

**CLASS HISTORY AND CLASS
PRACTICES IN THE PERIPHERY
OF CAPITALISM**

RESEARCH IN POLITICAL ECONOMY

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EDITED BY

PAUL ZAREMBKA

State University of New York at Buffalo, USA



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ABOUT THE EDITOR

Paul Zarembka holds a PhD in Economics from the University of Wisconsin, Madison, being trained in the neoclassical approach to economic development and in econometrics. He published *Toward a Theory of Economic Development* (1972) and edited *Frontiers in Econometrics* (1974). After an appointment at the University of California, Berkeley, Paul joined the Department of Economics at the State University of New York at Buffalo in 1973, becoming full Professor in 1976. While a Researcher at the World Employment Program of the International Labor Organization in Geneva, he studied Marx's political economy and began in 1977 as Series Editor of *Research in Political Economy*. Committed to Marxist political economy, yet aware of many problems, he is currently working on a book tentatively entitled "Marx's Revolution in Political Economy: Evolving Struggle, Then and Now." Connected with his effort to develop theory he edited *The Hidden History of 9-11* (2nd paperback edition, 2008), convinced that the US event deserves normal academic consideration while starting from the fact that the US Commission report did not even attempt to establish identities of alleged hijackers on the planes. Paul has been a long-term union activist on his campus, serving previously as President and currently as Grievance Officer for Academics.

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ABOUT THE CONTRIBUTORS

Carlos Antonio Aguirre Rojas is full-time Researcher in the Instituto de Investigaciones Sociales at the Universidad Nacional Autónoma de México. He is a Specialist in the field of the critical history of historiography in the nineteenth, twentieth, and twenty-first centuries. He is currently working on the new antisystemic movements in Mexico and Latin America. His books and articles are translated into 13 languages and published in 26 different countries.

Patrick Bond is Distinguished Professor of Political Economy at the University of the Witwatersrand in Johannesburg. His books include *Elite Transition: From Apartheid to Neoliberalism in South Africa* (Pluto Press, 2014), *Politics of Climate Justice* (University of KwaZulu-Natal Press, 2012), *Looting Africa* (Zed Books, 2006), and *Against Global Apartheid* (University of Cape Town Press, 2003). He is currently engaged in praxis research in relation to mega-projects, inequality, water and climate, and the Brazil–Russia–India–China–South Africa bloc.

Nicolás Iñigo Carrera is a Principal Researcher of the National Council for Scientific Research, and Researcher at the University of Buenos Aires and for the Research Program on the Motion of Argentine Society (PIMSA). He was a Professor at the Universidad Nacional del Centro de la Provincia de Buenos Aires (1993–2014) and Universidad de Buenos Aires (2002–2017), and a Visiting Professor at several universities. He has published 12 books, most recently, *La otra estrategia* (2016), *La estrategia de la clase obrera en los orígenes del peronismo* (2018) and *Agustín Tosco. La clase revolucionaria* (2018).

Lorenzo Fusaro holds a PhD in International Political Economy (King's College London, 2013) and is Associate Professor of Political Economy at the Universidad Autónoma Metropolitana, Mexico, where he also leads the Capitalist Society and Accumulation research group (*Área de sociedad y acumulación capitalista*). He is the Author of diverse works, including *Crises and Hegemonic Transitions: From Gramsci's Quaderni to the Contemporary World Economy* (Brill, 2019) and *Revisiting Gramsci's Laboratory* (Brill, forthcoming, with Francesca Antonini, Aaron Bernstein and Robert Jackson).

Daniel Gaido received his PhD from Haifa University in 2000 and is a Researcher at the National Research Council (CONICET), Argentina. He is the Author of *The Formative Period of American Capitalism* (Routledge, 2006) and Co-editor, with Richard B. Day, of *Witnesses to Permanent Revolution: The Documentary Record* (Brill, 2009), *Discovering Imperialism: Social Democracy to World War I* (Brill, 2012), and *Responses to Marx's 'Capital': From Rudolf Hilferding to Isaak Illich Rubin* (Brill, 2017).

