

THE COMPLETE WORKS OF  
**ROSA**  
**LUXEMBURG**



VOLUME I:  
**ECONOMIC WRITINGS 1**

EDITED BY  
**PETER HUDIS**

# The Complete Works of Rosa Luxemburg

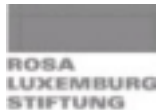
VOLUME 1, ECONOMIC WRITINGS 1

Edited by Peter Hudis

*Translated by David Fernbach,  
Joseph Fracchia and George Shriver*



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## Introduction: The Multidimensionality of Rosa Luxemburg

I.

The depth and breadth of Rosa Luxemburg as theoretician, activist, and original personality was once expressed by her in the following terms:

I feel, in a word, the need as [Wladyslaw] Heine would say, to “say something great” ... I feel that within me there is maturing a completely new and original form which dispenses with the usual formulas and patterns and breaks them down ... I feel with utter certainty that something is there, that something will be born.<sup>1</sup>

This quest for what she called a “land of boundless possibilities” can be regarded as one of her most distinguishing characteristics.

This is most of all evident from Luxemburg's intellectual and political commitments. By the time of her death in 1919 she was renowned as one of the most fiercely independent

figures in European radicalism. Refusing to define herself in the terms often adopted by her contemporaries, she issued a searing critique of the inhumanity of capitalism while being no less critical of what she viewed as misguided efforts by radicals to supplant it. Her understanding that capitalism could only be overcome through a thoroughly participatory and democratic process that actively involves the *majority* of the oppressed<sup>2</sup> was a departure from the hierarchical models of electoral politics and revolutionary putschism that defined so many efforts at social change in the twentieth century, just as it anticipates the aspirations of many feminists, ecologists, and Occupy activists struggling in the twenty-first century to avoid the errors of the past.

Luxemburg's quest for a "land of boundless possibilities" is unmistakable to anyone who encounters her numerous political pamphlets, essays, and articles—whether her well-known publications such as *Reform or Revolution*, *The Mass Strike*, *the Political Party*, and *the Trade Unions* or *The Russian Revolution*, or her many lesser-known works that have never been translated in English but which will all appear in the *Complete Works*.<sup>3</sup> The same is true of her voluminous correspondence, which illuminates her original personality and remarkable span of interests—literary, scientific, and political—all grounded in an effort to stay true to what it means to be human.<sup>4</sup>

What may not have received sufficient attention in some quarters is that Luxemburg's effort to "say something great" is most powerfully exhibited in her four major books —*The Industrial Development of Poland*; *Introduction to Political Economy*; *The Accumulation of Capital*; and *The Accumulation of Capital, or What the Epigones Have Made of Marx's Theory: An Anti-Critique*.<sup>5</sup> Each is a Marxist analysis of economic phenomena. Taken as a whole, they represent the most comprehensive study of capitalism's inherent tendency towards global expansion ever written. Living as we are at a historical moment in which the logic of capital has now expanded to cover the entire world, the time has surely come to revisit these writings by one of the most important women economists of the twentieth century.

This effort has been hindered, however, by the fact that much of Luxemburg's work (including the bulk of her articles, essays, and letters) has yet to appear in English. This is also true of her economic writings, since until now the Anglophone world has lacked a complete translation of one of her most important books, the *Introduction to Political Economy*. The *Introduction* contains material not found in her other works, critiques of such theorists as Karl Bücher, Werner Sombart and Max Weber; analyses of pre capitalist societies, such as those in sub-Saharan Africa and pre-Columbian America; and a detailed discussion of the role of wage labor in contemporary capitalism.

The *Introduction* was composed as part of her work as a teacher—a dimension of her work that is little known in the English-speaking world. From 1907 to 1914 she taught history, economics, and social theory at the German Social-Democratic Party's school in Berlin. She devoted considerable time and energy to her teaching and wrote the *Introduction to Political Economy* as a result of her discussions with students at the party school. As part of this work, she composed a number of manuscripts and lecture notes (seven in all survive), which have only recently come to light. Only part of one of these

seven manuscripts has previously appeared in English;<sup>6</sup> all are published in full in this volume. They indicate how intently Luxemburg kept up with the latest literature on economic history, sociology, anthropology, and ethnology, and serve as an important supplement to the *Introduction to Political Economy and Accumulation of Capital*. Together with a number of her pre-1914 economic writings, such as her dissertation on *The Industrial Development of Poland*, a manuscript of 1897 on the theory of the wages fund, and an essay from 1899 on Marxian value theory, this volume provides a fuller picture of Luxemburg's contribution as an economic theorist than has heretofore been available.

A second volume of her economic writings will contain a new English translation of *The Accumulation of Capital and Anti-Critique* as well as the chapter on Volumes 2 and 3 of Marx's *Capital* that she originally wrote for Franz Mehring's biography of Karl Marx. The *Complete Works* will be rounded out with seven volumes of political writings and five volumes of correspondence.

Just as Luxemburg's stature cannot be fully appreciated without taking account of her as a political figure and an inspiring personality, her overall contribution cannot be grasped without engaging with her work as an economic theorist. It is for this reason that we have decided to begin this fourteen-volume *Complete Works* with her economic writings. Surely, separating her oeuvre into economic and political categories is somewhat artificial. As she indicates in her correspondence, her initial approach to economic theory was largely stimulated by a *political* problematic—the expansion of European imperialism into Asia and Africa. She wrote, “Around 1895, a basic change occurred: the Japanese war opened Chinese doors, and European politics, driven by capitalist and state interests, intruded into Asia ... It is clear that the dismembering of Asia and Africa is the final limit beyond which European politics no longer has room to unfold.”<sup>7</sup> Luxemburg's effort to comprehend the phenomena of imperialism and how it points to the dissolution or “the final crisis” of capitalism determined much of the content of her economic work. Meanwhile, many of her “political” writings—such as *Reform or Revolution*—contain brilliant analyses of the economic law of motion of capitalism and its proclivity for cyclical crises. Yet given the amount of time, care, and attention that Luxemburg gave to developing her major economic works, it makes sense to begin the *Complete Works* with the writings that contain her most detailed and analytically specific delineation of Marxian economics. It is here where her brilliance, originality, and independence of intellect—as well as some of her misjudgments and limitations—are most readily visible.

## II.

Not long after being forced to flee Poland as a teenager, where she became active in the nascent Polish Marxist movement, Luxemburg moved to Switzerland and enrolled in the University of Zurich. By May 1897 she had earned a Ph.D. in economics—one of the first women in Europe to obtain one. Her dissertation, *The Industrial Development of Poland*, was the first detailed analysis of the development of capitalism in Poland. Based on original research at the Bibliothèque Nationale and Czartoryski Library in Paris, it was a rigorous,

empirical study that immediately defined her as a serious theoretician. Unusual for the time, it was published as a book by a major German publisher soon after its completion and was widely (and warmly) reviewed by both radical émigrés and academic economists.<sup>8</sup>

That *The Industrial Development of Poland* earned Luxemburg a degree and did not explicitly reveal the extent of her commitment to revolutionary politics (Marx is mentioned only once in it) should not be taken to mean she had her eye on an academic career. Instead, the dissertation was central to her effort to come to grips with how the Marxist analysis speaks to her particular homeland. Although Luxemburg did not obtain a major international reputation until the revisionist debate in German Social Democracy in 1898–99, her dissertation already established her as an important *Marxist* thinker.

Central to the dissertation is the theme found throughout her subsequent work: internationalism. She analyzed the economy of Russian-occupied Poland as a part of an increasingly globalized capitalist system by detailing how its industrial development was dependent on goods and skills imported from Western Europe as well as new markets being opened up through Russia's penetration of Asia. Poland's economy, she insisted, was increasingly dependent on global capital; any independent path of national development was foreclosed by economic reality. She wrote, "It is an inherent law of the capitalist method of production that it strives to materially bind together the most distant places, little by little, to make them economically dependent on each other, and eventually transform the entire world into one firmly joined productive mechanism."<sup>9</sup>

This in turn became the basis of her effort to address the question that most bedeviled the Polish Marxist movement from its inception: what position to take on demands for national self-determination. Should the struggle for socialism be inextricably connected to demands for national independence? Or does the former make the latter superfluous? In direct contrast to Marx and Engels, who consistently supported the Polish independence struggles,<sup>10</sup> Luxemburg opposed all calls for national self-determination for Poland. *The Industrial Development of Poland* represents the economic justification for this political position by arguing that Poland's economy had become so integral to Russia's that any and all calls for national independence had become thoroughly utopian and impractical.

Many of the debates addressed in *The Industrial Development of Poland* were resolved long ago, and not always to Luxemburg's credit. Her contention that the deepening economic links between Finland and Russia signifies "the beginning of the end of Finnish independence in *political* terms"<sup>11</sup> has hardly stood the test of time; Finland achieved national independence from Russia in December 1917, just as Poland itself did only a few months later. Despite the considerable problems that plagued the Polish economy between the two world wars, her claim that demands for its national independence had become totally impractical have clearly been undermined by the actual historical developments.

At the same time, her dissertation's keen appreciation of the impact of the global economy on efforts to foster capitalistic industrialization means it is not as dated or distant as may appear at first sight. Efforts at industrial modernization that try to seal off a country from the deleterious impact of the world market, she suggests, are inherently counter-productive, since capital accumulation is dependent on a web of influences that

extend beyond national borders. Her work counters the claim that development can best be secured by relying solely on a nation's internal resources—a point that many socialists have belatedly begun to discover in recent decades, in light of the painful failures that have accompanied many efforts to pursue a nationalist development strategy in the developing world.

