

Yuli Zhukovsky's economic policy and Russia's "agrarian issue" of 1850s-60s

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The major and obvious concern for the Russian economic thought in the 19th century was economic backwardness (see e.g., Melnik, 2021). The reforms of tsar Alexander II paved the road for economic modernization. The debates on the economic development started with a relief of censorship in the 1850s. One of the most significant reforms happened in 1861 as the serfdom was legally abolished. This fact implied the beginning of the transition from feudal economic system to capitalism. However, such transition was painful for the predominantly agrarian economy (Leonard, 2010). The peasants released from the landlords without land in their property, thus leaving peasants in direct vassalage to the same people, but now in the form of market relations. The issue of implementing capitalist order in agriculture was named "The agrarian issue" and became the kernel of debates on economic development, comprising many problems and challenges faced by. Liberal intelligentsia of 1860s openly criticized the reform, calling it *serfish* and unjust (Vianna Franco, 2020). This paper focuses on the critics of Yuli Zhukovsky, a Russian economist, publicist, and public official.

Yuli Galaktionovich Zhukovsky was born on April 22, 1833, in St. Petersburg. After successful graduation from Imperial College of Law he was enlisted in the Ministry of Justice, where he worked for three years. In summer of 1857, Zhukovsky following a trend among aristocratic youth made a long overseas trip where he visited Rome, Berlin, Paris and London. This journey made a strong impression on him and his consecutive views on economic policy. Notably, even in his youth, he was an opponent of preservation of serfdom in Russian empire. After his mother's death, Zhukovsky inherited an estate in the Crimea and immediately gave freedom to his serfs. In 1859, his first works were published. Soon he became a regular contributor to the famous journal "Sovremennik" edited by N. A. Nekrasov. At that time, Zhukovsky devoted all of his time to journalism and soon a circle of opposition intelligentsia was formed around him. After a threatening trial for "the attempt on honor and dignity of nobility" and several unsuccessful attempts to continue his literary efforts, Zhukovsky quit his writing career and got a job at the Ministry of Finance, where he achieved the position of Governor of the State Bank of the Russian Empire. Thus, Zhukovsky's ideas can be interesting in a way that he was both a productive theorist as well as an outstanding practitioner.

Nevertheless, Zhukovsky's fate destined him to be long forgotten. In his lifetime, he was subjected to criticism from both K. Marx and F. Engels. In one of the letters to N. Sieber Marx characterized Zhukovsky as "a queer would be encyclopedist". Such critique from the ideological leader and his success in the financial apparatus of odious tsarist regime did not make any fame for Zhukovsky in the eyes of Soviet economists. The latter continued with critique stating that Zhukovsky "... elevated to the ideal of all economic development the strengthening of petty capitalism", "... ignored the interests of the oppressed majority ..." and "...came to praise the philosophy of Jeremiah Bentham". As a result, the analysis of Zhukovsky's works was postponed until the fall of the Soviet Union and liberalization of economic thought and ideology in general.

Nevertheless, Zhukovsky's theoretical views present interest for the contemporary history of economic thought. As a self-taught economist he was receptive of the major western academics such as John Stuart Mill (Zhukovsky 1865) and Henry Charles Carey (Zhukovsky 1872). He also was familiar with the works of philosophers like Jeremy Bentham (Zhukovsky 1867; Zhukovsky 1871), Francis Bacon, John Locke, and Immanuel Kant (Zhukovsky 1871). Notably Zhukovsky anticipated the development of

mathematical methods and was among the first in Russia to provide analytical interpretation to the theory of David Ricardo (Melnik, 2014). Vladimir Karpovich Dmitriev, a prominent Russian economist, who popularized the use of mathematics in political economy, mentioned Zhukovsky among his influences and highly praised his interpretation of Ricardian theory (Dmitriev, [1904] 1974).

Generally, the analysis of Zhukovsky's contribution to the issue of economic development may help in understanding the approach towards economic growth from a perspective opposite to the Marxist doctrine, prevalent in the Russian economic thought for the next century.

Zhukovsky presumed that the economic development can be achieved by consistent institutional reforms, namely the efficient regulation of employment of peasants and workers in the agricultural sector (Zhukovsky, 1862). As well as radical socialists he rejected the approach proposed by the government officials that fulfilled the needs of landlords and put liberated peasants in an even more disadvantageous position than it was at the times of serfdom. Zhukovsky criticized the attempts to adopt Western policies directly disregarding Russian cultural environment. Such approach in interpretation of economic theory and policy is a prominent trait of Russian intellectual tradition and can be traced in the most directions of social ideas. Nevertheless, Zhukovsky suggested analyzing the structure of agricultural relationship in other countries, such as French Algeria (Zhukovsky, 1863).

The implementation of the reforms and abolition of serfdom sparked the debates further. Zhukovsky in his 1871 work applies Ricardian theory to the issue of economic development as he considers the relations between a distribution and economic growth ("the wealth of nation") undoubtedly inspired his interpretation.

Zhukovsky views the total rent not as a resource for the improvement of individual (landowner's) wealth, but as a natural fund that can finance and stimulate the economic growth. The reduction of rent coming from the technological improvements does not mean the disappearance of rent, but its productive use, namely the transformation of rent into capital (Zhukovsky, 1871, p. 336). Supports his thesis with Prussian data. Zhukovsky suggests that the redistribution of rent among consumers results in an insignificant increase in wealth, while if we consider 3 million thalers as an annual capital inflow this comes as a tangible asset. He distinguishes between productive and unproductive use of rent. The first concept refers to its investment in any business that generates profit for the owner, for example, the construction of roads (Zhukovsky, 1871, p. 337). If the rent is used productively then it should be viewed as a *natural tax* that stimulates economic growth. However, if the rent is used in an unproductive way the economy faces "severe consequences" (in fact underdevelopment) (Zhukovsky, 1871, p. 338). If under the condition of population growth (which indeed occurred in Russia at the time) the rent is used unproductively. Thus, according to Zhukovsky, when economists argue against the rent (i.e., against landowners), they in fact should argue against the unproductive use of rent. Hence, he outlined the analytical foundations for the liberal approach in contemporary Russian debates.

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