Efe Can Gürcan is a Research Associate at the University of Manitoba's Geopolitical Economy Research Group and Lecturer in International Studies at Simon Fraser University. He has published extensively on international development, international conflict and cooperation, and social movements, with a geographical focus on Latin America and the Middle East. His third and latest book is *Multipolarization, South-South Cooperation and the Rise of Post-Hegemonic Governance* (Routledge, 2019).

Mariana Mortágua received her PhD in Economics from SOAS (UK) in 2019. She has published several coauthored articles and books on the Portuguese and European crises, including in the *Review of Keynesian Economics*. Her current research focuses on the evolution of ownership and corporate structures in Portugal and its macroeconomic outcomes. Other research interests include Kaleckian and post-Keynesian theories of stagnation and investment.

Darío Scattolini is a Doctoral Candidate in History at the National University of Córdoba (UNC) and a Research Trainee at the National Scientific and Technical Research Council (CONICET), Argentina. His doctoral research focuses on Marxian theories of crises in the context of the Second International. He has coauthored with Manuel Quiroga Soto the article "Teoría y política de Otto Bauer sobre el imperialismo y las crisis (1904-1914)" (*Izquierdas*, 2016).

James D. White is Honorary Professor in the Department of Central and East European Studies at the University of Glasgow, Scotland. He is the author of *Red Hamlet: The Life and Ideas of Alexander Bogdanov* (2018), *Marx and Russia: The Fate of a Doctrine* (2018), *Lenin: The Practice and Theory of Revolution* (2001), *Karl Marx and the Intellectual Origins of Dialectical Materialism* (1996), and *The Russian Revolution 1917-1921* (1994).

PREFACE

This volume focuses upon advancing understanding of societies outside the core capitalist countries and deepening knowledge of resistances in the periphery, consistent with utilizing a class analysis. Post-World War II scholars moved to theorize the distinction between the core – the center of capitalism – and peripheral countries, often with an added distinction to include the semi-peripheral. Perhaps the World Systems approach of Immanuel Wallerstein is most responsible for the ease with which the term periphery is now utilized. I myself appropriated it 40 years ago in the second issue of this *Research* (i.e., “Accumulation of Capital in the Periphery,” 1979), an outcome of research work at the World Employment Program, International Labor Organization in Geneva. By then, the concept of a capitalist periphery did not need to be described, nor did the idea need much elaboration that surplus value is transferred from the periphery to the core, even while surplus value is also directly appropriated from workers in the core.

Of course, the periphery is so diverse that even so stating seems pointless. Resistances are advancing against the cruelties in so many dimensions. Chapters in this volume describe specificities for Russia, Portugal, Argentina, and Mexico as well as broader perspectives on post-hegemonic Latin America and Asia generally, detailed analyzes of resistances across Africa, and the deeper meaning of neozapatismo for promoting a shift in the entire terrain of discussion. A different set of authors would be offering quite different historical perspectives and perhaps focusing upon other class practices.

The archival translation of Karl Kautsky on crises offered here is something different. Sometimes important historical works have never been translated out of their original, and research is thereby impeded. That was certainly the case when Nikolai Sieber had never been translated from Russian, although Marx himself had uniquely praised Sieber in his Afterword for the second German edition for Sieber’s understanding of *Capital*. The *Research* then offered two translations, in Volume 19 (2001) and Volume 27 (2011). Kautsky’s work translated here was more widely known, but still untranslated from the German while deserving to be.

It is appropriate to state that a core/periphery distinction was not made by Marx, yet it can be shown that he was not so far away from the distinction. And the history of Marx’s own work suggests that he was closer to this topic than presentations of his work seem to suggest. That is, Marx developed awareness that historical developments are much more complicated than in his original conceptions, resulting in his intense interest in Russian society, aiding by learning Russian. Marx’s study regarding Russian development is described by James White in the

first chapter of this volume, while also showing how Marxist political economy subsequently experienced deviation from Marx himself through Engels, Plekanov, and Lenin.

