

A THEORETICAL FRAMEWORK FOR RETARDED CAPITALIST TRANSFORMATION: THE DEVELOPMENT OF CAPITALISM IN RUSSIA*

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I. INTRODUCTION

The search for sound analytical tools to discover the basic laws of historical evolution of contemporary societies is one of the major issues of today's social sciences. There has been an ongoing concern to meet this unavoidable need in order to provide a safer ground for the generation of middle and short-range theories. However, there has been few serious and fewer successful attempts in this respect. One of those few exceptions is Lenin's effort, materialized in *The Development of Capitalism in Russia*. This work is not a basic book of theory, but rather a theory applied, guided by the Marxist framework of capitalist accumulation.

A careful study of *The Development of Capitalism in Russia* will reveal that it is more than a work of historical interest. In fact one can abstract the meticulous historical methodology developed in this volume as a framework for the *general* trends of late capitalist transformation.

Such an effort is believed to provide a theoretical guideline, although schematic, for a better understanding of the main trends of socio-economic change in peripheral capitalist countries which comprise what is called the Third World.

Before going into a detailed scrutiny of Lenin's methodology, the historical background of the time (19th and early 20th centuries) and the unit of analysis (Russian society) must be provided.

* A Work by V.I. Lenin, Moscow: Foreign Languages Publishing House, 1956.

2. A BRIEF HISTORY OF THE NATIONAL ECONOMY OF RUSSIA UP TO THE TURN OF THE 20TH CENTURY¹

A. Sources of Primitive Accumulation

The evolution of Russian economy toward a relatively modern industrial stage passed through several critical phases. There seems to be eight sources of primitive accumulation which constituted the motor force of this evolution that gained momentum in the middle of the 19th century:

1. Colonial Policy: was based on plunder or tribute relations with her internal colonies like: Transcaucasia, Central Asia etc.

2. Wars and state procurements: war gains and military contracts. Eighteenth century military contracts were the basis of mercantile fortunes.

3. Favoritism: A limited circle was enriched through grants of settled estates, gold, etc. Fortunes were made from tax farming and state procurement offices, leading to ownership of factories, plants, mines. Descendants became privileged concessionaries, promoters, bankers, industrialists.

4. Foreign trade: Trade with external economies grew mainly in the 17th century, but 18th also. Foreign trade was primarily founded on exports of agricultural raw materials and imports of luxuries for the nobility. Trade was dominated by monopolies.

1 Information on Russian economy is gathered from the following sources:

P. I. Lyaschenko, *History of National Economy of Russia to the 1917 Revolution*. New York: MacMillan, 1949;

M. Lewin, *Russian Peasants and Soviet Power*. London: Allen and Unwin, 1968;

A. Gerschenkron, "An Economic History of Russia", *Journal of Economic History*, Vol. XII, 2 Spring 1952.

M. Szeftel, "Aspects of Feudalism in Russian History" in Rushton Coulbourn (ed.) *Feudalism in History*. Princeton, New Jersey: Princeton Univ. Press, 1956. Pp. 167-182.

R.E.F. Smith, *The Enserfment of the Russian Peasantry*. London and New York: Cambridge Univ. Press, 1968.

Franco Venturi, *Roots of Revolution: A History of the Populist and Socialist Movements in Nineteenth Century Russia*. (Translated by Francis Hasnell). London, 1969.

G.T. Robinson, *Rural Russia Under the Old Regime*. London: MacMillan, 1949.

M.E. Falkus, *The Industrialisation of Russia 1700-1914*. New York: MacMillan, 1972.

A. Gerschenkron, *Europe in the Russian Mirror, Four Lectures in Economic History* (Cambridge, 1970).

Maurice Dobb, *Studies in the Development of Capitalism*. New York: International Publishers, 1968.

5. Domestic trade: Growth of domestic trade was constricted by internal market's inadequate development. Reportedly it rose almost 4-fold between 1800-1825.

6. Government credit system: was based on debts, taxes, protection, leases. Government loans outstanding on the eve of 1861 Reform totalled 807 million rubles.

7. Leases and monopolies: primarily comprised of commercial and (less so) manufacturing concessions. Under Peter I these came to embrace all leading articles of internal trade: e.g. liquor, leather, tar, ham, oil, fisheries, iron works, etc.

The liquor lease, introduced in 1712, was alone one of the largest sources of Russia's original capital accumulation. Treasury revenue from intoxicants represented 40 % of government revenue by 1861. Franchise-holders, however, were earning much more: 600-780 million rubles per annum in the mid-19th century. (Vodka played a part in floating the subsequent industrialization program).

8. Ransom operations: about 1 billion rubles were paid to land owners for "liberation" of their serfs between 1863 and 1897. This consisted of government advances of 870 million rubles, plus a 20% "premium" received from the peasantry. These sums were in some cases also meant to compensate for the loss of certain leases curtailed after the Reform.

However, as about 62% of serfs had been mortgaged to the banks by their "owners" by 1860, about half of the manumission fees received by the serf owners were earmarked for bank loan repayments (by 1871, 248 million rubles of the 543 million rubles paid out went this way). These prior claims narrowed the possibilities of capitalist accumulation among the still landed nobility and was reflected in their consequent failure to organize capitalist farming in many areas, leading to reductions in the size of arable land. Of the redemption sums remaining, a good deal of it was consumed unproductively by the upper classes.

B. On the 1861 Reform

The Basis of the 1861 Reform was a compromise on the question of whether the peasants should receive land in addition to their personal freedom. While agreeing on the principle that all (non-state) land, regardless of the fact of peasant usufruct, was the "full and inalienable" property of the land owners, nevertheless on this crucial issue the landed classes were split two ways:

(a) These in the black soil belt were opposed to giving the peasants land because of the surplus population in these areas. The central provinces, in which 70–80% of the people were enserfed, advocated minute allotments as a way of attaching the needed “hands”. Even smaller homestead plots were favored over allotments in the South-West and Ukraine where capitalist farming had taken hold.

(b) These in the less fertile nonblack soil areas, however, needed an assured source of hands and therefore preferred a settled peasantry. Land prices in this region were rather low. This group also demanded a form of emancipation which would compensate serf owners for less of their feudal rights to the peasant’s person.

The solution arrived at by the government, in its role as mediator of ruling class interests, was (1) to create allotments sufficient to assure the peasants livelihood and their obligations to the government and landowners, and (2) to meet the landlords’ desire for “compensation” via outright redemption (such compensation being concealed in inflated land valuations). The idea of homestead plots was rejected because of the problem of absorbing great masses of unattached peasant labor.

The following three factors are said to have strongly influenced the decision to allot the peasants land: the economic interests of the non-black soil region; fear of serious disturbances if the decision were otherwise; and the belief that a wholly unattached peasantry would form a dangerous under-class.

An interesting sidelight, which was no doubt central to the preoccupations of the moment, was the extreme fear that gripped the government and serf owners on the eve of the proclamation. This was a factor in delaying the announcement of emancipation from Feb. 19, when the proclamation was signed, to March 15. Troop deployments in Petersburg and elsewhere were meant to crush an expected revolution. Recent peasant uprisings had indeed acquired the character of mass revolts, with the most serious outbreaks occurring in the Urals and central districts which were the bulwark of serfdom and enforced labor. Between 1826 and 1861 there were 1,186 officially-recorded uprisings. This was minor indeed compared with the 2,000 that were to follow in the next to years, i.e., as many as the previous 35 years combined.

The reform left about 30,000 noblemen retaining ownership of some 95 million dessiatines (1 dess = 2.7 acres) of the better land, compared with 116 million dessiatines of suitable land left to the emancipated serfs. However, about 2.6 million, or 11%, of the peasantry were rendered completely landless. *These consisted of various categories of pea-*

sant "workers" including employees of state factories, mines and mills; serfs previously assigned to private mills, former serfs of the manorial factories, and (the majority) landowners' domestics and personal non-allotment serfs. To this inventory of free workers should be added about 1.8 million persons with allotments of less than one dessiatines. Thus a total of some 4.4 million peasants were formed into "free workers" by the emancipation act.

The reform intensified the money economy. The peasant's cash requirement rose to a figure five times higher than his income in some areas. An official report estimated money dues as 200-276% of the income capacity of a full allotment in the *non-Black-soil-belt* and up to 124% on the average allotment, but rising to 200% for smaller lots, in the Blacksea region. Such dues went to meet redemption payments and taxes, which were increased after the Reform. Very little cash was consumed in the household itself.

The Reform gave an impetus to bourgeoisification by throwing up intermediary classes of kulaks, cattle dealers, jobbers, land speculators, money lenders, and so forth. But the formation of special-interest groups indicated a more progressive bourgeois development: the Society for Advancing the Development of Industry and Trade (1865?), the Russian Technical Society (1866), an all-Russian convention of mill owners (1870), a convention of southern mine owners (1874), and a Permanent Board of Ironmongers (1877).

