

POST-SOVIET RUSSIA'S HISTORIC COMPROMISE, 1992-1998: THE
POLITICAL ECONOMY OF RE-FEUDALIZATION DURING
SOCIOECONOMIC COLLAPSE

by

Hamid Sakhai

Submitted in partial fulfilment of the requirements
for the degree of Master of Arts

at

Dalhousie University
Halifax, Nova Scotia
August 2013

© Copyright by Hamid Sakhai, 2013

I dedicate this work to my mother who has been a source of support and inspiration.

TABLE OF CONTENTS

LIST OF FIGURES	vii
ABSTRACT.....	viii
LIST OF ABBREVIATIONS USED	ix
ACKNOWLEDGEMENTS.....	x
Chapter 1: Introduction.....	1
Chapter 2: Overview of Russia’s Socioeconomic Transition (1992-1998) and the Concept of Feudalism and Re-feudalization.....	4
2.1 Background to the Crises	4
2.2 Overview of Political and Economic Theories Used to Explain Russia’s Transition	7
2.3 Literature Review of Comprehensive Theoretical Frameworks.....	11
2.4 Conclusion	19
Chapter 3: Socioeconomic Collapse 1992-1998: An Empirical Case for Socioeconomic Regression	20
3.1 Demographic Transition Theory.....	21
3.1.1 The McKeown Thesis on Mortality Decline	23
3.1.2 The Nutritional Transition	26
3.2 Shock Therapy and the Reversal of Projected DTT Developmental Trends	27
3.3 Shock Therapy and the Reversal of Developmental Indicators as Indicated by Tuberculosis (Tb) Rates in Russia	31
3.4 Conclusion	34
Chapter 4: The Mode of Production Model.....	36

4.1	The Economic Base of the Mode of Production Model	36
4.2	The Superstructure within the Mode of Production Model	38
4.3	Historical Materialism	40
4.4	A Definition of Historical Modes of Production	41
4.4.1	The Feudal, Capitalist, and State Capitalist Modes of Production.....	41
4.4.2	The Labor Theory of Value as a Determinant of the Mode of Production.....	42
4.5	Criticisms against the Mode of Production Model	46
4.6	Conclusion	49
Chapter 5:	The Historical Transition Debates for Historical-Comparative Analysis.....	50
5.1	Overview of the Dobb-Sweezy and the Brenner Transition Debates	50
5.2	The Demographic-Economic Framework.....	52
5.3	The Commercial Trade Framework.....	53
5.4	The Mode of Production Framework.....	56
5.4.1	Brenner’s Position.....	56
5.4.2	Bois’s Position	58
5.4.3	Dobb’s Position.....	60
5.4.4	Heller’s Position.....	61
5.4.5	The Role of the State in the Transition From Feudalism to capitalism.....	62
5.5	Conclusion	63

Chapter 6:	The Theory of Primitive Accumulation	64
6.1	General Overview of the Theory of Primitive Accumulation	65
6.2	The ‘Theft and Plunder’ Model of Primitive Accumulation	67
6.3	Primitive Accumulation under the World Systems Framework	68
6.4	Primitive Accumulation under the Mode of Production Framework	69
6.5	Primitive Accumulation as a Transitional Process between Modes of Production	71
6.6	Conclusion	75
Chapter 7:	Russia’s Three Phases of Primitive Accumulation Examined Through the Mode of Production Model	76
7.1	A Long-Wave Perspective on the Cyclic Phases of Primitive Accumulation in Russia	76
7.2	The Transition from Serfdom to Industrial State Capitalism	77
7.3	Primitive Socialist Accumulation.....	79
7.4	Perestroïka as a Precursor to Laissez-Faire Primitive Accumulation	81
7.5	Conclusion.....	82
Chapter 8:	Laissez-Faire Primitive Accumulation (1992-1998).....	84
8.1	The Diachronic Mode of Production Model Applied to Russia’s 1992-1998 Transition.....	84
8.2	A Diachronic Analysis of Russia’s Transitional Mode of Production	85
8.2.1	The Superstructure	86
8.2.2	The Relations of Production	91
8.2.3	The Forces of Production.....	98
8.4	Conclusion	101

Chapter 9:	Refeudalization as a Historic Compromise set Against Socioeconomic Collapse.....	103
9.1	Introduction.....	103
9.2	Antagonistic Class Compromise as a Historically Stabilizing Force	104
9.3	Conclusion	108
Chapter 10:	Conclusion and Implications.....	109
10.1	The Model.....	109
10.2	Findings.....	111
10.3	Implications.....	112
Bibliography	114

LIST OF FIGURES

Figure 1. Life expectancy at birth (1990-2000) in the Russia Federation	28
---	----

ABSTRACT

During the period of 1992-1998, Russia underwent a transition from a centralized economy to a market economy with devastating socioeconomic consequences, and industrial decline, which has resulted in demographic crises. The central argument driving this thesis is that during its transition to a market economy, through shock therapy from 1992-1998, Russia's social and economic infrastructure went through a *regression* in the form of refeudalization, which is empirically revealed through health and demographic indicators. Remarkably, the effects of this socioeconomic regression was buffered from further devastation through a set of social compromises between workers, unions and industrial managers, which stabilized the brunt of shock therapy, but still resulted in the refeudalization of Russian society. The objective of this study is to construct a comprehensive model to conceptualize Russia's socioeconomic regression during the period of transition from 1992-1998, and to explain the causes for the regression within the model.

LIST OF ABBREVIATIONS USED

CPSU	Communist Party of the Soviet Union
DTT	Demographic Transition Theory
FITUR	Federation of Independent Trade Unions of Russia
FSU	Former Soviet Union
MDR-Tb	Multi-drug resistant tuberculosis
RIUB	Russian Union of Industrialists and Businessmen
Tb	Tuberculosis
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization

ACKNOWLEDGEMENTS

I would like to express my gratitude to my thesis supervisor, Dr. Nissim Mannathukkaren for his guidance, support, as well as for renewing my enthusiasm for social theory. I would also like to thank Dr. Huish and Dr. Finbow, who as members of my thesis committee provided me with invaluable comments for cultivating my thesis. Furthermore, I would like to thank Dr. Ulicki and Nicole Drysdale for guiding and supporting me throughout the thesis writing process. I would also like to thank Dr. Wong for having helped me realize my potential in academia.

Chapter 1: Introduction

During the period of 1992-1998, Russia underwent a transition from a centralized economy to a market economy with devastating socioeconomic consequences, and industrial decline, which has resulted in demographic crises. Despite this catastrophe, conventional economic theories have not provided an adequate explanation for the failure of shock therapy and its dramatic socioeconomic transformation of Russia. The central argument driving this thesis is that during its transition to a market economy, through shock therapy from 1992-1998, Russia's social and economic infrastructure went through a regression. Remarkably, this systematic regression was buffered from further devastation through a set of social compromises between workers, unions and industrial managers, which stabilized the brunt of shock therapy, but still resulted in the refeudalization of Russian society. I refer to this compromise as a *historic compromise* in a double sense; both as a survival response to the unprecedented socioeconomic crises that Russia experienced during this period, and in terms of the precedent of Russia's own unique historical experience which involved a similar process of re-feudalization out of socioeconomic necessity from the period of the fifteenth century to the sixteenth century. The case of the refeudalization of Russia's social and economic relations during the period of transition (1992-1998) however, is open to empirical investigation through reference to socioeconomic developmental indicators.

The objective of this study is to construct a comprehensive model to conceptualize Russia's socioeconomic regression during the period of transition from 1992-1998, and to explain the causes for the regression. The conceptualization of regression presents a challenge to the teleological assumptions about historical

development which are implicit to certain currents of Marxist theory, as well as to the liberal economic theories behind shock therapy. As we shall see, whereas the former has assumed that modes of production succeed one another through the teleological development of the forces of production, the latter assumes that there is only one ‘normal’ pattern of economic development that all rational societies eventually will succumb to, thereby converging on the same set of market principles that guide this development. This study demonstrates the fallacy of such epistemological assumptions, and provides the theoretical basis for exploring the logic of regression as a socioeconomic process, independent of socioeconomic catastrophes caused by wars or natural disasters.

Chapter two of this thesis will provide a background to the political and economic context of Post-Soviet Russia, as well as a literature review of theories of feudalism and the refeudalization of Russia that have been offered up to date. Chapter three will present the economic, health, and demographic data which empirically demonstrate Russia’s socioeconomic regression. In chapter four, Karl Marx’s mode of production model will be introduced and modified to expand its explanatory power, and Marx’s labor theory of value will be presented to distinguish between the different systems of production that will be looked at in this study. Chapter five will present the historical transition debates, with the purpose of uncovering common themes that will be used for historical comparative analysis. Chapter six and seven will provide an overview of the theory of primitive accumulation and a brief history of primitive accumulation in Russia. In chapter eight and nine, the mode of production model will be used, along with the empirical, historic, and theoretical material highlighted in the previous chapters to provide a

comprehensive account of Russia's transition to a market economy from 1992-1998
which conceptualizes Russia's socioeconomic regression during this period, and explains
some of the factors behind this outcome.

Chapter 2: Overview of Russia's Socioeconomic Transition (1992-1998) and the Concept of Feudalism and Re-feudalization

This chapter provides a background overview of the Russia's transition from 1992-1998, followed by a critical literature review of the works of some of the official economic and political that were involved in implementing shock therapy in Russia. The latter part of this chapter provides a critical literature review of more comprehensive theories which have revived the concept of feudalism to describe the social relations in contemporary Russia.

2.1 Background to the Crises

Following the disintegration of the Soviet Union, Russia embarked upon a remarkable socioeconomic transition from a system of central planning towards a market based economy under the guise of shock therapy. Shock therapy was a model of economic transition that was based on implicit laissez affaire economic ideology that cautioned against state intervention and promoted the expansion of markets to promote economic growth and stabilization (Reddaway and Glinski, 2001) The monetary policies of shock therapy led to a massive deindustrialization of the military-industrial complex that the Russian Federation had inherited from the Soviet Union, and with it, Russia lost its status as an industrialized manufacturing based economy, relying instead on its massive hydrocarbon resources as a new global supplier of petrochemicals to keep its economy running (Kagarlitsky, 2008). The effects of shock therapy on the Russian population was even more dramatic, with overnight hyper-inflation as high as 1 354 per cent within the first year of its implementation (Reddaway and Glinski, 2001, p.249), which led to massive impoverishment and a race for basic economic survival. Even more

dramatic was the massive increase in mortality rates that peaked in from 1992-1994 (Shapiro, 1995 and Shkolnikov et al., 1998). Yet despite these demographic crises, and a drop in industrial output by fifty percent (Gavrilenkov and Izryadnova, 2003), which finally led to the collapse of the economy in 1998, Russia endured without state collapse. How can an industrialized society undergo such a dramatic socioeconomic regression in the absence of war or a natural disaster without state and civil collapse? Why exactly did shock therapy fail, and what were the underlying stabilizing factors that that mitigated the prospect of state collapse and civil collapse under such catastrophic conditions? Despite the magnitude of this socioeconomic catastrophe, conventional economic political theories have not provided a comprehensive explanation for the failure of shock therapy and its dramatic socioeconomic effects on Russian society.

This chapter offers a critical literature review of the most prominent political and economic explanations that have been provided by policy makers who were involved in the implementation and oversight the shock therapy approach that was applied to Russia in hopes of achieving a rapid transition to market economy between 1992-1998. The main line of critique against these perspectives is that they fragment the problem to either a) the failure of a specifically political problem of Russian democracy, or b) a specifically economic problem inherited from the structural distortions of the Soviet economy, without examining the historic context that ties these political and economic factors in order to arrive at an adequate explanation of the outcome. Most importantly, this fragmented approach fails to examine or explain the significance of the social devastation that have been produced in Russia's recent history, in terms of objective measures such as dramatic decline in quality of life indicators. In other words, the gap in the existing

literature indicates that research on this topic is both methodologically and theoretically limited. The methodological limitation arises from reliance on a fragmented ahistoric approach that does not provide the broad framework that is required to explain the socioeconomic regression. Furthermore, this approach is self-limiting because it works within pre-existing theoretical concepts that are confined to formalized macroeconomic or political fields of thought. A set of critically oriented theories have been offered by Buzgalin & Kolganov (1994), Kotz & Weir (1997), Reddaway & Glinski (2001), and Woods (2007), which have examined the broader set social and political factors that are lacking in the explanatory frameworks of Gaidar (2003), Aslund (2009) and Sachs (1995). Although these theories have provided an excellent source of alternative explanations that point out the deficiencies in the shock therapy model of transition, I argue that they never the less tend to deviate either into normative arguments against shock therapy, by overemphasizing the intentions of the political decision makers, or otherwise tend to offer descriptive accounts of the transition period and its outcome in place of theoretical analysis. Most importantly however, in their rush to criticize the flawed policies and tragic outcomes of shock therapy, these alternative theorists have neglected to make any formal analyses of how the Russian state and society managed to endure the ravages of shock therapy. What stabilizing factors or set of social and political compromises averted total state collapse and civil war, which were commonly held fears among ordinary Russians and predictions by Russian political analysts at the time? (Reddaway and Glinski, 2001)

2.2 Overview of Political and Economic Theories Used to Explain Russia's Transition

An exploration of the explanatory theories provided by the key architects and analysts of shock therapy will help uncover the inherent logic of a policy model that has been the source of so much social devastation for the Russian economy and the Russian people. The theorist who is most commonly associated with shock therapy is the Harvard educated economist Jeffery Sachs, who helped implement shock therapy as an economic policy in Bolivia and Poland (Reddaway and Glinski, 2001). Interestingly, the wide gap between Sachs's theory of shock therapy as he had originally envisioned it, and its implementation within the context of Russia has led him to remark that "Despite the all of the uproar in recent years about "shock therapy" in Russia, knowledgeable observers understand that it simply never occurred..." (Sachs, 1995, p.53). In his analysis of the failure of shock therapy, Sachs outlines both the internal policy failures in Russia, as well as external policy failures from the international community. For Sachs (1995), the key internal causes for the failure of shock therapy involved the failure to rapidly create a national currency separate from the regional currency of the Common Wealth of Independent States (CIS), and to implement all the elements of shock therapy before a popular backlash could be mounted against it. Both of these measures were meant to control the hyperinflation that had already been expected to occur once price liberalization came into effect (Sachs, 1995). In terms of the external causes of the failure of shock therapy, Sachs blames Western financial agencies for delaying, and in some cases failing to provide loans to Russia to help finance its budget deficit; in addition to their failure to carry out a debt settlement plan, which had been carried out in two phases during Poland's shock therapy (Sachs, 1995). It is clear that in his explanation of both the

internal and the external factors that led to the failure of shock therapy, Sachs sees inflation as the main problem that needed to be dealt with. Furthermore, Sachs (1995) has argued that not only could inflation be dealt with through monetary policies, but to do so, shock therapy should have been implemented at an even faster pace. The wisdom of this economic outlook has been challenged by numerous economists (Reddaway and Glinski, 2001) but more fundamentally, as Knotz and Weir (1997) have pointed out, the assumption that inflation can in fact be controlled by monetary means is itself a contentious proposition.

Anders Aslund, an economist who along with Sachs acted as an economic advisor to Yeltsin's government, has written numerous papers regarding Russia's transition to a market economy. As the title of his book *Russia's Capitalist Revolution: Why Market Reform succeeded and Democracy failed* suggests, written after the crash of the Russian economy in 1998, Aslund (2009) sees shock therapy as an economic success, but one with negative political side effects. Whereas on the economic side, Russia managed to implement rapid privatization of state owned enterprises, create an open market economy, and expand the private sector while limiting prospects for the renationalization of private enterprises by the state, there have been set backs on Russia's political front. Much like Sachs, Aslund sees Yeltsin's key political failure to be his hesitation in confronting the populist back-lash against shock therapy, which erupted as a showdown between the government troops and the parliament in 1993 (Aslund, 2009). Unlike Sachs, he is not hesitant in his implications that Yeltsin should have acted in a more authoritarian manner when engaging the parliament, since, as Aslund (2009) states, "the parliament did not really represent anything..." (Aslund, 2009, p.7). In his analysis

Aslund (2009) creates a binary division between the transformation of Russia's political structures and its economic structures, while reducing the success or failure of these transformations to their tempo of development. The teleological assumptions of such an analysis are obvious. The inherent split between politics and the economy in Aslund's analysis allows him to overlook the drastic failings of the Russian economy during this period, which included the massive deindustrialization of its manufacturing sector, and a drop in economic output by nearly 50% (Gavrilenkov and Izryadnova, 2003). Aslund does this by repositioning the economic shortcomings of shock therapy into the normative realm of politics, where arguments can be shifted from formal economic analysis to normative debates regarding the nature of democracy and the degree to which democracy can be defined by the presence or absence of a market economy.

The chief economist in Yeltsin's government who was responsible for the implementation of shock therapy was Yegor Gaidar. In his book *State and evolution*, originally written in 1994 shortly after the implementation of the first and most disastrous phase of shock therapy, Gaidar gives a very brief account of the rationale behind his policy decisions during his period in power from 1992-1994. For Gaidar (2003a), Russia was already on the verge of socioeconomic catastrophe before the implementation of shock therapy in 1992. Gaidar bases his own analysis of primitive accumulation during this period of Russia's transition to a market economy, upon the works of both Yuri Larin, who analyzed Russia's New Economic Policy (NEP) in the 1920s as well as a brief reference to Lenin's theory of imperialism as a phase of state monopoly capitalism. Gaidar (2003a) refers to Larin's works to compare the parallels between the clandestine interexchange of private enterprise capital with political power through influential

government networks to argue that primitive accumulation, in the form of theft and extortion was already taking place and leading to consumer shortages from the period of 1990-1991. He does not however, give any further elaboration upon the relevance of Lenin's theory of imperialism to this context. The remainder of his analysis of Russia's transition period until 1994 deals with the issues of shock therapy, price liberalization, and privatization. Privatization is the key focus of Gaidar's analysis, as he offers a step by step account of the logistics involved in privatizing small state owned enterprises during the first year of shock therapy in 1992. Gaidar's (2003a) discussion of shock therapy is limited to the simple statement that "There was no real "shock therapy" in 1992, nor in the years that followed" (Gaidar, 2003a, p.97), the same treatment that Sachs (1995) offered, but much more limited since Gaidar does not elaborate on this conclusion in anyway. Similarly, in discussing the most controversial policy of shock therapy, rapid price liberalization which led to hyperinflation from 1992-1993, Gaidar (2003a) merely states that "Liberalizing prices was an important step in our move from nomenklatura freedom to market necessity" (Gaidar, 2003a, p.91). Gaidar then elaborates upon the importance of economic laws in reorganizing society, without articulating the reasons for why it was necessary for price liberalization to take place prior to privatization, a policy detail that has been criticized by economists as constituting the single most damaging aspect of shock therapy (Reddaway and Glinski, 2001). Gaidar's expose of shock therapy then, is limited to series of vague justifications for the necessities of the decisions he made when he helped implemented shock therapy, without any elaboration upon the social devastation caused by shock therapy.

Several scholars have written about the limitations of political and economic analysis of figures such as Sachs, Aslund, and Gaidar's who have been involved in the implementation of shock therapy (Reddaway and Glinski, 2001). What is most relevant about Sachs, Aslund and Gaidar's theories is what they neglect to address, namely, the socioeconomic devastation that took place during Russia's transition from central planning to a market economy. To overcome the limitations of such highly formal yet incomplete accounts provided by segmented political and macroeconomic theories, other scholars in the field of social sciences have turned to new ways to conceptualize the trajectory of Russia's transition in a more comprehensive manner. One of the recent strategies has been to re-examine and broaden the concept of feudalism, which has been used by numerous social science researchers as a descriptive heuristic for characterizing Russia's transition and its outcome.

2.3 Literature Review of Comprehensive Theoretical Frameworks

In this section, I provide a literature review of the works of Gambold (2006), Humphrey (2002) and Ericson (2000), to Shlopentokh and Woods (2007) to explore how the concept of feudalism, has come to be seen as a useful descriptive heuristic for capturing many of the new social, political, and economic features of Post-Soviet Russian society.

In their book *Contemporary Russia as a Feudal Society*, Shlapentokh and Woods (2007) make the bold assertion that Post-transitional Russia is a feudal society. First they outline the futility of liberal economic and existing political science theories for explaining the unique features of Putin's Russia, which they portray as distinct from both

its Soviet predecessor, as well as from 'normal' Western capitalism. Then they make a theoretical distinction between the concept of political feudalism and economic feudalism. For Shlapentokh and Woods (2007), economic feudalism is a concept that is inherently defined by the social relations of power between producers and landlords, within specifically agrarian societies. Political feudalism on the other hand, is a concept that is characterized by parallel power structures between the state, or a central authority, and regional pockets of power. Furthermore, these power structures are maintained through informal networks of power between these regional pockets of power that exert greater regional control than the central state (Shlapentokh and Woods, 2007). Shlapentokh and Woods (2007) limit their analysis of Russia as a feudal society to the political use of the term feudal, and therefore do not explore the process of societal production or reproduction, but rather, the networks of power relations that run it. Despite their clear assertion of working through the political model of feudalism, their analysis is metaphorical or descriptive at best, since their comparative methodology relies on making an observation about specific features of contemporary Russian society, then comparing it to a feudal ideal-type through phrases such as the fact that a given contemporary feature is "like" or "similar to" feudalism. In this way their analysis is not only limited to purely political comparisons, since they have already discounted the economic model of feudalism, but even this political analysis relies on subjective assessments in place of formal criteria of what defines modern feudalism and why.