I believe the initiation of the deviation from Marx's own perceptions can be proven. Although the entire second German edition and most parts of French edition of *Capital* were prepared more or less simultaneously in Spring 1872, the French Parts VII and VIII of *Volume I* were prepared in *early 1875*. Thus, Marx had *almost three years* to reconsider and revise his presentation of accumulation of capital. In the French, the chapter "The Secret of Primitive Accumulation" now begins a new Part VIII. More importantly, he *delimits his discussion only to Western Europe and circumscribes it considerably*,¹ compared to the second German edition. Russia, India, China, etc. are not to be offered for inclusion. Although Engels' third and fourth German editions of *Volume I* included most preceding changes from the French within Marx's introductory presentation to the topic, Engels *stops* at making this last change, also failing to provide the new structure of *Volume I* explicitly desired. If Marx had lived somewhat longer, we would have had his own third edition.

In 1887, Engels supervised and published the first English edition, as translated by Samuel Moore and Edward Aveling. This English edition did have the divisions of the French, but did *not* have the delimitation to Western Europe explicitly desired by Marx. Engels in 1890 edited and published the fourth German edition, yet still without recognition of either of Marx's desires in these regards. To this day, anyone reading any German edition of *Volume I* is reading within a different structure than the English reader, and all German and English editions fail to include Marx's delimitation to Western Europe. These failures carry over in widespread fashion for editions in other languages, including, astonishingly, *even* for the modern French edited by Jean-Pierre Lefebvre. England is presented as the "classic form" of expropriations of the peasant from the soil, only having differing aspects and phases in disparate countries. There is no delimitation to Western Europe that Marx now desired, following the change he already made in the French edition. Why Engels behaved so can be for another occasion, but the main message is that all of us have a lot to study and apprehend from all corners of the Earth we habit.

Paul Zarembka, April 9, 2019

NOTE

1. Expropriation, Marx now says, "has been carried out in a radical manner only in England; therefore this country will necessarily play the leading role in our sketch. But all the countries in Western Europe are going through the same development, although in accordance with the particular environment it changes its local color, or confines itself to a narrower sphere, or shows a less pronounced character, or follows a different order of succession."

PART I
PERIPHERAL EUROPE AND
POST-HEGEMONIC REGIONALISM

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THE DEVELOPMENT OF CAPITALISM IN RUSSIA IN THE WORKS OF MARX, DANIELSON, VORONTSOV, AND LENIN

James D. White

ABSTRACT

While working on the final draft of Das Kapital Volume I, Marx discovered that the assumption that he had previously held: as it circulated capital extended its sphere of operation and at the same time absorbed earlier forms of economic organization was not supported by empirical evidence. From 1869 he began to study how in fact capital began to circulate in Russia, a country which had begun to create a capitalist economy after the liberation of the peasantry in 1861. Marx was aided in this project by Nikolai Danielson, who sent him materials on the Russian economy and who himself made a study of contemporary trends in Russian economic development. Marx contributed to the article Danielson published in 1880 on this subject. One of the works Marx acquired was the book by Vorontsov, who concurred with Danielson that only some features of capitalism were present in the Russian economy and that peasants were dispossessed without being re-deployed in capitalist enterprises. Marx died without incorporating his Russian material into the second volume of Das Kapital. Engels failed to see any problem with the circulation of capital and published the manuscripts as he found them, dispersing Marx's Russian materials. Unlike Danielson, Engels was convinced that Russia's economic development did not differ in any way from that of Western Europe, a conviction shared by Plekhanov and Lenin, who classed Danielson and Vorontsov as "narodniki." Lenin's book

The Development of Capitalism in Russia is a polemic against Danielson and Vorontsov, but does not directly address the points they made.

Keywords: Marx; Danielson; Vorontsov; Lenin; Populism; Russia

MARX'S PURPOSE IN STUDYING RUSSIA

Toward the end of the nineteenth century, three important works appeared devoted to investigating the direction taken by the Russian economy in the aftermath of the 1861 liberation of the peasantry. These were Nikolai Danielson's¹ *Studies in the Development of our Post-Reform Economy* (1893), V. V. Vorontsov's *The Fate of Capitalism in Russia* (1882), and V. I. Lenin's *The Development of Capitalism in Russia* (1899). The significance of the three works is not only that they provide valuable insights into the extent to which capitalism had made inroads into the Russian economy by the time they were written, but also that they reflect the two dominant ideological currents within the Russian socialist camp: "Narodism" ("Populism") represented by Danielson and Vorontsov, which deplored the destructive effects of capitalism on the social fabric of the country, and "Marxism," represented by Lenin, which welcomed the development of capitalism in Russia, as it would lead in the long run to the establishment of a socialist society. However, an examination of the three works reveals that the intellectual relationship of Marx to Danielson and Vorontsov was particularly close, whereas Lenin's approach to the Russian economy was one that was derived from Engels and Plekhanov.