After completing her dissertation, Luxemburg moved to Germany and became a leading figure in the German Social-Democratic Party and Second International. Her reputation secured by her intervention in the revisionism controversy of 1898–99, she became a much sought after public speaker, journalist, political campaigner, and agitator. By 1905–6, when she returned to Poland to participate in the Russian Revolution and penned her famous pamphlet on *The Mass Strike, the Political Parties, and the Trade Unions*, she had become known as an uncompromising opponent of bureaucracy and political elitism and a firm defender of rank-and-file initiatives and mass spontaneity.

Although some of Luxemburg's biographers have tended to view her work of 1907–14 as less significant than that from 1898 to 1907,<sup>12</sup> the years between the *Mass Strike* pamphlet and the outbreak of World War I actually marked the period in which she produced her most important theoretical work. Much of it was connected to her work as a teacher at the SPD's school in Berlin. Founded in 1906 in response to growing interest in radical ideas following the 1905 Revolution,<sup>13</sup> its aim was to educate party cadres and trade unionists in Marxist theory, history, and sociology.

Luxemburg began teaching at the school in October 1907. Despite lacking any formal experience as a teacher, she plunged into the work with enthusiasm and soon became one of the most popular instructors. Her teaching load was intensive: she lectured five days a week for two hours a day and spent additional time advising and assisting students. She was the only woman on the teaching staff.

Luxemburg's massive theoretical output from 1907 to 1914, much of it devoted to economic theory, was directly impacted by her experience as a teacher. As J.P. Nettl put it, "Undoubtedly the constant polishing of ideas before her students helped Rosa greatly to clarify her own mind on the basic propositions of her political faith."<sup>14</sup> Luxemburg was in fact deeply invested in critical pedagogy. It reflected her life-long commitment to intellectual and cultural advancement as at the heart of the struggle for a new society. She defined her teaching philosophy thusly:

We have tried to make clear to them ... that they must continue to go on learning, that they will go on learning all their lives ... What the masses need is general education, theory which gives them the chance of making a system out of the detail acquired from experience and which helps to forge a deadly weapon against our enemies.<sup>15</sup>

This was part and parcel of her view in the *Mass Strike* pamphlet that "The most precious, because lasting, thing in this rapid ebb and flow of the wave [of class struggle] is its mental sediment: the intellectual, cultural growth of the proletariat."<sup>16</sup>

Along similar lines, she argued that the ability of the bourgeoisie to throw off the fetters of absolutism, which was so important for the unfolding of capitalism as a global system, could not have occurred without such intellectual revolutions as the Enlightenment that



preceded it:

[P]olitical economy, along with the philosophical, social, and natural-rights theories of the age of Enlightenment, was above all a means for acquiring self-consciousness, a formulation of the class consciousness of the bourgeoisie and as such a precondition and impulse for the revolutionary act.<sup>17</sup>

Ideas, she held, are not merely epiphenomenal—which is one reason why this painstaking Marxian materialist had no problem identifying herself as an *idealist*.<sup>18</sup> On the basis of her lectures and discussions at the party school, she decided to work on a full-length book, eventually called *Introduction to Political Economy*. Several of her fellow teachers first suggested the idea of such a book so that her lectures could obtain a wider audience. She began doing research for the book at the end of 1907, and by the summer of 1908 was already looking forward to preparing a manuscript for the printer.<sup>19</sup> As of this period of 1907/08, the content of her planned book closely corresponded to the subjects of her lectures, which were listed as follows: 1) What Is Economics?; 2) Social Labor; 3) Exchange; 4) Wage Labor; 5) The Rule of Capital; 6) Contradictions in the Capitalist Economy.<sup>20</sup>

As she proceeded to work on the book, she decided to include additional material on pre-capitalist societies that was not part of her initial lectures at the party school. This took her into intense studies of the latest literature on ancient, medieval, and early modern societies. In the summer of 1909 she began preparing the manuscript for publication; in 1910 she completed an initial draft, containing eight chapters. She intended to first publish the work as eight separate brochures or pamphlets and later as a complete book.<sup>21</sup>

In the course of working on the last brochure or chapter in November 1911—dealing with the trajectory of capitalism as a whole—Luxemburg encountered what she called a “puzzling aspect” of a larger subject: namely, *what are the barriers that prevent the continued expansion of capitalism?* She was acutely aware that “What particularly distinguishes the capitalist mode of production from all its predecessors is that it has the inherent impetus to extend automatically across the whole of the earth, and drive out all other earlier social orders.”<sup>22</sup> This drive for global expansion, she held, is the economic basis of colonialism and imperialism. On these grounds, she repeatedly attacked the leading economists of the time, such as Karl Bücher and Wilhelm Roscher, for presuming that capitalism can be understood as a *national* system. Indeed, the study of political economy was termed “national economy” by the German economists of the time—a fact that earned Luxemburg’s scorn. However, what establishes the *limits* to capitalist expansion? She wrote,

Yet the more countries develop a capitalist industry of their own, the greater is the need and possibility for expansion of production, while the smaller in relation to this is the possibility of expansion due to market barriers ... Incessantly, with each step of its own further development, capitalist production is approaching the time when its expansion and development will be increasingly slow and difficult.<sup>23</sup>

As Luxemburg pondered this issue, she became convinced that Marx failed to explain adequately the limits to capitalist expansion in his formulae of expanded reproduction at the end of Volume 2 of *Capital*, which assumes a closed capitalist society without foreign trade. Luxemburg viewed this as a very serious error, since she took it to imply the possibility of infinite capitalist expansion—something that, if true, would reduce the effort to create a socialist society to being a subjective, utopian wish instead of an objective, historical necessity.

Luxemburg realized that the issue of expanded reproduction was too complex and serious to be briefly dealt with at the conclusion of the *Introduction to Political Economy*. She therefore decided to devote an entire work to the problem. As a result, in January 1912 she broke off work on the *Introduction* in order to begin writing *The Accumulation of Capital*. Published in 1913, it aimed to show that the imperialist destruction of non-capitalist strata is driven by the inability of workers and capitalists to consume or realize the bulk of the surplus value produced through capitalist production. The imposition of capitalist relations upon non-capitalist strata, she argued, is both crucial for further capital accumulation *and* establishes the historical limits to such expanded reproduction.

Neither the problem of expanded reproduction nor her differences with Marx appear in the *Introduction to Political Economy*; indeed, they are not dealt with in her lectures on Volumes 2 and 3 of *Capital* that she gave as part of her work at the SPD school, and which appear here in English for the first time. These issues are reserved for the far more detailed and technical discussion in *The Accumulation of Capital*. But that does not mean Luxemburg gave up on the *Introduction to Political Economy*. She resumed work on it in 1916, when she was imprisoned in the Wronke Fortress for her opposition to World War I, and she continued to work on the manuscript until her release from prison in late 1918.

Her 1916 outline of the *Introduction* included ten chapters, rejecting her much expanded treatment of pre-capitalist societies.<sup>24</sup> She appears to have completed much of the manuscript by then and was already envisioning plans for its publication.<sup>25</sup> However, at the time of her death only five chapters (that is, [chapters 1, 3, 6, 7](#), and the beginning of [chapter 10](#)) were found among her papers. It is likely that some of the material was destroyed or lost when the proto-fascist Freikorps ransacked her apartment shortly after her assassination in January 1919.

This volume includes the text of the *Introduction to Political Economy* published after her death by Paul Levi, Luxemburg's colleague and follower, in 1925. The text has to be read with caution, since the version available to us is missing a number of important chapters—such as those on the theory of value, capital and profit, and on the history of crises—and Luxemburg did not get to edit what we do have for final publication. We have every reason to believe, however, that she did compose the missing chapters on value, capital and profit, and crises; the importance she gave to the theory of value, for instance, is evident from much of her work, including an essay from 1899 that is included here, entitled “Back to Adam Smith!” It states,

But the fundamental difference between Ricardo's and Marx's labor theory of value—a difference not only misunderstood by bourgeois economics, but also mostly misjudged in the popularization of Marx's doctrine—is that Ricardo, corresponding to his universal, natural-rights conception of the bourgeois economy, also held the creation of value to be a *natural* attribute of human labor, of the individual, concrete labor of individual people. Marx, on the other hand, recognized value as an *abstraction*, an abstraction made by the society under particular conditions, and arrived thereby at a differentiation of the two sides of commodity-producing labor: concrete, individual labor and undifferentiated social labor—a differentiation from which the solution to the *money riddle* springs to the eye as though illuminated by the glow of a bulls-eye lantern.<sup>26</sup>

Closely connected to the content of the *Introduction to Political Economy* is the series of manuscripts and lecture notes from her work at the party school. Three of the manuscripts—notes on slavery, the history of economic crises, and the history of political economy—were a direct part of her research for the *Introduction*.<sup>27</sup> In addition, four transcripts of her lectures at the party school have survived that are also connected with the *Introduction*, dealing with Volumes 2 and 3 of Marx's *Capital*, slavery in ancient Greece and Rome, and the Middle Ages.<sup>28</sup> These lectures appear to have been transcribed by Rosi Wolfstein, a student of Luxemburg's at the party school and an important activist in the German socialist movement.<sup>29</sup> All appear in this volume in full,<sup>30</sup> for the first time in English.<sup>31</sup>

The manuscripts and lecture transcripts from the party school are of great importance in illustrating the extent of Luxemburg's historical and empirical knowledge as well as the depth of her critical and analytical intellect. They show how much work she put into keeping up with the latest literature in political economy, anthropology, sociology, and ethnology—all while maintaining a heavy schedule of writing for the socialist press, speaking at rallies and protests, and engaging in the internal debates and polemics of the Second International.<sup>32</sup>

Her fierce independence is manifest in many of these writings, such as her work on slavery in the ancient world. She took issue with Friedrich Engels, Marx's closest colleague and follower, for claiming that slavery resulted from the creation of private property, arguing, "This explanation cannot, strictly speaking, satisfy us," since slavery arose *earlier*, as a direct result of the dissolution of the primitive agrarian commune. She based much of her research on the same figures that Marx studied in his investigations of non-Western societies at the end of his life, such as the Russian sociologist Maxim Kovalevsky.<sup>33</sup> Moreover, she showed a pronounced interest in the *positive* contributions of communal social relations in the non-Western world, especially in sub-Saharan Africa—a part of the world that was hardly ever discussed by the European Marxists of her era.

