

Russian Political Economy from Utopia to
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Première partie*

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Russian Political Economy from Utopia to Social Engineering: An Introduction

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Utopias [are to be] set alongside the constructions of engineers, and one might with full justice call them constructions of social engineers...Utopias were relegated to the history of economic theory, whereas they belong to the theory itself, just as the construction of new bridges and aeroplanes belong into the theory of civil or mechanical engineering. (Otto Neurath, 1919, 150-152)

In September 2009, the editors of this special issue organized at Lausanne University a Workshop on the History of Russian Political Economy and Statistics at the turn of the 20th century. When preparing a call for paper for this journal, the editors realized that papers presented at the Lausanne Workshop addressed implicitly or explicitly questions about how to combine Economic Theory, Social Engineering and Utopia. The contributions contained in this issue suggest various possible configurations between these three categories of scientific inquiry.

How can one define, understand and articulate these three categories? Very broadly, as far as socio-economic activities are concerned, economic theorizing refers to the use of hypothetico-deductive arguments to explore actual and possible worlds, while social engineering is a set of social policies aiming at designing social changes to improve social welfare and implement new worlds (economic policy is a form of social engineering). Finally, utopias may be understood as the blueprints for the social engineers' action plans when these describe ideal possible worlds. The borders between three styles of economic discourses are porous and, more often than not, economists and reformers borrow to different styles.

In Russia, free-market liberal authors—like Mikhail Reutern, Lev Nikolaevich Litoshenko or Boris Davidovich Brutzkus—as well as Marxian authors following strictly the Marx-Engels anti-utopian view of political economy—like Pavel Illich Popov and Isaak Illich Rubin—all rejected utopian thinking as a fruitful way to develop economic theory and social engineering. Other liberal, heterodox Marxian or Bolshevik authors—like Mikhail Tugan-Baranovsky, Alexander Bog-

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danov or Alexander Chayanov—considered utopian thinking as a complement to economic theory and social engineering.

The latter view is not specific to Russian and Soviet economics. In the aftermath of the Bolshevik revolution, Otto Neurath, one of the founder of logical empiricism within the Vienna Circle, defended a similar complementary view of economic theory, social engineering and utopias, as illustrated by the epigraph to this foreword. Inspired by German planning techniques during World War I, Neurath's early works offer some epistemological clarifications about how one may put together what appears to be the three sides of Russian Political Economy's triangle: positive science explores *real* worlds (actual states of the world) as well as *possible* worlds (e.g. with counterfactual statements); as such, utopia is a scientific way to explore *ideal* possible worlds and is the blueprint for social reforms devised by social engineers. Although controversial, this is one way to look at the role of utopia in political economy and economic policy. As a matter of fact, contributions and authors discussed in this double special issue¹ offer various ways (from liberal-based reforms to socialist revolutionary methods) of combining utopia, economic theory and social engineering. This special issue aims at offering a fresh look at Russian political economy from the 1860s to the 1930s. We now supply the reader contextual and analytical introductory elements to the articles contained in this special issue.

1. From Liberal Reforms (1862-1905) to Revolutionary Times (1905-1937)

In the 1860s, inspired by a liberal vision, Tsar Alexander II (1818-1881) inaugurated a period of political and economic reforms in the traditional, autocratic, Russian Empire. In the realm of individual rights, the abolition of serfdom in 1861 was a path-breaking reform. In the political and administrative realm, the establishment of provincial (*zemstva*, 1864) and municipal (*duma*, 1870) governments were a first step towards decentralisation. Interestingly, the *zemstva* hosted a provincial intelligentsia (Jasny, 1972, 36) which exhibited strong progressive views, "functioned as the centre of Russian liberal movement" (see Kojima in this issue), and developed hostility towards authoritarianism. In the economic sphere, reforms were initiated to modernise and industrialise the national economy, develop railroads, and stimulate foreign trade.

This era of change paved the way for an entirely new spirit of passionate debates in Russia. Social reformers from all obediences nurtured the public discussion. There were romantic agrarians, fierce

¹ Part one of the special issue is published in this March issue, IV(1), and Part II is published in the June issue, IV(2). Organization of the papers is chronological.

industrialists, anarcho-terrorists, non-Marxist socialists, Marxist socialists, non-socialist Marxists, populists, protectionists, liberals, and so forth. These debates criss-crossed the whole period from the end of Imperial Russia to the Soviet Russia of the 1920s.

Reformers, whether conservative, progressive, or revolutionary, used various categories of discourse to make their point.