The determining factor in Marx's relationship to Danielson's and Vorontsov's works was his evolving perception of the way capital circulated and reproduced itself. Up to the time that *Das Kapital* Volume I was published in 1867, Marx had assumed that the repeated circuits of capital through the cycle of money–commodity–money would extend the sphere of capital's operation. He thought that the social relations that made capitalism possible – the division into capitalists and proletarians – would reproduce themselves on an expanded scale; that new enterprises would arise and peasants, who had hitherto made their living from the land, would be turned into industrial workers. In this way the pre-conditions for capitalist production would be created anew, as the cyclical process returned to its point of departure (White, 1996, pp. 168–170, 191).

The concept of circulation was a crucial one for Marx's entire project. It provided the dynamic by which capitalism expanded outward and would eventually become the universal economic system with the creation of the world market. In the early drafts of the second volume, it is possible to see that there was a philosophical dimension to the question of circulation which is no longer in evidence in the published version (White, 1996, pp. 194–195). From his observations in Volume III, it emerges that Marx intended what were to become the three volumes of *Das Kapital* to form a progression from the more abstract to the more concrete, the third volume dealing with phenomena which appeared "on the surface of society" (Marx, 1981, p. 117). It was this kind of progression that

determined the distribution of material throughout the three volumes. The close integration of the volumes meant that some aspects of capital's circulation were prefigured in the drafts of Volume I and were carried over to Volume III. One can well imagine that if it had been completed Marx's treatment of capitalism in the three volumes would have formed an elegant and well integrated whole.

What prevented the completion of this scheme was Marx's belated realization that in its circuits capital did not necessarily expand the sphere of its operation by dissolving earlier forms of social and economic organization. In fact, as he indicated in a letter to Engels of 25 March 1868, capitalism and traditional communal forms of agriculture could easily coexist (Marx & Engels, 1987, p. 558). Later, he was to discover that the opposite was also possible: that traditional forms of society and economy could be destroyed by capitalism without their being absorbed into the capitalist system.

From 1867 Marx embarked on two courses of action. One was to remove from his writings any suggestion that the circulation of capital was necessarily destructive to earlier economic systems. He did this by removing explicit references to capital's subjugating role in the first edition of *Das Kapital*, a process he carried further in the second edition of *Das Kapital* Volume I published in 1872 and in the French translation published between 1872 and 1875. Since Marx's exposition of the economic categories of the capitalist system was structured on analogy with Hegel's *Science of Logic*, these philosophical underpinnings were greatly reduced in the second edition of *Das Kapital* and eliminated entirely in the French translation.

The other course of action that Marx embarked upon was to investigate how the circulation of capital actually took place. For this purpose, he had the ideal material for study to hand. In 1861, the Russian government had liberated the serfs in the expectation that Russia would then develop along capitalist lines, as the countries of Western Europe had already done. This gave Marx the opportunity to chart the emergence of capitalism as it took place. For this purpose he began in 1869 to learn the Russian language and to collect first-hand sources on the development of the Russian economy.

MARX AND DANIELSON CORRESPOND AND COLLABORATE

Marx was singularly fortunate to have as one of his Russian contacts Nikolai Frantsevich Danielson², who, along with his friends Herman Lopatin and N. N. Liubavin, had translated the first volume of *Das Kapital* into Russian (1872). He also assiduously supplied Marx with materials for his study of the Russian economy. Danielson himself carried on research into the subject, making extensive use of statistical materials that were available to him in his capacity as an employee of the Society of Mutual Credit, a subsidiary of the State Bank, in St Petersburg (Grin, 1985, p. 11). In these researches, he was encouraged by Marx. In his letter of November 15, 1878, Marx requested Danielson to supply him with information on the state of Russian finances, information that

Danielson doubtless possessed, being someone who was a banker by profession (Marx & Engels, 1991, p. 344).