Richard E. Ericson has overcome this latter theoretical limitation by constructing a new model of what contemporary feudalism entails, which he refers to as industrial feudalism (Ericson, 2000). Ericson's (2000) industrial feudalism model covers both the

political and economic elements of feudalism. In terms of the political elements, Ericson, like Shlapentokh and Woods (2007), places great importance on the regionalization of power, in which local protection rackets and the informal political networks of enterprise directors act as substitutes for local law enforcement by the police and corporate governance that would otherwise ensure the maximization of profit, investment, and capital accumulation rather than the interchange of enterprise wealth and political power that is actually practiced by enterprise directors. In more economic terms, Ericson (2000) shows how private property is used primarily as an instrument for acquiring personal and political prestige, rather than as a medium to invest in, in order to ensure more long term capital accumulation. Ericson further elaborates upon the personalized use of commercial property by noting the distinctly illegal means by which corporate takeovers take place through the deployment of the services of mafia networks for turf wars over corporate mergers. (Ericson, 2000 p.145). Furthermore, these extra-economic features of private firms, extend down to the daily functioning of the firms through forms of de-monetization that involve massive tax evasions, capital flight outside of firms that are themselves in dire need of investment, and the growth of multiple forms of barter between employees and employers, as well as between firms (Ericson, 2000, p.145-146). Although Ericson's model of industrial feudalism provides a more comprehensive conceptualization of what a modern day form of feudalism would entail, through an analysis of both political and economic factors, it never the less suffers from two limitations. First, Ericson's model is defined through negative criteria, in other words, it looks at how Russian society conforms neither to traditional feudalism nor modern capitalism, which in turn, requires it to be compared to the ideal types of historical

European feudalism and modern market capitalism. Second, this necessary comparison falls back upon the same descriptive or metaphoric method of comparison that Shlapentokh and Woods (2007) rely on. In contrast to the ambiguous theoretical models of neo-feudalism (Shlapentokh and Woods, 2007) and industrial feudalism (Ericson, 2000), field anthropologists have been more cautious to adopt the term feudalism when describing their observations about the transformation of the Russia countryside.

In a study of a recently privatized collective farm in the village of Moshkino, of the Nizhegorodskaia oblast of the Russian Federation, the field anthropologist Liesl L. Gambold (2003) made several observations of local customs and economic practices that could be described as feudal. These include payments made in kind rather than through monetary transfers, through various forms of barter, as well as the re-emergence of paternalistic relations of power and inclusion. Referring to K.B. McFarlane's argument, that concepts such as feudalism are useful heuristics for social analysis and that the concept of feudalism should be broadened beyond its limited historic connotation, Gambold argues that feudalism is a suitable term to operationalize her ethnographic findings (Gambold, 2003). Her ethnographic findings focus on a particular woman name Ekaterina Makaricheva, who became the director of one of the first privatized collective farms, following the passage of Federal privatization protocols in the early 1990s (Gambold, 2003). Yet what Gambold (2003) found was that the logic of pre-established local customs and social obligations exerted a greater influence on how Ekaterina directed the new privatized farm, rather than the logic of the market or the profit motive. Rather than laying off redundant labor or dismissing incompetent workers for instance, she felt obligated to retain them and secure their basic material needs, since she was aware that

social safety nets did not exist outside of the de-collectivized farm. By using McFarlanes's broadened definition of feudalism then, Gambold (2003) operationalizes these ethnographic findings as the characteristic features of feudal relations. In Ekaterina's case for instance, Gambold notes that

With only 38 full-time workers it hardly seems plausible to call Ekaterina a modern day suzerain. However, for those workers, their families, and other residents in the village, especially the pensioners, Ekaterina does fulfill the position of an authority, a protector, a provider, a patron. (Gambold, 2003 p. 13).

For Gambold (2003) then, if the concept of feudalism is sufficiently broadened and extended to encompass the entire fabric of social relations, rather than arbitrary parallels, it is a useful concept to operationalize ethnographic field observations made in specific contexts, such as the village of Moshkino in post-Soviet Russia.

In contrast to the view taken by Gambold, the anthropologist Caroline Humphrey (2002) has been more skeptical in regards to adopting the concept of feudalism to describe the features of post-Soviet Russia. In her field observations in the Eastern Siberian region of Buryatia, Humphrey (2002) describes the revival and intensification of such outmoded practices as bartering for basic sustenance, or the formation of local laws by the executives of elites of local organizations, what Humphrey refers to as "suzerainties" (Humphrey, 2002, p.6). However, Humphrey is quick to distance these observations from the notion of feudalism as used by other theorists, and adopts a completely different strategy to conceptualize her observations. Rather than turning towards a particular theoretical framework to categorize her observations, she bypasses

theorizing her findings, and instead turns towards a refined methodology to conceptualize her findings; linguistic analysis. By analyzing the meaning of key terms that are used by the local inhabitants themselves, in describing how they see the events that are unfolding around them, Humphrey turns towards the analysis of local discourse to analyze how power relations operate and are perceived by the subjects themselves, rather than theorizing these relations (Humphrey, 2002). The term *khoziain* for instance, has been traditionally used to describe the agrarian masters or power holders (Humphrey, 2002, p.28), which to an outsider would appear to be a direct reference to feudal lords. Humphrey (2002) however, goes on to show how the genealogy of this lexicon was not only congruent with socialist modernization, but was in fact, created by it, in a passage which is worth quoting at length:

This vocabulary was developed during the Soviet period, and despite contradictory tendencies in Marxist and Bolshevik theory, it served to strengthen an earlier and important strand of Russian thought. According to this idea, socio-political order is brought about by the exercise of centralized and personified power, not by law, the observance of principles, or the existence of civil society. (Humphrey, 2002, p.28).

What we gather from this statement then, is that a continuous feature of feudalism found even amongst the social relations of highly rationalized and modernized relations of production in Soviet enterprises. Far from obliterating traditional social relations then, as many scholars of Soviet industrialization have claimed (Mandel, 2004), Soviet industrialization in fact maintained, or even intensified certain feudal power relations and relations of reciprocity, albeit within a new ideology of socialism.

Humphrey's elaborate use of linguistic and discourse analysis methods to explore the meaning of her ethnographic findings as an alternative to theorizing them raises certain questions about the theoretical utility of the concept of feudalism. Does drawing parallels between the developments within post-Soviet Russian society with feudalism hold any theoretical value? Or is it simply an empty category that should be either broadened and built upon to carry explanatory weight, or displaced altogether by alternative methodological approaches, such as discourse analysis? I argue that feudalism as a theoretical category holds particular merit in examining the particular case study of Russia because Russia's medieval period has been characterized as having a very unique form of feudalism (Braudel, 1982). In his book *The Wheels of Commerce: Civilization & Capitalism 15th-18th Century*, Fernand Braudel (1982) outlines how the period from the 15th – 16th century, when Western Europe was moving away from the system of feudalism, - a topic that we will be exploring in greater detail in upcoming chapters - the feudal system in fact intensified in Eastern Europe and Russia, during a historical process that has been called 'the second serfdom' (Braudel, 1982, p. 265). Furthermore, although the reasons for the intensification of the feudal system varied across Eastern Europe, having largely to do with power struggles between the state, urban centers, and agrarian landlords, the second serfdom followed a wholly different logic of development in Russia, which Braudel characterizes as 'voluntary enserfment' (Braudel, 1982, p. 267), from that of Poland and the rest of Eastern Europe where extra-economic coercion on the part of agrarian landowners was crucial factor in extending their. The details of the second serfdom will be formally analyzed through historical comparative analysis in chapter 9, but what is of particular theoretical importance here is Braudel's portrayal of

the development of the second serfdom. Upon encountering this historic anomaly that distinguishes the trajectory of 15th-16th century Russian feudalism from the trajectory of Western European feudalism of the same time period, Braudel (1982) remarks that "...it is usual in this case to speak of 'refeudalization', as both regime and system" (Braudel, 1982, p.267). I argue that Braudel's historical case study of the unique intensification of feudalism in 15th-16th century Russia, as an instance of 'refeudalization', captures the very essence of what we find in Russia's socioeconomic transformation from 1992-1998 in two important ways. First, it offers a historical context for describing the re-emergence of certain archaic features of post-Soviet Russian society, as other authors have noted. Second, the concept of refeudalization connects with the reversal in empirical demographic developmental trends that I will be presenting the next chapter, in a manner that moves beyond drawing parallels between Post-Soviet Russian society and feudal society as previous authors have done. The dramatic drop in Russia's quality of life indicators, as well as the re-emergence and rapid spread of such archaic practices as informal bartering in place of the formal wage relation, indicate forms of regression in different spheres of social life. Refeudalization in the context of Russia therefore, is more than a metaphor or a descriptive label, because it points to objective forms of health and economic regression. Yet as we cannot simply speak of this process as a return to 'historic feudalism', we therefore need to map out and analyze this process within a broader historic and theoretical framework that will help us conceptualize what took place from 1992-1998 and what it means for contemporary Russian society.

The solution I offer is to approach the problem of regression and refeudalization separately. In the following chapter, I present the health, demographic and economic

development data to demonstrate the reality of the regression in quality of life and economic development indicators empirically. The theoretical conceptualization of regression, through Karl Marx's mode of production model in chapter eight, will then be followed by an analysis of the implications of refueledization of social relations in Russia in chapter nine. The intermediate chapters will build upon the mode of production model.

2.4 Conclusion

This chapter provided a general background of the context under which shock therapy was implemented in Russia, along with a critical literature review of the theory of shock therapy as well as the theoretical conceptualization of feudalism. The following chapter will present the empirical economic, health, and demographic data that illustrates the socioeconomic regression that Russia underwent during its transition to a market economy from 1992-1998.

Chapter 3: Socioeconomic Collapse 1992-1998: An Empirical Case for Socioeconomic Regression

This chapter provides an overview of the Russia's health and demographic indicators, from the period of 1992-1998. Methodologically the challenge in such a presentation is in contrasting these indicators with earlier, Soviet era indicators, since the standards and definitions of the indicators underwent dramatic revisions. Never the less, numerous academic public health and epidemiological publications reveal the extent to which mortality rates increased during this time frame (Shapiro, 1995 and Shkolnikov, 1998). This chapter is divided into three parts. The first part provides an overview of demographic transition theory (DTT), which will form the broad framework for analyzing the health, demographic and mortality data, followed by an overview of the theoretical explanations that have been offered by demographers and public health researchers to explain the underlying cause of the demographic transition. The second part provides an overview of the mortality rates and their various causes in the case of Russia during the transition period, with a particular focus on 1992-1994 timeframe. Part four introduces tuberculosis rates as an alternative, short term indicator of a society's social and economic conditions, followed by a presentation of Russia's tuberculosis rates from 1992-1998. The overall objective of this chapter to present empirical health and demographic data through demographic transition theory and tuberculosis indicators, in order build an empirical basis for arguing that Russia underwent a process of socioeconomic regression during its transition towards a market economy under shock therapy from 1992-1998. To my knowledge, this is the first formal study to analytically link the reversals in health and demographic developmental indicators with a broader

theoretical conceptualization of socioeconomic regression, which will be carried through the remainder of the chapters in this study.

3.1 Demographic Transition Theory

Demographic Transition Theory (DTT) is a descriptive theory of demographic change that is used to forecast the association between macroeconomic development and patterns of demographic change as a result of changes in fertility or mortality rates. (Notestein, 1945). As one of the leading demographers who has used demographic transition theory to describe global demographic trends, Jean-Claude Chesnais states (1980), that “Literally, ‘demographic transition’ implies the passage from one demographic state to another...the concept indicates the passage, brought about by the processes of world-wide ‘modernization’ and allowing for certain time lag, from a traditional regime of demographic equilibrium with high mortality and fertility, to a modern regime of equilibrium , with low mortality and fertility” (Chesnais, 1980, p. 12). DTT has been valued more for its practical application in forecasting demographic trends for the purpose of policy intervention than for its explanatory power in explaining the underlying cause of these trends (Szreter, 1993), although various explanatory theories have been offered, which will be discussed later in the chapter. As Szreter (1993) highlights, this practical merit of DTT, has been acknowledged by various international organizations “both as an instrument for forecasting by the United Nations and the World Bank and in the academic study of past and present fertility behavior” (Szreter,1993, p. 661). The theory originates from the work of multiple demographers, but it was the pioneering work of Frank W. Notestein in 1945, that formed the basic foundation for development of DTT. (Szreter, 1993).

Notestein's theory was a broad demographic study of trends in global population growth from the middle of the seventeenth century to the mid-20th century, in which "population growth itself is a dependent variable, to be affected in large degree by the technological, social, economic, and political developments of the future" (Notestein, 1945, p. 36). The key findings of his study were that the world population has been growing since the seventh century, at various a pace across the word history, as a result of a general decline in mortality rates. Furthermore, these mortality rates influence fertility rates through various stages of socioeconomic development. Notestein categorized the most developed stage of socioeconomic development as the first stage, or the "incipient decline" stage (p. 42), where mortality rates have declined dramatically, and fertility rates have fallen below the replacement level. Notestein characterized the second stage, or the "transitional growth" stage (p.46) of socioeconomic development as one where fertility rates are highly dependent upon mortality rates, and although mortality rates are on the decline, the decline in fertility rates will be lagging behind by various cultural factors unique to a given society. Notestein characterized the third stage, or the "high growth potential" (p.48) stage, as one in which there is an equilibrium between high mortality rates (due to high rates of infectious diseases) which are offset by high fertility rates (Notestein, 1945). For Notestein, this last category essentially described pre-modern societies that were just beginning to adapt to modern Western techniques to bring down the high mortality rates caused by infectious diseases. There are two crucial things that need to be noted in Notestein's theory. First his primary focus was in explaining the dynamics of fertility trends, as these trends are much more difficult to predict for than mortality trends. Second, Notestein did not go into great detail to explain the causes for

the mortality decline. In his study he acknowledged that he would be leaving that task for future researchers to unveil (Notestein, 1945). Notestein's demographic transition theory is useful for charting the changes in fertility and disease profile according to the various stages of socioeconomic development. For the purposes of this study however, we are primarily interested in understanding trends in mortality rates, which skyrocketed in Russia from 1992-1994 (Shkolnikov et al., 1998), and so, an explanatory theory that can account for the decline of mortality rates is crucial for our purposes. As a fairly loose set of observations of secular health and demographic trends, DTT has generated a following among health demographers who have specialized in expanding specific elements of the theory. Two theories that are directly or indirectly derived from DTT, which are of particular relevance to us in examining the health and demographic indicators of Russia's economic transition from 1992-1998 are McKeown's theory of mortality decline, and Barry M. Popkin's theory of the nutrition transition.

3.1.1 The McKeown Thesis on Mortality Decline

The great global mortality decline that Notestein made some passing remarks on in his demographic study has in fact been a great mystery and a topic of intense research and debate for public health historians (Johansson, 2004). Kent Johansson has outlined some of the key explanatory theories for this historic decline mortality decline in the West, ranging from the development of medical knowledge and technology to changes in urban infrastructure and the effects of climate change on disease virulence (Johansson, 2004). Johansson (2004), has given a broad overview of some of the explanatory theories that have promoted various casual factors for explaining the general decline of mortality

in the West, which were summarized in a 1973 publication by the United Nations that attributed the decline in mortality rates as resulting from economic development, social reform, general sanitation and hygiene, medical science and public health, as well as natural factors. (Johansson, 2004, p. 23)

Thomas McKeown (1976) has offered one of the most concise and consistent explanations for the historic decline of mortality in the West, which has come to be commonly referred to as the McKeown thesis. McKeown introduced a novel perspective to the mortality decline debate by challenging the dominant discourse that the general decline in mortality rates in the West was due to improved medical knowledge, such as development of germ theory, as well as the development of medical technology (McKeown, 1976). Through his historical studies however, McKeown showed that mortality rates had already begun to decline prior to the introduction of these new modern medical practices. By carefully studying the registered cause of death of cohorts from various European archival sources, McKeown was able to show that the decline in mortality from the 18th century to the 20th century was due to a decline in both microbial-induced mortality and non-microbial induced mortality, such as starvation or infanticide. Through his studies McKeown arrived at the conclusion that the general decline in mortality in the West was due to the generally increased nutrition that both warded off starvation and reduced the people's susceptibility to infection. Furthermore, this overall improvement in population nutrition status was the result of greater food production techniques resulting from economic growth and development (McKewon, 1976). In preemptively responding to the argument that industrial development leads to urbanization and overcrowding which should lead to greater infections and mortality, McKeown

(1976) states “that mortality from the diseases declined in spite of these indicates the critical influence of nutrition; a population which was fed better, if not adequately, was able to face the risks of increased exposure.” (McKeown, 1976, p. 161-162). The intersection between nutrition, economic development, and health and disease outcome goes a long way to explaining the improvement in quality of life prior to introduction of such targeted initiatives as medical intervention as single variables that have all too often been given the status of a ‘magic bullet’ in solving problems that often result from complex socioeconomic circumstances.

McKeown’s historical studies provide the explanatory framework for Notestein’s DTT, which shows the correlation between socioeconomic development and the stages of mortality decline. In McKeown’s (1976) framework, nutritional status plays the role of the mediating factor between economic development, as industrialized food production makes it more accessible to the population, and mortality rates caused by infectious diseases, which tend to decline with better nutritional status. As Chesnais (1980) has noted on the latter relationship “Malnutrition, particularly protein deficiency, whose incidence and effects are still insufficiently understood, can lead to diminished production of antibodies, and thus acts indirectly on infectious diseases.” (Chesnais, 1980, p.80). The role of malnutrition in increasing mortality rates will be of great significance later in the chapter when we examine the case of Russia from 1992-1994 in greater detail.

3.1.2 The Nutritional Transition

Barry Popkin's (1993) nutritional transition theory combines the socioeconomic developmental aspects of DTT with epidemiological transition theory, which is another variant of DTT that focuses more specifically on the relationship between infectious disease mortality and the stages of economic development. Nutritional transition theory focuses upon the shift in dietary patterns from traditional diets that vary across cultures, towards recent global trends in adopting the Western diet, as less developed countries industrialize and begin to adopt western diets that are associated with the demands of the living routines associated with industrialization (Popkin, 1993). Popkin has developed a typography of seven dietary patterns that are associated with the various stages of socioeconomic development. The first pattern, called collecting food (p.140), is associated with pre-industrial societies that are primarily engaged in hunting and gathering. The second pattern, called famine (p.140), is associated with greater food scarcity, while the third pattern of receding famine (p.140) is associated with improved capacity for industrial food production. The fourth pattern, called degenerative diseases (p.140) is characterized by a shift from under nutrition to diseases of overconsumption such as obesity. The fifth pattern, called behavioural change (p.140), is associated characterized with less fat and carbohydrate consumption along with high levels of socioeconomic development (Popkin, 1993). Although Popkin (1993) cautions against viewing these stages as following a linear pattern of development, by noting that pockets of inequality in various societies sometimes leads to the manifestation of several dietary patterns in a given society, the developmental teleology of the theory is inherent in its characterization of the level of overall stage of socioeconomic development with a given

dietary pattern. Although Popkin does not invoke Mckeown's thesis on the importance of nutrition in the decline of mortality, his nutrition transition framework none the less, further establishes the link between the central role of nutrition in the mortality decline found in Mckeown's studies, and the overall effects of socioeconomic development in decreasing mortality rates, as Notestein's DTT described. What is novel in the nutrition transition framework is the use of morphological changes in body composition such as stature and BMI measures to create indices that are then correlated across societies at different stages of development (Abrahams, et al., 2011).

Popkin's nutritional transition theory along with Mckeown's thesis on the centrality of nutritional status in mediating the effects of socioeconomic development with demographic transitions has formed the basis for both the construction of developmental indices for measuring health and demographic outcomes by a variety of UN developmental agencies (Abrahams, et al., 2011 and Johansson, 2004). These theories will be of particular relevance for operationalizing the empirical health and demographic data on Russia which will be presented in the next section.