C. Agriculture and the Foreign Market

Foreign sales of Russian wheat gave an exceptional impetus to capitalist development in the southern Black-soil belt (New Russia, the southern and southeastern provinces). Its ports connected the southern region to the world market. There being only a negligible serf population, colonization proceeded mainly on capitalist lines. The southern planters needed a free influx of labor for their large estates, and workers were attracted from far-off. The planters were already debating the advantages of machine-power in 1816 with the circulation of a (government-issued) pamphlet on the "Scotch thresher". Nineteenth-century wheat exports subsequently rose from an average annual volume of 10.7 million poods (1 pood = 36,113 lib) in 1831-35 to 38.1 million poods in 1856-60. The 1846 repeal of England's corn laws, together with the swelling of urban populations on the Continent, guaranteed an upward demand for Russian wheat. Relatively few shipments passed through the Volga and Baltic ports. But the southern harbors were the exit point for 90% of Russia's wheat exports. And this activity supported a high

level of railroad development, capital concentration, and credit extension throughout the southern region. There was even some talk of the need for "domestic customs duties" to offset the inroads southern gain was making in the central, mainly rye-producing provinces where 70-80% of the people had been serfs. Due to the general stagnation of the central region and its distance from external markets, competition from the southern districts had a particularly unsettling effect.

Beginning in the 1860's, the Czarist government began a speedup in grain export deliveries as a means of financing needed machinery imports for railroad and industrial construction.

Russia acquired a positive trade balance. The impact of the world agricultural crisis, however, put an end to the export boom. Foreign prices for grains of all kinds began falling in the late 1870's, reaching their lowest point in 1894. Some prices dropped by as much as 80% in 15 years. Accordingly, that portion of the wheat harvest sent abroad declined from nearly 50% to 25% in the course of the 1880's, and was down to about 15% by 1915. Nevertheless, despite these fluctuations, Russian exports of wheat and other cereals increased in value three-fold in the forty years after 1860. And during the 1890's Russia became Europe's biggest granary.

The slump in foreign demand and the prices for Russian wheat was followed ineluctably by a fall in domestic grain prices, bringing in its wake the certainty of further ruin to the lower and middle peasant producers. All this was occurring while grain acreage was being forcibly expanded because of the peasantry's dire need for cash (in the central areas especially), in order to feed the growing urban population and support industrialization. In fact, by the 1880's, the "marketability" of grain was growing faster than grain production itself. But deepening poverty continued to restrain the growth of the domestic market, causing production to fall again a decade later in all but the prosperous southern region. The main domestic effect of the international agricultural crisis (roughly 1875-95) was to intensify the disintegration of the peasantry into two increasingly polarized groups.

D. The State's Role in Industrialization

Foremost among the economic activities of the Czarist state was its considerable involvement in railway construction and the subsequent bias that this imparted to the industrialization program. In the course of the latter decades of the 19th century the government gradually took over the burden of railroad construction which had been begun under private auspices in 1857. The government's participation in railway af-

fairs was not confined to the mere fact of ownership, however, it extended to the provision of direct government loans to private railway interests and the guaranteeing of private loans. In addition, during the course of the 1890's, the treasury bought up some of the more important private railroads as well as those heavily in debt.

The railroad fever monopolized the output of coal and petroleum and supplied the orientation for the development of heavy industries. During the 1890's railroads, metallurgical, and metal processing industries jointly absorbed 70-75% of Russia's production of ferrous metals. More rails than roofing iron was still being produced in 1900. As a consequence of this extensive preoccupation with railroads and railway equipment (locomotives, etc.), and in sharp contrast with it, the production of agricultural machinery was severely neglected. Imports accounted for half of such machinery in circulation, while domestic production of these same items consumed some 7 to 8 % of total iron and steel output. Basic industries like cotton textiles were also affected by the narrow emphasis of the modernization program. Despite the existence of a cross-country rail network, the low level of purchasing power forced cotton goods producers to seek export outlets, with 44% and 30% of the national output in 1900 going to Persia and China respectively.

Thanks to the forced expansion of grain exports from the 1870's, referred to above, it took Russia only about 20 years to move from a position of having only one locomotive plant, seven general equipment plants and an insufficient pig-iron smelting capacity (during the 1870's) to a condition of considerable self-sufficiency in its major heavy industrial requirements. Access to foreign capital was another important factor. However, of the estimated 3.5 billion rubles of state funds devoted to railroad building and industrial operations in the decade 1890-1900, some 2.5 billion rubles, a sizeable majority, was raised from domestic sources. The system of indirect taxation (kerosene, matches, sugar, tobacco, etc.) made up 45-50% of the state revenue during this period. These indirect taxes, together with profits of the vodka monopoly, an inequitable land tax under which peasants were assessed several times more than the lands of the gentry, redemption obligations and other collections placed the burden of accumulation squarely on the rural and urban masses. There was no income tax at all.

E. Foreign Capital and Russian Dependence

Substantial amounts of foreign capital entered the Russian economy following the 1861 Reform. These flows increased 10-fold between 1860 and 1880, with much of the increase occurring during the industrial fe-

ver of the early 1870's, a period marked by active railroad building and the founding of many corporations and banks. However, the external capital contribution to this activity was rather small compared with the investment, very little found its way into actual industrial production until the following decade. The picture changed as the accumulation process gained momentum and a requirement was generated for larger concentrations of industrial capital than the domestic economy could itself supply.

The main forms in which foreign investment appeared in Russia therefore underwent a change in the 1880's from means of circulation (railroads, banks, insurance, etc.) to means of production (especially metals and construction materials). In 1890 foreign capital constituted 58% of the mining industry, 32% of the metal industry, and over one-third of corporate capital of all kinds. The corresponding figures a decade later (1900) were 70%, 42%, and over 50%. Although still economically backward relative to the other industrializing powers, Russian production of coal and iron, the smelting of pig-iron, and the installation of cotton-spinning capacity outstripped the performances of most of these countries in the decade 1890-1900. The adoption of the gold standard in 1897 was the signal for even a larger influx of foreign capital and the rise of monopolies and trusts which were, in effect, "daughters" of European syndicates.

Between 1900 and 1910, foreign capital consolidated its position of dominance in Russian finance, industry and transport. The Czarist state helped this process along by its generous disbursement of credits and loans. This was a period of unrivalled economic concentration, with 54% of the work-force to be found in firms employing over 500 workers (32% was the corresponding figure in the USA). Thus a 'modern' industrial sector based on borrowed European techniques and imported forms of capitalist organization coexisted with an agrarian economy full of pre-capitalist survivals and still dominated by a largely feudal landowning class.

Russia's membership in the select group of capitalist powers obliged her to export capital to her own backward neighbors, namely Persia, Manchuria and Turkey. In this, the Czarist state merely acted as an agent of foreign capital. But Russia's particular role in the developing capitalist constellation was that of a military reserve for the European nations. Hence the offer of a French loan after the disasters of 1905, for the express purpose of rebuilding the fleet and acquiring the wherewithal to suppress future domestic uprisings. Her subservience to foreign capital brought Russia none of the advantages of her impe-

rialist allies. Even her sea outlets were controlled by other powers; England opposed Russian access to the Mediterranean, and together with Japan, excluded her from the Sea of Japan. Dependent of foreign armaments (and second-rate ones at that), Russia remained a weak "sub-imperialist". Her semi-colonial subordination to foreign capital, expressed in a high level of monopolization, eventually contaminated the whole state apparatus and hastened its decay.

Against this background it is easy to see that Russian capitalism manifested two distinct qualities in contrast to other "latecomers" such as Germany and Japan. The indigeneous Russian bourgeoisie was subdued by foreign capital in the home market especially in the sectors which provided the stage for primitive accumulation at the turn of the 20th century².

The role and influence of foreign capital in Russia, is of primary importance to any analysis to uncover the reasons why Russian absolutism was not the product of an alliance of native capitalists with the traditional feudal elements. It was the German and French capital flowing into Petersburg that kept the Czarist regime alive. Otherwise it would have collapsed long ago³.

In the economic domain, the process of primitive accumulation continued through phases of increased intensity followed by periods of relative stagnation and decline. These characteristics of Russia's capitalist development further enhanced the differential positions of; 1) a weak indigenous bourgeoisie and an extremely repressive comprador autocracy, 2) a working class concentrated in large industrial plants in major cities, open to the political influence of dissident middle class elements, and; 3) a peasantry suffering under the fierce economic policies of a period of primitive accumulation. These contradictions proved to be insoluble leading the way to a proletarian revolution.

With this background information in mind, let us now proceed on to see how Lenin utilized this historical and material data to work an embracing theoretical framework to bring into relief the basic trends of capitalist development in Russia, a latecomer into the family of capitalist countries of Europe.

2 Lyaschenko, *ibid.*; M. Dobb, *ibid.*

3 Alexander Gerschenkron, "The Early Phases of Industrialisation in Russia and Their Relationship to the Historical Study of Economic Growth" in B.E. Supple (ed.) *The Experience of Economic Growth*. New York: Random House, 1963.

3. BASIC CHARACTERISTICS OF LENIN'S METHOD

Essential to an understanding of *The Development of Capitalism in Russia*, is a concern with the nature and structure of the theoretical system employed in it. In this respect, the following questions seem of central importance:

Are there methods of measurement and theory construction which are unique to a dialectical mode of analysis?

If so, *how* do we identify them?

In search of adequate answers to these questions, one can start by stating that, there are two broad approaches to the study of "modernization".

- 1) "Comparative" (statistical) methodology;
- 2) "Historical" studies.

It seems that Lenin was well aware of the strengths and weaknesses of each method; the possibilities of using the best of each to understand historical processes and fundamental irreconcilable differences between what are broadly termed "positivist" and Marxist methodologies.

It was not a coincidence that he took the historical method as basic but utilized comparative (statistical) data to prove his point(s) in a positivistic fashion.