By the spring of the following year, Danielson had carried out the requisite research and presented his findings in a letter to Marx dated March 5 (17), 1879. This letter was in effect the first draft of the article that Danielson published in the journal *Slovo* in 1880. The letter was accompanied by statistical tables illustrating the part played by the railways and the banks in the economy of the country. These institutions made it possible for grain to be exported abroad while the peasants who produced the grain were impoverished and starved. Danielson was especially struck by the fact that while the railway companies made vast profits, they were in considerable debt to the exchequer (Marx & Engels, 1967, pp. 357–371). As he remarked:

But what does the government gain in incurring these colossal expenses? Their result is a significant development of trade, which at the same time was helped by the credit and land banks, founded in the same period. That is why one should look at the influence of all these institutions taken together. (Marx & Engels, 1967, p. 363)

On April 10, 1879, Marx commented on the draft article contained in Danielson's letter of 5 (17) March. Marx found this "remarkable" and made some observations on what Danielson had written. These were:

The railways sprang up first as the '*couronnement de l'oeuvre*' in those countries where *modern industry was most developed* – in England, United States, Belgium, France etc. I call them the '*couronnement de l'oeuvre*' not only in the sense that these were the last (together with steamships for oceanic intercourse and the telegraphs), the *means of communication* adequate to the modern means of production, but also in so far as they were the basis of the immense joint-stock companies, forming at the same time a new starting point for all other sorts of joint-stock companies, to commence by banking companies. They gave in one word an impetus never before suspected to the *concentration of capital* and also to the accelerated and immensely enlarged *cosmopolitan activity of loanable capital*, thus embracing the whole world in a network of financial swindling and mutual *indebtedness*, the capitalistic form of 'international' brotherhood.

On the significance of railways for capitalist development, Marx continued:

On the other hand, the appearance of the railway system in the leading states of capitalism allowed, and even forced, states where capitalism was confined to a few summits of society, to suddenly create and enlarge their capitalistic *superstructure* in dimensions altogether disproportionate to the bulk of the social body, carrying on the great work of production in the traditional modes. There is, therefore, not the least doubt that in those states the railway creation has accelerated the social and political disintegration, as in the more advanced states it hastened the final development, and therefore the final change of capitalistic production [...]. Generally, the railways gave of course an immense impulse to the development of Foreign Commerce, but the commerce in countries which export principally *raw produce*, increased the misery of the masses. Not only that the new indebtedness, contracted by the governments on account of the railways, increased the *bulk of imposts* weighing upon them, but from the moment every local production could be converted into cosmopolitan gold, many articles *formerly cheap*, because invendible to a great degree, such as fruit, wine, fish, deer etc., became *dear* and were withdrawn from consumption, while, on the other hand, *production itself*, I mean the special *sort of produce*, was changed according to its *greater or minor suitability for exportation*, while formerly it was principally adapted to its consumption *in loco*. (Marx & Engels, 1991, pp. 356–357)

On July 14 (26), 1879, Danielson wrote to Marx expressing his delight at Marx's favorable reception of his ideas. He also expressed regret that Marx was still some way off the completion of the second volume of *Das Kapital*. In the meantime, Danielson had been continuing his researches into the Russian peasant economy and he reported his findings to Marx in some detail. Danielson reiterated his conviction that in Russia "all our efforts are directed, not at the organization of production (which does not develop), but to the organization and development of *circulation*." In this connection, he added that:

That is why it is extremely interesting and instructive to study the contemporary economic development of Russia: we see a country with a very weakly developed productivity, a social organism which is infected with the disease of capitalism in its most dangerous form. (Marx & Engels, 1967, pp. 382–393)

This was a view from which Marx did not dissent.

In his letter to Marx of August 21 (2 September), 1880, Danielson reported that the tables of statistics he had accumulated now complemented each other in such a way that they showed:

not only the close connection of all the phenomena in our economic life, but also the almost full adaptation in the course of the evolution of each separate phenomenon to all the others and vice versa.