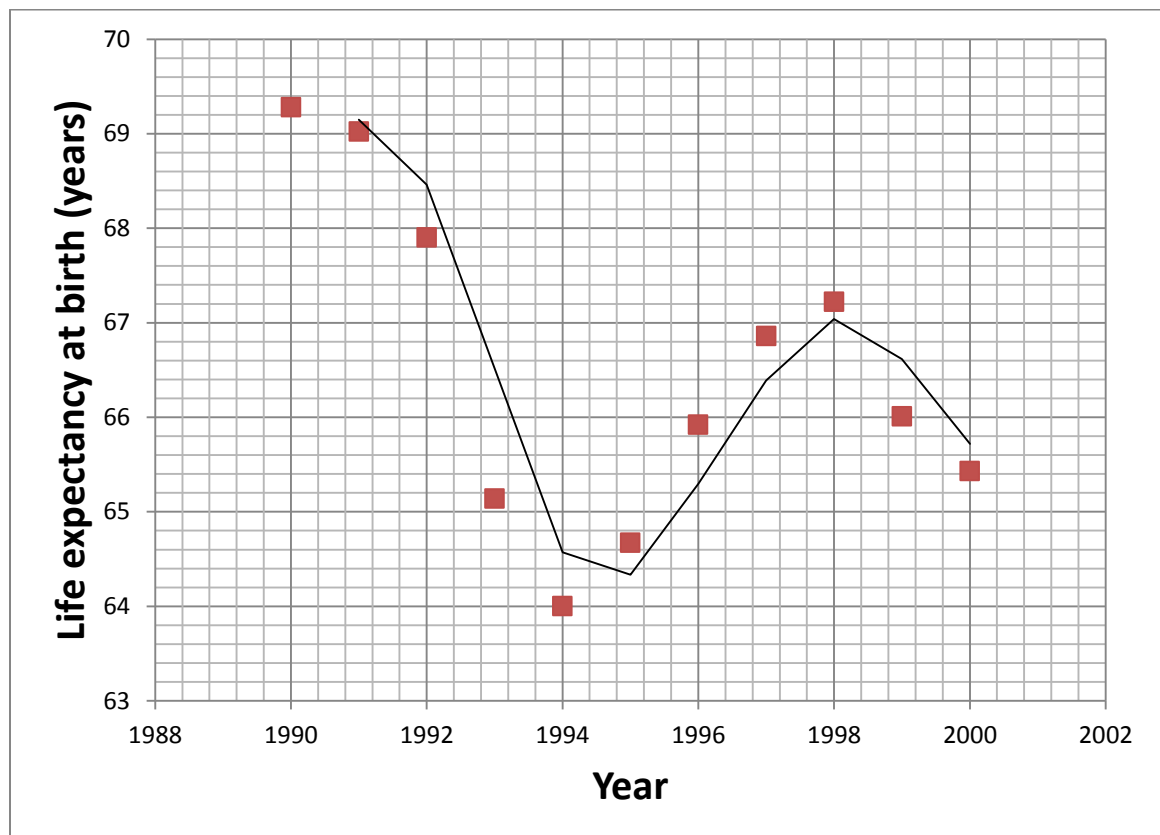
3.2. Shock Therapy and the Reversal of Projected DTT Developmental Trends

Demographers rely on three kinds of indices to measure mortality rates, the crude mortality rate measure, the infant mortality rate, and life expectancy estimates (Chesnais, 1980: 53). The choice of indices is dependent upon the quality, consistency, and availability of the data. As Chesnais has noted (1980) the consistency of the data on mortality rates can vary from region to region, and the consistency of the data may have such high variance that pinpointing the exact time period of an event may not be These

limitations are of particular concern for statistical sources from the Former Soviet Union (FSU), as many of the FSU underwent a period of reformulating their health, demographic, and economic indices to better conform to global standards during the very same period of transition that we are interested in exploring (Atal, 1999, and Popkin et al., 1997). For the purposes of this study therefore, multiple statistical sources have been used including estimates from peer-reviewed academic journal articles.

Figure 1 shows a graphical representation of the World Health Organization's European Health for All Database measure for life expectancy at birth in the Russian Federation from 1990 to 2000. (WHO), which collaborates with the mortality estimates of Vladimir M. Shkolnikov et al..(Shkolnikov, et al, 1998).

Figure 1. Life expectancy at birth (1990-2000) in the Russia Federation



(Based on Statistical Data from the HFA –DB (WHO, 2013))

As shown in Figure 1, life expectancy dropped dramatically, reaching a peak minimum in 1994, one two years after the implementation of shock therapy. Although the dramatic increase in mortality rates during transition is multifaceted and attributed to multiple factors, ranging from clinical factors such as a rise in infectious and chronic diseases, as well as non-clinical factors such as increased homicide rates and accidents in the workplace (Shkolnikov et al, 1998), we can see from these conservative estimates that there is an accelerated decline in life expectancy from around 1992-1994. These mortality trends correlate with the full scale brunt of shock therapy policies that erupted through price liberalization in 1992, that led to hyperinflation and the subsequent depression of consumer purchasing power (Reddaway and Glinski, 2001), a substantial part of which, according to Engel's Law, goes into the purchase of food stuff with decreased per capital GDP (Gaidar, 2003). More broadly, this time frame correlates with the deindustrialization of Russia's economy, which saw a drop in economic output by fifty percent as compared to Soviet era output rates (Gavrilenkov and Izryadnova, 2003). The correlation between decline in output, decreased purchasing power due to hyperinflation, and the mortality spike from 1992-1994 indicates an overall reversal of the of the demographic transition. This is indicated by the widespread re-emergence of such infectious diseases as diphtheria and cholera (Kagarlitsky, 1995) which point to an overall reversal of DTT trends back to stage 2 and 1. In accordance with Mckeown's (1976) thesis on the association between nutrition status and infectious disease susceptibility , this may not be all that surprising. The overnight rise in prices following price liberalization led to a hyperinflation rate dramatically reduced the purchasing power of Russian consumers for

meeting their basic necessities (Kagarlitsky, 1995). As Boris Kagarlitsky (1995) notes “According to figures released by Chief Sanitary Inspector of Russia, Yevgeniy Belyaev, the majority of Russia citizens were chronically malnourished for the first time since the end of the Second World War. Effective consumer demand among the population fell to the levels of the 1950s.” (Kagarlitsky, 1995, p. 87). Kagarlitsky’s findings are corroborated by a study by Barry M. Popkin et al., (1997) who found that there was an increase in the rate of child growth stunting, particular among 2 year olds, where “...between September 1992 and August 1993 (a 1-year period) there was almost a doubling of the level of stunting among children of this age group, and that a year later, in December 1994, the figure remained at the higher level” (Popkin et al., 1997, p. 34). This latter trend also goes against the trends of the nutrition transition discussed above where body morphology as measured by BMI measures has tended to increase (Abrahams et al., 2011). When combined, the overall effects of shock therapy in the short term (hyperinflation) and long term (economic decline) correlate with the onset of malnutrition and the re-emergence of previously conquered infectious diseases, which indicate a reversal of the projections of DTT and the nutritional transition. Although numerous researchers have highlighted the large variance in statistical data and methodological indices as a result of the transition from Soviet standards of health and poverty terms and measures (Atal, 1999 and Popkin et al., 1997) to new measures during this time period, Shapiro (1995) has shown that the dramatic increase in mortality rates is not a statistical artifact, and therefore, requires further research to uncover its causes.

Aside from the sheer magnitude of the mortality crises from 1992-1994, what is truly astonishing about it is the remarkable correlation between the timeframe of the

mortality crises, with the socioeconomic restructuring of Russia's social infrastructure through shock therapy and the absence of warfare or a natural disaster that would naturally be expected as causing such a mortality increasing. One of the central objectives of this study therefore, is to develop a theoretical framework to map out and explain how a set of policies could produce such profound results.

3.3 Shock Therapy and the Reversal of Developmental Indicators as Indicated by Tuberculosis (Tb) Rates in Russia

The etiology of Tuberculosis (Tb) is rather complex in comparison to other communicable diseases, with the exception of HIV, as Tb infections tend to be chronic, with the capacity for converting from a dormant state to an active state depending upon an individual's immunological status (Parrish et al., 1998 and Shilova and Dye, 2001). Furthermore, the transmission and virulence of Tb is highly dependent upon social and environmental factors which include overcrowding, socioeconomic status, migration of risk groups, and general environmental stressor which can transform acquired Tb infectious from an inactive to its active form (Parrish et al., 1998 and Shilova and Dye, 2001). The prevalence of Tb infection and active forms of Tb then are highly dependent upon the social stress that is induced by the ecological and political environment, as well as the dynamics of the economy. These environmental stressors are particularly significant factors to be taken into account when examining the rapid transformation of the socioeconomic infrastructure of Russian society during the implementation of shock therapy. Adding to this complex etiology, over the past few decades, there has emerged what has been commonly referred to as the new tuberculosis, which is attributed to changes environmental, biological, and socioeconomic factors across the globe. The close

inter-linkage between socioeconomic factors and the etiology of Tb, makes Tb an ideal ‘barometer’ for monitoring changes in social and economic conditions, since, as Gandy (2002) has noted “ tuberculosis is a disease of poverty... The principal motor behind the resurgence of tuberculosis has been the sharp rise in global poverty” (Gandy, 2002, p.392-393). Furthermore, the overlap between the implementation of shock therapy throughout the 1990’s decade and the rise of global MDR-TB (Shilova and Dye, 2001), further highlights Gandy’s (2002) observation that the etiology of diseases like Tb “is not only related to the broader dynamics of economic growth but is also affected by the outcome of political conflict and social reform” (Gandy, 2002, p.389).

The validity of the statistical data which emerged from the Russian Federation in regards to Tb during the early phase of the transition from 1989 to 1992, has been fairly limited. As one of the key Tb epidemiologists in Russia, Maragrita V. Shilova, has pointed out, prior to 1991 the epidemiological indicators for the growth rate of Tb had been kept artificially low due to the low level of Tb monitoring and registration of cases (Shilova, 2001, p.126). Furthermore, the intense political and institutional reforms instigated during this period resulted in the reformulation of a variety of social and economic measures and indicators, which disrupted the registration and recording of indicators for health and poverty (Atal, 1999). Despite these limitations, there are certain trends in the incidence and cases of mortality from Tb, which have become widely acknowledged (Farmer, 2005 and Shilova, 2001).

Two epidemiological trends are particularly significant in outlining the Tb situation in Russia in the early nineties; (a) the rise of multidrug resistant tuberculosis (MDR-Tb) and (b) periods of peak Tb mortality which correlate with socioeconomic

transformation of Russian society. Shilova (2001) has highlighted the periods of peak mortality from Tb in Russia, within the time span ranging from 1988 to 2000. After a period of decline in the growth rate of Tb from 1988-1989, Shilova (2001) found that mortality rates from Tb peaked in the years 1993, which saw a rise in the growth rate of Tb induced mortality by 34.4% and in 1999, in which the Tb mortality rate grew by 29.9% (Shilova, 2001, p. 128). Paul Farmer has given a vivid firsthand account of the Tb epidemiological situation in Russia based on his own field research as a medical consultant along with the Public Health Research Institute (PHRI) which was called in to assess the Tb situation in Russia in 1998 (Farmer, 2005). His documentation and historic overview of how MDR-Tb emerged and proliferated in Russian prisons during the Post-Soviet Russia period provides an explanatory account of the complex relationship between Tb mortality and socioeconomic decline.

Farmer (2005) has shown that the rise of MDR-Tb in Russia in the early nineties resulted from a complex interplay between social, economic and biological factors which altered the disease ecology of many Russian prisons. People convicted and incarcerated for petty crime during this socially turbulent period, were often kept in overcrowded prison during their pre-trial incarceration period. Along with the overcrowded conditions which favor the transmission of Tb, the food supply of the prisoners was highly limited, which in itself was a leading cause of mortality, and the Tb medication supply was erratic – a situation which encourages drug resistance among non-resistant strains of Tb (Farmer, 2005). Although prisoners who acquired MDR-Tb were kept in isolation to avert the further transmission of MDR-Tb among the prison population, such measures could not prevent the transmission of MDR-Tb into the civilian population once prisoners

with MDR-Tb served their time, or were released after having acquired MDR-Tb during their pre-trial period (Farmer, 2005).

Farmer's (2005) documentation and analysis of the Tb situation in Post-Soviet Russia shows how the disruption of medication supplies due to economic factors, the deterioration of adequate nutrition, as McKeown's (1976) key mediating factor between economic development and health outcomes, as well as Tb's unique etiology in overcrowded spaces, created a distinct disease ecology in Russian prisons.

3.4 Conclusion

In this chapter, empirical indicators from broad demographic changes in Russia as well as changes in the local disease ecology of Russia's population were used to reveal the reversal of developmental indicators. These health and demographic trends, which overlap with the economically regressive effects of shock therapy, reveal the de-development or regression of Russia's socioeconomic situation during the period of transition, particularly the early phase of shock therapy from 1992-1994. The public health, economic, and political theories presented to date have provided only a limited snapshot of the broader socioeconomic transformation of Russian society during the period of transition. What is needed is a broader level of analysis that examines the entire transition period in an integrated manner in order to reveal the relationship between the political, economic, and institutional factors and how these relations could account for the reversals indicated by the empirical health, demographic, and economic data. Judith Shapiro (1995), one of the earliest investigators of Russia's health and demographic crises in the early 1990s, proposed the hypothesis that the increased mortality rates were

associated with the general stress factors of the social disruptions caused by the socioeconomic transition. Furthermore, she made the observation that there are a variety of methodological problems that need to be addressed in investigating “an increase in death rates of this magnitude... something important is happening in reality” (Shapiro, 1995, p. 149). Indeed, the magnitude of decline in developmental indicators revealed by the empirical health and mortality data reveal a social phenomenon that may not be adequately accounted for by the existing social scientific concepts found in the economic, political science and social science literature, since what the empirical data is indicating is a form of regression or de-development which requires a new theoretical framework for conceptualization.

Chapter four of this study will introduce an alternative ‘mode of production’ framework of analysis to present the argument that Russia underwent a process of socioeconomic regression during its transition to a market economy from 1992-1998. The mode of production model will be introduced and developed in later chapters to provide an alternative framework for conceptualizing these reversals as a broader process of ‘regression’.

Chapter 4: The Mode of Production Model

This chapter provides an overview of Karl Marx's mode of production model followed by a theoretical conceptualization of the feudal, state capitalist, and market capitalist modes of production through reference to Marx's theory of value. This will be followed by a discussion of some methodological limitations of the model, in particular, the issue how historic change is explained by the model.

4.1 The Economic Base of the Mode of Production Model

In his book *The Birth of Capitalism: A Twenty-First-Century Perspective*, the Marxist historian Henry Heller (2011) gives a broad definition of Marx's mode of production model as "The articulated relationship between the forces of production and the social relations of production of a given stage of world history". (Heller, 2011, p.1). The terms 'forces of production' and the social relations of production', or simply the relations of production that Heller (2011) refers to are concepts that are inherent to the mode of production, derived from Marx's preface to *A Contribution to a Critique of Political Economy*, in which Marx (1970) States:

In the social production of their existence, men inevitably into definitive relations, which are independent of their will, namely relations of production appropriate to a given stage in the development of their material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definitive forms of social consciousness. The mode of

production of material life conditions the general process of social, political and intellectual life. (Marx, 1970 p.20-21)

We can see from this passage that for Marx, society is organized around networks of pre-existing social relations which in turn determine the legal and political norms and practices that shape our lived experiences. In other words, Marx makes a distinction between our perceived consciousness of the society in which we live in, albeit at the superstructure level, from the more fundamental set of social relations and material conditions that constitute that consciousness (Marx, 1970). This distinction implies that if we want to examine how the foundations of a society changes, either through economic reform or political revolution, it is not enough to analyze political decisions and legal decrees; we must examine the social and economic foundation which constitutes the very space upon which these decisions and decrees take effect. This foundation, the forces of production, and the relations of production that Heller has described (2011), are referred to as the economic base, or the material base. They emphasize Marx's materialist conception of human relations (Rigby, 1987). What constitutes these forces of production and the relations of production? Marx has made reference to these concepts throughout his numerous works, and these references have tended to be inconsistent, if not contradictory (Rigby, 1987).

In his book *The Marxists*, the sociologist C.Wright Mills (1962) gives a concise overview of the concept of the relations of production and the forces of production where he states:

In the economic base, Marx includes the forces and the relations of production...the latter means essentially the institution of private property and the

consequent class relations between those who do and those who do not own it.

The forces of production, a more complex conception, include both material and social elements: (a) natural resources, such as land and minerals, so far as they are used as objects of labour; (b) physical equipment such as tools, machines, technology; (c) science and engineering, the skills of men who invent or improve this equipment; (d) those who do work with these skills and tools; e) their division of labour, in so far as this social organization increases their productivity (Mills, 1962. p.82).

Mill's break-down of the elements that constitute the relations of production and the forces of production provides a condensed summary of Marx's all-encompassing use of these concepts. As with the ambiguity of Marx's own use of these concepts, some of the features of Mill's breakdown are contestable. In his overview of the relations of production for instance, Mills may be over-simplifying its constituent elements. For example, the division of labor which Mills places under the category of the forces of production, has been interpreted by various Marxists as being a part of the relations of production, since it refers to both the social and technical division of labor (Rigby, 1987 and Perelman, 2000). Aside from these technical details, Mills's overview helps to clarify Marx's concepts of the forces and relations of production, by offering concrete examples of each.

4.2 The Superstructure within the Mode of Production Model

At this point it is important to highlight one of the most contentious elements of the mode of production model; the status and composition of the superstructure. As

shown, Marx makes a clear distinction between the economic base, which is composed of the forces and relations of production, and the superstructure. The historian S.H. Rigby (1987) has shown how some scholars have interpreted Marx's distinction between the base and superstructure as a binary opposition between a material economic base that shapes the immaterial or 'ideal' super structural realm of ideology and consciousness. This simplified distinction is clearly not the case however, since immaterial elements, such as the generation of innovative ideas or mastering of technical skills to operate machinery, are key constituents of the forces of production, and thus cannot be assigned to the superstructure simply due to their immateriality (Rigby, 1987). Conversely, the implementation of extra-economic coercion through the legal and political instruments of the state involves the mobilization of a multitude of material resources, although such policies and actions arise from the superstructure (Rigby, 1987). This leads to one of the most contentious points in regards to the mode of production; where does the state fit in the mode of production model? The issue of the status of the state has long been debated by numerous Marxist scholars who have characterized it as either being an instrument of the ruling class, a semi-autonomous feature of the superstructure, or even as a social relation much like the social relations of production of the economic base (Therborn, 1978 and Rigby, 1987). For the purposes of this study however, it is sufficient to remain within the more orthodox view which regards the state as a central feature of the superstructure that binds the legal and political norms through a dominant ideology to ensure the reproduction of the mode of production as a whole (Althusser and Balibar, 2009).

4.3 Historical Materialism

So far, the terms *mode of production* and *base and superstructure* have been referred to interchangeably, but do they actually refer to the same framework? In general, the term base and superstructure has been used as a short-hand by Marxists, to refer to the mode of production model (Thompson, 1978). Marx himself used the term mode of production for two purposes; (a) to characterize the manner in which society organizes production; it is for this reason that the term mode of production is often limited to the economic base since the superstructure deals with ideological reproduction not production, and (b) to distinguish between different historical periods by analyzing the change in their manner of production (Heller, 2011 and Rigby, 1987). The latter has garnered the wrath of many historians, a topic which will be explored later in this chapter. For now it is important is to take into consideration how Marx used the mode of production concept both to describe the totality of social and economic relations that go into process of production, as well as to analytically distinguish each historical epoch according to the technical manner of production that prevails for a society in a given era. The former use of the term can be seen as a ‘structural’ definition, i.e, the base and superstructure of society in which the material base determines the superstructure, while the latter can be seen a ‘historical’ use of the term, which together comprise Marx’s overall method of historical materialism (Rigby, 1987). For the remainder of this study, the term *mode of production model* will be to emphasize the analytical nature of this study as a structural analysis of the historic process of transition from one mode of production to another.

4.4 A Definition of Historical Modes of Production

Turning to Marx's historic use of the term, Heller (2011) states that "In the Marxist conception, there are five or six modes of production: hunting and gathering, slavery, feudalism, capitalism and socialism." (Heller, 2011, p.1). The historical-comparative analysis that will follow in later chapters, will refer to two modes of production, feudalism and the two variants of capitalist mode of production; state capitalism and market capitalism, and the transition from the former to the latter. The difficulty of properly defining a term such as feudalism as a descriptive concept was demonstrated in the literature review in chapter one, where the multiple ways in which the term feudalism can be broadened through arbitrary parallels throughout different periods in time reveals the difficulty in setting clear categorical criteria for defining specific historic periods. To overcome this impasse, Marx's theory of value will be used to give a functional definition of state capitalism and market capitalism as a contrast to pre-capitalist modes of production such as feudalism based on the features of the labor processes that distinguishes each mode of production. Although this limits the definition of feudalism to a negative concept, i.e., what it is not, it never the less provides a full theoretical basis for the distinction between different historic epochs.