However, the more one studies a single country, the less its history seems comparable to another's. In a historical approach the emphasis shifts from comparing variables across national boundaries to the study of the evolution of relations/structures within a particular socio-economic unit. Within this approach one can easily avoid many of the flaws of cross national studies. However, the methodology of a historical study still remains *vague* in the sense that its methodological guidelines are very fluid⁴.

Historical studies have two *advantages* over statistical studies, these are:

- 1) Process and change can be traced through time;

⁴ Patrick Gardiner, *The Nature Historical Explanation*. London: Oxford Univ. Press, 1952; P. Gardiner (ed.) *Theories of History*. New York: Free Press, 1959.

M. Mandelbaum, "Historical Explanation: The Problem of Covering Laws" *History and Theory*, 1961, pp. 229-242.

Geoffery Barraclough, *An Introduction to Contemporary History*. Aylesbury, Bucks: Penguin, 1967.

Howard Zinn, *The Politics of History*. Boston: Beacon Press, 1970.

2) It is possible to use a rich array of variables in accounting for the changes or lack of changes observed.

However, employment of such an array of concepts also constitutes a *weakness* of historical studies, for they are seldom 'systematic': It is,

- a) hard to clarify the major of the argument;
- b) hard to assess the relations between general concepts and the data; and (therefore);
- c) hard to assess the plausibility of the implicit "causal inferences".

So, on the one hand, we have certain working conceptions of 'how to proceed' that is more or less exemplified in what have been called 'statistical' studies of modernization or development. Much more generally the format here is the one developed by a group of philosophers of social science centered around Carl Hempel⁵ and Nagel⁶. This is what we call the 'positivistic' view. It includes certain ideas about the nature of concepts, about their measurement, about valid inferences, and hence about valid explanations. The view is not a straight jacket but it may be, in Marcuse's⁷ sense, conducive to 'one dimensional' thought.

The very salient question for us is: does this approach, method of thinking and investigating, rule out the systematic analysis of a study formulated within a Marxist framework, i.e., one using the dialectical method? That is, to put it another way, do 'positivistic' categories and methods of analysis *necessarily* prevent us from capturing the dialectical character of a Marxist analysis?

Our answer, as well as Lenin's, is negative. If one does not fall into the pitfalls of the narrow logic of mere numbers, but sees their approp-

5 Carl G. Hempel, "The Function of General Laws in History", *Journal of Philosophy*, 1942, 309: 35-48.

C.G. Hempel and P. Oppenheim, "The Logic of Explanation" in H. Feigl and M. Brodbeck (eds.) *Readings in the Philosophy of Science*. New York: Appleton-Century, 1953, pp. 319-352.

C.G. Hempel, *Fundamentals of Concept Formation in Empirical Science* Chicago: University of Chicago Press, 1952.

C.G. Hempel, "Explanation in Science and History" in R.G. Colodny (ed.) *Frontiers of Science and Philosophy*. Pittsburgh, Penn.: The Univ. of Pittsburgh Press, 1962.

6 Ernest Nagel, *The Structure of Science*. New York: Harcourt, Brace and World, 1961.

E. Nagel, *An Introduction to Logic and Scientific Method*. New York: Harcourt, Brace and World, 1934.

E. Nagel, *Logic Without Metaphysics*. New York: Free Press, 1956.

E. Nagel, "Some Issues in the Logic of Historical Analysis" in Edward H. Madden (ed.) *The Structure of Scientific Thought*. Boston: Houghton Mifflin, 1960.

7 Herbert Marcuse, *One-Dimensional Man. Studies in the Ideology of Advanced Industrial Society*. Boston: Beacon Press, 1970.

riate place in the wider framework of socio-historic structures, and the dialectical nature of their interrelationship, the danger may be omitted.

In fact a major aspect of Lenin's method is the importance he attaches to statistical analysis, which he uses to document the key trends reflecting the development of capitalism. However, Lenin's employment of statistics is guided by the Marxist theoretical framework of the law of capitalist accumulation.

In terms of this general approach, there are two ways in which one can begin to study the development of capitalism. One can work at the level of complete abstraction formulating fundamental laws that express capitalist accumulation and the corresponding transformation of social relationships. Or one can use a more concrete or empirical method, examining the progressive socialisation of production as a concrete process- and this Lenin sets out to do in respect of Russia in the post-Reform period.

As a part of this explication, Lenin uses large scale machine-industry (which, according to him the Narodniks, Russian populists, conceive as a foreign body in Russia) as a touchstone for the direction in which developing capitalism in Russia was heading, i.e., towards the socialization of production. One of the crucial things meant by this term, which is central to Lenin's understanding of the mission of capitalism, is the increasing integration of productive effort, specialisation and interdependence that capitalism ushers in. This process of socialisation and social interdependence stands in fundamental, and developing contradiction to private ownership of the means of production and private appropriation of the social product.

Is 'socialisation of the product' the same as 'socialisation of labour'? In Ch.8, Sec.6, Lenin states: "The progressive historical role of capitalism may be summed up in two brief propositions: increase in the productive forces of social labour, and the socialisation of that labour".

Internal vs External Forces?

Lenin's starting point is the differentiation of the peasantry. He concentrates on the process of the development of capitalism out of changes in internal relations, thus neglecting (for a purpose) the impact of the foreign market. A contrast was suggested with A.Gunder Frank's² focus on the external intrusion of commodity circulation upon, and thereby, the dissolving of the precapitalist order in the New World, as a result of the expanding world market.

Lenin on the other hand, fuses market extension as an integral process with dissolution of internal relationships of the old order, and the emergence of class relationships and corresponding production relations that express essential conditions of capitalist development.

Why Focus on the Home Market?

Lenin is well aware of the connections between the expansion of the international economy and the development of capitalism in Russia. But for reasons explained in the Preface and Ch.1, he deliberately restricts himself to a consideration of the home market. He relates these reasons to his argument against the Narodniks. The Narodniks view capitalism, he argues, as something alien and artificial to Russia; the soul of Russia, they might assert, is expressed in the integrity of the middle peasant. It is precisely to rebut this view that Lenin starts his study by describing the development of capitalism in Russia as an "historical mission".

The Narodniks assert that developing foreign markets is essential to capitalism and that Russia is too weak to compete with other countries for foreign markets. By reference to Marx's realisation theory (Ch. 1, Sec.6) Lenin attacks the "theory" asserted by the Narodniks. He then proceeds to explain capitalist development in Russia through the process of the development of the home market.

4. RURAL CHANGES: FORMATION OF RURAL CLASSES

Around 1860-1870 there were two general production systems in being in the countryside, corvee and labour-service (*otrabotki*). Labour-service is a carry over of the corvee system in which the landlord provides the land in order to have hands, and the labourer provides the hands in order to have land. In contrast to a mature capitalist system where labour is "free" and dispossessed of the means of production, standing in a class relationship to private capital, the peasant in labour-service has access to means of production and stands in an estate/dependency relationship to the landlord.

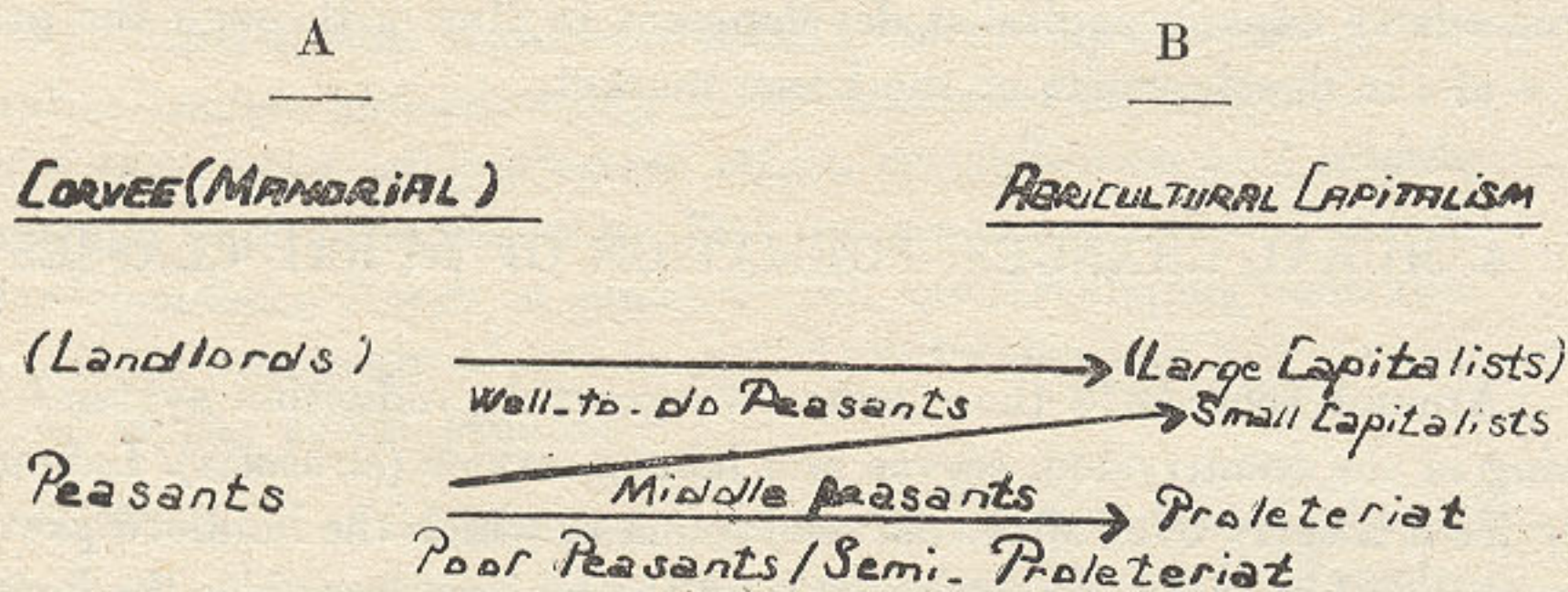
By 1900, however, capitalist farming -where the capitalist farmer owns the means of production (land and implements) and employs wage-labour- was increasingly in evidence and was thus displacing the former systems of agricultural production. Lenin treats the demise of the *otrabotki* system in terms of the development of its internal contradictions and to the parallel development of capitalism.