This volume also contains a manuscript on "Theory of the Wages Fund," which sharply attacks the classical theory that the wages of workers is determined by the ratio of the total amount of capital to the population of available workers, by counter-posing that theory to Marx's theory of the surplus army of the unemployed. Luxemburg scholar and biographer Annelies Laschitzka has recently discovered that the manuscript was actually composed in

iii.

What was Luxemburg's specific approach to the study of economic phenomena, especially as shown by *Introduction to Political Economy* and the manuscripts and typescripts that were part of her work at the party school?

It is evident to anyone reading the *Introduction to Political Economy* and the materials composed for her courses at the party school that Luxemburg does not proceed along the lines of Volume 1 of Marx's *Capital*. Unlike Marx, she does not try to delineate the logic of the commodity-form and value production on a highly abstract level. She instead takes a historical approach by discussing the factors that helped bring the commodity form and value production into being. However, this does not mean that Luxemburg was writing a straight narrative history. Her aim was not to write a history of capitalism so much as to discuss the central categories of Marx's *Capital* through a historical approach.

Michael R. Krätke has captured the gist of Luxemburg's project in calling it "a problem-oriented representation" that "traces the logic of historical development of the modes of production far beyond the topic of Marx's *Capital*."<sup>35</sup> The latter work is a study of capitalist production and capitalist production alone. It is not mainly concerned with showing how capitalism emerged from pre-capitalist modes of production. Why then does Luxemburg take a more historical approach, and what does this tell us about her theoretical contribution?

It is first of all important to recognize what Luxemburg is *not* doing—trying to popularize the Marxian doctrine. In the period before and after Marx's death in 1883, numerous popularizations of Marx's *Capital* appeared by such figures as Johann Most, Henry Hyndman, Friedrich Engels and Karl Kautsky. Many of these tried to spare readers the trouble of working through the hard, theoretical abstractions found in the opening chapters of *Capital* by treating them as a mere rejection of specific historical phases, such as the transition from simple commodity exchange to generalized commodity production.<sup>36</sup> In some cases, students were even advised to skip [Chapter 1](#) altogether. Luxemburg was not enamored of these efforts to simplify Marx's critique of value production. There is no doubt that she directed her lectures and the *Introduction to Political Economy* to those who might benefit from a primer to Marxian concepts. The issue she faced, however, was how to present the theoretic determinants of *Capital* without falling prey to the superficial summaries so common in the SPD. She sought to make Marx's ideas more accessible, not by rephrasing or abbreviating them in a simplified or vulgarized fashion, but rather by elucidating their complexity by showing how they relate to both the emergence and the dissolution of capitalist society.

In other words, Luxemburg does not bring in history as a way of providing examples of theoretical concepts; instead, the complexity and importance of the concepts are elucidated by analyzing history in their light. The former approach maps the categories directly onto history; the latter enables students to obtain an understanding of the categories on their own terms through a study of history.

Paul Frölich, Luxemburg's colleague and biographer, expressed her approach thusly: "The language is that of the people, but it is not that popularizing style which avoids difficulties by flattening out and simplifying the problems, but a straightforward simplicity as is found only in the writings of someone who has a lively view and a complete intellectual mastery of things."<sup>37</sup> As Luxemburg put it in a letter to Clara Zetkin, her *Introduction to Political Economy* "is not an economic history, as you thought, but a brief analysis of political economy, that is, of the capitalist mode of production."<sup>38</sup>

No less important, Luxemburg was not simply trying to provide an explanation of capitalism's historical development. She was most of all concerned with tracing out the process of its dissolution. Indeed, the issue of dissolution is central to each specific historical era she explored. In analyzing the "primitive" communist societies of the Incas, Africans, and others, she shows how "private property, class rule, male supremacy, state compulsion, and compulsory marriage" arose out of the internal dissolution of early communal bonds.<sup>39</sup> In analyzing ancient Greece and Rome, she shows how slavery undermined the economic viability of these societies and ultimately led to their demise. In the case of the European Middle Ages, she reveals the damage done by the growth of commodity exchange and private property to the patriarchal solidity of feudal societies. And in analyzing the pre-capitalist societies persisting in her own time, she shows how the impact of European colonialism and imperialism "accomplishes what millennia and the most savage Oriental conquerors could not: the dissolution of the whole social structure from the inside, tearing apart all traditional bonds and transforming the society in a short period of time into a shapeless pile of rubble."<sup>40</sup>

More than anything else, it is this keen attentiveness to the process of dissolution that characterizes her analysis of capitalism. All of her economic studies—as well as many of her political writings—seek to pinpoint the internal contradictions of value production that lead, of necessity, to the destruction of the existing order. As she wrote in the *Introduction to Political Economy*,

The capitalist mode of production, for its part, is already, right from the start, viewed in the quite immense perspective of historical progress, not something inalterable that exists forever; it is simply a transitional phase, a rung on the colossal ladder of human cultural development, in the same way as previous social forms. And indeed, the development of capitalism itself, on closer inspection, leads on to its own decline and beyond. If we have up to now investigated the connections that make the capitalist economy *possible*, it is now time to familiarize ourselves with those that make it *impossible*.<sup>41</sup>

Luxemburg's emphasis on decay also explains why she was so determined to develop a Marxist theory of imperialism. In her view, workers and capitalists cannot supply what is required in terms of demand to "buy back" or realize the bulk of surplus value generated by capitalist production, and consequently imperialism becomes essential if the economy is to continue to expand. But the depletion of non-capitalist strata through imperialist intervention ultimately exhausts the potential for expansion. For that reason, she viewed

imperialism as the period of capitalism's "final crisis."<sup>42</sup>

In emphasizing capitalism's tendency towards dissolution, as against developing a theory of capitalism's development, Luxemburg is following the approach of Marx himself, who treated dissolution as the key to any social phenomena. Indeed, that is the essence of Marx's *Capital*. Its primary object of investigation is not the development of capitalism but rather the elements within it that contain the seeds of its destruction. That this was Marx's approach to historical phenomena is also evident from such works as the *Grundrisse* and the *Ethnological Notebooks*.<sup>43</sup> That Luxemburg took much the same approach—despite the fact that many of Marx's works had not yet been published and were inaccessible to her—indicates that, her differences with Volume 2 of *Capital* notwithstanding, she had a far better understanding of Marx's approach than most of his critics and followers.

Luxemburg's emphasis on dissolution is also evident in her attitude toward political economy. The end of the first chapter of the *Introduction to Political Economy* argues that since political economy is the study of the social relations of modern capitalism, the passing of capitalism will spell the end of political economy itself. This indicates that Luxemburg, like Marx, did not see her role as revitalizing political economy so much as undermining its very foundations through a rigorous critique of the capitalist mode of production.<sup>44</sup> This may give the professional economists some discomfort, but Luxemburg's vision was far more expansive than what generally defines that field. Which does not of course mean she wasn't intent on mastering the subject as part of an effort to subvert it from within.

#### IV.

As important as are Luxemburg's contributions to an understanding of the modern world, her limitations are no less instructive. One will search in vain to find in her work a discussion of one of the most important Marxian concepts—the fetishism of commodities. Like virtually all the Marxists of her generation, this dimension of [Chapter 1](#) of *Capital* was largely passed over in silence. It is only with the work of Georg Lukács in the 1920s—who wrote, "[T]he chapter dealing with the fetish character of the commodity contains within itself the whole of historical materialism"<sup>45</sup>—that it began to obtain the attention it deserved. One will also not find a serious discussion or defense of the Marxian notion of the decline in the rate of profit, which some contemporary economists argue is of crucial importance for understanding the present crisis of global capitalism. Instead, she dismissed the concept on the grounds that "there is still some time to pass before capitalism collapses because of the falling rate of profit, roughly until the sun burns out."<sup>46</sup>

Most important of all, Luxemburg (like virtually all Marxists of her generation) tended to view the absolute class opposites as anarchy versus organization, by identifying "planlessness" with capitalism and an "organized economy" with socialism. As she writes in *Introduction to Political Economy*, in capitalism there is "the disappearance of any kind of authority in economic life, any organization and planning in labor, any kind of connection between the individual members." She adds, "There is indeed, still today, an over-powerful lord that governs working humanity: *capital*. But its form of government is not despotism but

*anarchy*.”<sup>47</sup> Although this was the standard view in the Second International, Engels had attacked it many years earlier. The 1891 Erfurt Program, which served as the programmatic and theoretic basis of German Social Democracy, had referred to “The planlessness rooted in the nature of capitalist private production.” In his critique of the program, Engels countered: “Capitalist production by *joint-stock companies* is no longer *private* production but production on behalf of many associated people. And when we pass on from joint-stock companies to trusts, which dominate and monopolize whole branches of industry, this puts an end not only to *private production* but also to *planlessness*.”<sup>48</sup> Of course, that doesn’t make society any less capitalistic. Yet despite this, Luxemburg persisted in claiming that “anarchy is the life element of the rule of capital”<sup>49</sup> —thereby giving short shrift to the despotic plan of capital at the point of production. This is no academic matter, but touches directly on the conception of what constitutes a truly socialist society. For if “market anarchy” is the essence of capitalism, it seems to follow that the abolition of the market and the rule of society by a state-planned economy constitutes “socialism.”<sup>50</sup>

Surely, Luxemburg was correct that one of the historical factors that produced the dissolution of pre-capitalist societies and the rise of capitalism was the increasing role of anarchic relations of commodity exchange. However, she runs up against the following question: does private property emerge as a result of generalized commodity exchange, or is it the other way around? She writes, “We thus come up against a strange contradiction: exchange is only possible with private property and a developed division of labor, but this division of labor can only come about as a result of exchange and on the basis of private property, while private property for its part only arises through exchange.”<sup>51</sup> She admits that “we are clearly going round in a circle” and running up against a contradiction. She tries to resolve the matter thusly: “A contradiction may well be something inextricable for individuals in everyday life, but in the life of society as a whole, you find contradictions of this kind everywhere you look ... [as] the great philosopher Hegel said: ‘Contradiction is the very moving principle of the world.’ ” The problem, however, is that this way of putting things does not really posit contradiction in a Hegelian sense, in which dialectical duality is resolved through a higher development. She instead poses the contradiction along the lines of a Kantian antimony —that is, of an unresolved and insuperable contradiction.