4.4.1 The Feudal, Capitalist, and State Capitalist Modes of Production

One common feature that both the state capitalism and market capitalism share with feudalism is that they contain some level of political or economic stratification, which includes a ruling class (Rigby, 1987). This may include a ruling nobility caste (feudal mode), a capitalist class (capitalist mode), or politically elite class (the

Communist party). Aside from the formal stratification feature however, the central feature that distinguishes the capitalist mode of production, regardless of whether it is market capitalist or state capitalist, is the degree to which it generates surplus value, which is the source of unprecedented productivity of the capitalist mode of production (Marx, 1977). Or as Marx stated (1977), “Capitalist production is not merely the production of commodities, it is essentially the production of surplus value” (Marx, 1977, p.477). In other words, the defining feature of capitalism is not simply the production of marketable products, it is the vast capacity for expansive production that is unleashed by the generation of surplus value. In order to understand this property of capitalism, some further articulation of Marx’s theory of value is required.

4.4.2 The Labor Theory of Value as a Determinant of the Mode of Production

According to Marx’s theory of value, the generation of surplus value is itself determined by the degree to which labor power is both commodified and rationalized to the point where it can contribute to the development of the forces of production (Marx, 1977). This is a necessary pre-requisite for the self-generated expansion of the production of surplus value which characterizes the capacity for capitalism to perpetuate itself as an expanding system. At its most basic level, this process is determined by the extent to which the producer is separated from his/her means of production, where he/she must produce a surplus that is more than that which is necessary for bare subsistence (Perelman, 2000). Under the feudal mode, a significant level of surplus is also produced above bare subsistence, but because the producer still owns his/her means of production, his/her labor can be seen as just another form of fixed capital or input into the production

process. The separation of the producer from his/her means of production, and the subsequent commodification of the producer's labor through the establishment of a wage system, combines, or in Marx's terms *subjects*, the producer's labor power to the forces of production (Marx, 1977, p.478). But this is only one step in increasing the productivity of the mode of production; what Marx refers to as the 'formal subjection' of labor to capital, which simply integrates labor into the production process without significantly altering that process (Marx, 1977, p.478). To understand the source of productivity under capitalist production, one must return to Marx's model of the working day, which is outlined in his labor theory of value in part V of *Das Kapital* (Marx, 1977) .

A detailed engagement with Marx's full theory of value, which spans across volumes of his works is beyond the scope of this study, and has been given excellent coverage elsewhere (Harvey, 2010 and Tucker, 1972). Within Marx's (1977) theory of value, the working day is an abstract economic concept that is used to describe the process by which surplus value is generated. Once labor has become commodified through the separation of the producer from his means of production and integrated into a wage based system, the working day becomes divided into two components; (a) the portion of the time that the worker needs to work to make up for the equivalency of his labor in wages, the *necessary* labour time, and (b) the portion of time that the worker works in extra to generate surplus value that is to be appropriated by the non-producer, or the *surplus* labor time (Harvey, 2010 and Marx, 1977). In order to expand the latter, which is the source of capitalist productivity, it is necessary that the working day as a whole be expanded (since it is given to be a constant within the model), or that necessary labor time be shortened to allow for the extension of surplus labor time. Expanding the

working day in general generates absolute surplus value, as discussed previously. The shortening of the necessary labor time however requires an increase in the productivity, which in turn requires the overall innovation and transformation of the labor process altogether (Marx, 1977). Marx refers to this latter strategy as the generation of relative surplus value, which corresponds to the *real* subjection of labor to capital which couples labor as a commodity to the forces of production (Marx, 1977). It is this integration of labor to the forces of production, as well as the expansion of these forces of production to new realms of production that distinguishes capitalism from all other modes of production (Wood, 1999) or as Marx (1977) states,

Generally speaking, the specifically capitalist mode of production ceases to be a mere means of producing relative-surplus value, as soon as that mode has conquered an entire branch of production; and still more so, so soon as it has conquered all the important branches. It then becomes the general, socially predominant form of production (Marx, 1977, p. 478).

In other words, once the real subjection of labor to capital is completed and expanded to dominant sectors of an economy, that economy can then be characterized as fully capitalist (Marx, 1977).

To be sure, there are significant differences between the state capitalist mode of production and market capitalist mode of production, in terms of the difference between the role of the state or market in allocating resources, as well as in terms of property ownership. But these are secondary characteristics that do not encroach on the central mechanism by which expanded surplus value is produced. Within the mode of production presented here, the key difference between the state capitalist system of

central planning and market capitalism lies in degree to which labor power is integrated into the production process. More specifically, the expanded hyper-rationalization of the labor process under the Soviet model of industrialization completed one phase of the subjection of labor to capital (Gregory, 2004). But that is only the technical side of the subjection process. Under the Soviet system, the laborer was not made to be completely reliant upon a wage system for survival, since the socialized economy provided the necessary provisions such as employment, housing and other social services that dispensed with the need to rely exclusively on monetary transactions (Atal, 1999). In the mode of production model presented here, the complete subjection of labor to capital is a necessary requirement for the establishment of market capitalism, which can be empirically analyzed by the degree to which the producer is made reliant upon the wage relation.

Having formally made a distinction between state capitalism and market capitalism through reference to Marx's theory of value, the distinction between the capitalist mode of production in general and the feudal mode of production should become clear. Under the feudal mode of production, labor is not integrated into the forces of production, which, as has been shown, leads to the stagnation of the feudal forces of production in the long term. Although this may be an oversimplification of the long term dynamics of the feudal mode of production, Marx's labor theory of value never the less, outlines the mechanism that is lacking in the feudal mode of production (the coupling of labor power to the forces of production), that makes the feudal mode of production incapable expanding production (Brenner, 1985).

4.5 Criticisms against the Mode of Production Model

Having examined the structural components of the mode of production, and further elaborated upon the distinction between the state capitalist, market capitalist and feudal modes of production through reference to the labor theory of value, this section goes on to address the dual criticisms that have been presented against the mode of production model; (a) the static rigidity of its structural components and (b) the inherent teleology in the development from one mode of production to another.

In his polemic essay *The Poverty of Theory*, Marxist historian E.P. Thompson (1978) gives an extensive criticism against Marx's mode of production model as being an inappropriate framework for historiography since, as Thompson saw it, the mode of production model provides synchronic frames of historic change, whereas real history is a continuous process of change requiring a diachronic framework. This criticism is further elaborated by Colin Hay (2002) who, in referring directly to Marx's historical materialist framework states that "While comparative static methodologies themselves offer no insight into the process of change over time, they do imply, as they rely upon, certain assumptions about that process of change" (Hay, 2002, p.148).

The implicit assumption in Marx's historical materialist framework falls under either the tendency for the forces of production to spontaneously develop, which leads to the teleological movement of history from primitive modes of production such as feudalism, to more advanced modes such as capitalism, or the development of a dialectical contradiction between the forces and relations of production which co-determine the development of the mode of production (Rigby, 1987). In either case, Hay maintains that the mode of production model conceptualizes the historical process of

change by “counter posing of static snapshots taken as reflective of stages of development of the system in question [which] in fact tends to prejudge and foreclose any discussion and analysis of the process and hence the temporality of change” (Hay, 2002, p.147). We can see then that on the one hand, Marx’s original mode of production model takes into account the process of historical change as the teleological advancement of modes of production, yet on the other hand, these modes of production only provide an analytical snapshot, to borrow Hay’s words, of the actual process of change over time. Both of these positions are problematic for analyzing the transition point between modes of production, where diachronic framework of analysis is required since, by definition, a transition is only an intermediate point between a process of change, and simply assuming that history has an inherent teleological tendency to unfold does not help us out of this dilemma.

To overcome these limitations, two modifications are required. The first modification requires that the teleological assumption about the primacy and development of the forces of production be dropped in order to be able to analyze periods of transition between modes of production empirically, without the expectation that historic conjectures evolve to a more advanced mode of production. On the other hand, we must avoid reducing such historical conjectures to an invariant structure consisting of a combination of different modes of production, which perpetually reproduces itself through structural causality; a scheme which Etienne Balibar developed in his attempt to use Louise Althusser’s mode of production framework to conceptualize a non-teleological theory of transition between modes of production (Althusser and Balibar, 2009). As Benton (1984) has highlighted, the structural Marxism of Althusser and

Balibar, with its emphases upon the totality of the mode of production as a determining structure, ends up reducing the mode of production to a functionalist framework, where any questions about the properties of the structure are answered in advance as existing to meet the requirements of the structure. Benton (1984) reveals the tautology of such a theoretical framework through his critique of Althusser and Balibar's conceptualization of reproduction. In critiquing the structural causality of Althusser and Balibar's framework, to highlight how such a high level of theoretical abstraction overlooks basic empirical conditions, Benton (1984) states, "It is quite right, of course, to point out that social reproduction cannot be reduced to biological reproduction, but, equally, social reproduction cannot adequately be conceptualized in abstraction from biological reproduction. The reproduction of social relation also has its conditions of possibility in the external organic and inorganic environment..." (Benton, 1984, p.229). To avoid the functionalism inherent in Balibar's conceptualization of transition, we will use the original theoretical categories in Marx's mode of production framework without articulating their relations in advance of actual empirical data. Yet this makes our mode of production model synchronic, since it neither possesses the inherent tendency to develop through the forces of production, nor does it contain a pre-defined set of relations between the base and superstructure to give it the functional dynamism that is inherent to Althusser and Balibar's framework (Althusser and Balibar, 2009). This leads to the second modification that is required for our mode of production model. In order to transform our model into a diachronic model, we will introduce primitive accumulation diachronic heuristic in chapter six, and show how primitive accumulation both transforms

the relations and forces of production, as well as how it can be used to describe the transition between modes of production.

4.6 Conclusion

In this chapter, the mode of production model was introduced and modified to expand its explanatory power. An outline of the structural components of the model was provided and the ambiguity concerning the ‘historical’ and ‘structural’ use of the term mode of production clarified. A further overview of Marx’s labor theory of value was provided to introduce the theoretical basis for distinguishing between feudal, state capitalist and market capitalist modes of production, which will be examined through historical comparative analysis in upcoming chapters. Furthermore the inherent limitations of Marx’s original mode of production model, arising from its teleological treatment of historic change within a synchronic structural framework, were acknowledged.

In order to overcome the synchronic limitation of mode of production model, the process of primitive accumulation as a diachronic heuristic, will be introduced and incorporated into the model. At this point however, we leave the mode of production with its base and superstructure categories, as originally outlined by Marx and elaborated by Mills, but dispel with the implicit teleological assumption that the mode of production develops through the spontaneous development of the forces of production.

Chapter 5: The Historical Transition Debates for Historical-Comparative Analysis

The previous chapter provided a broad outline of the mode of production model will be used to analyze Russia's transition to a market economy from the period of 1992-1998. In order to collaborate the findings of the mode of production model with historical findings, historical comparative evidence will be needed. This chapter will re-examine the transition debates regarding the historical-shift from feudalism to capitalism across Western Europe, from the late Middle Ages to the industrial era. The various concepts these debates revolve around are borrowed from Marx's mode of production, and include development of the relations of production, forces of production and the role of the state (superstructure). The content of these debates further extends to concepts found outside of the mode of production that will also be examined to provide a comprehensive account of all of the factors involved in the historical transition from feudalism to capitalism. The purpose of revisiting these debates is to provide an inventory of comparative historical material that will be used in later chapters to cross-compare with Russia's chosen pathway towards a market economy, and explain its outcome.

5.1 Overview of the Dobb-Sweezy and the Brenner Transition Debates

The transition debates consist of two debates, the first of which took place between Maurice Dobb and Paul in the 1950s in response to Dobb's publication of *Studies in the Development of Capitalism* (Dobb, 1964). The second series of debates attracted a broader set of participants, and took place as a result of Robert Brenner's publication of *Agrarian Class Structure and Economic Development in Pre-Industrial Europe* which revived an economic interest in the transition debate (Brenner, 1985). The

Brenner debate, as it has come to be known, encompasses a broader set of historical issues with the debate about the transition from feudalism to capitalism in Western Europe (Heller, 2011). Whereas the Dobb-Sweezy debate primarily focused upon the causes for the decline in feudalism, and paid only scant attention to the factors behind the rise of capitalism, the Brenner debate further expanded upon the discussion regarding the decline of feudalism by countering demographically oriented arguments and further expanding upon the specific factors that led to the rise of capitalism in Europe in general, and England in particular (Rigby, 1987).

As a general summary, participants in both debates relied on one of three theoretical frameworks; (a) Marx's mode of production model, (b) Smith, Braudel and Wallerstein's commercial trade framework, (c) the demographic-economic framework (Heller, 2011). The terms of the debate shifted from an initial analysis of the internal and external factors that contributed to the decline of feudalism in Europe under the Dobb-Sweezy debate, where the debate focused predominantly on the decline of feudalism, to the Brenner debate, where equal attention was given to factors behind the decline of feudalism in Europe as well as the factors behind the rise of capitalism (Heller, 2011). Brenner's (1985) own position which sparked the latter debate, relied on Marx's mode of production model and as well as Marx's theory of value to articulate the specific factors that led to rise of capitalism in England in particular, as well as to provide an explanation for why other regions of Europe experienced either the intensification or the protracted decline of feudalism at the same period of time without subsequent moves towards the development of capitalism. The following section will focus on the demographic-

economic arguments and the commercial trade arguments separately before exploring the arguments presented under the mode of production model in greater detail.

5.2 The Demographic-Economic Framework

In the Brenner debate, two of the strongest adherents to the demographic-economic framework have been M.M. Postan and J. Hatcher (Postan and Hatcher, 1985). Postan and Hatcher (1985) have argued that when examining long term secular trends from the 15th century onwards, the decline in feudalism is best explained in terms of the relationship between demography and the economy. This is based on Ricardo's theory regarding the land to labour ratio, alongside Malthus's theory about the growth in population as an ecological pressure on the amount of arable land that could be sustained (Postan and Hatcher, 1985). In brief, the Postan and Hatcher's model (1985) holds that a growth in population leads to rise in rents and food prices, and a depression of wages. Furthermore, as the population continues to grow, the overuse of the land leads to soil depletion, thereby increasing the demand for land even though it may not be as suitable for agricultural production. This unchecked population growth then reaches a plateau, often ending up in crises, such as famine which depletes the population, thereby leading to a decrease in the demand for land, and consequently, a decrease in rents and food prices (Postan and Hatcher, 1985). For Postan and Hatcher (1985), this two-phase cycle characterized the feudal economy. What led to the overall decline of feudalism however, was the lack of technological investment to improve cultivation, as each phase of the cycle lead to lower and lower agricultural productivity. Within the demographic-economic model then, this long term decline was inherent to the long term developmental tendencies of the feudal system (Bois, 1985).

In his counter argument, Robert Brenner (1985) indicated that while the same long term trends prevailed across feudal Europe, the demographic-economic model that Postan and Hatcher relied on could not account for the variation in socioeconomic outcomes in different regions of Europe. For instance while the demographic-economic model accurately described the demographic outcome of 16th century Languedoc, it did not explain how the same demographic pressures resulted in the restructuring of socioeconomic relations which led to an increase in agricultural productivity in England (Rigby, 1987, p.165).

5.3 The Commercial Trade Framework

Unlike Postan and Hatcher's argument based on the demographic-economic framework, the commercial trade framework of Sweezy, and later Wallerstein, provides a much greater challenge to the mode of production model for a variety of reasons. To begin with, the trade and commerce framework span across both the original Dobb-Sweezy transition debate, as well as the Brenner debate and, arguably has continued to find adherents in the world-systems school, including David Harvey's more recent theory about neo-imperialism (Harvey, 2003). Brenner (1977) has critically commented on Wallerstein's framework as consisting of a "*method* of an entire line of writers in the Marxist tradition [which] has led them to displace class relations from the center of their analysis of economic development and underdevelopment." (Brenner, 1977, p.27). The commercial trade framework offers a formidable challenge to Marx's mode of production model precisely because it is an amalgamation of both Adam Smith's theory of economic development and of Karl Marx's theory of capital accumulation (Brenner, 1977). As an outgrowth of the Marxist framework, the commercial trade framework also assumes an

entirely different approach towards the problem of primitive accumulation, which will be examined in greater detail in the next chapter. It is therefore important to highlight that the trade and commerce framework differs significantly from the mode of production framework despite their common origins.

The difference between the commercial trade framework and the mode of production framework can be attributed to a difference in the very definition of what constitutes capitalism, as well as the unit of analysis that is used to analyze capitalist development. As outlined in the previous chapter, under the mode production framework, the essence of capitalism resides in its inherent capacity to expand through innovative production. In the commerce trade framework however, it is argued that the productivity of capitalism is secondary, and that it is the exploitative accumulation of capital through the formation of a global market which defines the capitalist system (Brenner, 1977 and Rigby, 1987). These differing perspectives on the very nature of capitalism lead to different approaches in analyzing its development. In the mode of production framework, the unit of analysis consists of the relations and forces of production within a specific societal context, whereas in the commercial framework, the global division of labour, as articulated by the needs of the system as a whole under a global market, constitutes the unit of analysis (Brenner, 1977 and Rigby, 1987). In Wallerstein's world systems framework for instance, the innovative productivity inherent to capitalism results from the demands that the flow of capital places upon the global division of labor, following the logic of profit maximization through the global market (Brenner, 1977 and Heller, 2011). These different orientations between the mode of production framework and the commercial trade framework were first manifested in the treatment of the role of

merchant capital in the decline of feudalism in the original Dobb-Sweezy debate (Heller, 2011 and Hilton, 1978) .

In the Dobb-Sweezy debate, Dobb who adopted the mode of production framework, explained the decline of feudalism as the result two trends; (a) the overall decline in the productive capacity of feudalism, which neglected or actively discouraged the introduction of innovations in agriculture, and (b) the over-exploitation of the peasantry by feudal lords who, under growing conditions of scarcity, relied on a greater use of coercion against the peasants instead of investing in better production techniques (Dobb, 1964). Contrary to the commonly held view that the introduction of merchant capital, as a 'modern' monetary system, which led to demise of feudalism, Dobb's (1965) work demonstrates that feudalism in fact intensified in regions where feudal lords had greater access to merchant capital. Sweezy however, countered that merchant capital, brought in through global commerce, led to the growth of towns which became the source of industrial growth and led to the subsequent development of capitalist industrial production (Hilton, 1978). Whereas the role of the growth in towns in the development of capitalism has continued to be a contested topic among historians, the overall resolution of the Dobb-Sweezy debate could be approached in a dialectical manner. As Rigby (1987) has concluded in his work, the influence of merchant capital through trade and commerce produced inconsistent results, as it both intensified feudal relations in certain contexts, while undermining them in others (Rigby, 1987, p. 64). Therefore, we can see merchant capital as having intensified feudal relations in the short term, by empowering feudal lords and discouraging the systematic innovations in production techniques, as

well giving rise to the original accumulation of overseas capital which was necessary for the takeoff of capitalism in the long term (Heller, 2011).

5.4 The Mode of Production Framework

The demographic-economic framework, as well as commercial framework explained the factors for the general decline of feudalism and the rise of capitalism as predominantly residing outside the feudal mode of production itself, whether in trans-historic demographic laws of development, or the external influence of commercial trade. The third framework which Brenner, Dobb, as well as other participants in the transition debate relied on was the mode of production framework. Robert Brenner's position best represents the myriad of arguments held by participants who have adhered to this framework. Given that Brenner's own thesis has been challenged not only by participants representing the alternative frameworks, but scholars such as Guy Bois (1985) and the historian Henry Heller (2011) who have also relied on the mode of production model in ways that deviate from Brenner's analysis, a detailed examination of Brenner's thesis will unveil the central tenets and controversies of the mode of production framework in accounting for the transition from feudalism to capitalism.

5.4.1 Brenner's Position

In his essay *Agrarian Class Structure and Economic Development in Pre-Industrial Europe*, Brenner (1985) offers an alternative theory to the prevalent demographic-economic and commercial trade frameworks, in his analysis of the factors behind the decline of feudalism in Europe. Building on Dobb's thesis regarding the social transformations that contributed to the demise of the feudal mode of production, Brenner

broadens the focus of the debate by outlining in detail some of the specific factors that led to the direct rise of capitalist relations in rural 15th-16th century England. Brenner characterizes the late 15th century to early 16th century as an age of crises, burdened with increasing demographic pressure and high grain prices across Europe, alongside the development of a global market (Brenner, 1985). In agreement with the demographic-economic argument, Brenner recognizes that the demographic collapse across Europe during this period set off a Europe-wide crisis of the feudal system as a whole, which left many empty plots of land whose property status remained contested. What makes Brenner's argument unique is his emphasis upon the role of pre-existing class relations, and more importantly, the class conflict that arose out of the struggle to re-appropriate these lands, which led to the divergent long term socioeconomic developments across different regions of Europe (Rigby, 1987). In England for instance, Brenner's primary area of focus, the demographic crises favored the political position of landlords who took the opportunity to appropriate vacant plots to their own holdings; a process of land consolidation that would enable them to lease out this vast new property to capitalist farmer-tenants through a series of contractual arrangements which had become coupled to the newly formed market in leases (Brenner, 1985). This new socioeconomic arrangement not only broke with the pre-established, stagnant feudal relations, but it also gave rise to a market compulsion, through competitive leases, for landlords and capitalist tenant-farmers to cooperate in order to increase agricultural productivity so as to meet the new market demands (Brenner, 1985 and Wood, 1999). This required the introduction and utilization of innovative cultivation techniques as well as an increasing reliance on the waged labor (Brenner, 1985 and Wood, 1999). According to Marx's labor theory of

value, the latter is a key marker of the development of capitalist relations of production (Marx, 1977).