Although it was clear that the differentiation of the peasantry was taking place, involving spreading of material inequality, the interpretation (and action consequences) of this phenomenon by the Narodniks differed from that of Lenin.

The Narodniks (according to Lenin), taking note of economic differences at the level of market relations (consumption patterns), seemed to think such an alien phenomenon could be rectified by a programme of redistribution of land among the peasantry.

Lenin, however, saw that differentiation was an expression of a more profound structural transformation taking place at the level of the social relations of production. He felt that any extra sale or allotment of land to the peasantry would simply end up in the hands of the rich peasantry or landlords. This is because Lenin could see the development of two increasingly distinct, interdependent classes which were emerging from the disintegration of the peasantry- a less numerous one of small capitalist farmers, and a more numerous one of landless rural proletarians and semi-proletarians. Lenin was intent on explaining the process whereby one group (class) came to appropriate the means of production, employing those who had been expropriated from their land.

The statement of the problem is depicted in the following diagram:



(Lenin's characterisation of transitional "peasant" groups)

The problem to be explained here is the process whereby the social relations under the previous "estate" system are transformed into capitalist class relations.

Prior to describing of explaining the process and dynamics whereby "A" is transformed into "B", we need to specify the characteristics of both "A" and "B" within a comparative framework. In this instance, both "A" and "B" are rural social systems-accordingly we must specify along which crucial dimensions these two systems (corvee and capitalist) differ.

This Can Be Depicted As Follows

DIAGRAM No. 1

	A		B
Dimension	Corvee	(process of transition)	Capitalism
Social Formation	peasants		small capitalist rural proletariat
"Possession" of land by producer			
"Possession" of other means of production by producer	yes	(expropriation)	yes-capitalists no-proletariat
"Legal" status of working population	unfree	(abolition of legal serfdom)	free
Extent of self-sufficiency	natural economy ("self-sufficient")		market dependence for consumer goods
Form of appropriation of surplus product			
Land concentration			
Division of labour/specialisation			
Level of technique			
etc.			

Following Weber⁹, the social categories on the left correspond to Estates, those on the right to Classes. The disintegration of the peasantry involves the transformation of the peasant estate into rural classes. What some saw only as the "differentiation" of the peasantry Lenin saw as the proletarianisation of some and the bourgeoisification of others. There was of material well-being (differentiation) and, in terms of the relations between the two dominant social categories of capitalism: wage-labour and capital.

The result of such specification yields two ideal types. It provides a static "snapshot" sketch of the phenomena, but (obviously) provide, no explanation as to how one is transformed into the other. i.e., no causal mechanism or internal dynamic, involving the emergence of one system out of (the decline of) the other. This is specified, except as may be suggested in the paranthetic process column. This column anticipates the attached diagram (No.1) which sketches a version of the *process* of change.

Diagram No.1, is a theoretical schema depicting some causal relationships involved in the disintegration of the peasantry. Such a model,

8 Andre Gurder Frank, *Capitalism and Underdevelopment in Latin America*. New York: Monthly Review Press, 1969.

9 Max Weber, *The Theory of Social and Economic Organization*. New York, London: Oxford Univ. Press, 1947.

M. Weber, *Economy and Society*. New York: Bedminster Press, 1968. Vol.III.

M. Weber, *General Economic History*. Glencoe: The Free Press, 1950

based at the level of rural economy presumes commercial production for (an external) market.

The growing socialisation of labour and corresponding increased specialisation of production in agriculture helped form the home market for Russian production of, among other things, agricultural equipment and machinery.

The rural proletariat also helped enlarge the home market, for while they consumed less than the middle peasants (or the otrabotki peasants), they bought more-being expropriated, alienated from their means of production. (See conclusion No.7 of section XIII of Ch.2).

5. SOME THEORETICAL IMPLICATIONS CONCERNING CAPITALIST TRANSFORMATION AND RETARDATION IN COLONIAL AND POST-COLONIAL PERIPHERAL COUNTRIES

The analysis presented above, provides a general framework to elucidate the impact of the change in the mode of production and the ensuing social differentiation that occurred in the Russian society of the early 1900s. If specific attention is to be paid to the factors retarding primitive capitalist accumulation in the contemporary Third World societies, many of which are in the midst of this process, Russian experience may provide valuable comparisons.

The starting point of such scrutiny will unavoidably be feudal and semifeudal, colonial and semi-colonial forms of production. It is unavoidable, because, the basic reason for the retarded capitalist development (primitive accumulation) of backward capitalist societies are the combination of these specific (traditional) forms of production and imperialist exploitation. This approach will also provide a suitable answer for the question: "What retarded the expansion of the home markets of these societies"?

The Question of the Expansion of the Home Market

The expansion of the market requires *productive* consumption or investment as Lenin stressed, not just a sufficient level of personal consumption as the Narodniks argued. Lenin's point is supported by sufficient evidence from the Third World, in that, it is not the continuous poverty of peasantry and the deterioration of the productive capacities of traditional craft industries which make indigenous industrialization virtually impossible in colonial and semi-colonized societies. For, as Marx has correctly pointed out in the theory of realisation: capitalist production and, consequently the home market, grew not so much on account

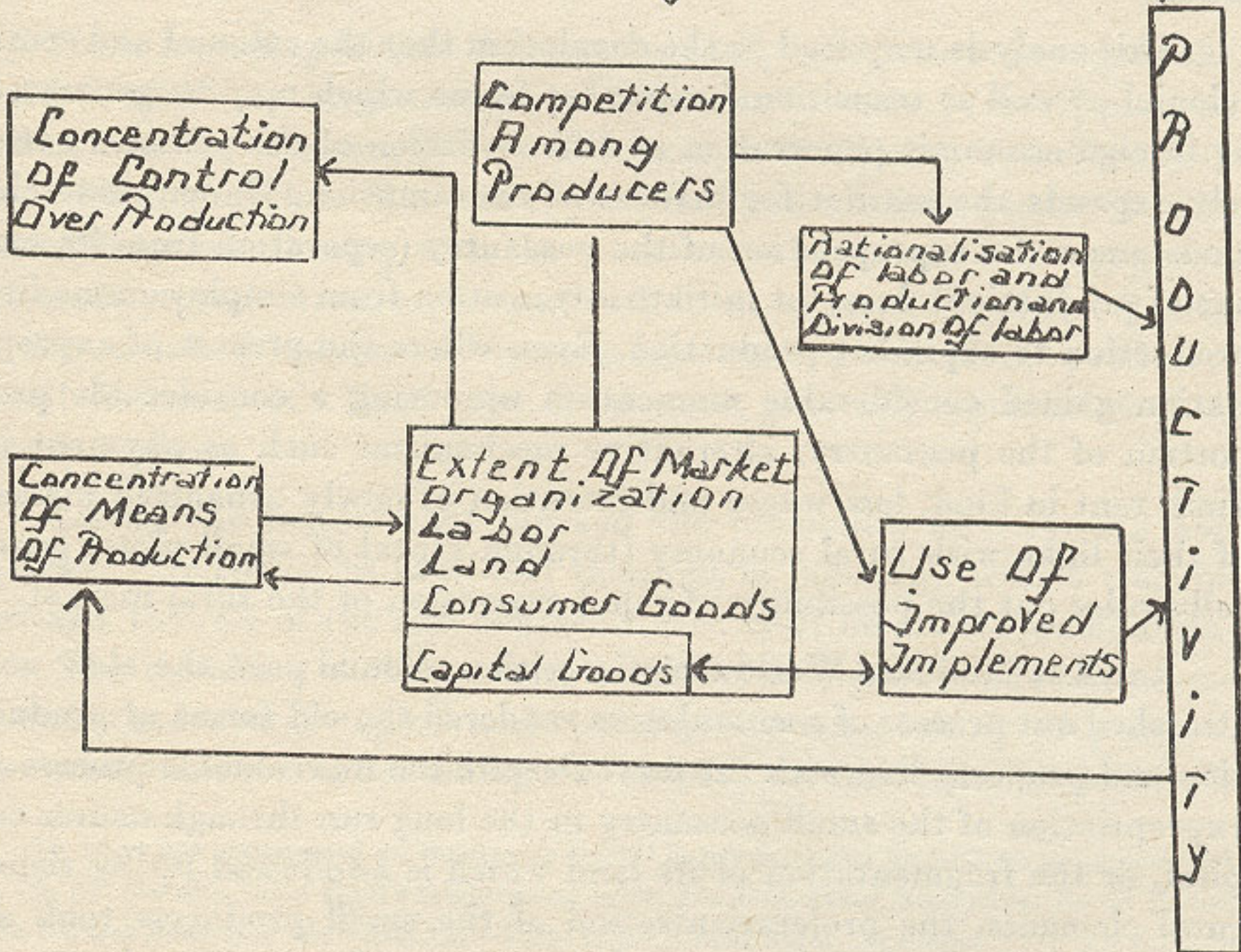
of means of production. Therefore, the growth of the home market is to a certain extent "independent" of the growth of personal consumption¹⁰.