He surmised that the second volume of *Das Kapital* would examine these economic phenomena and explain what gave rise to them. But since such phenomena had not only a purely theoretical, but also a practical interest, it would be desirable to communicate them to the public. It was for this reason that Danielson proposed that Marx write for some Russian journal an article on the subject of "our post-reform economy." If Marx agreed to do this, Danielson would supply him with all the statistical tables he had collected. If he declined to write such an article, Danielson would attempt to do so himself, giving a summary of his research findings. He hoped that Marx would allow him to cite his comments on Danielson's letter of March 5 (17), 1879 (Marx & Engels, 1967, pp. 423–424).

Marx answered, assuring Danielson that under normal circumstances, he would gladly do as Danielson requested, but that at the present time the state of his health and concern for that of his wife would not permit him to engage in theoretical work. "However," Marx continued:

the most important part for the *public in general* is that which you have already performed – the drawing up of the statistical tables and the interpretation of the *facts* which they imply. It would be a pity if you delayed the publication which I expect myself with the greatest impatience.

Whatever you may have found useful in my letters for that purpose, you may freely dispose of. Only I fear it is not much, since I sent you only a few fragmentary scraps. (Marx & Engels, 1992, pp. 30–31)

On receipt of this letter, Danielson began to write the article "Studies in Our Post-reform Economy," utilizing the information and the statistical tables that he had sent to Marx. On the completed article, Danielson told Marx: "You will

not find anything new in it (with the exception of the table on p. 129, note). As you will see, I have made wide use of your kind permission to cite your letters.” Danielson also explained that for lack of time he had limited himself to only part of the area he had intended to cover. Moreover, there were external constraints to what he could say in the article. Besides the censor, there was the publisher of the journal, who was averse to even Marx’s name being mentioned in his presence (Marx & Engels, 1967, p. 430).

Danielson’s article “Studies in Our Post-reform Economy” was published in the journal *Slovo* in October 1880 under the pseudonym of Nikolai-on. Danielson begins his study by showing the interdependence of the Russian railway companies and the banks. Initially it had been the government which had organized and financed the building of railway lines. For this purpose, it had raised loans abroad and decided to involve the private sector in the undertaking. But since private companies did not have at their disposal the kind of finance that railway construction required, they turned to the banks for credit. Before 1864, the only institution supplying credit was the State Bank, but in the 1870s with the railway-building fever, private banks began to proliferate. These supplied credit to the railway companies and dealt in the companies’ shares and securities. By 1879 of the 2,033 million roubles invested in joint-stock companies, 1,383 million roubles came from shares in railway companies (Daniel’son, 1880, pp. 78–79).

If one looked at the profitability of the railway companies themselves, one encountered an amazing paradox. There was extraordinary growth in net income between 1870 and 1877 of 145 percent, but an even stronger growth in expenses for the same period of 162 percent. The difference between income and expenditure also grew significantly, from 32.5 million roubles in 1870 to 71.7 million roubles in 1877: that is, a growth of 120 percent. But despite this increase not only in gross, but also in net income, the debts of the railways to the state over the period rapidly increased (by 150 percent). This was explained by the fact that whereas the income from the profitable lines went into the pockets of private persons, the losses from the remaining lines were covered by the state (Daniel’son, 1880, p. 85).

How, Danielson asked, did the state recoup these enormous expenses? The answer, he suggested, was in the extraordinary development of trade, especially in the export trade in grain. Grain was Russia’s main export and was also the main item of freight carried on the railways. Using the information from the publication *Survey of Internal Trade*, Danielson analyzed the implications of rail traffic for the Russian economy. He first of all looked at the movement of peasants by rail throughout the agricultural year. These were peasants who traveled for “agricultural subsidiary occupations,” that is, in order to supplement the meager income which they received from their own allotments of land. Because these allotments were insufficient to provide a livelihood and the means of paying taxes, other sources of income had to be sought. Not finding work nearby, the peasants set off to find employment elsewhere, in regions of the country where agricultural workers were in demand.