In summary then, Brenner's thesis explains several socioeconomic and political transformations which led to the development of capitalist relations in England prior to any other region in Europe. These economic and political transformations can be summarized as follows; (a) the development of a lease based market (b) the establishment of contractual arrangements which were responsive to market compulsions to innovate production, and (c) the development of economic pact between feudal landowners and the capitalist tenant farmers in engaging in a mutual venture to increase the productivity of the agricultural unit (Brenner, 1985). There is a fourth political transformation that Brenner (1985) mentions only in passing which, as will be elaborated later, is of crucial importance. This is the state's alliance with the landlords during the politically uncertain phase of demographic recovery, in which the landlords began appropriating vacant plots, thereby acquiring greater political representation at the level of the state (Heller, 2011). The significance of these various factors have been disputed directly or indirectly by scholars such as Guy Bois (1985), Maurice Dobb (1964), and Henry Heller (2011) who have also approached the transition debate from within the mode of production framework. Perhaps the strongest challenge to Brenner's line of argument has been made by Guy Bois.

5.4.2 Bois's Position

In his essay *Against the Neo-Malthusian Orthodoxy*, Bois (1985) criticizes Brenner for focusing exclusively upon marginal developments, such as the development

of small units of lease based landholdings which Bois sees as having exerted a relatively insignificant influence in the broader secular trends across feudal societies which led to the demise of feudal system. On this matter, Bois (1985) is in agreement with the demographic-economic framework which explains the decline of feudalism in terms of structural-long term tendencies which were inherent to the system itself. He disagrees however, with the fact that the demographic-economic framework places these long-term developmental tendencies outside of any socioeconomic context (Bois, 1985). In other words, for Bois the development of these long term 'tendencies' of the feudal system should be conceptualized within the mode of production framework, rather than be left as secular trends that develop arbitrarily outside the complex web of social and economic relations within the social formation. Bois (1985) makes this position clear by arguing that the reason for the development of proto-capitalist relations in 15th -16th century rural England, in which feudalism continued to endure in France, was due to the advanced development of feudal relations in France, as opposed to England where the feudal social structure had not matured to the level of those of France (Bois, 1985). Furthermore, Bois argues it was the relative underdevelopment of feudalism in England which made the English context open to a change of course towards the adaptation of a new mode of production following the socioeconomic turmoil of the late 15th century (Bois, 1985). We can see from Bois' emphases upon the broad 'tendencies' and 'logics' of historical development, that his historical analysis retains the orthodox Marxist emphasis on historical development as being dependent upon the teleological development of the forces of production.

5.4.3 Dobb's Position

Within the arguments in the mode of production model, Bois' historical analysis has not been the only challenge to Brenner's analysis. In the original Dobb-Sweezy debate, Dobb's historical analysis led him to make certain propositions that were very distinct from those of Brenner's, even though they agreed on the general proposition that class conflict was the primary factor that led to the demise of feudalism and the rise of capitalism (Heller, 2011). In explaining the rise of capitalism in his book *Studies in the Development of Capitalism* (1964), Dobb relied upon Marx's historical observation that during the late 15th to early 16th century, it was the class of well off peasant farmers, who engaged in the new opportunities open to them to improve their agricultural productivity. This involved hiring poor peasants as wage labor and adopting new cultivating techniques to generate agricultural surpluses which were then divided between lease payments to the feudal lords, and profits that were re-invested into improving productivity (Dobb, 1964). In Dobb's (1964) analysis, these practices were enabled by the broader structural trends of the time, which included diminishing feudal relations, as well as the emergence of political mobilizations such as peasant revolts and the enclosure movements that dispossessed the poor peasants off the commons, but favored the position of the well-off peasants, who hired the dispossessed peasants as wage laborers (Dobb, 1964). In Dobb's historical analysis then, he places equal emphasis upon the development of the social relations of production, such as the demise of feudal relations and the differentiation of peasant classes, while at the same time acknowledging the broader transformation of the forces of production, which are the focus of Bois' analysis.

5.4.4 Heller's Position

Adding to the internal line of critique against some of the finer details of Brenner's thesis, the historian Henry Heller (2011) has offered a novel new interpretation of Brenner's thesis. Heller argues that Brenner's analysis is in fact too economically oriented, despite Brenner's constant reference to class struggle as the main factor in the rise of capitalism. In his book *The Birth of Capitalism: A Twenty-First Century Perspective*, Heller (2011) critically dissects Brenner's line of argument to show that the real basis for the rise of capitalist relations within Brenner's analysis is the market in land leases, not the political class struggles which Brenner would like to claim. In his thesis, Brenner argued that the late 15th to early 16th century saw the development and establishment of a rational market based on tenant leases in rural England that diverged from the landlord-serf social contract of the previous feudal mode of production (Brenner, 1985). This market formed the basis upon which the landlord class was made the agent of the logic of market forces which then impelled landlords to competitively rent their property to capitalist tenant farmers who were then able to increase their productivity through technical innovations (Brenner, 1985). The outcome of this market logic is that it allowed both the landlord and the farmer-tenant to keep up with the new demands of the market, turning the agricultural unit of the manor into a proto-capitalist enterprise (Brenner, 1985). Heller (2011) challenges this proposition by arguing that it is a mistake to assume, as Brenner apparently does, that an already rational and competitive market imposed a strict market rationality on the emerging rural

capitalists...Competitive markets did not fully emerge until the seventeenth century under the shock of straightened economic conditions which encouraged greater discipline in the market (Heller, 2011, p.95).

The 'straightened economic conditions' (p.95) that Heller mentions is an allusion to one of the central themes in Heller's analysis of the transition debates; the role of the state.

5.4.5 The Role of the State in the Transition From Feudalism to capitalism

The role of the state has been a fairly marginal theme in Brenner's analysis (Heller, 2011). While Brenner emphasized the significance of the alignment of the ascending monarchical state with the feudal landlords, and the expansion of its coercive influence, as demonstrated through the enclosures of the commons, the role of the state in securing the proper political conditions for the emergence of capitalism has not received the level of analysis that it merits. Dobb (1964) on the other hand, emphasized the significance of the state's role in the process of primitive accumulation. This involved the state's manipulation of the price of land and other commodities that could be potentially realized as industrial capital, as well as the smooth transference of these assets from a non-productive class of property owners to a new class who could realize the productive value of such assets as industrial capital (Dobb, 1963:180-181). Similarly Heller (2011) has stated that

The emergence of the territorial state after 1500 in France and England was critical to the initial development of capitalism in these two places...the state was restructured in each case to enhance the further accumulation of capital at home and abroad...By transforming the state from a feudal to a capitalist institution, the

revolutions in Holland, England, and France helped to consolidate capitalism as a system (Heller, 2012, p.133-34).

Far from playing a marginal role in the transition towards capitalism then, the state has been central in coordinating power factions to ensure the continuity of accumulation for the takeoff of capitalism in the European continent, and through imperial extension, the world as a whole. As will be shown in the final chapters of this thesis, the Russian state's decision to abdicate its role in overseeing the process of primitive accumulation during its transition to a market economy (1992-1998), marks a critical turning point which is in marked contrast to the level of state involvement in Western European states during their transition from feudalism to capitalism, as discussed in this chapter.

5.5 Conclusion

This chapter has provided a broad outline of key themes explored in the transition debates that focused on the transition from feudalism to capitalism in Western Europe. Arguments within the demographic-economic framework and the commercial trade framework were presented along with the mode of production framework to highlight key factors, both internal and external, to the mode of production which contributed to the divergent outcomes of Western Europe's transition from feudalism to capitalism throughout 15th-16th century. The nature of the historic transition, as explored in this chapter through concepts such as the forces and relations of production, the role of the state, the influence of technological and market factors, as well as the role of class conflict, will be used in later chapters for a historical-comparative analysis of Russia's transition to a market economy from 1992-1998

Chapter 6: The Theory of Primitive Accumulation

This chapter focuses on the concept of primitive accumulation, which can be approached from various perspectives, depending on the theoretical orientation involved. For the purpose of this thesis however, primitive accumulation will be defined as a historical process that involves a series of transformations in the relations and forces of production within a mode of production which lead the transformation of the overall social formation (Perelman, 2000). The incorporation of the concept of primitive accumulation into the mode of production model, developed in chapter four, allows for the examination of the diachronic processes of change that the relations and forces of production undergo within a mode of production. In addition, its incorporation into the mode of production model also allows for an analytical examination of how historic change and transition occur through a framework that is open to empirical investigation, as opposed to relying on the Orthodox Marxist assumption that historic change results from the inherent tendency of the forces of production to develop and transform the relations of production and the superstructure (Rigby, 1987). The distinction between these two alternative conceptions of change becomes all the more critical when examining Russia's 1992-1998 transition in chapter eight, which requires an explanatory account for how the forces of production regressed rather than developed as the Orthodox Marxist interpretation would predict.

Although the original conceptualization of primitive accumulation has a long lineage going back to the works of Adam Smith and Karl Marx (Perelman, 2000), I will limit my use of the concept of primitive accumulation to the works of Vladimir Lenin (1956), who built upon Marx's description of primitive accumulation in his analysis of the

development of the internal home market in Russia. I avoid a direct reference to Marx's use of primitive accumulation because of his inconsistent use of the concept between his earlier writings and later works (Perelman, 2000 and Rigby, 1987). The divergence in Marx's conceptualization of primitive accumulation (Perelman, 2000 and Rigby, 1987) has led to the branching out of the concept different schools of Marxist thought, in regards to the role and function of primitive accumulation in the development of capitalism. The first section of this chapter provides an overview of the general process of primitive accumulation as outlined in the work of Michael Perelman (2000). This general outline is followed by an overview of the common usage of the term primitive accumulation, as well as its conceptualization under the world-systems framework. Finally, I will introduce the specific conceptualization of primitive accumulation, as used by V.I. Lenin, and incorporate it into the mode of production which was developed in chapter four.

6.1 General Overview of the Theory of Primitive Accumulation

In his book *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, Michael Perelman (2000) provides an outline of the historic theory and practice of primitive accumulation by theoreticians of classical political economy ranging from Adam Smith and Karl Marx to V.I. Lenin. In Perelman's overview, primitive accumulation consists of two distinct types of processes, the separation of producers from their means of production, which later develops into a social division of labor, and the process of accumulating the capital unleashed by both the separation process, as well by the transference of capital through the global market. As we saw in the previous chapter, the initial process has been described by Brenner (1985)

and Dobb (1964), in reference to Marx, as the enclosure movements that led to the dispossession of poor peasants from the commons. As we saw, these extra-economic measures by the state led to the further class differentiation of the peasants, leading to the formation of a class of capitalist peasants living off leased lands from feudal landlords, and utilizing the wage labor that formed as the newly disposed poor peasants searched for employment once they had become separated from their means of production (Brenner, 1985, Dobb, 1964). This of course is a historical description of the process of primitive accumulation that is specific to the context of 15th-16th century rural England. It never the less has provided the material for general theoretical conceptualizations of how primitive accumulation, as a historic socioeconomic process necessary for the development of capitalism, unfolds and transforms the mode of production. What's more, the preceding historic snapshot is just one narrative of how the process of separation and social differentiation may take place, when in fact, there have developed a variety ways of conceiving the process of separation, differentiation and accumulation, each of which assign a different role and function to the process of primitive accumulation (Heller, 2011). It is important to note that the manner by which capital is accumulated determines theoretical framework under which primitive accumulation is used. The accumulation of capital acquired through the development of the home market for instance, makes primitive accumulation a necessary process in the generation of relative surplus value under the mode of production framework (Brenner, 1985 and Lenin, 1956), whereas the accumulation of capital through the global market, implies the exchange of absolute surplus value under the world systems framework (Brenner, 1977 and Heller, 2011). The details regarding these two different conceptualizations will be clarified once we

distinguish the role of primitive accumulation in the world systems framework from its role in the mode of production framework.

6.2 The ‘Theft and Plunder’ Model of Primitive Accumulation

Perhaps the most common usage of the term primitive accumulation is the one that the historian David Mandel (2004), has used in his study of the transformation of labor unions in post-Soviet Russia. Mandel (2004) characterizes primitive accumulation as historically necessary process for the development of capitalism, but one that is inherently criminal in nature, and which involves state sanctioned theft and plunder at a massive scales (Mandel, 2004, p.30). This rather limited use of the term primitive accumulation essentially focuses on the accumulation of financial fixed assets without going into any in depth analysis of how this process of appropriation reflects the broader transformation of the relations of production in post-Soviet society. In more theoretical terms, Mandel’s overemphasis upon the extra-economic (and extra-legal) nature of primitive accumulation points to the role of primitive accumulation in securing absolute surplus value, which echoes the earlier model of primitive accumulation developed by the central theoretician of Stalin’s peasant collectivization policies: Evgeny Preobrazhensky.

Preobrazhensky’s (1965) theory of socialist primitive accumulation relied on Marx’s description of colonial primitive accumulation, which Preobrazhensky summarized as having been “based mainly on plundering of small-scale production and non-economic pressure” (Preobrazhensky, 1965,p.88). Preobrazhensky’s theory of socialist primitive accumulation, with its emphasis upon the colonial extraction of absolute surplus value, can be seen as a forerunner to the conceptualization of primitive

accumulation under the world systems framework, since the conceptual focus of the latter falls upon the coercive extraction and transference of absolute surplus value from the periphery to the core nations (Heller, 2011).

6.3 Primitive Accumulation under the World Systems Framework

As discussed in chapter five, the world systems framework presents a formidable challenge to the mode of production framework, because they are both derived from the works of classical political economists such as Smith and Marx (Perelman, 2000). The world system framework encompasses the theories of such prominent figures as Wallerstein, Amin, Harvey, and the historian Braudel whose analysis tends to focus on the dynamics of the flow of capital through the global market, as opposed the regional development of productive capacities (Heller, 2011). Furthermore, the explanatory power of the world system framework relies on a closed functionalist logic. To explain empirical observations for why different regions of the world specialize in the production and trade of certain commodities, or why certain regions belong to the core regions of trade while others belong to the periphery or semi-periphery, the conventional explanations offered by its adherents is to argue that these outcomes are the result of a functional necessity for the logic of capital accumulation by the global system as a whole (Rigby, 1987). Primitive accumulation therefore, serves an entirely different function in the world system framework than the one it serves in the mode of production framework.

Emmanuelle Wallerstein's theories about the nature of the global market puts a special emphasis upon the process of primitive accumulation as an allocation mechanism for transferring capital from the periphery and semi-periphery to the core when market mechanisms are not sufficient and extra-economic coercion is required (Brenner, 1977

and Rigby, 1987). Giovanni Arrighi has expanded this theory into new realms, by giving a global history of the cycles of over-accumulation, spanning from the 15th century to the present (Arrighi, 2009). Works of Samir Amin on the other hand, who also works within the world system framework, have tended to focus upon primitive accumulation as an instrument of capital accumulation to sustain the geo-political balance of imperial power (Heller, 2011). In his book *The New Imperialism*, David Harvey (2003) attempts to update and synthesize Marx's dual use of the concept of primitive accumulation, by illustrating how the economic penetration of capital accumulation into new realms in the global north, along with the expansion of neo-imperial ventures in the global south, have given rise to a new form of primitive accumulation which Harvey calls 'accumulation by dispossession' (Harvey, 2003, p.145).

6.4 Primitive Accumulation under the Mode of Production Framework

The conceptualization of primitive accumulation under the mode of production framework differs significantly from its conceptualization under the world systems framework. As discussed above, the role of social differentiation and the formation of a wage relation is negligible in the world system framework, whereas the extraction and exchange of absolute surplus power, which forms the accumulation component of primitive accumulation, is treated as a central mechanism for coordinating capital flow in the world system framework (Brenner, 1977 and Rigby, 1987). Robert Brenner's conceptualization of primitive accumulation tends to fall into the opposite extreme. As we saw in the previous chapter, Brenner emphasizes the role of primitive accumulation in the subjection of labor to capital, and hence, into the dynamic forces of production

through the extra-economic separation of producers from their means of production and the subsequent social differentiation of feudal class relations, without any further need for any form prior accumulation for the ascent of capitalism (Brenner, 1977 and Brenner, 1985). Brenner's neglect of the role of an earlier accumulation process is elaborated by Heller's (2011) observation that Brenner relies "overwhelming [on the] influence of the extraction of relative surplus value as a factor driving accumulation" (Heller, 2011, p.103). In other words, Brenner exaggerates the productivity generated through the creation of relative surplus value to such a degree that the development of capitalism can be realized as soon as the socioeconomic mechanisms for the generation of relative surplus value have come into being, without the further need to build up any prior absolute or relative surplus value to support the new capitalist mode of production. However, for Brenner, what is required for the ascent of capitalism is the pre-existence of a rational market (Heller, 2011). This is a further point that Heller (2011) has challenged Brenner on, by showing that the process of primitive accumulation in 15th century England, did not in itself lead to the creation and development of a rational market by restructuring feudal class relations. In other words the pre-existence of a rational market cannot be simply asserted in advance, without looking at the historical details of its emergence. On this latter point, Brenner (1985) has only postulated that the expansion of landlord's right to impose indiscriminate fines on peasant producers could have evolved into the preliminary formation of a rationalized market in tenant leases, although Heller has presented the works of historians which show that this would not have been likely (Heller, 2011). Brenner's overall conceptualization of primitive accumulation then, is limited exclusively to the process of separating the producer from his/her means of

production and the social division of labor, without appreciating the need for prior capital accumulation for the takeoff of capitalism.

6.5 Primitive Accumulation as a Transitional Process between Modes of Production

Although similar in many ways to Brenner's conceptualization of primitive accumulation, Lenin (1956), in his book *The Development of Capitalism in Russia* conceptualized primitive accumulation in much broader terms than those of Brenner. As a follower of Marx's works, Lenin's conception of primitive accumulation, although largely working within the mode of production framework, was never the less receptive to the themes and concepts that would later be developed under the world systems framework.

Arguably, the most brilliant feature of Lenin's conception of primitive accumulation is his illustration of how the development of the social division of labor corresponds with the simultaneous development of the home market, which interweaves the creation of the market and the social division of labour as two features of the same process. As Perelman (2000) summarizes in paraphrasing Lenin, "For Lenin (1893, 99-100), "the concept 'market' is quite inseparable from the concept of the social division of labour..."(Perelman, 2000, p.353). The correspondence that Lenin draws between the development of the social division of labor and the development of the home market can be traced back to his description of how the social division of labor developed in rural Russia in *The Development of Capitalism in Russia* backed with empirical reference to the Zemstvo statistics. In that study, Lenin describes the process of the differentiation of the peasantry in post-reform Russia which led to ever increasing complex forms of rent

payment which Lenin saw as indicating an increase in the complexity of the systems of reciprocity among the peasantry who increasingly relied on wages and money as a substitute for provisioning their material needs (Lenin, 1956). In other words, through the separation of producers from their means of production, which forces the producer to become more and more reliant on a wage system, we see the emergence of a home market that requires money and wages to coordinate the extraction and allocation of surplus value. Furthermore, Lenin's conception of primitive accumulation is neither limited to the process of separation and social differentiation as is Brenner's, nor is it limited to the accumulation of absolute surplus value, as it is under the world systems framework. It involves both processes (Perelman, 2000). What makes Lenin's conception of primitive accumulation particularly useful for the purpose of this study however, is that it is a process which is not only manifested through the transformation of the forces and relations of production within the mode of production, but these changes subsequently lead to the transition towards a new mode of production altogether. In other words, the dynamics which transform the forces and relations of production eventually lead to the transcendence of the old mode of production and the formation of a new mode of production (De Angelis, 2001 and Perelman, 2000). This is particularly important for analyzing Russia's 1992-1998 transition from a system of state capitalism towards a system of market capitalism as a historical process, which contrasts with the conception of primitive accumulation under the world systems framework which does not make a distinction between the uniqueness of primitive accumulation as a long term historical process, from routine capital accumulation (Brenner, 1977 and De Angelis, 2001). More importantly, Lenin's conceptualization of primitive accumulation, which illustrates the

processes of change both within and between modes of production, contributes to the diachronic feature that the mode of production model developed in chapter three had been missing up to this point. This added diachronic feature to the mode of production model makes it possible to map the changes in the base and superstructure without making any dogmatic assumptions of the primacy of the forces of production over the relations of production, or to rely on the teleological assumption that the forces of production have a tendency to develop, which causes the transition from a ‘primitive’ mode of production to a more advanced mode of production.