Production creates a market for itself through the expansion of the means of production (social production) which require an increasing amount of workers that demand articles of consumption¹¹. Hence, the impoverishment of large numbers of traditional producers (peasants and artisans) does not delay the development of capitalism. On the contrary, the traditional producer who basically lived on his own land or consumed what he produced would now live by the sale of his labour power. This transformation will lead to the expansion of the demand and production of the basic articles of consumption¹². It is then, the expropriation and impoverishment of the peasants and artisans that strengthens capitalism rather than retarding its development. (See Diagram No.2).

DIAGRAM No. 2

Disintegration Of The Peasantry

Schematic Representation of some casual relationships



10 Karl Marx, *Capital*, Vol.1. New York: International Publishers, 1973. Part-VII (Accumulation of Capital) pp. 564-648.

V.I. Lenin, *The Development of Capitalism In Russia*. Moscow: Foreign Languages Publishing House, 1956. Ch. VIII.

11 V.I. Lenin, *Ibid*, pp. 619-642.

12 *Ibid*, pp. 643-647; also, *Collected Works*, Vol. III, p. 54.

However, the extent to which differentiation of the peasantry (and artisans) creates a home market for capitalism depends primarily on the form of the social differentiation concerning these strata. The process of differentiation may characterise a colonial or another kind of precapitalist social formation. On the other hand, class alliance in such a transformation may characterize a bourgeois-landlord or a bourgeois (or petty-bourgeois)peasant compromise. If and when these compromises lead to a bourgeois revolution, each alliance will create its own form of social structure and social differentiation.

Moreover the growth of a capitalist rural/agricultural market also depends on the emergence of a rural bourgeoisie of peasant origin and the demand of these strata for means of production or land. A concomitant process, as argued above, is the conversion of large groups of peasantry into the ranks of the proletariat. The extent to which these processes (bourgeoisification and proletarianization) predominate at a particular historical period is determined whether peasant capitalism develops by its own dynamics or is enhanced through a bourgeois revolution.

This analysis may lead to the conclusion that the colonial and semi-colonial as well as transitional capitalist forms which may be generated by foreign economic penetration of differentiation of the peasantry merely expands the market for articles of consumption. Under these circumstances the expropriation of the peasantry (separation from its means of production) does not initiate a transition from simple commodity production to capitalist production. Even where the process of expropriation gained considerable momentum uprooting a considerable proportion of the peasantry, alternative mechanisms such as payment in kind, rent in kind, low wages and retention of newly urbanized masses of their links with rural economy (through rental of small plots) generally rules out the possibility of rapid expansion of the rural market.

In all of the Third World societies with a colonial past, the slow and stretched out process of accumulation rendered the old forms of production and property live with the new. Despite the unavoidable process of expropriation of the small peasantry in the long run through usurer capital, or the fragmentation of its land which is swallowed up by richer rural elements, the proletarianization of the small producers took an extremely long time. This process led to a partial or semi-proletarianization of the rural masses still partially in possession of the means of production.

It seems that a through study of the process of differentiation in or the Third World with its colonial (or semi-colonial) past must take into

consideration the nature of this differentiation as a factor hindering capitalist accumulation. It is precisely for this reason that Lenin attributed special importance to the survival of traditional relations of production and social institutions which thwarted the development of agricultural capitalism in Russia.

Such an argument is amply justified in the experience of colonial or postcolonial societies characterized by transitional capitalism. Capitalism failed to transform traditional modes of production in such countries on any significant scale either through a bourgeois revolution or through the differentiation of primary producers. On the other hand, imperialist penetration played an active role in restructuring the former (existing) modes of production in the form of big property, repressive ways of labor relations, (exploitation) domination of merchant and usurer capital-processes all of which constituted mechanisms of surplus transmission from more backward economies to the capitalist metropolises. This drainage of capital negated the possibility of accumulation of necessary surplus which might have revolutionized the present conditions of production in more backward areas.

These impeding factors that can be easily recognized throughout the Third World keep large number of peasants (owners of small plots as well as tenants who usually pay their rent in kind) only in *indirect* contact with the market. Many of those small and medium producers who are in direct relationship with the market and those who are engaged in commodity production, are bound with loans to usurers and merchants. In this so called "advanced" system, loan contracts bind the producers to sell their crop at a fixed price in advance, generally much below their market value¹³.

Among the factors that blocked the possibility of a smooth and "quicker" transition to capitalist relations in countries with a colonial heritage, the role of the rich peasant strata must be given special attention. The members of these strata have the economic means to withstand usurer capital and rent exploitation of other proprietors. However, the substantial amount of surplus accumulating in the hands

¹³ Marx has commented on the usurer capital in pre-capitalist formations in *Capital*, Vol. III, Ch. 36. See also Doğu Ergil's forthcoming book, *The Unfinished Revolution: Social History of the Turkish Liberation Movement 1919-1922*. Lahore: Sind Sagar Academy, 1977 for the Turkish rural structure at the turn of the present century. For India see E. Whitcombe, *Agrarian Conditions in Northern India, Vol I. The United Provinces Under British Rule 1860-1900*. California: Univ. of California Press, 1971.

Another documentation for Turkey is Ronald C. Jennings's "Urban Population in Anatolia in the Sixteenth Century: A Study of Kayseri, Karaman, Amasya, Trabzon and Erzurum" *IJMES*, 1976, Vol. VII No.1.

of these proprietors is reinvested: 1) either into precapitalist modes of exploitation such as buying land and leasing it to sharecroppers or buying various forms of property for future speculation or; 2) spending on conspicuous consumption such as weddings, initiation/circumcision ceremonies, which are traditions that determine the social status of a person (or family) in the rural social structure. This example is an excellent specimen of the determining effect of a precapitalistic super-structure that retard the development of capitalist economy in the countryside¹⁴.

All of these peculiarities and others not mentioned here, of societies bearing the imprint of a colonial (or semi-colonial) economy manifest a distinct quality of differentiation that lead to the semi-proletarianization of their peasantries quite unlike the process of differentiation along capitalist lines as seen in the West. For, the capitalist mode of production involves not only a change in the relationship between the owners of the principal means of production and the direct producers, but also the transformation of the productive process itself—that is of the relationship between the producers and their instruments of labor. It is only when the individual producer is freed entirely from any tie to his personal instruments of labor, can he be brought together with the machine or a social instrument of labor. This process starts liberating the laborers from the fetters of precapitalistic social institutions and ideologies, and brings about a qualitative change in the growth of labor productivity and socioeconomic organization¹⁵.

In many Third World societies today the disintegration of feudal or any other precapitalistic form of relationship between the direct producers and the big land owners on the one hand, and the separation of producers from their principal instruments of labor (land) can be witnessed. But the process of differentiation and separation of labor and capital are seldom accompanied by the introduction of social or mechanised instruments of labor. A considerable number of agricultural workers, sharecroppers and tenants work the land with individual instruments of labor, the same as plot owners. Labor and rent is paid mostly in kind rather than money. Although production is increasingly is gea-

14 K. Marx, *ibid.*, Doğu Ergil, *ibid.*, E. Whitcombe, *ibid.*, also see Jairus Banaji, "Backward Capitalism, Primitive Accumulation and Modes of production", *Journal of Contemporary Asia*, Vol. 3, No. 4, 1973.

15 K. Marx, *ibid.*, Vol. 1, Part IV, Chs. XIII, XIV and XV.

Ernest Mandel, *Marxist Economic Theory*, Vol. I. New York: Monthly Review Press, 1970, Ch. 1, pp. 23-42.

Maurice Dobb, *op. cit.*, chs. VI, VIII, pp. 221-319.

V.I. Lenin, "The Agrarian Question in Russia" in *Selected Works*, Vol. I. 16

red to the market, there is little qualitative change in the relationship between the producers and their instruments of labor.

Under these circumstances, differentiation in the rural social structure and the integration of the growing labor force into the system of production (capitalist) does not take a *definitive* character. This, generally, leads to a peculiar form of differentiation whereby *big landowners are in a process of becoming capitalists and expropriated producers are in a process of becoming proletariat*. The continual character of this process inhibits the *crystallization* of new class structures.

There are basically two reasons responsible for this process: the class interests of the big landowners and the interest of imperialist bourgeoisie who have a definitive influence in the home market of the peripheral countries. The big landowners in general find the demand for expanded cultivation for export rather profitable. However, a large section of them shy or prevent a social or technological upheaval to prevent any change in the traditional form of hierarchy in the rural social structure. Thus, they aim to perpetuate the precapitalist ideological and political superstructures which support their privileges as local notables. In the process of accumulating wealth by appropriating the social surplus, they try to maintain the traditional, individual character of production. This tendency enables the big landlords to secure still a sizeable income due to the lack of longterm investments and abundance of cheap labour. The outcome is the perpetuation of backward techniques of production, low income, division and ignorance of the broad peasant masses.