Marx grappled with a similar contradiction, but he resolved it quite differently. He wrote in his *Economic and Philosophical Manuscripts of 1844*,

*Private property* thus results by analysis from the concept of *alienated labor*, i.e., of *alienated man*, of estranged labor, of estranged life, of *estranged man*. True, it is as a result of the *movement of private property* that we have obtained the concept of *alienated labor (of alienated life)* in political economy. But analysis of this concept shows that though private property appears to be the reason, the cause of alienated labor, it is rather its consequence, just as the gods are *originally* not the cause but the effect of man’s intellectual confusion. Later this relationship becomes reciprocal.<sup>52</sup>

Luxemburg did not have access, of course, to Marx’s *1844 Manuscripts*, or many of his other writings that contain a far deeper critique of capitalism than the counterpoising of

“market anarchy” and “organized plan.” That liberatory perspective did not permeate her generation of Marxists—just as it has been outside the purview of many lesser Marxists who came after her.

No one can doubt that Luxemburg had a fiercely independent intellect and personality—to the extent that she was not afraid to take issue with even her closest intellectual mentors. As the entirety of her contribution is made available in the *Complete Works*,<sup>53</sup> we will be in a better position to judge the validity and strength—as well as the possible weaknesses—of her overall contribution to the struggle for human liberation. Reading Luxemburg critically is undoubtedly what she herself would expect of us, as we try to grasp what the revolutionary critique of capital that she devoted herself to means for today.

*Peter Hudis*

## The Industrial Development of Poland

### PREFACE

Although the subject of the following treatise is highly specialized, we are nevertheless convinced that, for a number of reasons, it can be of more than passing interest to Western European readers. Today, in all civilized countries, economic issues stand in the forefront of intellectual life. There is already a widespread recognition that they are the motive forces of all social being and becoming. The political physiognomy and historical destiny of a country are for us like a closed book, sealed with seven seals,<sup>1</sup> if we do not know that country's economic life and all the resulting social consequences.

It was not so long ago that Poland's name resounded throughout the civilized world; its fortunes stirred the minds of all and brought excitement to every heart. Lately no one any longer hears much about Poland—not since it became an ordinary capitalist country. If one wants to know what has become of the old rebel, and where the destinies of history have steered it, the answer can come only from research into the economic history of Poland in recent decades.

One can view and discuss the so-called Polish question from various standpoints, but for those who see in the material development of society the key to its political development, the solution to the Polish question can be found only on the basis of Poland's economic life and the trends within it. We have attempted in the following treatise to gather together the available material necessary for solving this problem, organizing it as much as possible to provide a clear and overall view. In the process, here and there, we have also taken the liberty of doing some direct finger pointing of a political nature. Thus, the subject that at first glance seemed so dry and specialized may prove to be interesting for political people as well.

This may also be true for other reasons. We live at a time when the mighty Empire of the North is playing an increasingly important role in European politics. All eyes are keeping a close watch on Russia, and people view with concern the alarming advances made by



Russian policy in Asia. Soon it may not be a secret to anyone that the most important capitalist countries will, earlier or later, have to be prepared for serious *economic* competition with Russia in Asia. The economic policy of the tsarist empire can therefore no longer be a matter of complete indifference to Western Europeans. Poland constitutes, however, one of the most important and most advanced industrial regions of the Russian empire, one in whose history the economic policies of Russia have perhaps been most clearly and distinctly expressed.

The material for our study lay scattered in numerous statistical publications, which often contradicted one another, as well as polemical pamphlets, newspaper articles, and both official reports and unofficial ones. No exhaustive work about the history of Polish industry in general, and especially about its present condition, is to be found in the existing literature, neither in the Polish language nor in Russian, nor in German. We believed therefore that we needed to process and digest this ragged, disconnected raw material in order to present it in as finished form as possible, so that the reader could most easily reach significant general conclusions.

## I. THE HISTORY AND PRESENT CONDITION OF POLISH INDUSTRY

### 1. *The Period of Manufacture, 1820–50*

Toward the beginning of the nineteenth century, political events placed Poland in entirely new circumstances. The partitioning of Poland<sup>2</sup> removed it from the special feudal-anarchic conditions of natural economy that had prevailed under the republic of the gentry—conditions found in Poland for most of the eighteenth century. Poland was brought under a regime of enlightened absolutism, under the centralized, bureaucratic administrative systems of Prussia, Austria, and Russia. The main part of Poland, under Russia, which is of interest to us here, indeed was very soon able, at first as the Duchy of Warsaw<sup>3</sup> and, later, after the Congress of Vienna [as the Kingdom of Poland], to maintain its own constitution based on social estates.<sup>4</sup> But there was a world of difference between this Congress Poland and the Poland of former times. The entire administrative, financial, military, and judicial apparatus was adapted to that of a modern centralized state. But this apparatus proved to be in glaring contradiction to the economic relations onto which it had been superimposed. As before, Poland's economic life centered on landed property. The development of urban craft production, which had begun in the thirteenth century, had run into the sand by the time of the seventeenth century. At the end of the eighteenth century, attempts by the owners of large landed estates (the magnates) to create a manufacturing system likewise fell apart, having gone nowhere. After all, landed property was entirely unsuited to serve as the basis for a modern state organization. Because of its dependence on the world market, which dated from the fifteenth century, the Poland of old had been driven to establish a highly extensive latifundia economy, with the most extreme exactions being imposed on serf labor. These latifundia were managed more and more irrationally, and therefore constantly became less and less productive. The wars of Poland's final epoch, and then Napoleon's economic policies in the Duchy of Poland, especially the

Continental System,<sup>5</sup> and the accompanying drop in grain exports, plus the falling price of grain, followed by the abolition of serfdom in 1807—all these blows of different kinds fell upon landed property, one after the other, over the course of about ten years and brought it to the verge of ruin. But because landed property constituted the main source of revenue in the country, once again the full burden of the relatively large costs of the new administrative system fell on the landed proprietors. The 10 percent income tax on landed property, which Poland had already introduced in olden times, but which was now actually being collected for the first time, was suddenly supposed to be increased to 24 percent. In addition, the burden of quartering troops and supplying the military *in natura*<sup>6</sup> fell on the nobility.

The result was that landed property soon fell into the clutches of the usurers. While old Poland possessed no urban capitalist class, because of the decay of urban production and trade, such a class surfaced right after the partition of Poland. In part it consisted of immigrating officials and usurers, in part of Polish upstarts who owed their material existence to the country's huge political and economic crisis. This new section of the population now provided the needy gentry with capital. Incidentally, to a large extent the ten-year rule of Prussia (1796–1806) had already laid the foundations for the gentry's indebtedness. During that decade for the first time an organized system of agricultural credit was thrown wide open for the Polish gentry.

For Polish landed property this constituted a veritable revolution. What then took place had been accomplished in Western Europe during the Middle Ages by a slow and gradual process over centuries—the undermining of patrimonial land ownership as the result of usurious interest payments. In Poland this process was brought to completion in less than twenty years. Up until the end of the republic, landed property had been kept free of the usurer. But now, as early as 1821, the landowners had to be saved from destruction by an emergency regulation issued by the government of the Kingdom of Poland—a moratorium.

Under such circumstances, a deficit was a permanent part of the budget of the Kingdom of Poland from the very beginning. The creation of new sources of revenue for the exchequer and of new spheres of economic activity in the country therefore became a condition of existence for the Kingdom from the first moment. Following the example of other countries and driven by immediate needs, the government undertook the establishment of urban industry in Poland.

The decade 1820–30 is the time of origin for Polish industry, or more exactly, for Polish manufacture.

It is indicative that this came about in a way quite similar to that of the earlier origins of Polish craft production, with foreign, mostly German, craftsmen being encouraged to move to Poland. Just as the Polish princes in the thirteenth century tried to attract foreign workers by offering all sorts of privileges, so too did the government of Congress Poland. An entire series of tsarist decrees to this effect were issued in the years 1816–24. The government made houses available free of charge, as well as construction materials, waived rental payments, and established a so-called iron fund for the erection of industrial buildings and housing for industry personnel. In 1816 immigrating craftsmen were assured of freedom from all taxation and other public burdens for six years, their sons were

exempted from military service, and they were permitted to bring personal property into the country duty-free. In 1820 the government granted the immigrants free use of building materials from the state forests and established special brickyards to provide them with the cheapest possible bricks.