2. Categories of Economic Discourses: Utopia, Political Economy, Social Engineering

As early as 1872, in *The Demons*², Fyodor Dostoyevsky offered a spell-binding picture of the passionate and unstable atmosphere of the time as well as the complex and intricate ranges of discourses from Utopia to Political Economy. Shigalov, one of the characters, is presenting his social ideas at a meeting:

“Dedicating my energies to the study of the social organization which is in the future to replace the present condition of things, I’ve come to the conviction that all makers of social systems from ancient times up to the present year, 187-, have been dreamers, tellers of fairy-tales, fools who contradicted themselves, who understood nothing of natural science and the strange animal called man. Plato, Rousseau, Fourier, columns of aluminium, are only fit for sparrows and not for human society. But, now that we are all at last preparing to act, a new form of social organization is essential. In order to avoid further uncertainty, I propose my own system of world-organisation. Here it is”. He tapped the notebook. “I wanted to expound my views to the meeting in the most concise form possible, but I see that I should need to add a great many verbal explanations, and so the whole exposition would occupy at least ten evenings, one for each of my chapters” (There was the sound of laughter.) “I must add, besides, that my system is not yet complete.” (Laughter again.) “I am perplexed by my own data and my conclusion is a direct contradiction of the original idea with which I start. Starting from unlimited freedom, I arrive at unlimited despotism. I will add, however, that there can be no solution to the social problem but mine.” (Dostoyevsky, [1872] 2005, 390-391)

In this speech, Dostoyevsky sketched both, on the one hand, the intricate epistemological intimacy between science, social engineering and utopia and, on the other, the pitfalls and paradoxes one can fall into when dealing with ideal worlds, e.g. absolute despotism while aiming at unlimited freedom. These are the very topic of this special issue.

As the papers in this collection demonstrate, Russian economists articulated in various ways two different categories: political economy and utopia. Political economy was either considered as complementary, in opposition or unrelated to utopia. For example, Russian Marxists criticized some socialist doctrines for being utopian, i.e. non-

² Also translated as *Devils* or *The Possessed*.

scientific.³ Conversely, socialism was also qualified by the liberal critiques⁴ as a foolish utopia or, after the 1917 October revolution, as an unsustainable utopia. On the contrary, some authors like Tugan-Baranovsky⁵ considered utopia as a branch of scientific enquiry or at least advocated some complementarity between the two discourses.

3. Liberal View of Utopia and Political Economy: Economic Policy as Social Engineering

Russian authorities long tolerated the idyllic and utopian populist vision of a traditional agrarian society. But with the advent of more powerful European countries, this “naïve” posture could no longer stand up to reality: Russia was an economically backward country. The 1867 *Memorandum on tariff reform* by the Russian finance minister Mikhail Kristoforovich Reutern (1862-1878), published here for the first time in English, is a testimony of this liberal and industrialist turn, which was carried on by subsequent finance ministers, notably Sergei Yulyevich Witte (from 1892 to 1903). Barnett’s paper on Reutern’s *Memorandum* offers new insights on the role of foreign trade and tariffs as major economic policy instruments—not to say social engineering tools—in Russian economic development during the 1860s and 1870s. As Barnett argues, in the spirit of Alexander II’s liberal reforms, Reutern defended enthusiastically free trade against “the ideas of the German historical school [which] were beginning to be extensively promoted” in Russia.

Alongside these economic reforms, political changes were more gradual. The authorities felt endangered by the freedom of speech and therefore maintained a strong censorship on all writings of disturbing character: if not repressed, socialism was certainly frowned upon. In 1881 the mayor of Moscow, Boris Nikolaevich Chicherin, was dismissed for being much too liberal in the political sphere and was sent back home to rule the *zemstvo* in his native Tombov. Exiles in provinces were a common practice, which was one reason for the progressive orientation of many *zemstva*. The role of the *zemstvo* statisticians after the Bolshevik revolution and their liberal and anti-autocratic positions against the Bolsheviks, is recalled in Akhbar’s contribution: the Central Statistical Administration (TsSU), created in 1918 as the merger of decentralized *zemstvo* statistical units, actually hosted great liberal economists and statisticians like P.I. Popov, L. N. Litoshenko or V. G. Mikhailovskij. TsSU was rightly qualified by S. G.

3 About Marx and Engels’s position, see Lallement’s article in the June issue. For Soviet debates see Akhbar in the June issue as well.