The factors that characterize the kind of accumulation discussed above, did not, and could not, constitute primitive capitalist accumulation. It did not lead to increasingly productive investments of qualitative importance, and did not serve to extend capitalist reproduction. The nature of the bourgeois revolution that is generally the product of an historical alliance between the bourgeoisie (or petty bourgeoisie) and landowners, is the primary reason behind this particular form of social differentiation and mode of production.

Moreover, the continuing alliance between a *dependent* bourgeoisie which acquired no revolutionary character as far as the techniques of production are concerned, and the landowners, prevented the emergence of a conflict between these "national" entrepreneurial classes and the metropolitan bourgeoisie for the control the home market and the productive forces therein. The post-colonial indigenous bourgeoisie on the whole drew "enough" income from the home market by merely enac-

ting a partnership with the metropolitan bourgeoisie. These conditions retarded industrialization and mechanization significantly on the one hand, and the integration of the uprooted masses into a regular process of capitalist exploitation. Nevertheless, the combined character of world capitalism enables it to utilize some of the "surplus" labor power of underdeveloped countries in its more productive metropolitan centers. This tendency creates yet another contradiction in the process of proletarianization of uprooted masses in their transformation first from agricultural laborers or proprietors into factory hands and/or service workers in modern industrial centers, and back to a backward mode of production and to a different social stratification system on their return home.

To sum up, it can be said that, the expansion of the market in colonial and post-colonial capitalist societies was constricted by two factors: 1) by the continuing predominance of pre-capitalist forms of production and exploitation in the agrarian sector due to the fact that differentiation of the peasantry hardly reflects changes in productive organization of an emergent or existing rural bourgeoisie; 2) by the very fact of imperialist domination which cogizantly maintained colonies and neo-colonies (presently) in a position of industrial backwardness through direct (influencing the state apparatus) and indirect (economically-through the global capitalist division of labor) mechanisms of control.

Let us now see how Lenin traces these processes in the Russian case, and resolves the problem of linkage between agriculture and industry?

6. LENIN'S ANALYSIS OF THE DEVELOPMENT OF RETARDED CAPITALISM IN RUSSIA

In order to highlight the processes mentioned above,

Lenin distinguishes three stages of capitalism in Russian industry: 1) small commodity-production (peasant industry), 2) capitalist *manufacture*, and 3) large-scale machine (factory) industry.

Russian social economy in the period of Lenin's investigation exhibited all three stages at the same time, but he considered each separately for two reasons:

- (1) Distinguishing among the three is theoretically essential in Marxist studies. For the role of capital at each stage is quantitatively greater *and* qualitatively larger, and consequently the central contradictions of each are different, in a way, increasingly sharp over the three.

- (2) Isolating the stages and their characteristics allowed Lenin to identify certain features of capitalist development in Russia more clearly than he otherwise could have, and to recognise available statistics in a way that clearly exhibited the features, and over time the trends in question.

Separation of Agriculture from Industry

Lenin begins his analysis of the first stages of capitalism in industry by referring to the most simple and primitive form of industry-domestic (household) industry. While not the predominant form in Russia at that time, Lenin uses it as an analytical and practical point of departure because, as simple outgrowth of and adjunct to "natural economy" (where people produce what they consume and consume what they produce), it is linked inseparably with agriculture. Domestic industry is thus undifferentiated from peasant economy in general.

'Handicraft' production of this sort constitutes the beginnings of the separation of industry from agriculture, but at this stage there is only capitalist circulation (i.e., of commodities), not capitalist production proper. Artisans produce "for the market" (they produce in order to sell) but few do so "full-time," i.e., without also providing their own foodstuffs, etc., and virtually none do so "capitalistically," i.e., by employing wage-labour.

Although commodity-production in peasant industries constitutes the first step in the differentiation of economic activity into industry and agriculture, the producer at this stage thus typically remains both agriculturalist and industrialist- a point Lenin stresses [ch.5, sec.2] in order to combat a view he attributes to the Narodniks, that the separation of industry from agriculture is "a quality of capitalism in general." He thus stresses as well as the general need to identify the different *forms* of this separation as it actually occurs, in addition to identifying the different *stages* of capitalist development. In this way the general process resulting in, at any one time, a manifestly diverse patterning of economic activities and organizations is conveyed, namely, the process of primitive accumulation, which in general establishes the conditions for (and in this case continued to co-exist with) the capitalist development of Russian industry.

Merchant Capital

In the process of development, small-scale commodity production (*Kustar* industries) becomes organized on the basis of capitalist simple co-operation, the major integrating role being played by merchant capital.

The basic functions that merchant capital undertakes are the purchasing of raw materials and the marketing of products. Its corresponding historical role is thus the transformation of marketing from a petty and occasional activity into a large and continuous operation.

In Ch.5, Sec.6, Lenin advances the thesis of a necessary causal relation between commodity production and, in time, domination by merchant capital. He demonstrates this by drawing attention to the "irreconcilable contradiction" between the petty, isolated character of production, in the narrow sense, and a potentially expanding market. For the two to be brought into relation to one another, and thus both the market in fact to expand and the contradiction to be progressively resolved, marketing operations had to become increasingly concentrated in the hands of a small "well-to-do minority," a class of merchant capitalists, some of whom are small-scale, some large-scale, but all of whom were *merchant* capitalists (i.e., their capital played a role in circulation, not in production proper). A growing contradiction in the structure of production, broadly conceived, was thus resolved by the development and rationalization of one set of "forces of production", here, market coordination. However, no sooner is the economic antagonism between the petty producers and the larger market, eliminated by the growth of merchant-capital operations (and thus capitalist accumulation). Then, there arises as a direct result a new contradiction, namely, between the merchants and the producers—a contradiction containing, incipiently, the ultimate, developed form of capitalist class relations, those between wage-labor and industrial capital.

Thus, under commodity economy, the small producer inevitably falls into dependence upon merchant capital by virtue of the purely economic superiority of large-scale, mass-scale marketing over scattered, petty marketing. (p. 387).

In a passage following this sentence Lenin cites the example of a village engaged in the lace industry. There is a worker, acting as the village's representative in search of a newer, broader market (in Moscow), becomes in time a tradeswoman (thus a personification of the indispensable larger-scale marketing) and in that growing capacity establishes increasing control over her erstwhile fellow lace-workers. He thus embodies in her 'biography' of the developing contradiction, the dialectic, between her increasing exploitation (of the workers) and their increasing dependence (on her).

The moral of the story is that this "indissoluble connection between commodity production and capitalist marketing" was at total variance with the utopian theories Lenin attributes to the Narodniks, whose re-

commendations to the oppressed handicraftsmen apparently were merely to organize their marketing. . . . Lenin's footnote points out that the Narodniks take this position as a logical consequence of their refusal to investigate the process of the differentiation of the small producers, which yields, on the one hand, entrepreneurs and *kulaks* (agrarian producers and handicraftsmen with capital) and, on the other, increasingly dependent workers, both from their ranks.

Implicit in this situation is the low level of awareness and group identification of producers at this stage of development. A social and cultural awareness of the sort 'needed', however, would only develop with the further socialization of labour as the stage of large-scale machine-industry was increasingly realized. Then conditions of production and labor-organization would precipitate unionization, as well as public concern for regulating these conditions, both manifesting the articulation of class contradictions that occurs with increasingly developed capitalism.

A schematic conceptualization of Lenin's analysis of Russia's capitalist industrialization is presented in diagram No 3.

Comments on the Diagrammatic Representation (No 3).

It may be felt that the diagram's characterization of the development of the stages of large-scale machine industry omitted at least one crucial feature of the highest stage of capitalist industry, namely, the social/cultural aspects that Lenin stresses in his polemic with the Narodniks. (For example, in the second stage, capitalist *manufacture*, there is the initial development of industrial discipline, of a rationalized and supervised work process. Such a development is in sharp contrast to the preceding stage (of small-commodity production) where a craftsman develops his skills over his lifetime and in the course of working regulates his use of them. Under *factory* production, discipline again grows qualitatively, the worker there being subject to a *machine-system* which compels mechanically, compliance with the capitalist's demands for increased production, i.e., surplus-value (e.g., through speed-ups on the line).

On the progressive side of the character of capitalism, Lenin emphasizes the more 'civilized' character of conditions in the rural industrial centers as compared with conditions in the rural areas still in the grip of (patriarchal) agricultural relations of production. Thus, owing to their higher cultural level (e.g. group identification and education), *factory* workers are able to comprehend and to protest their conditions, whereas

manufacture-workers, owing to the more dispersed, unhealthy, and unregulated conditions under which they work, and especially to the crippling effects on their social being of the detailed, specialized work they do, are not. For instance (Ch.7, Sec.12):

Large-scale machine industry completes this transformation, separates industry from agriculture once and for all, and, as we have seen, creates a special class of the population totally alien to the old peasantry and differing from the latter in its manner of living, its family relationships and its higher standard of requirements, both material and spiritual. In the small industries and in *manufacture* [emphasis added] we always find survivals of patriarchal relations and of diverse forms of personal dependence, which, in the general conditions of capitalist economy, exceedingly worsen the condition of the working people, and degrade and corrupt them. Large-scale machine industry, which concentrates masses of workers, absolutely refuses to tolerate survivals of patriarchy and personal dependence, and is marked by a truly "contemptuous attitude to the past." It is this break with obsolete tradition that is one of the substantial conditions which have created the possibility and evoked the necessity of regulating production and of public control over it. (p.600)

Again, in contrast to the subjective principle of the division of labor under capitalist *manufacture* which is responsible for the crippling of the detail labourer, large-scale industry substitutes an objective principle which renders dispensable the special skill of the different workers such that they can adapt to different machinery, as appendage rather than subjective extension, and avoid physical and psychological crippling. (As a corollary, the worker also becomes more mobile-geographically-under large-scale machine industry.) Although the emancipating and collective consciousness creating quality of socialized work (and work place) is seriously questioned today by various scholars¹⁶, Lenin felt that the formation of a "free" working class will enable its members to understand the contradictions of capitalism easier.