An 1822 law freed all industrial enterprises, for a period of three to six years, from the obligation to quarter soldiers. In 1820 and 1823 it was decreed that the cities were to hand over locations to these enterprises rent-free for six years. The industrial fund established in 1822 for the encouragement of industrial colonization amounted to 45,000 rubles at the beginning; it was already twice as much in 1823, and from then on, was set at 127,500 rubles annually.<sup>I</sup>

Such manifold attractions did not fail to have an effect. Soon German craftsmen trooped into Poland and settled down. About 10,000 German families immigrated in a few years at this time. In this way, the most important industrial cities of today soon arose: Łódź, Zgierz, Rawa, Pabianice, and others. In addition to craftsmen, the government of Russian Poland called in prominent foreign industrialists to direct its enterprises: [John] Cockerill from Belgium, [Alfons] Fraget, [Philippe de] Girard, and others.<sup>7</sup> But the government of Congress Poland did not content itself with the granting of privileges to immigrants and the establishment of German manufacturing towns. Unlike the handicrafts of the Middle Ages, manufacturing could not content itself with a narrow circle of consumption and circulation within one city; to start with, it required a wholesale market and, further, commodity circulation embracing at least the whole country. Together with the foundation of manufacturing colonies, the government had to undertake a whole series of administrative and legislative reforms intended to unify the country economically into a single complex and create the necessary legal forms for internal commodity traffic. The greatest breach in the property relations and especially the landed property relations of old Poland had already been forced by the Napoleonic Code,<sup>8</sup> introduced in the Duchy of Warsaw in 1808. This had superimposed the legal forms of a modern bourgeois economy in quite finished form onto the economic conditions of a purely feudal natural economy. This code did not have the power to reorganize the mode of production as such, not in the least, but it did undermine the old property relations drastically and thereby hastened their disintegration. With the abolition of perpetual rent, entail, etc., landed property was ripped out of its state of immobility and catapulted into circulation. At the same time, the Napoleonic Code supplied commerce and the commercial courts with legal standards. In 1817, furthermore, chambers of commerce and manufacturing were established and the regulation of trade was brought to a close; in the following year, deed registries were introduced; in 1825, the Agricultural Credit Association was founded.<sup>II</sup> In 1819, the building of highways and the regulation of waterways were begun at government expense; and in 1825, the construction of a canal between the Niemen and the Vistula.<sup>III</sup> Finally, the government also took the lead—as in other countries where manufacture was just beginning—by establishing its own industrial enterprises: model factories, model sheep ranches, and so on. But it gave the strongest foothold to budding manufacturing by establishing the Bank of Poland, which was brought into existence by a tsarist decree of 1828 and organized after the model of the

Belgian Société Generale and the German Seehandlung.<sup>9</sup> The Bank of Poland was an issuing, investment, deposit, mortgage, commission, and industrial bank all in one. Initially endowed with a fund amounting to three million rubles, it also obtained deposits, securities, ecclesiastical funds, fire insurance, pensions, and other capital deposits, which by 1877 came to a total of 282 million rubles. The bank offered credit to industry as well as to agriculture. Over the course of 50 years from its founding it provided credit to commercial and industrial enterprises in the amount of 91 million rubles. The activity of the bank was extremely diverse. It not only established factories itself and engaged in mining and agriculture, but also concerned itself with the transportation system. The first Polish railroad line, from Warsaw to Vienna, completed in 1845, was chiefly the work of the Bank of Poland.

The activity of the government outlined above was the first important factor in the development of industry in Russian Poland. Whatever other circumstances may have affected its subsequent history, it undoubtedly owed its original existence to the initiative and efforts of the government.

We see of course, as has been said, that in other countries, for example, France and Germany, governments have stood beside the cradle of manufacturing and taken its destiny energetically in their hands. But there the governments offered their help only to a natural development of urban production, which moved of itself and by virtue of objective factors such as the accumulation of trading capital, the widening of markets, and the technological development of craft production toward transformation into manufacturing production methods. In Poland, manufacture, like urban handicraft earlier, was a foreign product imported in finished form, which could develop neither a technological nor a social connection to Poland's own economic development. Here, then, the activity of the government was the only positive factor in the rise of manufacture, and this explains to us the predilection, which Polish economists and political journalists have shown, for restating this point over and over; thus, on the whole, its significance is only too often overstated. Above all, they forget that the autonomous Polish government, in the activity that they describe, acted in the most intimate agreement with the Russian tsarist regime, which was guided by intentions that, in national terms, were nothing less than friendly toward Poland.

Moreover, the efforts of the government of Congress Poland encountered highly favorable ground in the form of Poland's tariff relations with other countries. In this respect, the Vienna Congress had made two important decisions affecting Poland: first, it was united with Russia; and second, it was guaranteed free trade with the other parts of the former Polish state, which basically meant the same thing as free trade with Germany and Austria. With regard to unification with Russia, the trade relations between the two countries were regulated by the tariffs of 1822 and 1824 in such a way that their products were exchanged almost duty-free.<sup>IV</sup> The meaning of this new arrangement for Poland only becomes clear, however, if one focuses on what Russia had been doing since 1810, and especially later under the administration of [Yegor Frantsevich] Kankrin.<sup>10</sup> Russia had pursued an extremely prohibitive tariff policy toward the rest of Europe, often bordering on absurdity, protecting itself on all sides from foreign manufactures with a virtually insurmountable tariff wall. Through the unification with Poland, Russia now became accessible to German goods

from that direction, because of the above-mentioned tariffs. The result of this for Poland was that it became the workshop for the processing of half-finished German goods, most of which were imported into Congress Poland duty-free and finished in Poland; they then found their way into Russia as Polish products, again almost duty-free. One particular result was that Poland's large cloth-manufacturing operations came into full bloom in only a few years.<sup>V</sup> Although it was first established in the period 1817–26, Polish cloth manufacturing had already attained, by 1829, a level of production worth 5,752,000 rubles, a substantial amount for that time.<sup>VI</sup> That this surprisingly rapid growth resulted almost entirely from Russian consumption is shown by the following table of exports of wool products to Russia, in thousands of rubles:

1823–1,865
1825–5,058
1827–7,218
1829–8,418 <sup>VII</sup>

If the value of exported products, according to the table above, exceeded the value of those manufactured in Poland, it was because, in addition to the goods finished in Poland, German finished products were smuggled into the country and exported to Russia under Polish labels on a massive scale.

The above-mentioned tariff relationship had yet another important aspect for Congress Poland. It opened a free trade route to China, to which Polish cloth was likewise exported in large quantities. This export specifically amounted to the following, again in thousands of rubles:

1824–331
1826–332
1828–1,024
1830–1,070 <sup>VIII</sup>

Although Poland's entire export trade in the first decade of its industrial development was actually based on only one branch of manufacture, wool production, it nevertheless had great importance for the country, because it had invigorating repercussions on other branches as well, and it acted as a powerful stimulus to immigration by German craftsmen. A historian of the center of the Polish textile industry, the city of Lodz, calls Poland's cloth trade with Russia and China at that time "the main driving force in the development of industry."<sup>IX</sup>

In 1831, however, this trade came to an end. There was an uprising in Poland in that year.<sup>11</sup> The uprising brought the development of Polish manufacturing to a standstill for some time, and had the additional lasting effect that the tariff between Poland and Russia was significantly increased.<sup>X</sup> For a long time the competition of Polish cloth in Russia and China had been a thorn in the side for the Russian manufacturers. They repeatedly petitioned the tsarist government for higher tariffs at the Polish border, but had no success

until the uprising of 1831, and with it the cessation of Polish cloth exports to Russia. This gave the Russian manufacturers the opportunity to quickly take possession of the abandoned field by expanding their own production and showing the government, with the numbers thus obtained, how much the "Fatherland's" industry had suffered up till then from Polish competition. With the raising of the tariff and, at the same time, the elimination of free transit to China, Polish exports sank rapidly.<sup>XI</sup>

In 1834, total exports amounted to 2,887,000 rubles.

Of this, manufactured products accounted for 2,385,000 rubles.

In 1850, total exports amounted to 1,274,000 rubles.

Of this, manufactured products accounted for 755,000 rubles.

This was a heavy blow to Polish wool production. After its value had reached, in 1829—as we saw—the height of 5,752,000 rubles, it sank in 1832 to 1,917,000 and rose only little by little to 2,564,000 rubles in 1850, that is, to half of the earlier amount.<sup>XII</sup>

Nevertheless, taken all in all with regard to the further destiny of Polish manufacturing, it was not possible that the closing of the Russian border would have any great significance. In Russia itself there existed neither the prospects of a growing demand for manufactured goods nor the means of transportation capable of shipping in mass quantities. The large cloth export trade [from Poland] can mainly be explained by nothing other than the Russian army's demand for cloth. Moreover, Polish manufacturing had not even had time to provide itself with an internal market. So after the closing of the Russian customs border, it slowly undertook to establish a foothold inside the country, promoted by favorable government measures and supported in particular by the Bank of Poland. In the following two decades many branches of production developed well: in the 1830s tanning and the manufacture of soap, and in the 1840s sugar production; also in the 1830s mining, and likewise papermaking.<sup>XIII</sup> Yet because of the social conditions in Poland fairly narrow limits were imposed on the growth of industry there. The population of Congress Poland amounted to only a small number, four to five million people, and besides, the people lived for the most part in the framework of a subsistence economy. Despite the abolition of serfdom in 1807, forced labor remained the predominant type of work in agriculture, and as a result the landed proprietors, as well as the peasants, were to a large extent cut off from commodity and money exchange. The cities grew only slowly; poor and meagerly populated as they were, they could not provide a strong demand for manufactured goods either. The development of industry was thus a very slow process. Thirty years after Polish manufacture arose, a period in which it oriented mainly toward its own internal market, we see that it was still constrained within totally miniature dimensions. Even in the 1850s the most advanced of all branches of industry, textiles, still operated mainly with manual labor, without steam power, and therefore only with skilled master craftsmen and journeymen and without a trace of female labor. On the whole the fragmentation of production indicates its predominantly craft character, for in the year 1857 we still see 12,542 "factories" in Poland with a total of 56,364 workers and total production worth 21,278,592 rubles: [this means] on the average at each "factory," four to five workers, with production worth 1,700 rubles.<sup>XIV</sup>

In accordance with the conditions described above, the fact was that urban industry played only a subordinate role in the social life of Poland up until the 1850s and even the 1860s. The same old power of landed property, as ever, set the tone in the economy and the politics of the country. Indeed, the broad mass of landowners with medium-sized properties, those who represented public opinion at that time, viewed up-and-coming urban industry, and the capitalist economy along with it, as a poisonous plant imported from abroad, a “German swindle” that was to blame for the desperate condition of landed property and of the country as a whole.

