors and wholesalers (*skupščiki*), finally being supplanted first by manufactory and then by large capitalist industry.<sup>78</sup> The studies by the Russian economist show that there was in reality a much more complex evolution. In the first place, a marked dependence on commercial capital was a feature of craft industry as far back as Muscovite Russia.<sup>79</sup> Yet, above all, the textile and metallurgical industries promoted by Peter I, and based on

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<sup>75</sup> VL. IL'IN, *Razvitie cit.*, in *Collected Works*, III, pp. 541, 536.

<sup>76</sup> VL. IL'IN, *Razvitie cit.*, in *Collected Works*, III, pp. 486-494, 496-507, 507-516, 597 ff. For authoritative confirmations of this inequality, speeded up and "in leaps" as a result of a process of industrialization such as the Russian one, based on the creation of fixed capital over a long period of production, cf. A. GERSCHENKRON, "Problems and Patterns" *cit.*, pp. 53-54, 56-58; R. PORTAL, "The Industrialization" *cit.*, pp. 810, 813 ff., 823-824 ff., 828 ff., 836 ff., 843 ff.

<sup>77</sup> M. TUGAN-BARANOVSKIJ, *Russkaja fabrika cit.*, p. 205; 6th edit. *cit.*, p. 166; Id., *Geschichte der russischen Fabrik cit.*, p. 253.

<sup>78</sup> M. TUGAN-BARANOVSKIJ, *Russkaja fabrika cit.*, pp. 208-209; 6th edit. *cit.*, pp. 168-169; Id., *Geschichte cit.*, pp. 257-258.

<sup>79</sup> M. TUGAN-BARANOVSKIJ, *Russkaja fabrika cit.*, pp. 1-4 ff., 205-208, 418-419; 6th edit. *cit.*, pp. 6-8 ff., 166-168, 351-352; Id., *Geschichte cit.*, pp. 5-8 ff., 254-257, 526-527; Id., "Istoričeskaja rol' kapitala v razvitii našej kustarnoj promyšlennosti", in *NS*, II, n. 7 (April, 1897), Sec. II, pp. 1-33.

serf labour, for the whole of the eighteenth century and throughout the reign of Nicholas I, appeared incapable of supplanting the cottage industry of the *kustari*. On the contrary, they encouraged the spread of new branches of activity and the adoption of more advanced technologies in the small craft workshops, which became characterised by a greater entrepreneurial spirit and were run on more economic managing criteria.

So, notwithstanding the protests of the manufacturers, craft workshops contributed to the final crisis, in the second quarter of the nineteenth century, of the traditional factories and factories run by concessionaires or supported by the government.<sup>80</sup> Only the large-scale introduction of costly machinery radically altered the outcome of the competition between the factory and the *kustari* from around the middle of the nineteenth century. Even this was, moreover, a multiple process. In some cases the sudden revolution in technology forced the craftsman to become a wage-earner or try to survive in his own workshop, living miserably and doing everless business in the face of ruthless competition from the factory. In others, however, the introduction of new methods of production came more gradually, allowing the luckier of the *kustari* to expand their own workshops and become themselves manufacturers. In both cases the outcome of the struggle was the victory of the factory over the small craft business. The latter did, however, continue to survive in branches where there were delays in or obstacles to the introduction of machines.<sup>81</sup>

As can be seen, the different (cf. above note 39) theories of Lenin and Tugan-Baranovskij on the diverse effects of the spread of capitalism in the Russian countryside and the complex historico-systematic links between the large factory and the peasant-craftsman industry introduced important new elements into the traditional orthodox marxist model of the relationship between large and small enterprises. Such a model had been formulated, for example, in the *Erfurt Programme* (1891) by the German Social Democrats, which proclaimed the natural evolution of the latter into the former.<sup>82</sup> On the con-

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<sup>80</sup> M. TUGAN-BARANOVSKIJ, *Russkaja fabrika cit.*, pp. 209-259, 418, 150-161; 6th edit. *cit.*, pp. 169-206, 351, 102-111; *Id.*, *Geschichte cit.*, pp. 258-318, 526, 145-153; cfr. J. BLUM, *Lord and Peasant in Russia from the Ninth to the Nineteenth Century*, Princeton, Univ. Press, 1961, pp. 293-325.

<sup>81</sup> M. TUGAN-BARANOVSKIJ, "Bor'ba fabriki s kustarem", in NS, III, n. 1 (October, 1897), Sec. I, pp. 25-54; *Id.*, *Russkaja fabrika cit.*, pp. 419-467; 6th edit. *cit.*, pp. 352-398; *Id.*, *Geschichte cit.*, pp. 527-588. On the second part of Tugan's book, cf. more generally J. MAVOR, *An Economic History of Russia*, 2nd edit. revis. and enlarg., Vol. II, New York, Russel & Russel, 1965 (first edit. London-Toronto-New York, 1914), pp. 368-412, 585-596.