¹⁶ For example: Harry Braverman, *Labor and Monopoly Capital* (New York: MR press 1974)

John and Barbara Ehrenreich, "Work and Consciousness" *Monthly Review* (July-August 1976) Vol. 28 No 3, pp. 10-18

Doğu Ergil "Kapitalist Ekonomide İş, Sınıf Bilinci ve Yabancılaşma Sorunu" (Work, Class Consciousness and the Problem of Alienation in the Capitalist Economy) *Birihim*, No. 25 (March 1975).

SOCIALIZATION OF LAB

Commodity
Production

Small commodity production
(Mainly peasant industry)

Differentiating
Systems of
Techniques

Hand technique
(traditional processing of la
peasant

Different
Stages in
Development
of Capitalism

• Small establishments
• Capitalist relationships
(Workshops employing wage-)

Characteristics
of

Development
of

Production

• Market narrow: distance between p
cer + consumer short; peasant bound to
by his farm.

• Insignificant volume of product
adapts to slightly fluctuating
demand

STABILITY ↔ STAGNATION OF TEL
PATRIARCAL SOCIAL

This brings us to the concept of the "reserve army of labour"¹⁷ and its relevant forms in the case of retarded capitalism which further inhibit the formation of a "free" working class.

Contradictions of Capitalism

In the transition from the immobility of patriarchal pre-capitalist relations to capitalist relations, numerous retarding influences and fetters affect the development. These contradictions between the surviving pre-capitalist forms of economy and the earlier forms of capitalism give rise to, and are resolved by the arrival of modern industry—the most advanced level of development of the productive forces under capitalism.

17 In at least three places in his analysis, Lenin alludes to the industrial reserve army:

- (a) In Ch. 3 Sec. 8, in examining the transition to capitalist farming:
... In the localities where agricultural capitalism is most highly developed this process of the *introduction* of waged labour along with the introduction of machines is intersected by another process, namely, the ousting of wage-workers by the machine. (p.239).
- (b) In Ch.6, Sec.7, entitled: A "Capitalist Domestic Industry as an Appendage of Manufacture":
... [H]ome workers constitute what is, perhaps, the largest section of our 'reserve army' of capitalism. By distributing work to be done in the home entrepreneurs are enabled to increase production immediately to the desired dimensions without any considerable expenditure of capital and time on setting up workshops etc.... (p.486).
- (c) In Ch. 7, Sec. 9 entitled: "The Development of the Lumber and Building Industries" Lenin shows that Russia's lumber workers in the late 19th century were a seasonal source of reserve labour. They possessed tiny plots of land which they worked in between their irregular and casual employment in the lumber industry.

Each of these instances of the reserve army of labour constitutes a distinct form of the "relative surplus-population" under capitalism as formulated by Marx in *Capital* (Vol.I, Ch. 25, Section 4):

- (a) The "floating" form—a category particular to centres of modern industry.
- (b) The "Stagnant" form—a category that undertakes employment on extremely irregular occasions, furnishing capital with an inexhaustible reservoir of disposable and cheap labour-power, especially from declining branches of traditional industry (e.g. capitalist domestic industry).
- (c) The "Latent" form, which consists of that part of the population in transition between agricultural and (to) urban or manufacturing industry. It relates to an early phase in the development of capitalism when certain industries, such as the lumber industry, are not organized as regular production, and their seasonal or casual activation as an industry (and hence of a work force) require the existence of a section of the rural population prepared to undertake such work as is available.

By comparing the lumber and coal industries Lenin is able to emphasize the differences in their organization (social relations) of production: "The lumber industry leaves the producer a peasant; the coal industry transforms him into a factory hand." (p. 580).

Simultaneously, the social contradictions of capitalism are brought into their sharpest relief, generating new socially-defined needs, as an expression of the new social relations of advanced capitalism (Ch.7, Sec.12):

All the dark sides of capitalism become concentrated, as it were: the machine, as we know, gives a tremendous impulse to the uttermost extent of the working day; women and children are drawn into industry; a reserve army of unemployed is formed (and must be formed by virtue of the conditions of factory production), etc. However, the socialization of labour brought about on a vast scale by the factory, and the transformation of the sentiments and conceptions of the people it employes (in particular, the destruction of patriarchal and petty-bourgeois traditions) cause a reaction: large-scale machine industry, unlike the precedingst ages, imperatively calls for the planned regulation of production and public control over it (a manifestation of the latter tendency is factory legislation). (pp.597-598).

Particular emphasis must be to Lenin's continual reference to the progressive nature of capitalism, that is, to its organization /socialization /development of the forces of production, as well as to its 'civilizing' impact on the working population, its freeing of that population from the parochialism, bondage, and poverty of patriarchal and semi-patriarchal conditions in the countryside. Thus, parallel to and inherent in the development of the new productive forces is the growth of forces that will work towards the overthrow of capitalism, i.e., that constitute capitalism's condition and negation of the proletariat through the process of socialization of labor. In fact, this is the principal contradiction of mature capitalism. It lies between the forces of production and the relations of production; that is, between the increasingly social character of production ("forces") and, the increasingly private character of surplus-value appropriation ("relations").

In Ch.7, Sec.12, Lenin summarizes the progressive nature of capitalism as it reaches its highest phase in the following manner:

... [P]roduction for an enormous national and international market, development of close commercial ties with various parts of the country and with different countries for the purchase of raw and auxiliary materials, enormous technical progress, concentration of production and of the population in colossal enterprises, demolition of the worn-out traditions of patriarchal life, creation of mobility of the population, and improvement of the worker's standard of requirements and

[his] development—all these are elements of the capitalist process which is increasingly socializing production in the country, and with it those who participate in production. (p.604).

The following excerpt from *The Manifesto*, completes the totality of this phenomenon by expressing the contradictory nature of this process (the creation of capitalism's negation); which Lenin presumably assumed he could not publish in Russia in the 1890's:

But with the development of industry the proletariat not only increases in number; it becomes concentrated in greater masses, its strength grows, and it feels that strength more. (p.30) The advance of industry, whose involuntary promoter is the bourgeoisie, replaces the isolation of the labourers, due to competition, by their revolutionary combination, due to association. The development of Modern Industry, therefore, cuts from under its feet the very foundation on which the bourgeoisie produces and appropriates products. What the bourgeoisie, therefore, produces, above all, is its own grave-diggers. (p.38).

Lenin was well aware that most of the contemporary students of capitalism were unable to grasp its present contradictions. This was especially true for the ones which approached the problem with a positivistic view of social change.

Let us once again turn to see how he used the historical method to delineate capitalist development as an indicator of social (structural) change.

Further Comments on Lenin's Method As a Scientific Tool to Study Structural Change

In Ch.7, Sec.1, Lenin addresses himself to the Narodniks' failure to distinguish between the stages of capitalist *manufacture* and *factory-production*, thereby depriving themselves "of the possibility of understanding the transforming, progressive role of capitalism." (P.495).

According to Lenin, the Narodniks identify capitalism generally with the appearance of "factory" industry, characterizing the spread of Russian capitalism as a reflection of factory statistics. Apart from the imprecision of the category "factory" as revealed in contradictory statistical collections, Lenin draws attention to Narodnik methodological inadequacies. Referring to their empiricism, Lenin writes:

It is a question not only of statistics, but of the forms assumed and the stages traversed by the development of capitalism in the industry of the country under consideration. Only after the substance of these forms and their distinguishing features have been made clear is there any sense in illustrating the development of this on that form by means of properly compiled statistics. (p.495).

In this section, Lenin is *not* simply arguing that the Narodniks have obscured or incorrectly identified the emergence of capitalism in Russia, and thereby ignored its progressive role. He is suggesting that their reduction of the problem is symptomatic of an inadequate methodological approach to social reality, which of course reflects their ideological perspective (and their romanticism).

The implication of this section is useful for development studies as it draws attention to the essential difference between the Marxist method and that of conventional social science, especially in the area of economic development theory.

We can characterize the difference in the following way:

The latter, in comprehending capitalist society as permanent and as the ultimate social formation, confines its attention to phenomenal reality. This is expressed through categories such as 'capital', 'labor', 'market;' etc.; categories that are considered to be immutable, natural and discrete. Thus, when dealing with change or development, change is primarily conceived quantitatively, as the categories are eternal, thereby allowing of no qualitative change in each one separately or in their (causal) relations with one another. And so, development tends to be conceived, as well as measured, in terms of certain general quantitative dimensions, e.g., G.N.P., size and occupational distribution of workforce, capital stock, extent of monetized economy (market), and so forth.