## 2. *The Transition to Large-Scale Industry, 1850–70*

We have made our acquaintance with the first beginnings of industry in Poland and its further development in the limits of the domestic market. We have seen that it owed its origins to the efforts of the government, and that until the 1850s, because of the limited domestic market, it could not get beyond the forms of basic manufacture. But here the first epoch of its history comes to an end, and a new page of that history begins. After the 1850s, a series of new factors made their appearance, and although in and of themselves they were quite varied, in the last analysis all of them definitely contributed to the opening of Russian markets to Polish production and thereby assuring it of a mass market. This gradually brought about a complete revolution in Polish industry and transformed it from manufacture into truly large-scale industry, with mass production. We can therefore designate the second period of its history as the era of large-scale industry. The decades 1850–70 were a time of transition from the first to the second phase.

There were four important factors that revolutionized Polish industry during the above-mentioned transition period.

*First, the abolition of the customs barrier between Russia and Poland.* In the year 1851 Poland's tariff relations were altered in two ways. On the one hand, the customs barrier, which until then had cut Poland off from Russia, was eliminated; on the other, Poland's independent policy on trade with the outside world was ended and Poland was incorporated into the Russian tariff zone.<sup>XV</sup> In this way, ever since that time, Poland has formed a single whole, together with Russia, as far as trade policy is concerned.<sup>XVI</sup> For Poland the great significance of the tariff reform of 1851 was first of all that it made the totally free export of goods to Russia possible. Thus Polish manufacture had the prospect of producing for a larger mass market, of going beyond the narrow limits of the domestic market and becoming a truly mass-production industry. But a longer period of time was required before these phenomena could fully manifest themselves. At the moment when the tariff barriers between Poland and Russia were eliminated, three important obstacles still stood in the way of truly mass export of Polish manufactured goods to Russia. First, up until then Polish manufacture had been geared mainly to the demands of the domestic market, and thus was not yet capable of the rapid expansion, by leaps and bounds, which to such a great extent characterizes large-scale mass production industry. Second, no modern means of transportation existed between Poland and Russia. Third, the domestic market in Russia was also of limited dimensions, restricted by the continued existence of

serfdom and the natural economy. But soon a complete transformation occurred in all three areas.

Undoubtedly the *Crimean War* [of 1853–56] had a revolutionizing effect on Polish as well as Russian manufacturing. The blockade of Russia's maritime borders stopped the import of most foreign goods; but in part, such goods found a new way through, at the western land borders of Poland, which became the route for a lively transit trade. More important, however, was the mass demand created by the needs of the Russian army, primarily for products of the textile industry. In Russia the growth of the latter in the years 1856–60 amounted to 11.6 percent yearly for cotton spinning, 5.5 percent for cotton weaving, and 9.4 percent for dyeing and finishing.<sup>XVII</sup> In Poland, an even greater leap may be observed. There the value of production in thousands of rubles was as follows:<sup>XVIII</sup>

*1854 1860 percentage of increase*

In the canvas industry	723	1,247	+72	In the wool industry	2,044	4,354	
+113	In the cotton industry	2,853	8,091	+183			

The era of the Crimean War also caused a deep-going revolution in textile-industry technology, bringing with it the introduction of the mechanical loom and the mechanical spindle in both Russia and Poland. In Lodz in 1854, the Scheibler firm,<sup>12</sup> which is now a gigantic factory, was founded with 100 looms and 18,000 spindles.<sup>XIX</sup> The following year, the first mechanical linen-spinning mill was established in Russia, and in 1857, the largest canvas factory in Poland, the Żyrardow [Girards'] factory,<sup>13</sup> which is still important today, was converted from a hand-operated weaving mill to one run by machinery.<sup>14</sup>

The *second* important result was the establishment of a *series of railroad lines* between Poland and the central parts of Russia. In 1862, Poland was connected with St. Petersburg, in 1866 with Volhynia, Belorussia, and Podolia, in 1870 with Moscow, in 1871 with Kiev, in 1877 with southern Russia. Moreover, the feverish building of railroad lines in central Russia opened ever more areas to trade.<sup>XX15</sup> The construction of each new railroad connection to Russia was followed by an increase in demand for Polish products and an expansion of production. To be sure, the Polish uprising [of 1863–64] and the consequent temporary cessation of trade with Russia had a depressive economic effect.<sup>16</sup> But in spite of this, the decade 1860–70, the period of technological revolution in transport, had the result that while the total value of Poland's industrial production amounted to only 31 million rubles in 1851 (21 million, according to another source), it represented 73 million rubles (according to both sources) in 1872, after 15 years—an increase of 135 percent and 248 percent respectively.<sup>XXI</sup>

*The third factor* that contributed to the industrial revolution was *the abolition of serfdom* in Russia in 1861 and in Poland in 1864 and the resulting transformation of agriculture. Now robbed of the unpaid labor power of the serfs, the landowners turned to the employment of wage laborers and the purchase of industrial products, which earlier were



made by unpaid labor on the estates. On the other hand, the great mass of peasants now had money to spend, and also became the buyers of factory goods. Connected with this was a tax reform and the beginning of the government's policy of squeezing the Russian peasantry, a policy that violently pushed even the small peasant onto the market with the products of his labor and, as this more and more undermined the natural economy in agriculture, to the same degree it prepared the ground for a money economy and a mass market for manufactured goods. The other result of the reform was the proletarianization of broad layers of the peasantry, thus the "setting free" of a mass of workers who placed themselves at the disposal of industry.

Thus we see in Russia, in connection with the Crimean War, an upheaval in all social relations. The collapse of the old patrimonial form of landed property and of natural economy, the reform of finances and the tax system, and the establishment of a whole network of railways—all this meant the emergence of markets, of new channels and outlets for sales, and of hired hands for Russian industry. But since, in terms of trade policy, Poland formed a single whole with Russia ever since the tariff abolition of 1851, so Polish manufacture was swept into the whirlpool of Russia's economic metamorphosis and was transformed by the rapidly growing market into real mass-production industry.

In addition, in the late 1870s, *a fourth important factor* came onto the scene and helped transform Polish manufacture into the large-scale industry we see in Poland today, and that was the tariff policy of the Russian government.

### *3. The Period of Large-Scale Industry in Poland*

Since the beginning of the century, Russia, as was mentioned, had adhered to a highly protectionist policy. The Crimean War, however, caused a change here, as in all other areas of social life. In the "liberal period" of the 1860s tariffs were significantly reduced. This free-trade turn did not last long, however. Because of the reforms themselves, especially the costly railroad construction, the government ran enormously into debt to foreign countries, and the gold tariff was introduced in 1877 with the object of getting hold of gold. With this, Russia entered onto a course of ever more stringent protectionist policies.

With the exchange rate of the paper rouble falling, the gold tariff meant an increase in the tariff rate of 30 percent in the first years and of 40 to 50 percent in following years. In 1880 a deficit in the state treasury developed once more as a result of the abolition of the salt tax. To replace that, there followed in 1881 a general tariff increase of 10 percent. In 1882, several individual tariff rates were raised, such as those for linen, wool yarn, chemical products, dyes, etc.; in 1884, a repeated increase in various individual tariff rates occurred, for example that for silk yarn; in 1885, there was a nearly universal increase of tariffs by 20 percent; in 1887, once again a partial rise tariffs on particular items, and the same in 1891. <sup>XXII</sup>

Obviously the purpose of protectionism, when not fiscal revenue, was above all protection of domestic industry from foreign competition.

The results of such a substantial forcing up of the tariff were twofold. First, the import of foreign manufactured and half-finished goods declined rapidly. The total imports over

Russia's European borders in millions of gold rubles annually amounted to:

1851–56 74

1856–61 120

1861–66 121

1866–71 212

1871–76 364

1876–81 326

1881–86 304

1886–91 224

1891 220

1892 219<sup>XXIII</sup>

The import of manufactured and half-finished goods, whose duties much higher than raw materials, shriveled up even more severely than the above table indicates. Thus a place was made in Russian markets for native—Russian and Polish—industry, which was freed to a great extent from foreign competition.