4 See Kojima’s article in this issue.

5 See Allisson in this issue.

Wheatcroft (1997, 18) as “the last branch of the provisional government to fall” at the end of the NEP.

Kojima also reminds us that the liberal movement did not end with the 1917 revolution. He highlights the works of two major Russian liberal economists during the inter-war period: Brutzkus and Litoshenko. Although Brutzkus’ free-market liberal vision has been positively acknowledged by Hayek in *Collectivist Economic Planning* (1935), his economic work has not been thoroughly studied yet. Kojima’s article fills this gap concerning Brutzkus. Litoshenko’s views on liberal economic development are even less well known. While both the populists and most of the liberal economists were favourable to the traditional rural community (the mythic commune, *mir*, *obshchina*), Litoshenko and Brutzkus were among the few liberal authors providing a critique of the commune, supporting in this sense the reforms initiated during the end of Imperial Russia by the prime minister Stolypin (who was assassinated by opponents to these very same reforms). Even during the Soviet period, Litoshenko (in Russia) and Brutzkus (since 1922 in exile) were still developing arguments against the commune. For them, the collective property of land was not suitable to stimulate economic growth, due to its lack of incentives. Since they believed in market and private property as the pillars of future industrialisation and of economic development, they favoured the advent of the NEP during the 1920s. This vision, however, which could well be accommodated within the NEP, did not survive the collectivisation turn in the end of the 1920s in the USSR. Both authors thought that any collectivist organisation was doomed to failure. As Kojima puts it, “they could not have imagined that the Soviet system could really last for such a long time, about half a century after their deaths.” But, in fact, it was their liberal vision within the USSR that revealed itself, in the end, a utopia.⁶

4. Utopia Belongs to Science and Political Economy

Tugan-Baranovsky adopted a very different attitude towards utopia. For the Russian economist, often compared in Russia to Alfred Marshall in terms of influence, science and utopia are complementary. Marx provided a comprehensive and scientific critique of capitalism, but refused to offer a description of the future organisation of the society under socialism; or, as Engels put it, speculations about future ideal society are mere utopia. For Tugan-Baranovsky, “The opposition of science and utopia is untenable.” (Tugan, 1912, quoted by Allisson in this issue) Indeed, he suggested a conception of the ideal

⁶ Besides, Nicolas Berdyaev wrote: “...the greatest paradox in Russian life and the Russian revolution lies in this, that liberal ideas, ideas of right as well as ideas of social reform, appeared, in Russia, to be utopian.” (Berdyaev, 1960, 112-113)

socialist society, based on elements he gathered in the utopian literature as well as in political economy. He reached thus conclusions on the best way of organising production, through planning, distribution of labour, and income distribution. As documented by Allisson, Tugan-Baranovsky achieved his objective in an original way. His idea of socialism incorporates elements of Marxian analysis of production and value, Kant's ethics regarding the place of human being in the economy, and subjectivist evaluations through the concept of marginal utility, in order to define the optimal allocation of resources. Thus, in Tugan-Baranovsky's ideas on socialism, utopia is not merely a dream: it belongs in its own right and directly contributes to theoretical political economy. Although there is no material evidence of a link between Barone and Tugan-Baranovsky, the two approaches offer striking similarities, following rather different paths: a Walraso-Paretian general equilibrium model vs. a Kantian Marxo-Mengerian synthesis. On this point, the socialist calculation debate assumed the same epistemological relationship Tugan-Baranovsky shaped between utopia and science. Indeed, as stated earlier, Neurath, when launching in 1919 what would become the socialist calculation debate, stated that science is not only about actual facts, but also about possible worlds, including ideal possible states, i.e. utopias.

Chayanov, the eminent agrarian Russian economist, showed yet another way of accommodating utopia and political economy; as he wrote himself a literary utopian novel and a high-technology utopian essay (called "peasant utopia" and "scientific utopia" by Raskov) besides his more "regular" economic works. These three kinds of works answer three different classes of problems, as Raskov explains. Political economy explains the relations at work in the capitalist society, in the peasant family-based economy, and in the cooperatives. Scientific utopia explores the possible future worlds in terms of technological progress and speculates to what extent humankind may escape the burden of material needs. The peasant utopia is best at addressing a full range of issues Chayanov ponders about the future organisation of society: how to reconcile socialist and capitalist modes of production to retain the advantages of both *régimes*, i.e. questions of incentives, of an unavoidable existence of a ruling class, of the survival of the family, of the ideal relationship between mass production and fine arts according to the ideal conception of society, etc.? Chayanov's example is not isolated. Utopias were flourishing, especially in times of radical change and revolutions, and a handful of Russian economists, even Bolsheviks, wrote utopias to address economic issues at different levels.