The other useful feature of Lenin’s conceptualization of primitive accumulation is the emphasis he places on the wage relation. Throughout his analysis of capitalist development in Russia, with reference to Zemstvo statistics, Lenin constantly refers to rent/wage as an indicator of the degree of development of capitalist relations of production (Lenin, 1956). David Harvey has also highlighted the significance of the wage relation in the historic commodification of labor, in his statement that “Primitive Accumulation is about the historical origins of this wage labor...how labor-power became a commodity” (Harvey, 2010, p.291). Harvey’s approach to the concept of primitive accumulation is surpassingly broad, given that he acknowledges the significance of primitive accumulation for the internal development of the mode of production, while the development of his own heuristic ‘accumulation by dispossession’ (Harvey, 2003, p.145) which he is famed for, falls closer to the world systems framework which emphasizes the global dynamics of capital accumulation.

In the mode of production model, wage labor is an empirical measure of the commodification of labor-power, which itself is the final outcome of two processes,

which as outlined in chapter four, is a part of the process of subjecting labor to capital according to Marx's labor theory of value (Marx, 1977). The first process is the separation of the producer from his/her means of production, which makes the producer reliant on a monetary system of exchange to acquire his/her basic needs for survival. The other is the continued development and specialization of the division of labor, which not only enhances the reciprocal dependency of the branches through an organic development of the market, but also rationalizes the labor process, thereby giving rise to the high productivity that distinguishes capitalism from other modes of production (Marx, 1977). We can see now that these processes overlap with the process of primitive accumulation. What these two processes entail for the initial rise of capitalism however (a factor that Lenin's conception overlooks altogether) is a level of legal and political intervention.

Indeed, the most significant limitation of Lenin's conception of primitive accumulation is his neglect of the extra-economically coercive dimension of primitive accumulation that Marx amply described in detail for the case of 15th-16th century England. This neglect may be due to the difference between the historic contexts of 15th-16th century England, which involved the violent transformation of feudal relations alongside the consolidation of the monarchical state (Brenner, 1985), with late 19th century post-reform Russia which involved a politically moderate process of integrating a fully established state into the growing global market (Lenin, 1956). Nevertheless, coercion, whether through overt violence or some other means of state intervention, is an integral part of the process of primitive accumulation (Heller, 2011). In the case of England, this element of primitive accumulation has been illustrated both in its more violent forms, as described by Brenner (1985) concerning the enclosures, as well as the state's more

economically focused intervention in the process of asset transference; what Dobb has described as “a phase of acquisition and a phase of realization” (Dobb, 1964, p. 179-180).

6.6 Conclusion

This chapter provided an overview of the competing theories of primitive accumulation, and it was shown that V.I. Lenin’s conception of primitive accumulation offers the best theoretical account of primitive accumulation for the purposes of this study. The concept of primitive accumulation outlined in this chapter adds the diachronic feature needed to show how the components of the base and superstructure, in the mode of production model, transform over time. The development of the wage relation and the importance of the superstructure in implementing the extra-economic aspects of primitive accumulation will be of great concern when examining the pathway of primitive accumulation taken by Russia during its 1992-1998 transition towards a market economy.

Chapter 7: Russia's Three Phases of Primitive Accumulation Examined Through the Mode of Production Model

In the previous chapter, V.I. Lenin's conception of primitive accumulation was incorporated as a diachronic heuristic to the mode of production model developed in chapter four. This chapter provides a brief history of the unique phases of primitive accumulation in Russia which were initially observed by Jairus Banaji. This chapter is a historical prelude to the formal analysis of Russia's final phase of primitive accumulation during the transition to a market economy (1992-1998) which will be the focus of the next chapter.

7.1 A Long-Wave Perspective on the Cyclic Phases of Primitive Accumulation in Russia

As early as 1973, Jairus Banaji's (1973) made the observation that unlike the pattern of primitive accumulation observed in both early European imperial states, such as England and France, as well as in late imperial states, such as Germany, Russia followed a cyclic and continuous but incomplete pattern of primitive accumulation, as Banaji (1973) states:

...in Russia, far more than either in Italy or in Japan, and certainly more so than in Germany, France or Britain, the process of primitive accumulation took on a protracted but discontinuous and *recurrent* character. Phases of intensified primitive accumulation were followed by periods of relative stagnation and decline (Banaji, 1973, p.397).

Indeed, taking a long-wave perspective, it is argued that this pattern has-persisted up to the final phase of primitive accumulation that took place from 1992-1998. The purpose of

the brief historical outline of Russia's phases of primitive accumulation, from its transition from feudalism to a proto-capitalist mode of production in the late eighteenth century to the period of perestroika, is to outline the argument that the third phase of primitive accumulation was in fact the final phase of primitive accumulation that consolidated the earlier phases which had completed the process of separating the producers from their means of production and the subsequent social division of labour which began with the emancipation of the serfs and further developed through Soviet industrialization, with the final phase of property accumulation from 1992-1998. The thesis that the 1992-1998 transition period formed the final phase of primitive accumulation is based on the Kotz and Weir's proposition that state capitalism rested on an ambiguous, and ultimately unstable political foundation in regards to the ruling class's ownership of the means of production, which was forbidden on ideological grounds, and that the period of reform and transition was a top-down process which finally resolved this impasse (Kotz and Weir, 1997).

7.2 The Transition from Serfdom to Industrial State Capitalism

As discussed in the theoretical outline of the process of primitive accumulation in the previous chapter, Lenin, in his book *The Development of Capitalism in Russia*, (1956), gave a theoretical outline of what primitive accumulation entailed in terms of the separation of the serfs from their means of subsistence farming towards the cultivation of commercial crops. Furthermore, he also provided an analytical account of the process as it was unfolding in post-reform Russia (Lenin, 1956). This process continued essentially uninterrupted until the early twentieth century with the development of political and

revolutionary uprisings, in which the property status of agricultural lands, or ‘the agrarian question’, became a focus of all political factions both in the failed 1905 revolution as well as the 1917 revolution (Gregory, 2004). A full political analysis of the factors behind these revolutions is beyond the scope of this study, but in relating the effects of these political transformations to the process of primitive accumulation, we can mark the end of the first phase of primitive accumulation to 1928, with the introduction of Stalin’s collectivization policies which aimed at squeezing and diverting any surplus generated from the agricultural sector towards urban industrialization (Gregory, 2004), as outlined in Preobrazhensky (1965) theory of primitive socialist accumulation discussed in chapter six.

The early phases of the class differentiation of peasants and the development of the wage relation in the countryside endured the political disruptions of the 1905 and 1917 revolution, as well as the civil war and Lenin’s introduction of the new economic policy (NEP) which provided greater incentives for peasants to engage in expanded commercial agricultural production (Gregory, 2004). The collectivization of agriculture by means of extensive political coercion however, marked the turning point of a new phase of primitive accumulation that, although maintained and indeed intensified the move toward the development of a rationalized system of production in both agricultural as well as urban manufacturing, never the less introduced a political ambiguity with the regards to the relationship between the Soviet ruling class to the means of production which would remain a constant feature of state capitalism until its dissolution by the late 1980’s (Kotz and Weir, 1997). This political disjoint amongst the ruling class in the

system of state capitalism is a central theme that will be elaborated further throughout this chapter.

7.3 Primitive Socialist Accumulation

The full industrialization of the Soviet Union by 1937 marks the end of the second phase of primitive ‘socialist’ accumulation (Gregory, 1937). By this point, not only had the separation of the peasant producers from their means of production been completed, with the collectivization of agriculture that transformed Russia from a largely agrarian population to an industrial giant (Gregory, 2004), furthermore, the hyper-rationalization of Soviet industries through a system of state enterprises and industrial ministries ensured a modern level of the division of labor which even prompted such prominent economists as Joseph Schumpeter to conduct a formal institutional analysis to see if such a model of industrialization could overtake market capitalism in terms of industrial growth (Schumpeter, 1976).

Within the mode of production model, the development of an enormous industrial capacity indicates the development of the forces of production in terms of technical infrastructure, but the changes in the relations of production are much more nuanced. Although the wage relation was singled out as the central theoretical indicator of capitalist relations, which had become established as the principle means of economic transactions in the Soviet Union by 1937 (Gregory, 2004), the differences between the Soviet Union’s state capitalism and the West’s market capitalism can already be seen at this point, as indicated by the actual degree to which labor had become commodified in the Soviet Union. According to Marx’s theory of value, both the formal and real subjection of labor to capital requires the full separation of the producer from his/her

means of production to ensure that labor power becomes a commodity that can be exchanged freely in a market (Marx, 1977). Empirically, this corresponds to the development of the wage relation (Lenin, 1956). In the Soviet Union however, the existence of a system of wage labor, in terms of money income and salaries was misleading, as it does represent the full subjection of labor to capital (Atal, 1999). This is because despite the existence of a formal wage based system in the USSR, the proletariat was not fully dependent upon his/her wages for sustenance (Atal, 1999). This paradox is elaborated by Yogesh Atal (1999) who explains how “Since the entire Soviet Union pursued the Leninist strategy of the “decommodification of labor,” money income constituted only a fraction of the total income of a worker. The money income figures of that era are not an accurate measure of total income. In addition to salaries, people received various other benefits-free services, entitlements, and earnings from secondary activities”(Atal, 1999, p.21). Atal’s observation highlights the ambiguous status of the wage relation in the USSR, which parallels the ambiguous status of the Soviet ruling class in regards to the ownership of the means of production that was alluded to earlier. These ambiguities inherent to the state capitalist mode of production affirm the argument made earlier in the chapter that the third and final phase of primitive accumulation from 1992-1998 was about the consolidation of the ambiguous status of the wage relation as well the question of property ownership. As will be shown in the next chapter, while the final phase of primitive accumulation settled the question of property ownership, the particular model of primitive accumulation that was adopted actually led to the regression of the wage relation. As Kotz and Weir have shown (1997) the political impetus for this colossal socioeconomic transformation began with a top-down process of political reform

called Perestroika, initiated by the final General Secretary of the Communist Party of the Soviet Union, Mikhail Gorbachev.

7.4 Perestroïka as a Precursor to Laissez-Faire Primitive Accumulation

Perestroika began as a program of both political reform of the Communist Party of the Soviet Union (CPSU), as well as economic reform to solve the problem of economic stagnation that had been plaguing the USSR's economic infrastructure since the 1970's (Gregory, 2004 and Kotz and Weir, 1997). In terms of the latter, Perestroika opened up the possibility for various forms of property transfers away from directorates of the central ministries through such measures as the passage of the Law on Enterprises in 1987, which led to further introduction of market based solutions allowing, for the first time, the acquisition of the state-owned means of production by enterprise managers and worker's council. These economic and political reforms finally resolved the legal and ideological impasse that had haunted the Soviet ruling elite, thereby allowing them to begin acquiring the means of production as private property (Gregory, 2004 and Kotz and Weir, 1997). This initial transference of property and capital has been described by Yegor Gaidar (2003a) who in his book *State and Evolution*, claims that hidden primitive accumulation was taking place during the political crises 1990-1991 as power was transferring from the CPSU, and the USSR in general to Yeltsin and the Russian republic of the USSR.

Once coming to power however, Yeltsin chose a pathway of primitive accumulation that did not halt this transfer, but formalized it to abide with Western advice to implement several structural adjustment polices and to transfer state assets as rapidly as possible

through a program that came to be known as shock therapy (Gregory, 2004 and Kotz and Weir, 1997). Given the turbulent political context of the situation, which involved constant shifts in political alliances, the newly formed Yeltsin government struggled to find political legitimacy amongst both the population and the industrial elites (Reddaway and Glinski, 2001). The exercise of such political realism is not surprising. What is astonishing however is the degree to which Yeltsin and his advisors subscribed to the laissez faire economic ideology offered to them by Western advisors, and their willingness to experiment with the future development of the newly independent Russian state to carry it out. As will be shown in the next chapter, nothing could be more disastrous than the prospect having a society which has been coordinated by a state command structure for 70 years, undergo a rapid transition to a market economy through a model of primitive accumulation which requires the complete abdication of state coordination and oversight over the process.

When viewed from the long term perspective of Russia's cyclic but historically incomplete phases of primitive accumulation, as described by Jairus Banaji (1973) earlier in this chapter, the final phase of primitive accumulation that began under Perestroika, and formalized as state policy under Yeltsin's shock therapy program, can be seen as the completion of the process of the final accumulation of the means of production as private property by the Soviet ruling class during the Post-Soviet period (Kotz and Weir, 1997).

7.5 Conclusion

This chapter provided a brief historical overview of the phases of primitive accumulation in Russian from the late 19th century to the Perestroika reforms. The

argument was presented that the third phase of primitive accumulation from 1992-1998 was the final phase of primitive accumulation aimed at consolidating the politically ambiguous relationship between the Soviet ruling class to the means of production. The next chapter will consist of a full theoretical analysis of Russia's final phase of primitive accumulation from 1992-1998 within the mode of production framework developed in chapter four and elaborated upon in chapter six, backed by health and demographic data as well as the historical-comparative findings from the previous chapters.

Chapter 8: Laissez-Faire Primitive Accumulation (1992-1998)

This chapter synthesizes the empirical, historical and theoretical findings from the previous chapters to arrive at a full theoretical analysis of Russia's transition to a market economy from 1992-1998 within the mode of production model constructed in chapters four and six. The chapter will begin with an overview of the full diachronic mode of production model developed thus far, followed by a systematic analysis of the effects of shock therapy upon Russia's transitional mode of production, through historical-comparative analysis, to map out the broad social and economic effects of shock therapy. The purpose of this analysis is to conceptualize the socioeconomic regression documented in chapter three, and to explain how the logic and implementation of shock therapy resulted in such outcomes, while referring to historical comparative evidence to back up the analysis.

8.1 The Diachronic Mode of Production Model Applied to Russia's 1992-1998 Transition

The diachronic mode of production model constructed in chapter four and six consists of an economic base and a political superstructure, both of which change overtime through the dynamics of primitive accumulation. Primitive accumulation is a diachronic feature that is inherent to the model, both in transforming the relations and forces of production within the economic base, in the long term, as well as a process that takes place during historic conjectures such as the revolutionary transition from one mode of production to another. The empirical indicator of social differentiation and the commodification of labor which characterizes the capitalist mode of production within the model, is the wage relation.

The diachronic properties of the model, as well as the casual relations of influence exerted between the base and superstructure are open-ended; the model does not impose any prior teleological assumptions about the developmental tendencies of the forces of production, nor does it impose any assumptions about the dominant influence of the base over the superstructure, since both the material and non-material features are dispersed throughout both the base and superstructure of the model. This open ended framework of the model enables empirical investigations to be carried out for a given social formation within a flexible yet rigorously analytical theoretical framework.

8.2 A Diachronic Analysis of Russia's Transitional Mode of Production

Having reviewed the parameters of the model, we now turn to analyzing the effects of shock therapy upon Russia's social formation from 1992-1998 in order to map the process of socioeconomic regression documented in chapter three. As outlined earlier in this chapter, the initial phases of primitive accumulation had come to completion through two successive phases by 1937. Although during each phase, the actual surplus value generated was used up in either household investment (first phase) or investment for socialist industrialization (second phase) (Gregory, 2004), the long term structural status of the ruling class in regards to its political capacity for the formal ownership of the means of production, remained unresolved thereby leaving the final phase of capitalist accumulation suspended throughout the period of state capitalism (Kotz and Weir, 1997).

Expanding upon Jarius Banaji's (1973) observation regarding the incomplete phases of primitive accumulation unique to Russia's modern history, I argue that the overall transition from state capitalism to market capitalism consolidated the final phase

of primitive accumulation by transferring state assets to private proprietors, which is an extension of Kotz and Weir's (1997) argument that the collapse of state capitalism resulted from a top-down process of consolidating property rights by the ruling elite. Furthermore, while the transition period from 1992-1998 comprised this final phase of primitive accumulation, which in the long term, stretches back and connects with the earlier phases of primitive accumulation, shock therapy was one model among many, for achieving this final objective (Reddaway and Glinski, 2001). The results of this model and the laissez-faire ideology inherent to it however, have unleashed a dramatic wave of socioeconomic disruptions in the forces and relations of production within the Russian social formation. The remainder of this chapter will be directed at a point by point analysis of the specific effects of shock therapy, within the mode of production model, with comparative reference to the historical precedents presented in the transition debates. In the following analysis, the Russian social formation during the period of transition period of 1992-1998 will hence be referred to as the transitory mode of production.

8.2.1 The Superstructure

As we have seen, not only was the process of reforming state capitalism initiated by the political elite of the Soviet state under Perestroika, but the representation of popular opposition to the CPSU in favor of political pluralism ultimately came under the control of a new political elite as well; once the Russia became an autonomous republic from the Soviet state (Kotz and Weir, 1997). The central figurehead of the new political elite Boris Yeltsin, had by June of 1991 acquired the position of both the president of the Russian Republic, as well as chairman of the Parliament of the Russian republic, thereby

gaining a political monopoly over the parliament and the executive, acquired through the support of both the state-party elite, as well as the *Democratic Russia*, a massive grassroots movement. The failed August coup attempt allowed Yeltsin to dissolve the CPSU, and provided Yeltsin the political legitimacy he needed to carry out a massive transformation of the socioeconomic system of the new Russian republic without any significant political opposition (Kotz and Weir, 1997 and Reddaway and Glinski, 2001). Yet as Kotz and Weir (1997) have pointed out, amongst the forces that brought Yeltsin into this uncontested position of power, the “party-elite was the decisive actor in the coalition” (Kotz and Weir, 1997, p.153). It is already apparent then, that this process involved the formation of a top-down political hegemony at the level of superstructure. This process was backed up with a broad ideological agreement across various segments of Russian society, that the only way forward was through the adoption of some sort of a capitalist system, since earlier attempts at socialist reform failed under Gorbachev’s Perestroika reforms, and the August coup attempt fully discredited any remaining legitimacy of the Communist Party (Buroawoy and Krotov, 1992). The earlier popular base of support for this broad ideological consensus has been described by Buroawoy and Krotov (1992) who observed that “even if there is no strong internal bourgeoisie, still capitalism has a magical appeal to all strata in Soviet society – the possible delivery from an economy of shortages and all the deprivation and degradation that this entails” (Buroawoy and Krotov, 1992, p.17).

This popular ideological consensus did not however, extend to the political decision regarding what set of policies would be the most suitable for meeting this broad objective. As the central state actor, Yeltsin opted for the shock therapy model, under the

guidance of Western advisors such as Anders Aslund, and Jeffrey Sachs, as well as Russian economists Yegor Gaidar and Anatoli Chubais, among others (Reddaway and Glinski, 2001). Although the political details behind this decision are beyond the scope of this study, it is never the less important to note that Yeltsin's contested decision ultimately committed the Yeltsin government to a laissez-faire ideological program, which mandated as little state involvement in the socioeconomic transition process as possible, with the firm exception of setting up certain policies that we will now examine in detail. The laissez-faire approach towards the final phase of primitive accumulation has been historically unparalleled. Several key scholars in the transition debates, including Heller (2011) and Dobb (1964) have emphasized the state's role in overseeing the process of primitive accumulation through highly interventionist extra-economic means, which not only included land enclosures (Heller, 2011), but the manipulation of property prices for the coordinate transfer of property and capital (Dobb, 1964). While Brenner's (1985) analysis has tended to minimize the role of the state through his emphasis on the role of competitive markets in the transition to capitalism, his analysis did not go to the extreme of antagonizing the role of state intervention either (Brenner, 1985).

Shock therapy entailed the adoption of several macroeconomic policies that were aimed at both dismantling elements of the prior state capitalist mode of production, as well as in developing the basis for the emergence of a market economy in as little time as possible. These policies included the liberalization of prices on all commodities except oil, the privatization of state owned enterprises, government austerity measures to reduce the deficit, the reduction of money and credit supplies to curb inflation, and the opening

up of the Russian economy to free trade and foreign investment (Kotz and Weir, 1997). The expeditious implementation of the processes was due to two concerns. The more immediate concern was over controlling the state deficit and inflation that had incurred during the political transition from the Gorbachev to Yeltsin government. More importantly however, there was a political need to dismantle as much of the political powerbase of the old system as possible before a significant political opposition could develop against the shock therapy policies (Kotz and Weir, 1997 and Reddaway and Glinski, 2001).

The logic behind government austerity measures and the reduction of the money supply (macroeconomic stabilization), was not formally a part of the shock therapy program, but rather an extension of the Washington consensus package as a whole (Kotz and Weir, 1997). Yet it was these policies that resulted in the reduction of the money and credit supply, along with the decision to rapidly liberalize prices overnight, which inflicted the greatest damage to Russia's transitional economic infrastructure, and led to the socioeconomic regression documented in chapter three (Kotz and Weir, 1997, Kagarlitsky, 1995 and Shkolnikov, et al., 1998). A historical parallel can be drawn at this point in examining the logic of price liberalization and Robert's Brenner's explanation of the market factors that led to the development of capitalist relations in 15th-16th century England. Whether Brenner's economic logic is historically valid or not, I argue that it follows the same market logic, and captures the same expectations that the shock therapists had about the automatic development of capitalist relations in Russia, where it was hoped that the influx of market prices would sweep away monopoly price distortions and introduce the market competition needed to dissolve the non-competitive firms,

thereby leaving behind only the firms that could respond to the logic of profit maximization (Layard and Richter, 1995). In Russia's case however, the monopoly distortions were due the remnants of state capitalist mode of production rather than the feudal mode that Brenner had discussed. The details of how shock therapy policies actually transformed the forces and relations of production in Russia will be discussed shortly, but now we must turn towards an analysis of the effects of these policies upon the superstructure.