The other natural result was the general climb in commodity prices. It has recently been calculated that the Russian consumer may pay much more for most commodities than, e.g., the German consumer; thus

For tea 304%

For tobacco 687%

For coal 200%

For paper 690%

For linen 225%

For cotton products 357%

For agricultural machinery 159%<sup>XXIV</sup>

As for the metal industry: a pood [36.11 pounds] of wire nails of medium size, for example, costs an American [the equivalent of] 1 to 1.50 rubles, while a Russian pays 3.20 rubles in tariffs alone on this quantity of goods and 4 to 8 rubles for the goods as a whole. In relation to the price of the most important metals, the tariff in 1896 constituted 70 percent for iron ore; 45 percent for finished iron; and 35 percent for steel.<sup>XXV</sup>

Under such monopoly conditions, Russian and Polish industry began to rake in colossal

profits from the domestic market. We can get an approximate notion of these profits from the official statements of the manufacturers themselves. In 1887, for example, the following net profits were declared:

By the Russian Cotton Spinning Mills, St. Petersburg 15.0% By the Moscow Manufacturing Company 16.0% By the Balin Manufacturing Company 16.0% By the Narva Linen Spinning Mill 18.0% By the Sampson Cotton Spinning Mill 21.3% By the Yekaterinhof Cotton Spinning Mill 23.0% By the Rabeneck Cotton Dye Works 25.4% By the Izmailov Cotton Spinning Mill 26.0% By the S. Morozov Works 28.0% By the Neva Cotton Weaving Mill 38.0% By the Krenholm Works 44.9% By the Thornton Wool Works 45.0%<sup>XXVI</sup>

From more recent times we have no less astonishing statements of profits in the Russian metal industry. The metallurgical enterprises in southern Russia yield on the average a profit of 50 percent, and the colossal works of the Englishman [John] Hughes as much as 100 percent.<sup>27</sup> “It is not without interest,” writes the official organ of Russia’s Finance Ministry, “to note how the profits obtained are put to use, giving rise to the impression that the companies, in view of the utter excess of profit, seem unclear, so to speak, about what to do with it all.”<sup>XXVII</sup> In other words, they are unsure about the proper category in the official reports to enter their earnings in, so as to veil their shockingly large size.

The influence of monopoly prices on the size of capitalist profits, together with the relationship of the latter to outlays for labor power, is most strikingly shown by the following little juxtaposition. The market price of raw iron in Kiev in July 1897 amounted to 85 kopecks per pood; of that, the costs of production in Russia made up 45 kopecks, including wages at 4 kopecks per pood—with a net profit of 40 kopecks.<sup>XXVIII</sup> The relation of profits to cost of production and to wages was thus 10:11 and 10:1 respectively.

The profits of Polish entrepreneurs were in no way inferior to the enormous profits of the Russians, as we will see. At the beginning of the 1890s, dividends from the sugar factories in Poland, for example, amounted to as much as 29 percent.<sup>XXIX</sup> In the textile industry, 40 percent profits were regarded as a normal phenomenon.<sup>XXX</sup> But these official manufacturers’ statements are notoriously 30 to 50 percent smaller than the profits actually obtained.

In this way, after all the main conditions for industrial development—a domestic market, means of transport, an industrial reserve army—were brought into existence in the years 1860–77, the additional tariff policy created a hothouse atmosphere of monopoly prices that placed Russian and Polish industry in an absolute El Dorado of primitive capitalist accumulation. In the year 1877 an era of feverish enterprise and grandiose accumulation of capital began, combined with the bounding growth of production. A picture of Poland’s

overall industrial development under the impact of the conditions described above may be represented as follows:

*In millions of rubles*

*Total Production Cotton Industry Wool Industry Linen Industry 1860*

50.0(1864) 8.1 4.3 1.2 1870 63.9 10.2 4.0 1.2 1880 171.8 33.0 22.0 5.0 1890

240.0 47.6(1891) 35.5 6.5<sup>XXXI</sup>

The strongest upswing between 1870 and 1880—for all industry +169 percent, for the cotton industry +223 percent, for the wool industry +450 percent, for the linen industry +317 percent—is chiefly a result of the first three years (1877–80) of the new era in tariff policy. As we will see below, the introduction of the gold tariff brought with it not only the sudden establishment of many new enterprises but also the transfer of a number of German factories from Saxony and Silesia to the western part of Poland. Of the largest factories in Poland, which were inspected in an official inquiry organized in 1886, only 18.1 percent were founded before 1850,

6.8% in 1850–60

13.6% in 1860–70

29% in 1870–80

32.5% in 1880–86<sup>XXXII</sup>

Thus 61 percent of all large factories were established after 1870. As for the extent of production, it increased by a factor of almost six in the textile industry as a whole, in the period 1870–90. The following table shows quite specifically the influence of the tariff policy. Of the most significant factories:

18.1% were founded before 1850,

37.2% in 1850–77

44.7% in 1877–86

Thus almost half (today even more) of all the large factories in Poland originated since 1877 as a direct result of the protectionist tariff policy.

This expansion of production went hand in hand with a revolution in the means of production themselves. Everywhere in place of the small, scattered factories appeared modern large-scale industrial enterprises with extensive use of steam power and the latest technology for construction and operation. The concentration of industry in Poland in general is as follows:

1871 1880 1890

Number of workers 76,616 120,763 ca. 150,000 Value of production (in million rubles) 66.7 171.8 240 For one firm (in rubles) 3,239 8,063 71,248 For one worker (in rubles) 882<sup>XXXIII</sup> 1,422 1,600<sup>XXXIV</sup>

However here the average figures are, as usual, not suited to giving a true idea of the revolution taking place, since this was of course not accomplished equally in all branches of industry. Most characteristic are the figures for the *textile industry*. Here we find:

1871 1880 1890

Number of factories 11,227 10,871 635 Number of workers 28,046 45,753 60,288 Production (in million rubles) 18.1 57.6 88.4 Workers per factory 2.5 4.2 95 Production per factory (in rubles) 1,612 5,303 139.298<sup>XXXV</sup>

But within the textile industry the *cotton industry* shows the revolution in the most vivid way:

1871 1880 1891

Number of factories 10,499 3,881 163 Number of workers 19,894 19,576 26,307 Production (in million rubles) 10.4 30.8 47.6 Workers per factory 1.9 5 162 Production per factory (in rubles) 994 7,950 291,736<sup>XXXVI</sup>

The surprising growth of the cotton industry can also be measured in the number of spindles. These amount to:

1836 7,300

1840 27,300

1850 61,300

1863 116,200

1870 289,500

1875 385,500

1879 449,600

1882 467,600

1888 ca. 600,000<sup>XXXVII</sup>

According to other sources, the number of spindles grew during a period of ten years (1877–86) from 216,640 to 505,622, i.e., 134 percent. In the same period, the number of spindles in the Russian cotton industry shows an increase of 32 percent (in particular, 45 percent in the Moscow district, 10 percent in the St. Petersburg district); that in the North American industry (1881–91), 30 percent; and in the English, 8 percent. The number of looms grew from 1877 to 1886: in the Russian cotton industry, 46 percent (in particular, 50 percent in the Moscow region, 25 percent in the St. Petersburg region); but in Poland, 139 percent.<sup>XXXVIII</sup>

The more extensive use of steam power begins only in the 1870s, but since then it has grown quickly.

1875 1890

Steam horsepower in industry as a whole *of that*: 14,657 51,800 in the textile

industry 4,220 26,772 in mining 1,803 10,497<sup>XXXIX</sup>

In branches of industry to which excise taxes were not applied, steam horsepower nearly doubled again in the two-year period from 1890 to 1892, growing from 41,303 to 81,346.

In 25 years, the whole outward appearance of the country changed from the ground up. In the midst of this, the little town of Łódź quickly grew into a giant center of the textile industry, into a “Polish Manchester,” with the typical appearance of a modern factory city—countless smoking factory chimneys packed tightly one next to the other, a population made up almost exclusively of factory personnel, and a municipal life regulated by factory whistles, revolving exclusively around industry and trade. Here we find a series of gigantic establishments, among which the Scheibler factory, with its yearly production, worth 15 million rubles, and its 7,000 workers, claims first place. In the southwestern corner of the country, on the Prussian border, a whole new industrial area sprang up, as though conjured up out of the ground, where factories suddenly emerged amid forests and rivers, where no cities had even been built, and all else was grouped around the factories from the outset. In the old capital, Warsaw, the collection point for all handicrafts, craft production did increase significantly. But at the same time it frequently fell under the domination of merchant capital. Small and medium sized independent workshops dissolved themselves into cottage industry, and large warehouses for the products of craftsmen came to the fore as collection points for small production. The trade of the whole country was concentrated from now on in the Stock Exchange and in countless banking and commission firms. Praga, a suburb of Warsaw, became a center of the metal industry

with large-scale metallurgical plants. And the gigantic Źyrardów linen factory in Warsaw, with its 8,000 workers, became a small city unto itself.

#### 4. The Main Regions of Polish Industry

We have given a general outline of the development of Polish industry, and it remains for us to illustrate what we have said in greater detail with individual histories of the most important branches of industry, providing a sketch of how factory production is grouped locally, along with its outward appearance.

The industry of the Kingdom of Poland—if one leaves out the insignificant factories scattered about on the east bank of the Vistula and along the Prussian border—is concentrated in three areas, each with its own distinctive physiognomy, each with a character and history different from the others.