5. Soviet Russia, or Utopia Terminated?

Though Marx and Engels condemned the making of imaginary ideal future worlds as non-scientific and foolish utopias, in Soviet Russia, Marxists and Bolsheviks authors did not refer to the Utopian genre in such an unambiguous way.⁷

Alexander Bogdanov's *Red Star*, published in 1908, and *Engineer Menny*, published in 1912, are probably the most famous Bolshevik utopias. Besides fantastic aspects of these works, utopian works are full of possible social engineering devices, like for instance Bogdanov's statistical organization:

The Institute of Statistics has agencies everywhere, which keep track of the flow of goods into and out of the stockpiles and monitor the productivity of all enterprises and the changes in their work forces. In that way it can be calculated what and how much must be produced for any given period and the number of man-hours required for the task. The Institute then computes the difference between the existing and the desired situation for each vocational area and communicates the result to all places of employment. Equilibrium is soon established by a stream of volunteers. (Bogdanov, [1908] 1984, 66)

Here, Bogdanov featured a non-coercive and decentralized economic organization where the Institute of Statistics would collect, publicize and spread the information so as the system would equilibrate in an automatic way and on a free-choice-based allocation of labour.

During the early years of the revolution (1917-1921), several Bolshevik authors produced works that can be considered as utopian like, for instance, Bukharin and Preobrajensky's *ABC of Communism* which contains both a scientific Marxist critique of capitalism and of its forthcoming collapse, as well as a description of what would be an ideal (stateless) communist society. The reader shall be reminded Soviet Russia's peculiar atmosphere in the 1920s: a utopia-friendly epoch, a time full of promises... as well as threats as several authors noticed like Evgeni Zamyatin in his dystopia, *We* (1921), who echoed, half a century later, Dostoevsky's prophecies: "Starting from unlimited freedom, I arrive at unlimited despotism." (Already quoted) The fact remains that, as Richard Stites (1989) stated, the 1920s "provided a hospitable political, social, and cultural context" to the flourishing of "future speculation and living experimentation" so as "in the 1920s, some Bolshevik leaders wanted to and tried to rein in the "utopian" elements" (1989, 225). Several attempts to implement utopian-like devices in social and economic life were sometimes led by artists like, for instance, Alexai Gastev. Inspired by Taylor's engineer-based approach of social division of labour, in 1920 Gastev created a school

⁷ See also Mikhail Heller and Aleksandr M. Nekrich's essay *Utopia in Power* (1986), and Richard Stites' *Revolutionary Dreams: Utopian Vision and Experimental Life in the Russian Revolution* (1989).

of social engineering in Ukraine and, in 1921, he founded with Lenin's support the Central Institute for Labour (CIL). With the help of other artists like Ippolit Sokolov and Kasimir Malevich, Gastev's CIL aimed at improving significantly the productivity of labour and efficiency in every spheres of life thanks to scientific management techniques where science was in the service of utopian views of society. Like in many industrialist utopian works of the time, he believed in the possibility of a dramatic rise of labour productivity. His views on human labour were based on a man-machine metaphor focused on bodies' discipline and the management of the labourer's energy. Gastev coined the word "biomechanics" to talk about human bodies as bio-mechanisms (see Heller and Nekrich 1986, Stites 1989, and Vaingurt 2008). According to Gastev:

It is necessary to be a kind of *engineer*; it is necessary to be an experienced *social constructor* and to take one's scientific methods not from general pre-suppositions regarding the development of productive forces, but from a most exact molecular analysis of the new production, which has brought into existence the contemporary proletariat... (quoted in Bailes 1977, 377, our emphasis)

Gastev apparently employed the term "social engineer" in a non-metaphoric way but considered social life as a field to be studied and mastered by engineers rather than social scientists—while Neurath gave room to the latter and, after him, in Western Europe, several users of the term, e.g. Jacob Marschak (1941) and Ragnar Frisch (1970).

In Soviet Russia, the expression "social engineer" usually assumed to get rid of bourgeois social sciences and, from this *tabula rasa*, to raise a new science based on engineers' knowledge and methodology.