The Marxist method, on the other hand, considers the categories and the (capitalist) relations they allude to as historically transitory and thus capable of being continually transformed—the categories being only the phenomenal expression of underlying contradictions which (thus of necessity) have dynamic tendencies. (Consider what Lenin regarded as the integral process of formation of the home 'market'; or the contradiction between the lace tradeswoman, as representative of merchant capital, and her onetime co-workers; as Marx wrote, "Capital is not a thing, but

a social relation between persons . . .". Since or as long as the analytical categories we use are socio-historical expressions-

A negro is a Negro. He only becomes a slave in certain relations. A cotton spinning jenny is a machine for spinning cotton. It becomes *capital* only in certain relations. (Marx)-their transformation and development necessarily involve transformations of the total structure of which they are integral elements. Thus, in the Marxist scheme, development involves qualitative change, which can be illustrated, or measured as a trend, that is by use of (over-time) statistics. Accordingly, the development/transformation of rural social relations of production towards capitalist class relations can be illustrated by statistical indices of growing differences among peasants in their 'economic strength'-provided the statistician perceives inherent social contradictions behind the measured differences.

Thus part of Lenin's criticism of the Narodniks (which is quite applicable to today's conventional economists and social scientists) is that their use of the analytical category 'factory' displays an undifferentiated and ahistorical conception of capitalism. Emerging capitalist relations, within a variety of transitional and contradictory socio-economic forms, are obscured by the latter when too much is subsumed under the category 'factory'. As Lenin shows, this statistical category as then used in Russia, did not distinguish among the stages of development;

. . . one of the biggest errors of our factory-and-works statistics . . . [is] . . .the lumping together with factory workers and capitalistically occupied home workers. The development of large-scale machine industry consisted here (as in many other cases) in the drawing of home workers into the factory. (P.514).

By collapsing the stages of *manufacture* and (large-scale) machine industry into a universal category, one foregoes comprehending the evolution of production towards/into the modern factory system, as well as the revolutionary significance of that evolution, in terms of social and technical relations and possibilities. Integral to this error (linear history) is the perception of 'socialization of labour' as solely a quantitative phenomenon, to the neglect of the fact that '*labour*' everywhere undergoes crucial qualitative transformations with its employment in large-scale machine industry.

If this analysis, in broad lines, is to be put to use to understand the general problems of development/underdevelopment of

the Third World countries the phenomenon of colonization (old and new) and its effects on all of the social, economic and cultural structures of these (formerly or presently colonized) societies must be brought into the picture. For, such a picture will more or less clearly reveal the configuration of the world capitalist system through its relationships of domination and subordination, dependence and interdependence.

7. PROSPECTS OF INDUSTRIALIZATION IN THE THIRD WORLD

Any analysis that aims to inquire into the possibilities of industrialization in the Third World must not miss the basic fact that this is an epoch of a unified world market. The image of an international economy into a collection of "national capitalisms" obstructs the historical-structural process (es) through which capitalism expands in an increasingly integrated world market.

The basic characteristic of this market is its tendency to bind together national economies through a hierarchy of forms of dependence and domination into a unified global structure. Hence the necessary point of departure for any discussion of economic development, dependence and imperialism must take into account: 1) the unity of world economy, and; 2) the relative dependence of the ("national") components of world economy on the "whole".

However, this global unity (combined character) could only be realized historically through unevenness as expressed by the co-existence of capitalism with non-capitalist modes of production both nationally and internationally. Unevenness is a necessary characteristic of capitalism's expansion on a world scale, which develops some parts of world economy while hampering the development of others, by its antagonistic and contradictory methods¹⁸. Thus any process of primitive accumulation implies an articulation of modes of production characterized by

18 V.I. Lenin, *Imperialism, The Highest Stage of Capitalism*. Peking: Foreign Languages Press, 1970.

Rosa Luxemburg, *The Accumulation of Capital*. New York: Monthly Review, 1968.

Paul M. Sweezy, *The Theory of Capitalist Development*. New York: Monthly Review, 1968, chs. XVI, XVII.

Paul A Baran, *The Political Economy of Growth*. New York: Monthly Review, 1968.

Doğu Ergil, "Bağımlılık Olgusu ve Merkez-Çevre Sisteminin Evrimi", (The Phenomenon of Dependence and the Evolution of the Center-Periphery System) *SBF Dergisi* (Journal of the Faculty of Political Science) Vol. XXIX 1976, No, 3-4, pp. 165-184.

N.I. Bukharin, *World Economy and Imperialism*. New York: Monthly Review, 1973.

capitalism's subordination of non-capitalist modes of production¹⁹. However, the outright destruction of non-capitalist modes of production by capitalism is only one of the historical possibilities of this relationship. As long as they aid to capital accumulation through various ways (superstructural as well) the newly dominant mode of production – capitalism – may *conserve* them²⁰.

In the former colonial and semi-colonial societies which constitute the "Third World" today, capitalist subordination of the traditional modes of production required a certain restructuring of the latter, which led to the disintegration of certain of their characteristics and to the integration/adaptation and intensification of other.

It seems that the colonial process was basically a process of subordination of pre-capitalist modes of production to capitalism. But this domination rendered the modes of production that came to predominate in the colonial and semi-colonial formations to lose their independent character. They did not evolve autonomously out of the contradictions of some former mode of production, and independently of world economy. Thus the reproduction of these new modes was governed by an alien influence-imperialism. The result of the subordination and restructuring of the former modes of production by capitalism was primarily the integration of the peasantries of precapitalist societies into the global capitalist commodity exchange process on the basis of existing precapitalist relations of production. Such relations are characterized by low levels of productivity, backward techniques, feudal, semi-feudal or other repressive forms of exploitation which inhibit the transformation of the rural social-economy. As a precondition of the development of the internal market, the highest development of the commodity form must be realized

8. EPILOQUE

If our aim is to set up a model representing the highest form of commodity production, then it is insufficient to isolate the manufacturing

19 K. Marx, "Letter to Engels", 8 October 1858, in S. Avineri (ed.) *Karl Marx on Colonialism and Modernisation*. New York, 1969.

Samir Amin, *Accumulation on a World Scale*, Vol. 1, New York: Monthly Review, 1974.

A.G. Frank, *op. cit.*; also idem *Latin America: Underdevelopment or Revolution*. New York: Monthly Review, 1969.

20 L. Althusser in L. Althusser and E. Balibar, *Reading Capital*. New York: Pantheon, 1970.

Ernesto Laclau, Latin Amerika'da Feodalizm ve Kapitalizm [Feudalism and Capitalism in Latin America] (translated to Turkish by Erol Tulpar), *Birikim*, Vol. 1, no. 1, March 1975, pp. 16-28.

J. J. Banaji, *op. cit.*

sector as one aspect of capitalist development. Such a model requires attention to the crucial importance of the transformation of the rural social-economy.

Conceptualization at the level of the national unit disintegrates the structure of international capitalism. The inadequacy of this approach assumes away the very totality whose character determines the social relations of production and uneven sectoral configurations within each Third World country.

There are various specific forms of "industrialization" at the level of Third World economies:

(1) The capital-intensive, technologically sophisticated enclaves of industry with little positive impact on both the employment and training of domestic work-force in the long-run.

(2) Import-substitution industries with limited capacities of growth due to the restricted nature of demand and technology.

(3) Assembly-plant enterprises based on imported technology.

(4) Industries of low level technology complementing high level technological production in the developed countries²¹.

At the international level what has been euphemistically referred to as "industrialization" has been in large part generated by multi-national corporations. The production process generated and controlled by such giant enterprises partakes only a part of the industrial process, but not the whole. Hence to conceive industrialization as an autonomous process within the Third World is to overlook the phenomena of dependence, levels of development of productive forces, and different class structures that mediate international economic relationships. For, inequality persists between capitalist centers and the Third World not at the level of specific products, but at the level of the development of the forces of production.

In the final analysis, the atrophy of accumulation at the industrial level today plays a decisive role in constricting the expansion of the home market. For, without industrial development bargaining on the conditions of dependence and neo-classical exploitation can not be accomplished. Contrary to the historical experience of early capitalist countries' at the phase of primitive capitalist accumulation, the late-comers evince a common trend: involvement of the *state* in starting and acce-

21 Philip McMichael, James Petras, Robert I Rhodes, "The Industrialization Issue" (first draft) Dept of Sociology, State University of New York at Binghamton, March 1974. This paper was later published in the *New Left Review* (Summer, 1974).

lerating the process of expanded commodity production. It can be said that in many countries undergoing a process of late capitalist development, industrialization is a flower catered in the hot-house of state protection. But this phenomenon posits other questions to be unanswered in order to determine the extent and nature of industrialization in a particular Third World country: How autonomous is the national state? What is the class composition of the state under scrutiny? How beneficial is it for the ruling class (es) to keep the national economy open or closed to external exploitation through the state apparatus? Then the industrialization issue centers on the control of the state apparatus which is an inseparable part of the ongoing class struggle at the national and international levels. And this requires a multifaceted analysis involving economic, political and ideological levels in order to reconstruct the concrete (global) reality both within and between national social formations²².

22 Some of these attempts are: Nicos Poulantzas, *Classes in Contemporary Capitalism*. London, 1975)

G. Carchedi, "Reproduction of Social Classes at the Level of Production Relations", *Economy and Society* Vol. 6, No. 4 (1975).

Terry Johnson' "What is to be Known? The Structural Determination of Social Class" *Economy and Society* Vol. 6, No.2 (1977).

However all of these works are basically concerned with the multi-level analysis of single social formations rather than the interaction and articulation between them on a world basis.