In contrast to the earlier political and ideological consensus that existed for moving towards a capitalist society (Kotz and Weir, 1997). By the end of the first year of the implementation of shock therapy in 1992, the Russian people and Russia's key industries endured a massive man-made catastrophe that impelled the Russian parliament, also referred to as the Congress of the People's Deputies, to respond to these policies (Buzgalin, A. and Kolganov, 1994 and Kagarlitsky, 1995). Consequently, this parliamentary response empowered the congress with the popular legitimacy it needed to form a formidable opposition to Yeltsin's executive powerbase, with popular support from both grassroots groups as well as segments of the industrial elite. This political showdown between the parliament and the executive resulted in the shelling of the parliament building by government forces in 1993, with the subsequent consolidation of executive power of parliamentary power which has formed the basis of Russia's system of managed democracy to this day under President Vladimir Putin (Mandel, 2004). Given the level of destabilization that shock therapy inflicted upon the forces and relations of production, the ensuing political showdown was to be expected; even more so considering that Russia's economy continued to deteriorate until the collapse of the ruble

in 1998. Yet this presents a paradox; how did Russia avert the prospect of state collapse through civil war, which was predicted several times by political analysts (Reddaway and Glinski, 2001), despite facing economic collapse by 1998? A total state collapse in conjunction with the collapse of the economy would have signified the collapse the entire transitional mode of production. Yet as our model indicates, the transitory mode of production as a whole endured, while specific elements within the relations of production and the forces of production, which will be examined shortly, underwent a process of regression. Having shown that the basis for the destabilization of Russia's transitional mode of production originated at the superstructure level, we now turn to analyzing the effects of shock therapy on the relations of production.

8.2.2 The Relations of Production

Within our diachronic mode of production model, the wage relations, as well as the status of the ownership of the means of production, are indicators of the degree of development of the market capitalist mode of production. As discussed earlier in this chapter, the wage relation under Soviet state capitalism presented a problem because it did not truly represent the full commodification of labour to capital, since the wage laborer did not rely exclusively upon wages to live (Atal, 1999). While re-commodification of labor under capital has overcome this paradox in post-Soviet Russia (Atal, 1999), rendering the wage relation once again as an empirical measure of the degree to which labor is commodified, this was also accompanied by a massive regression towards a barter system throughout all the sectors, urban and rural, of the Russian economy, which saw a shift towards bartering from 6% in 1992 to 41% by 1997 (Aukutsionek, 1998, p.179). These trends continued to expand during the later phase of

transition, as indicated by the increase in bartering from 1994 and 1998, due to the scarcity of capital (Aukutsionek, 1998, p.181) and investment (Wood, 2007). These trends present further empirical evidence for a socioeconomic regression in the relations of production according to the criteria of Marx's labor theory of value; along the same lines as the health and demographic regression documented in chapter three.

Furthermore, this regression is the extension of a new economic practice that became prevalent among the managers and employees of newly privatized enterprises during the implementation of shock therapy, the maintenance of the labor force in the newly privatized enterprises, which went against projected labor market trends by Western economists who expected to see a rise in unemployment rates as enterprises were expected to layoff redundant (Layard R. and Richter , 1995). In actuality enterprises maintained their workforce but engaged in informal systems of economic negotiation such as bartering with goods produced by the enterprise or goods bartered with other firms in place of formal wage payments for the labor rendered (Layard R. and Richter , 1995). These archaic economic transactions followed an altogether different logic from profit maximization, in a time when accruing basic necessities meant the creation of reciprocal systems of compromise (Buroawoy and Krotov, 1992), which will be explored in greater detail in the next chapter.

It should be noted at this point however, that the rise of bartering in place of monetary transactions represents a regression of the relations of production within the very specific context of Russia's transitory mode of production. When applied to the context of Russia's transitory mode of production, bartering represents a survival strategy in a period of acute scarcity and misdistribution of basic resources for sustenance. It is

within this context that bartering represents a regression of the relations of production. Within a different context, such as Hugo Chavez's experiment with community market based bartering (Pretel, 2007), bartering follows a social and economic logic which is distinct from the regression to a bare survival mode, that has characterized the system of bartering in Russia's transitory mode of production.

In addition to the transformation of the wage relation, an analysis of the role of various class formations within post-Soviet Russian highlights the historical parallels between Russia's transition towards a market economy with other historic and national parallels. A clear definition of class within Soviet society has been a formidable challenge for social scientists. As we have seen, on purely theoretical grounds, the distinction between different classes that composed Soviet society along traditional Marxist categories has been problematic because not only was the ruling class ideologically barred from owning the means of production, but wage workers themselves did not fit the functional conception of the proletariat either (Kotz and Weir, 1997 and Atal, 1999). This was because the wage relation under Soviet state capitalism did not reflect the full commodification of labor power, although the formal division of labor had come into existence through primitive socialist accumulation by 1937 (Gregory, 2004). In spite of these theoretical challenges, Tony Wood (2012) has provided a useful conceptual map of Soviet class structure, whereby after the dissolution of the bourgeoisie property owning class following the October 1917 revolution, as well as the dissolution of the independent agrarian peasants by 1932, a large segment of Soviet society came to be composed of a collectivized peasant class (Wood, 2012). The investment of the surplus extracted from the agricultural sector simultaneously gave rise to an urban industrial

working class, along with an ascending intellectual class, all of whom were subordinate to the ruling class which was composed largely of the party elite and the bureaucratic elite (Wood, 2012). What needs to be noted however is that this party elite did not simply hover above the subordinate classes, it was infused within the internal hierarchical structures that permeated across all classes of Soviet society. Within the production unit of the state owned enterprise for instance, this party elite consisted of representatives from both labor union members as well as enterprise managers (Wood, 2012). Although this class structure scheme is an oversimplification of the Soviet social formation which continued to develop and diversify into a more complex matrix of class and social relations in the post-war period, Wood's (2012) scheme never the less does provide a sufficient starting point for comparative class analysis.

The class scheme outlined above is comparable to the class schemes discussed in the transition debates, and the trajectory of the transformation of the relations of production in post-Soviet Russia can be historically compared with those of 15th-16th century England. The class status of the enterprise manager in post-Soviet Russia for instance, parallels that of the landlord in 15th-16th century England, since in structural terms, they both possess the means of production and must make decisions regarding how to best manage their assets and property under conditions of rapid economic and political change. Comparing the class of capitalist peasant producers in 15th-16th century England with segments of post-Soviet Russian society however, is a more complicated matter. To begin with, there has been no consensus in regards to which groups of petty producers composed the proto-capitalist class in 15th-16th century England (Heller, 2011). For Brenner, the peasantry was more or less a homogenous class, differentiated only amongst

the well-off peasants, who would later come to form the proto-capitalist farmers under the tutelage of the landlords (Brenner, 1985 and Heller, 2011). For Dobb on the other hand, the peasantry consisted of an entire matrix of political, religious, and class interests who composed the dynamic social forces behind the revolutionary revolts during that turbulent era of English history (Dobb, 1964 and Heller, 2011).

We find a similar ambiguity when it comes to defining the revolutionary class in post-Soviet Russia. One such class formation that had the potential to fulfill this role included ascending Soviet middle class centered on representatives such as intellectual-dissident Andrei Sakharov (Reddaway and Glinski, 2001). The technocratic elite who worked in the most dynamic sectors of Soviet industries such as aeronautics, which represented the leading edge of the forces of production under Soviet state capitalism, should have fulfilled the role of the revolutionary class, at least in theory (Buzgalin and Kolganov, 1994).

Finally, the class of black-marketers that had formed by the 1970s, who understood the real workings of the market through firsthand experience, along with their political connections, was also well suited for taking on the role of the revolutionary class in post-Soviet Russia (Reddaway and Glinski, 2001). Within our model, all of these segments of Soviet society who were not directly affiliated with the political elite, fill a similar class position as a parallel to the revolutionary matrix of petty producers in 15th-16th England whom Heller (2011) has described in detail. The effects of shock therapy on the political role of these various class formations in Russia however, produced an outcome that was very different from those of 15th-16th England. For starters, against the contestation of many leading economists (Reddaway and Glinski, 2001), Yeltsin

implemented shock therapy by liberalizing commodity prices before privatizing state-owned assets. This ensured that when it came time to privatize state enterprises, through a public voucher scheme, the enterprises could only be bought up by well-connected insiders, since the liberalization of prices and the resulting hyper-inflation expunged the value of accumulated savings of the middle class, which led to the impoverishment of most of the population (Reddaway and Glinski, 2001). As for the class of black-marketers, they managed to accumulate vast amounts of wealth, and some of them even went on to become prominent oligarchs. Yet they did not have the necessary political connections to hold on to their newly appropriated wealth and property in a turbulent, but growing, market of financial speculation (Kagarlitsky, 1995). The outcome for the technocratic elite, which theoretically composed the leading edge of the forces of production, became the direst as a result of massive deindustrialization of Russia's manufacturing sector. Since the most high-tech sectors of the economy, such as aeronautics and other segments of the manufacturing sector formed the overall infrastructure of the previous Soviet military industrial complex, they were the first part of the economy to be dismantled under Yeltsin's ideological imperative of dissolving all the political and economic remnants of the previous mode of production (Kagarlitsky, 1995 and Reddaway and Glinski, 2001). In historical comparative accounts then, the phase of final accumulation of property in Russia did not parallel the pattern of 15th-16th England that Dobb described, where capitalist relations amongst the matrix of revolutionary petty producers who took on a revolutionary role (Dobb, 1964). Of course, this neither substantiates nor refutes the validity of Dobb's historic analysis of the rise of

capitalism in 15th-16th century England, it merely indicates that post-Soviet Russian society did not follow the same logic of transition as the one outlined by Dobb.

Having examined the feeble role of the non-elite segments of Soviet society in the transformation of state capitalism, we now turn to the role of the political elite in post-Soviet society. In historical-comparative terms, Brenner saw the old elite class of landlords in 15th-16th century England, as opposed to the peasantry, as the leading social force that gave rise to the emergence of capitalist relations, since it was the class that was the most responsive to dictates of market forces, even though it had also been the ruling class in the feudal mode of production (Brenner, 1985). We can see how Brenner's account forms the closest parallel with the transformation of the relations of production in post-Soviet Russia, since the transfer of ownership followed the same pattern whereby the managers and directors of state enterprises under Soviet state capitalism came to formally acquire these enterprises as private property in the post-Soviet era (Reddaway and Glinski, 2001). This process of 'final accumulation' involved two rounds of privatization in 1992 as well as in 1995, whereby the very same Soviet state enterprise managers gained the upper hand through highly corrupt insider trading in acquiring key industries (Reddaway and Glinski, 2001), just as the feudal landlords in England had won the support of the monarchical state in appropriating the commons, even as feudalism as an economic system was collapsing (Brenner, 1985 and Heller, 2011).

Given that both the logic of shock therapy, as well as the formal transference of the means of production back to ex-Soviet ruling class, have followed the same pattern of transition that Brenner described for 15th-16th England, one may be surprised by the failed outcome of such a similar process of final accumulation in Russia, which underwent

social and economic regression rather than the economic boom that that England enjoyed by the end of the 16th century. On the other hand, Russia's disastrous transition to a market economy can also be seen as having failed precisely for having followed Brenner's economic logic, which after all remains a contestable academic hypothesis, parallels the short sighted economic logic of shock therapy which was advocated by Western advisors. Burawoy and Krotov (1992) made clear the structural factors that were overlooked by shock therapists. Writing during the time of the initial implementation of shock therapy, Burawoy and Krotov stated that " even if the [shock therapy] model were internally viable, there may be no feasible way of getting there once account is taken of the resilience of an economy based on barter, monopoly and worker control..." (Burawoy and Krotov, 1992, p. 36). As we have seen, shock therapy has resulted in the regression of the elements of the relations of production, in particular, the wage relation which is central to the market capitalist mode of production within our model. As we shall see, the effects of shock therapy on the forces of production have been much more paradoxical.

8.2.3 The Forces of Production

As outlined in chapter four, the forces of production within our model are composed of several elements which include the natural resources and the technology used, as well as the sets of skills and labor-power, or human resources, that go into the production process. Perhaps no element within the forces of production has been as drastically affected, in normative terms, than labor-power. Shock therapy caused a massive decline in Russia's human resources by two means; the outward brain drain of Russia's top scientists and skilled laborers in search of better opportunities abroad (Atal, 1999 and Reddaway and Glinski, 2001) and the massive overall increase in mortality

rates with a corresponding decline in life expectancy rates, as documented in chapter three. What is most significant and unique about this demographic decline, in economic terms, is that its impact has been greatest among working age males (Tulchinsky et al., 1996). Along with the regression of the wage relation in the relations of production, this decline of labor-power within the forces of production corresponds not only to a historically significant regression of both the economic base within our mode of production model, but also as a regression away from socioeconomic development according to the empirical criteria of demographic transition theory, which has been collaborated further by the increase in tuberculosis rates, as documented in chapter three.

The effect of shock therapy on Russia's industrial base has not been any less significant. For a mode of production that had previously been characterized by its highly rationalized manufacturing base under state capitalism (Gregory, 2004), the rapid deindustrialization of the manufacturing sector, along with the shift towards the extractive sector as the main source of revenue (Kagarlitsky, 2008), reveal the degree to which Russia's economic infrastructure has transformed under a short period of time. The wasteful manner by which this process was carried out is reflected by the decline in industrial output by fifty per cent during the period of transition (Gavrilenkov and Izryadnova, 2003). It is interesting to note that under the world system framework, it is the shift in the Russia's economic status from an autonomous manufacturing based economy under Soviet state capitalism, to the supplier of raw materials in the global market which signifies Russia's economic and political decline (Derluguian, 2006 and Kagarlitsky, 2008), rather than the internal transformation of the forces and relations of production as mapped by our mode of production model.

So far we have analyzed the decline in the forces of production within Russia's transitional economy during implementation of shock therapy, but there is an upside as well. Surprisingly, the shift towards the extractive energy sector had the effect of stabilizing Russia's economic base during the period of transition because much of the oil revenues that were brought in through global trade helped to keep Russia's economy afloat through much of transition until the final ruble crash in 1998 (Gavrilenkov and Izryadnova, 2003 and Wood, 2007). The oil industry after all, was the only sector of the economy that was insulated by from the liberalization of prices which kick started shock therapy in 1992 (Kotz and Weir, 1997). Furthermore, the energy sector has been the greatest contributor to the Russian economy which comprised 20 per cent of the national GDP along with 45 per cent of export revenues (Kagarlitsky, 2008, p.307). Ironically, the deindustrialization of the manufacturing sector also had the effect of cutting out the vast state allocation of energy resources to this sector, leading to a growth in domestic consumer demand for oil and natural gas at discounted rates for much of the impoverished Russian consumers (Gavrilenkov and Izryadnova, 2003 and Woodruff, 1999). In other words, the deindustrialization of the manufacturing sector, along with the liberation of the energy sector expanded the social safety both directly, by providing cheap energy to domestic consumers, and indirectly, by maintaining state revenues, some of which still went into basic social welfare provisions (Wood, 2007, and Woodruff, 1999). The contribution of the energy sector as a buffer to the effects of shock therapy can be appreciated by the statement of a head official from GAZPROM (as cited in Woodruff, 1999), one of the largest state owned oil companies in Russia, who stated, that "A completely abnormal situation has arisen, in which an entire sector of the economy

has become a practically unpaid [besplatnyy] donor for the economy of the entire country” (Woodruff, 1999, p.141). Both the financial as well as the material contribution of the energy sector then, provided a crucial counter-balance to the destructive rages of shock therapy on Russia’s industrial economy and the overall health and quality of life of ordinary Russians.

Within the mode of production model then, shock therapy produced a dialectical interaction between different segments of the forces of production; the regression in labor-power and Russia’s industrial base on the one hand, counter-balanced by the growth of a domestic and global demand for energy resources as a significant source of state revenues. Ironically, while the expansion of the energy sector contributed to the stabilization of the forces of production within our mode of production model, it is precisely this expanded role of the energy sector that, under the world systems framework, acts as an indicator of Russia’s return to a state of semi-peripheral underdevelopment (Derluguian, 2006 and Kagarlitsky, 2008).

8.4 Conclusion

This chapter provided a full analysis of the effects of shock therapy on Russia’s transitional mode of production. It was shown that while the objective of transferring the means of production as private property did come to a completion, thereby completing the final phase of primitive accumulation, the laissez-faire approach that was adopted at the policy level (superstructure), unleashed a series of socioeconomic disruptions across the forces of production and the relations of production within Russia’s transitional mode of production. The mode of production model was used to map the specific effects of

these disruptions, and it was found that counter-balancing forces emerged within the relations and forces of production which stabilized the transitory mode of production. The next chapter examines one of these counter-balancing forces, the emergence of archaic social relations and economic transactions as a system of compromises that averted whole scale state and civil collapse.

Chapter 9: Refeudalization as a Historic Compromise set Against Socioeconomic Collapse

This chapter sets out to explore the connection between the regression of the relations of production within the mode of production model, with the refeudalization of Russian society as described in chapter two. In particular, the chapter will focus on how the refeudalization of social and economic relations operated as a counterbalance to the regression of the elements of the forces and relations of production, in averting even greater social and political catastrophe through forms of social compromise which emerged between otherwise antagonistic classes. Furthermore this chapter will demonstrate that these series of social compromises have in turn, required the revival and intensification of archaic social customs and economic practices as a survival mode, which manifest as the defining features of refeudalization.

9.1 Introduction

In many ways, Russia's history is unique; Russian society has undergone reversions to pre-existing social customs and economic practices on several occasions throughout its history. The second serfdom of the 15th-16th century is perhaps the earliest example of such a reversion, where feudal relations and serfdom intensified in Russia and Eastern Europe, while feudalism as an economic system underwent a process of decline in Western Europe (Braudel , 1982, and Brenner, 1985). A similar case of social reversion took place during the collectivization of Russian agriculture in the late 1920s to the early 1930s, in which the rationalization and modernization of the agricultural sector went hand in hand with the intensification of the feudal doxa, prevalent among the agricultural producer, which personified social power relations as personal authority of a

hierarchy of ‘masters’ (Humphrey, 2002, p. 28). During the 1992-1998 transition, a similar reversion to old power relations took place between the owners of the newly privatized collective farms and the destitute laborers (Gambold, 2003). In the latter case however, the reversion from formal employer-employee relations under Soviet state capitalism to the informal patrimonial relations that came into being in the post-Soviet era, took the form of systems of mutual reciprocity and compromise, as a survival strategy at a time when shock therapy had led to capital shortages, and the collapse of social safety nets within collective farms (Gambold, 2003). The remainder of this chapter will be devoted to examining and comparing the logic of this historic compromise.

9.2 Antagonistic Class Compromise as a Historically Stabilizing Force

In order to appreciate the role of social compromise in stabilizing Russian society during the period of shock therapy, we must first examine how such systems of compromise came into being during the refeudalization of Russian society in the late Middle Ages under the second serfdom, in order to comprehend its logic. Although the intensification of serfdom from the 15th-16th century was a phenomenon that took place all across Eastern Europe as well as Russia, it took a very particular form in Russia. Whereas the once free peasants in regions of Poland and Hungary became serfs under a system of bondage serfdom under the East European context, the peasants in the Russian context, for the most part voluntarily took up positions as serfs to pay off accumulated debts (Braudel, 1982). Even more significantly, under the system of serfdom in Hungary and Poland, the landlords held immense regional power not only over the serfs, but in rivaling against the power of the state as well (Braudel, 1982). In Russia however, the

state held supreme power over all segments of Russian society, thereby diverting the immediate class antagonism between the serfs and the master landlords and channeling it against the oppressive might of the all-powerful state. Under this system of serfdom in Russia, the serfs enjoyed several liberties that did not exist for serfs in other regions of Eastern Europe (Braudel, 1982 and Braudel, 1984) . They could for instance, produce handicrafts as a source of surplus income, and receive a passport from the master landlord to sell them as commodities at regional markets and even engage in the black-market trade in commodities under the guise of legal protection provided through their master landlords (Braudel, 1984, p.450). In other words, the central antagonism between the Russian state and all other segments of society fostered a reciprocal system of compromises between otherwise antagonistic classes.