<sup>82</sup> Cf. the general theoretical part of the *Erfurter Programm* outlined by Karl Kautsky, where it is argued that "the economic development of bourgeois society naturally (*mit Naturnotwendigkeit*) leads to the ruin (*Untergang*) of the small business" (in *Revolutionäre*

trary, works such as *The Development of Capitalism in Russia* and *The Russian Factory*, conceived basically as demonstrating the validity of the general "Westernizer" thesis,<sup>83</sup> illustrated the *specificity* of the unequal, non-linear and accelerated development of Russian industrialisation, its tendency to "destroy its own market at the same time as creating it".<sup>84</sup>

A similar process was set in motion by the leading sectors of Russian industry, which possessed "greater capital, and a more highly-developed entrepreneurial will and greater marketing expertise". This cannot "be confined only to the limited sphere of the domestic market", but tends of its very nature to "spread without limit".<sup>85</sup> The very "unequal" growth in the diverse enterprises and productive sectors, inherent in the mechanism of competition, "compels" the more developed industries "to outgrow the bounds of the village community, the local market, the region and then the state".<sup>86</sup> For Voroncov and Daniel'son the search for foreign markets represent "a preliminary condition of outlet" for Russian capitalism, and at the same time a proof of "its lack of bases". For Lenin and Tugan-Baranovskij it is rather, with a significant reversal of the traditional *narodnik* argument, the clearest proof of the self-generating nature of the development of Russian capitalism, a function and reflection of the degree of maturity reached in the various branches of the national economy.<sup>87</sup>

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*deutsche Parteiprogramme. Vom kommunistischen Manifest zum Programm des Sozialismus*, edit. by L. Berthold and E. Diehl, Berlin, Dietz Verlag, 1964, p. 82); the same text is restated by Kautsky in the famous comment *Das Erfurter Programm in seinem grundsätzlichen Theil erläutert*, Stuttgart, Dietz, 1892, pp. 5, 20 ff., 77-78, 114, 151-152, 167, 180, 254 (Russian transl. K. KAUTSKIJ, *Osnovy social, demokratičeskaja programma*), Ženeva, "Social-demokratičeskaja biblioteka", serija II, Vyp. 3, 1894).

<sup>83</sup> For a stimulating comparison of the "Slavophile" epistemological and philosophico-sociological model with the "Westernizer", cf. the basic monography by A. WALICKI, *W kręgu konserwatywnej utopii. Struktura i przemiany rosyjskiego słowianofilstwa*, Warszawa, Państwowe Wydawnictwo Naukowe, 1964 (English transl. by H. ANDREWS-RUSTECKA, *The Slavophile Controversy. History of a Conservative Utopia in Nineteenth-Century Russian Thought*, Oxford, Clarendon Press, 1975, in particular pp. 445-455,) and J.F. HECKER, *Russian Sociology cit.*, pp. 11-23, 33-71. Cf. moreover, for the period traced by us between the nineteenth and twentieth centuries, the writings of Ivanov-Razumnik and A. Vucinich quoted above in note 31.

<sup>84</sup> The wording is by Engels in his letter of 22 September 1892 to Daniel'son, reprinted in *Perepiska cit.*, pp. 165-168.

<sup>85</sup> M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy*, 2nd edit. *cit.*, pp. 31-32; *Id.*, *Studien cit.*, pp. 35-36.

<sup>86</sup> K. TULIN, "Po povodu" *cit.*, in *Collected Works*, I, p. 102; VL. IL'IN, *Razvitie cit.*, in *Collected Works*, III, p. 66; K. TULIN, "K charakteristike" *cit.*, in *Collected Works*, II, p. 164.

<sup>87</sup> Cf. K. TULIN, "Po povodu" *cit.*, in *Collected Works*, I, pp. 102 ff.; VL. IL'IN, *Razvitie cit.*, in *Collected Works*, III, pp. 65-67, 69, 591-596.

The two theoretical alternatives can be summarised as follows. The *narodniki*, like Rosa Luxemburg twenty years later, looked at the question of the market principally from the point of view of *absorbing* the surplus. Thus they emphasized — from a perspective we might define as “Smithian” — the *external* dynamic as itself a condition and limit of the degree of development of the internal dynamic. In other words, it is the smallness of the agricultural surplus and that of the peasant market which hinders, beyond a certain limit, further development in the division of labour and productivity in the manufacturing industry sector, making recourse to foreign markets necessary.<sup>88</sup> On the other hand, with Lenin, Tugan-Baranovskij and Bulgakov the attention is focused — in a more typically “Ricardian” manner — on the *internal* dynamic of the *creation* of surplus and on the growth of effective additional demand generated by the accumulation of capital.<sup>89</sup> At the height of the “(Russian) debate on the market”, these authors thus gradually became “convinced that in the theory of the pre-eminence of the laws of production over those of consumption (...) is to be found the key to understanding the entire mechanism of capitalist development”.<sup>90</sup>

*Mutatis mutandis*, the same strategic alternative is again raised in the crucial debate of the 1920s concerning industrialisation and planning of the Soviet economy, during which Bukharin accused his adversaries of “applied Tuganism” (*prikladnaja tugan-baranovščina*). However, we must leave explanation of the complex questions raised by Bukharin’s polemical warning to another occasion.<sup>91</sup>

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<sup>88</sup> Cf. A. SMITH, *An Inquiry cit.*, Book I, chap. III, pp. 26-33; SISONDI, *Nouveaux principes cit.*, tome I, pp. 106, 119-121, 316, 343-345 ff., 357-362; tome II, pp. 316, 413; cf. also above note 25.

<sup>89</sup> Cf. N. ZIBER’, *David Ricardo i Karl Marks v ich obščestvenno-ekonomičeskich izsledovanijach*, 2nd revised edit., Spb., N.A. Rubakin, 1885 (first edit. Kiev, 1871), p. 466n.

<sup>90</sup> M. TUGAN-BARANOVSKIJ, *Promyšlennye krizisy*, 2nd edit. *cit.*, preface; cf. K. TULIN, “K charakteristike” *cit.*, in *Collected Works*, II, pp. 155 ff.

<sup>91</sup> Cf. our “Bukharin on the Question of ‘Applied Tuganism’: A Historico-Critical Analysis of the Relationship between Planning and Market in Soviet Strategy for Industrialization”, to be published shortly as contribution to the International Seminar on Bukharin organised in Rome on 27, 28 and 29 June 1980 by the Istituto Gramsci.