Alongside the mechanist metaphor and the disciplinary view of society, other utopias referred to a non-coercive and egalitarian society. A popular metaphor was the one of the society organized like a "conductorless orchestra." Though it came to be literally implemented in music with the creation of the so-called *Persimfans* (the First Symphonic Orchestra without a Conductor), this metaphor was also popular in revolutionary discourse (Stites 1989, 135-139). Bukharin used this metaphor of an egalitarian-based society when describing—in a way close to Bogdanov's vision in *Red Star* (quoted above)—the ideal communist society's statistical organization. In the forthcoming socialist society,

The main direction will be entrusted to various kinds of book-keeping offices or statistical bureaux. There, from day to day, account will be kept of production and all its needs; there also it will be decided whither workers must be sent, whence they must be taken, and how much work there is to be done. And inasmuch as, from childhood onwards, all will have been accustomed to social labour, and since all will understand that this work is necessary and that life goes easier when everything is done according to a prearranged plan and when the social order is like a well-oiled machine,

all will work in accordance with the indications of these statistical bureaux. There will be no need for special ministers of State, for police and prisons, for laws and decrees—nothing of the sort. Just as in an orchestra all the performers watch the conductor's baton and act accordingly, so here all will consult the statistical reports and will direct their work accordingly. (Bukharin, [1919] 1968, 70)

In his contribution Akhbar focuses on the making of a Soviet statistical organization in the first decade of the revolution. His article deals with the construction by P.I. Popov of a centralized statistical organization, the *Tsentralnoe Statisticheskoe Upravlenie* (TsSU or CSU). Of course, at the time, publication of statistical information in order to reach socio-economic equilibrium through the voluntary moves of economic actors was not considered. Instead, Popov struggled at the head of the TsSU to simply gather enough information to produce as good and objective a statistical information as possible. With his colleagues from former *zemstvo* statistical units, often liberal and anti-communist, like Litoshenko and Mikhailovskij, and attached to a scientific methodology based on international standards, he defended as long as he could the TsSU's independence toward central power as well as against the normative perspective of Gosplan. Regarding his relationships with revolutionary Bolsheviks, Popov had to justify his so-called geneticist approach, against the revolutionary view of science. According to the former, the social economy is depicted as it actually is—using statistics and economic categories; according to the latter, in a socialist economy, the categories of political economy (prices, value, money, commodities, etc.) no more stand under the dictatorship of proletariat implemented by the October revolution, and statistical analysis should resume to accounting and prescriptive tables instead of TsSU's descriptive tables, balance sheets, and time series. Here, the scientific view of statistics and political economy was struggling with revolutionary views of science as illustrated notably by E.A. Preobranjensky, G.M. Krzhizhanovski or S.G. Strumilin. Akhbar shows that the latter defended a view of the “social engineer” different from Neurath's, i.e. unrelated to a positivist idea of political economy and statistics but based on a revolutionary view of society in which what matters is to set ambitious goals rather than study the positive laws that rule the social economy. At the end of the 1920s, the descriptive-oriented TsSU was absorbed by the prescriptive-oriented Gosplan; hence, the revolutionary view of economics and statistics eventually won the day by imposing a prescriptive rather than a descriptive methodology.

As shown by Lallement in his contribution, these debates about the social engineers' almost unlimited possibilities of action—limited only by the laws of Nature and Physics—raised serious issues not only regarding statistical organization but also the general Soviet doctrine and the specific political economy of (Soviet) socialism. In-

deed, in 1936 Stalin ordered to prepare an official manual of political economy. The resulting work, published only in 1954 as the *Manual of Political Economy*, is both far from the almost-utopian writings of the years 1917-1921 by Bukharin and Preobranjenski, or the voluntarist and optimistic views of Trotsky, Preobranjensky, Krzhizhanovski or Strumilin about the Soviet industrial policy. Though Soviet economic planning could be credited with impressive results in heavy industry and military branches and, from WWII on, indisputable military success symbolized by the storming of Berlin in April 1945, Soviet policy-makers could not ignore the disappointing results in agriculture and more generally in consumption goods industries. Lallement explains that one of the task of the *Manual* was to exonerate the Soviet leaders from their failures by imputing the fault onto so-called universal laws of the economy... Because of the 'universal economic laws', one cannot blame the Party for the disappointing results of the Soviet economy but rather blame the economic laws ruling whatever the underlying modes of production.⁸ This is why Lallement calls Stalin's Soviet economic doctrine (as expressed in the 1954 *Manual of Political Economy*), both a *reasonable—not to say constrained—utopia*, i.e. a picture of an ideal possible world—rooted in inescapable economic laws—, and a disenchanted worldview.

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⁸ See also Walicki (1997).

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