A similar logic of reciprocal compromise alongside a generalized antagonism against the state took place during Russia's transition to a market economy from 1992-1998. The difference in this case however, was that this social compromise which permeated across employer-employee relations and amongst vast labour and business interest groups, was aimed at ensuring mutual survival against the social and economic deterioration of Russia's industrial infrastructure following the implementation of shock therapy (Burawoy and Krotov, 1992). Given the role that the Russian state had played in adopting such a *laissez affaire* approach towards the final phase of primitive accumulation thereby abdicating its social responsibilities towards remedying the socioeconomic consequences of such a grand policy, it is not surprising to witness the displacement of the expected antagonism between labour and management towards a generalized antagonism between these groups against the state. This sentiment was

expressed by the president of the Federation of Independent Trade Unions of Russia (FNPR), Mikhail Shmakov,(as cited in Mandel, 2004), who stated that “About the only thing ‘social’ that remains of in this state,...is its policy of social Darwinism” (Mandel, 2004, p. 38), in reference to rhetoric that the Russian state had used on several occasions to give the impression that it provided sufficient social provisions (Mandel, 2005). Shmakov’s statements are a broader reflection of the particular nature of the industrial and labour relations in Russia that are at odds with those of Western nations.

In the West, industrial and labor interests have typically been antagonist towards one another, and have required the mediation of the state via the tripartite corporatist pact (Grant, 1985). Just prior to the implementation of shock therapy, a Russian trilateral commission (RTC) was formed to build such a tripartite pact between the ruling government and representatives of leading state enterprise managers, as represented by Russian Union of Industrialists and Businessmen(RIUB) and the largest representative organization for Russia’s trade unions, the Federation of Independent Trade Unions of Russia (FITUR) (Reddaway and Glinski, 2001). Contrary to the logic of Western corporatism however, RIUB and FITUR formed their own pact against the policies of the government. This pact, for the most part, excluded most of the labour and industrial representatives from the energy sector, which had been aligned with RTC, since it continued to receive state subsidies and was protected from price liberalization since the beginning of shock therapy (Kotz and Weir, 1997). This grand compromise between labour and industry was aimed at ensuring that the catastrophic consequences of shock therapy would not spread to the entirety of Russia’s industrial base (Reddaway and Glinski, 2001).

This strategy of compromise permeated down to the level of employer and employee relations as well. During the implementation of shock therapy, employees of enterprises had to endure periods of wage backlogs, or even settle for payment in kind by taking factory equipment or food and other basic rations provided by enterprise managers, which the enterprise managers themselves had procured through black market bartering, to sustain the overall industrial productivity of the firm (Mandel, 2004 and Burawoy and Krotov, 1992). These practices have been documented by David Mandel (2004) who observed auto-factory workers, as well as Burawoy and Krotov (1992) who participated in the production process in a furniture building plant in Arctic city, of the Russian Federation. These scholars have shown that in order to compensate for such irregular payment schemes for workers, and to maintain production when the supplies of industrial inputs themselves were erratic, managers yielded greater autonomy of the workplace to workers, some of whom even used company equipment for the private production of commodities for sale or barter (Mandel, 2004 and Burawoy and Krotov, 1992).

These compromises, both at the enterprise level and at broader institutional levels, bear an uncanny parallel to the compromises between serfs and their master landlords that distinguished Russian serfdom from the alternative variants of the second serfdom that swept across the rest of Eastern Europe (Braudel, 1982 and Braudel, 1984). To describe the emergence of such social relations and archaic economic practices, such as bartering, as an overall process of refeudalization therefore not only reconnects with a logic that extends back to the distant past of the 15th-16th century (Braudel, 1982), but its

very regressive nature is empirically collaborated by the regression of developmental indicators discussed in chapter three.

9.3 Conclusion

As outlined in the previous chapter through the mode of production model, the implementation of shock therapy in Russia resulted in the regression of elements of the relations and forces of production, which further threatened the integrity of the entire transitory mode of production and raised the prospect of state collapse and civil war. One of the counter balancing forces that averted such collapse was the development of social compromises between otherwise antagonistic classes and interest groups, whose very rise and permeation throughout Russian society is a defining feature of refeudalization. In other words, while the regression of the wage relation towards bartering, as well as the development informal systems of compromise in the interest of maintaining production illustrate the refeudalization of social relations with historic parallels to the second serfdom in 15th-16th century Russia, these very same practices constituted a counter-balancing force to the socioeconomic disruptions unleashed by shock therapy. Refeudalization then is not a historical abomination, but a rational response to the regression in the forces and relations of production within Russia's transitory mode of production.

Chapter 10: Conclusion and Implications

The objective of this study has been to build a comprehensive model of Russia's transition to a market economy from 1992-1998, under a theoretical framework that conceptualizes the regression of Russia's socioeconomic developmental indicators, and which has the explanatory power to map the process of regression and its causes. The purpose of this concluding chapter is to summarize the key features of the mode of production model constructed in this study, to present some of the key findings of this study in regards to Russia's socioeconomic regression, and to outline the normative implications of these findings.

10.1 The Model

The mode of production model consists of economic, political and sociological categories which are articulated in a base-superstructure framework that connects these domains and allows for the analysis of how they interconnect and interact (Mills, 1969). The theoretical research of structural Marxists and historians over the past thirty years has highlighted the limitation of the model, owing to both the static nature of the base and superstructure categories (Thompson, 1978), as well as some of the ideological assumptions that have been associated with how the base and superstructure *ought* to interact according to historical laws of development (Rigby, 1987), as interpreted by selective readings of the founder of the mode of production model, Karl Marx.

In this study, the model was modified to broaden its capacity for analyzing empirical data, as well as for charting the development of processes that involve long-term historical change. The first modification involved the removal of the ideological

assumptions, such as the primacy of the forces of production, which have limited the model's explanatory potential. The second modification involved the addition of primitive accumulation as a diachronic heuristic which expands the model's capacity for charting how the base and superstructure interact empirically, as well as how these interactions change over time.

These modifications of the mode of production model have made it possible to follow historic parallels of transitions across different national and historic contexts, and to examine the socioeconomic logic behind historical transitions through a comprehensive framework that is open to empirical input and refutation.

For the purpose of analyzing the process of historic transition, and conceptualizing socioeconomic regression, the diachronic mode of production model constructed in this study, has relied on two theories (a) Marx's labor theory of value (Marx, 1977) and (b) demographic transition theory (Notestein, 1945). More specifically, the conceptualization of socioeconomic regression involved the use of health and economic measures of socioeconomic development from demographic transition theory to empirically demonstrate Russia's socioeconomic regression away from historical developmental trends, while Marx's labor theory of value was used to both distinguish the feudal, state capitalist, and market capitalist modes of production on a functional basis, as well as to establish the theoretical criteria for socioeconomic regression based on the wage relation.

For the purpose of analyzing the process of historical change, V.I. Lenin's (1956) conception of primitive accumulation was used to theoretically articulate the manner by

which the economic base of the mode of production transforms over time, while Jairus Banaji's (1973) historic observation about the cyclic nature of the phases of primitive accumulation in Russia was extended to examine the final phase of primitive accumulation in Russia from 1992-1998.

10.2 Findings

This study has provided a historical account of the phases of primitive accumulation in Russia with an analytical focus on the final phase of primitive accumulation from 1992-1998. Using the mode of production model, along with health and demographic indicators, the study found that the 1992-1998 phase of primitive accumulation completed the final transference of state assets as private property to an elite class proprietors (Kotz and Weir, 1997), but the lack of state oversight of this transference, as well as the set of economic structural adjustment policies that it adopted under the program of shock therapy, resulted in regression of the forces and relations of production. This has revealed that the socioeconomic disruption of Russia's transitional mode of production originated at the superstructure level, since the initial process of political reform, as well as the policy model of primitive accumulation adopted by policy makers had been limited to the decisions of state decisions (Kotz and Weir, 1997). However, historical comparisons with prior transitions from feudalism to capitalism in Europe revealed that the lack of state intervention and oversight during Russia's final phase of primitive accumulation was historically unparalleled. Furthermore, in examining the logic of the shock therapy model of primitive accumulation which limited state intervention, historical comparative analysis revealed that the market logic of Robert Brenner's thesis in regards to England's transition from feudalism to capitalism,

corresponded with the market logic of shock therapy which prescribed a laissez-affaire model of primitive accumulation (Heller, 2011).

A detailed analysis of the specific effects of shock therapy on the forces and relations of production revealed the development of counter-balancing forces within the forces and relations of production against the ravages of shock therapy. In the forces of production, the deindustrialization of Russia's industrial base and the decline of labor-power due to the brain drain and the mortality crises were offset by the expansion of the energy sector which compensated for the downfall in the GDP and state revenues. Within the relations of production, the impoverishment of the population by shock therapy, was counterbalanced by the emergence of reciprocal forms of social compromise amongst otherwise antagonistic classes and institutions (Reddawa and Glinski, 2001). A historical-comparative analysis revealed a similar pattern of social compromises that emerged in 15th-16th century Russia under the *second serfdom* (Braudel, 1982), providing a historical basis for the argument that the regression of the relations of production resulted in the refeudalization of Russian society.

10.3 Implications

The conceptualization of socioeconomic regression presents a challenge to the teleological assumptions about historical development which are implicit to certain currents of Marxist theory, as well as to the liberal economic theories behind shock therapy. Whereas the former has assumed that modes of production succeed one another through the teleological development of the forces of production (Rigby, 1987), the latter assumes that there is only one 'normal' pattern of economic development that all rational

societies eventually will succumb to, thereby converging on the same set of market principles that guide this development (Derluguian, 2006). The philosopher Charles Taylor has criticized this latter view-point as an accultural view of modernity, which Taylor sees as a Western fallacy in interpreting the actual ways in which modernity is appropriated by different cultures (Taylor, 1995). In his criticism of the West's perception of former Soviet cultures, the Russian sociologist Georgi Derluguian once stated, that to Western eyes, "The East was, and remains, measured against the teleological claim of what these countries should – and what their rulers declare them to – become, rather than trying to understand the actual evolutionary emergence and metabolism of these political species and their proper place in the world's comparative taxonomy of states" (Derluguian, 2006, p.143-144). Derluguian and Taylor's criticisms in regards to the teleology of development present a normative challenge, which is highlighted by the findings of this study. Given that the refeudalization of the social relations in Russia resulted from the application of the most advanced economic advice from the West, which never the less unleashed a man-made socioeconomic catastrophe, Refeudalization should not be seen as historical abomination, but as a rational response to a set of modern ideas and practices which produced a less than rational outcome.

Bibliography

- Abrahams, Z., Mchiza Z., and Steyn, N.P. (2011). Diet and Mortality rates in Sub-Saharan Africa: Stages in the Nutrition Transition. *BMC Public Health*, 11 (801).
- Althusser, L. and Balibar, E. (2009) *Reading Capital*. London: Verso.
- Arrighi, G.(2009) *Adam Smith in Beijing: Lineages of the 21st Century*. London: Verso.
- Aslund, A. (2009). *Russia's Capitalist Revolution: Why Market Reform Succeeded and Democracy Failed*. United States of America: Peterson Institute for International Economics.
- Atal, Y. (1999) Introduction. In Y. Atal (Ed.). *Poverty in Transition and Transition in Poverty*. (pp. 1-32). USA: UNESCO.
- Aukutsionek, S. (1998). Industrial Barter in Russia. *Communist Economies and Economic Transformation*, 10(2), 179-188.
- Banaji, J. (1973). Backward Capitalism, Primitive Accumulation, and Modes of Production. *Journal of Contemporary Asia*, 3 (4), 393-412.
- Benton, T. (1984). *The Rise and Fall of Structural Marxism: Althusser and his Influence*. United Kingdom: Macmillan Press Ltd.
- Bois, G. (1985). Against the Neo-Malthusian Orthodoxy. In T.H. Aston and C.H.E. Philpin (Eds.). *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*. (pp. 107-118) London: Cambridge University Press.
- Braudel, F. (1982). *The Wheels of Commerce: Civilization and Capitalism 15th-18th Century*. New York: Harper & Row publishers.

- Braudel, F. (1984). *The Perspective of the World: Civilization and Capitalism 15th-18th Century*. University of California Press.
- Brenner, R. (1985). Agrarian Class Structure. In T.H. Aston and C.H.E. Philpin (Eds.). *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*. (pp. 10-63): London : Cambridge University Press.
- Brenner, R. (1977). The Origins of Capitalist Development: A Critique of neo-Smithian Marxism. *New Left Review*, 104, 25-93.
- Burawoy, M. and Krotov, P. (1992). The Soviet Transition from Socialism to Capitalism: Worker Control and Economic Bargaining in the Wood Industry. *American Sociological Review*, 57(1), 16-38.
- Buzgalin A. and Kalganov, A. (1991). For a Socialist Rebirth: A Soviet View. In R. Miliband and L. Panitch (Eds.). *Socialist Register 1991*. Canada: Fernwood.
- Buzgalin, A. and Kolganov, (1994). *Bloody October in Moscow: Political Repression in the Name of Reform*. United States of America : Monthly Review Press..
- Chesnais, Jean-Claude (1992) Oxford University Press, New York.
- Derluigian, G. (2006). Machiavellis for Postmoderns. *New Left Review*, 37, 143-150.
- De Angelis, M.(2001). Marx and Primitive Accumulation: The Continuous Character of Capitalist Enclosures. *The Commoner*, 2, 1-22.
- Dobb, M. (1964). *Studies in the Development of Capitalism*. New York: International Publishers.

- Ericson, R.E. (2000). The Post-Soviet Economic System: An Industrial Feudalism? In T. Komulainen and I. Korhonen (Eds.). *Russian Crises and its Effects* (pp.133-166). Helsinki: Kikumora Publications.
- Farmer, P. (2005). *Pathologies of Power: Health, human rights, and the new war on the poor. United States of America*. University of California Press.
- Gaidar, Y. (2003a). *State and Evolution: Russia's Search for a Free Market*. USA. University of Washington Press.
- Gaidar, Y.(2003b). The Inevitability of Collapse of the Socialist Economy. In Y. Gaidar, (Ed.).*The Economics of Russian Transition* (pp. 19-29). United States of America: MIT Press.
- Gambold, L.L. (2003). Interdependence in Rural Russia: The Postsocialist Mixed Feudal Economy. *Max Planck Institute for Social Anthropology Working Papers 51*.
- Gandy, M. and Zumla, A. (2002). The Resurgence of Disease: Social and Historical Perspectives on the ' New' Tuberculosis. *Social Science & Medicine* 55, 385-396.
- Gavrilenkov, E. and Izryadnova, O. (2003). General Trends in the Real Sector in the Reform Period. In In Y. Gaidar, (Ed.).*The Economics of Russian Transition* (pp. 637-674). United States of America: MIT Press.
- Glassman, J. (2006). Primitive Accumulation, Accumulation by Dispossession, Accumulation by 'extra-economic' means. *Progress in Human Geography*, 30(5), 608-625.

- Grant, W. (1985). *The Political Economy of Corporatism*. Hong Kong: Macmillan Press.
- Gregory, P.R. (2004). *The Political Economy of Stalinism: Evidence from the Soviet Secret Archives*. UK: Cambridge University Press.
- Hay, C. (2002). *Political Analysis: A Critical Introduction*. China: Palgrave.
- Johansson, K. (2004). *Child Mortality during the Demographic Transition*. Sweden: Almqvist & Wiksell International.
- Kagarlitsky B. (1995). *Restoration in Russia: Why Capitalism Failed*. New York: Verso
- Kagarlitsky, B. (2008). *Empire of the Periphery: Russia and the World System*. London: Pluto Press.
- Kotz, D.M. and Weir, F. (1997). *Revolution from Above. The Demise of the Soviet System*. New York: Routledge.
- Harvey, D. (2003) *The New Imperialism*. New York: Oxford University Press.
- Harvey, D. (2010) *A Companion to Marx's Capital*. New York: Verso
- Heller, H. (2011). *The Birth of Capitalism: A 21st Century Perspective*. Nova Scotia: Fernwood.
- Hilton, R. [Ed.] (1978). *The Transition from Feudalism to Capitalism*. London : Verso.
- Humphrey, C. (2002). *The Unmaking of Soviet Life: Everyday Economies after Socialism*. United States of America : Cornell University Press.
- Layard R. and Richter, A. (1995). Labour Market Adjustment – the Russian Way. In A. Aslund, (Ed.). *Russian Economic Reform at Risk*. (pp.119-148). London: Pinter Publishers.

- Lenin, V.I. (1956). *The Development of Capitalism in Russia*. Moscow: Foreign Language Publishing House.
- Marx, K. (1970). *A Contribution to the Critique of Political Economy*. New York: International Publishers.
- Marx, K. (1977) *Capital: A Critique of Political Economy. Volume I*. USSR: K. MAPKC.
- Mandel, D. (2004). *Labour after Communism*. Canada: Black Rose Press.
- Mckeown, T. (1976). *The Modern Rise of Population*. UK: Edward Arnold Publishers.
- Mills. C.W. (1969). *The Marxists*. UK: Penguin Books.
- Notestein, F.W. (1945). Population – The Long View. In T.W. Schultz (Ed.). Food for the World. (pp. 36-57). London: University of Chicago Press.
- Parrish, N.M., Dick, J.D., Bishai, W.R. (1998). Mechanisms of Latency in *Mycobacterium Tuberculosis*. *Trends in Microbiology*, 6(3), 107-112.
- Perelman, M. (2000). *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*. USA: Duke University Press.
- Popkin, B.M., Baturin, A., Kohlmeier, L, and Zohoori, N.(1997). Russia: Monitoring Nutritional Change during the Reform Period. In V. Wheelock (Ed.). Implementing Dietary Guidelines for Healthy Eating. (pp.23-46). UK: Chapman & Hall
- Popkin, B.M. (1993). Nutritional Patterns and Transitions. *Population and Development Review*, 19(1), 138-157.

- Postan, M.M. and Hatcher, J. (1985). Population and Class Relations in Feudal Society.
In T.H. Aston and C.H.E. Philpin (Eds.). *The Brenner Debate: Agrarian Class Structure and Economic Development in Pre-Industrial Europe*. (pp. 64-78).
London : Cambridge University Press
- Preobrazhensky, E. (1965). *The New Economics*. UK: Oxford University Press.
- Pretel, E.A. (2007, November 29). Venezuela tests Chavez socialism at barter market.
Retrieved from <http://www.reuters.com/article/2007/11/29/us-venezuela-referendum-barter-idUSN2921390820071129>
- Reddaway, P. and Glinski, D. (2001). *The Tragedy of Russia's Reforms: Market Bolshevism Against Democracy*. Washington: United States Institute for Peace \ Press.
- Rigby, S.H. (1987). *Marxism and History: A Critical Introduction*. UK: Manchester University Press.
- Shlapentokh, V. and Woods, J. (2007). *Contemporary Russia as a Feudal Society: A New Perspective on post-Soviet Russia*. New York: Palgrave Macmillan.
- Sachs, J.D. (1995). Why Russia has failed to Stabilize. In A. Aslund, (Ed.). *Russian Economic Reform at Risk*. (pp.53-64).London: Pinter Publishers.
- Schumpeter, J.A. (1976). *Capitalism, Socialism, and Democracy*. New York: Harper Torchbooks

- Shapiro, J. (1995). The Russian Mortality Crises and its Causes. In A. Aslund, (Ed.). *Russian Economic Reform at Risk*. (pp.149-178).London: Pinter Publishers.
- Shilova, M.V. and Dye, C. (2001). The Resurgence of Tuberculosis in Russia. *Philosophical Transactions of the Royal Society of London*. 356, 1069-1075.
- Shilova, M. (2001). Specific Features of the Spread of Tuberculosis in Russia at the End of the 20th Century. *Annals of the New York Academy of Sciences*, (953), 124-132.
- Shkolnikov, V.M., Cornia, G.A., Leon, D.A. and Mesle, F. (1998). Causes of the Russian Mortality Crises: Evidence and Interpretations. *World Development*, 26 (11), 1995-2011
- Szreter, S. (1993). The Idea of Demographic Transition and the Study of Fertility Change : A Critical Intellectual History. *Population and Development Review*, 19(4), 659-701.
- Taylor, C. (1995). *Two Theories of Modernity*. The Hasting's Center Report. Retrieved from <http://www.jstor.org/stable/3562863>
- Therborn, G. (1978). *What Does the Ruling Class do When it Rules? State Apparatuses, and State Power under Feudalism, Capitalism, and Socialism*. UK: NLB.
- Thompson, E.P. (1978). *The Poverty of Theory & Other Essays*. New York: Monthly Review Press.
- Tucker, R.C. (1972). *The Marx-Engels Reader*. USA: W.W. Norton & Company.

- Tulchinsky, T.H., and Varavikova, E.A. (1996). Addressing the Epidemiologic Transition in the Former Soviet Union: Strategies for Health System and Public Health Reform in Russia. *American Journal of Public Health*, 86(3). 313-320.
- Wood, E.M. (1999). *The Origin of Capitalism*. New York: Monthly Review Press.
- Wood, T. (2007). Contours of the Putin Era. *The New Left Review*, (44), 53-68.
- Wood, T. (2012). Collapse as Crucible: The Reforging of Russian Society. *New Left Review*, 74, 5-40.
- Woodruff, D.M. (1999). It's Value that's Virtual: Bartles, Rubles, and the place of Gazprom in the Russian Economy. *Post-Soviet affairs*, 15(2), 130-148.
- World Health Organization (2013) *European Health for All Database (HFA –DB)*. Retrieved from <http://data.euro.who.int/hfadb/tables/tableA.php?w=1600&h=900>