The most significant among them is *the Łódź region*. It includes the city of Łódź with its adjoining area, and farther out, the cities of Pabianice, Źgierz, and Tomaszów, as well as some districts of Kalisz province. In 1885, the value of production from this region already amounted to 49 million rubles.<sup>XL</sup> Today it is worth at least 120 million.<sup>XLI</sup> This is the true *textile industry region* of Poland. The history of its main center, Łódź, typifies to the greatest extent the history of all Polish industry. It would be difficult to imagine a less favorable place than Łódź for the founding of an industrial city. It is located in a plains area with hardly any forests or water.<sup>19</sup> Only about ten years ago there were boggy areas here and there on both sides of the main street, so that in some places the town was barely 200 paces wide. The tiny Łódka River is now completely polluted by factory waste, and all necessary water comes to the factories from artesian wells and ponds. In the year 1821 Łódź had only 112 houses with 800 inhabitants. But in 1823 colonization began, Silesian and Saxon cloth makers settled there, and by 1827 the inhabitants of Łódź numbered 2,840, with 322 manufacturing workers among them. In 1837 it had more than 10,000 inhabitants, and in 1840, 18,600, with production worth over 1.1 million rubles annually. As a result of the increased Russian tariff of 1831, however, and the crisis caused by that in cloth manufacturing, the city stopped growing, and the number of inhabitants even declined in 1850 to 15,600.<sup>XLII</sup> After the 1860s, however, as a result of the causes described above, which all together brought about the opening of the Russian market, there began for Łódź an era of rapid development, followed in the 1870s by growth that was truly tempestuous. For in Łódź we see:

In 1860 32,000 inhabitants and production worth 2,600,000 rubles In 1878

100,000 inhabitants and production worth 26,000,000 rubles In 1885 150,000

inhabitants and production worth 36,500,000 rubles In 1895 315,000 inhabitants

and production worth 90,000,000 rubles<sup>XLIII</sup>

In the last 25 years in Łódź, there was also a conversion in the kind of cloth produced. Up until the 1870s, cotton goods were made for a limited market, primarily for the well-to-do classes. But when the Russian market was opened to Polish industry and gradually a new class of customers, the working population, began to play the leading role in demand, the textile industry in Łódź had to adjust itself to the new consumers. So the Łódź factories went over to the production of cheaper and simpler cotton goods, such as tricot and other types of cheap cloth, including crude cotton prints, but above all to the production of fustian.<sup>20</sup> Fabrication of this cloth was first transplanted from Saxony to the city of Pabianice in 1873.<sup>XLIV</sup> Today it is the prevalent kind of cloth produced in the entire region, as the following figures show. Łódź manufactured:<sup>XLV</sup>

	1881	1886
Lancort <sup>21</sup>	29%	27%
Bjas <sup>23</sup>	44%	29%
Fustian	10%	35%
Mitkal <sup>24</sup>	5.5%	5%
Miscellaneous	11.5%	4%
	100.0%	100%

The drastic change in tariff policy in 1877 also brought into being a new branch of the cotton industry in the Łódź region, namely the fabrication of a so-called mixed yarn of cotton and wool (vigogne).<sup>25</sup> Before that, this product was massively imported to Russia from Werdau and Crimmitschau,<sup>26</sup> but shortly after the introduction of the gold tariff its entry into Russia was closed. To circumvent this tariff wall, several factories were now transferred directly from Saxony to Łódź by German entrepreneurs, and by 1886 over 39,000 spindles were producing this mixed yarn there.<sup>XLVI</sup>

In this way the current structuring of the large cotton industry in the Łódź region is seen to be a result of the opening of the Russian market and of Russian tariff policy in the 1870s.

The same factors are no less prevalent in the wool industry of this region. The mighty leap in wool production from a value of four million rubles in 1870 to 22 million in 1880 shows what an effect the Russian market had on this branch of Polish industry. As for the spinning of wool, that industry has an especially great debt to Russia's tariff policy for its present-day level of development. The introduction of the gold tariff in 1877 had as a direct result the relocation of many foreign spinning mills to Łódź; the largest, with 22,000 spindles, was established in 1879 by Allart Rousseau Fils, and today it is still an affiliate of that firm in Roubaix,<sup>27</sup> from which it also obtains its semi-finished goods.<sup>XLVII</sup> Since the 1870s, Poland has become Russia's source of supply for yarn, and its production of yarn surpasses that in Russia by more than 217 percent; in 1890 in Poland its value amounted to 18,749,000 rubles; in Russia, 5,909,000 rubles. In most recent times, Russian tariff policy has helped two other branches of the textile industry to flourish in Łódź—hosiery mills and knitting mills.<sup>XLVIII</sup>



A still more interesting illustration of the effect of Russian tariff policy on Polish industry is offered by the history of *the second region, that of Sosnowiec*. This encompasses the southwestern part of Piotrków province, lying close to the Prussian border, including the cities of Częstochowa, Będzin, Zawiercie, Sielce, and Sosnowiec. While the Łódź region began its industrial development in the 1820s, the industry of the Sosnowiec region, as has been mentioned, represents a phenomenon of quite recent date.

Up until the 1860s there was nothing to be seen here for miles other than dense pine forests, but within 15 years this forest region was transformed into a busy industrial area whose textile industry was already preparing to give serious competition to that of old Łódź.

Two important circumstances greatly favored the rapid development of industry in the Sosnowiec region. First, the cheapness of fuel. The southern part of Piotrków province contains Poland's coal basin, and having this coal in its vicinity placed youthful Sosnowiec industry in an outstandingly advantageous position in comparison with not only Russia but also the other parts of Poland. The average price of one pood of coal in the regions under discussion is as follows for each location:

Sosnowiec region 2.40 to 9.7 kopecks

Warsaw region 11.22 to 13.0 kopecks

Łódź region 11.50 to 14.9 kopecks<sup>XLIX</sup>

Second, the cheapness of labor. From the outset, this coal industry placed a contingent of "free" female labor and child labor at the disposal of the factories of the region, in the persons of the members of the miners' families. Here too the Sosnowiec region finds itself in a significantly more advantageous position than that of Łódź. Specifically, wages per month in rubles amount to:<sup>L</sup>

#### *Sosnowiec District*

##### *Men Women Children*

Finishing 13.50 10.75 8.50 Wool spinning 29.25 9.0 6.0 Mixed spinning 21.25 10.25 –

Cotton spinning 15.75 11.0 4.75 Average 20.0 10.25 6.25

#### *Lodz District*

##### *Men Women Children*

Finishing 26.00 18.0 9.75 Wool spinning 28.25 18.25 6.0 Mixed spinning 22.0 13.0 –

Cotton spinning 21.0 17.75 4.50 Average 24.30 16.6 6.7

The difference in the average [of wages] for the textile industry in Łódź by comparison with that in Sosnowiec comes to + 21.5 percent for men; for women, + 61.9 percent; for children, + 4.7 percent.

The real reason for the rise of industry in the Sosnowiec region, however, was the new era in Russian tariff policy. Right after 1877 a whole series of Prussian and Saxon factories were simply moved from Germany to Poland. An impressive industry was soon concentrated in one zone three Russian miles wide along the border. Of the 27 most significant factories that could be counted here in the vicinity of the border in 1886, five had been founded before 1877, and 22 in the years 1877–86 (81.5 percent).<sup>LI</sup> Production from the factories in Sosnowiec had a value of half a million rubles in 1879, but in 1886 the figure was 13 million, an increase of about 2,500 percent in seven years.<sup>LII</sup>

The development of factory production in the Sosnowiec region went hand in hand with surprising growth in the *coal industry*. Supported and, in the 1830s (1833–42), even directly run by the Polish Bank, this industry developed quite slowly up until the 1860s and in 1860 produced a yield of 3.6 million poods<sup>28</sup> of coal. Since that time, three important factors came into play one after the other, providing a powerful impetus to the development of mining: first, the construction of railroads in the 1860s and 1870s; second, the development of factory industry; and third, the prohibitive tariff system. The upturn in coal production can be expressed in the following table, which shows the extraction of coal, in millions of poods:

1860 3.6

1870 13.8

1880 78.4

1890 150.8<sup>LIII</sup>

Thus, during the twenty-year period 1870–90, coal production increased by 993 percent.

The rail industry is one of the most important buyers of coal. The Polish coal basin and the coal basin in southern Russia [i.e., the Donbas] supply Russia's railroads with fuel. The consumption of the latter amounted to:

*In millions of poods*

1880 1885 1890

coal from southern Russia 22.2 34.3 39.8 coal from Poland 10.8 13.8 17.5<sup>LIV</sup>

But factory industry is a still more important buyer of coal. In 1890 the Łódź region alone

used 30.6 million poods of coal, the Warsaw region 26 million, and the Sosnowiec region 40 million poods, in which the iron works played a great role.<sup>LV</sup> In 1893, coal consumption in Warsaw came to 35.5 million poods, in Łódź in the same year 36.2 million.<sup>LVI</sup> And in 1896 coal consumption in Łódź was 41 million poods.<sup>LVII</sup>

A new epoch in the Polish coal industry begins with the extension of the protective tariff policy to this branch of production in 1884, which imposed a tariff of one-half to two kopecks in gold per pood on the importation of foreign coal, which until then had been duty-free. The immediate result was a great “coal crisis” in Russia, i.e., a great coal shortage as a result of the backward methods of the Russian coal mining industry and its inability to replace the reduced import of English coal with its own coal, proportionate to growing demand.<sup>LVIII</sup>

The Polish coal industry reaped the benefits of this situation; it rapidly expanded its activity and in a few years conquered all the most important markets in Russia: Odessa, Moscow, St. Petersburg, even southern Russia. Although the “coal crisis” was overcome a long time ago, Polish coal has since then driven southern Russian coal from the battlefield, step-by-step, on the Moscow–Kursk railroad line, the Moscow–Brest line, the Kiev–Voronezh line, the Fastov line, the St. Petersburg–Warsaw line, and in part the southwestern lines. In 1894, 5,824,000 poods of coal were delivered to Odessa from Poland, as against 5,300,000 from the southern Russian coal basin [i.e., the Donbas].<sup>LIX</sup> It still remains for us to take a look at the [Sosnowiec] region’s iron industry. This had behind it a longer history, because even at the time of the Duchy of Warsaw around 1814, 46 blast furnaces for iron ore could already be counted.<sup>LX</sup> However, development proceeded so slowly that up to the 1880s Poland had brought production no higher than 2.5 million poods of pig iron, 1.4 million poods of iron, and 3.9 million poods of steel.<sup>LXI</sup>

A new page in the history of the Polish iron industry begins with the drastic change in Russia’s tariff policy. After the Crimean War the brief period of free trade lasted somewhat longer for iron than for other commodities, because even with the most stringent protective tariff policy the Russian iron industry could not have satisfied the enormous demand created by the building of the railroads. But here too, from 1881 on, a protective tariff has taken the place of free trade, and after a gradual rise the tariffs were set in 1887 at between 25 and 30 kopecks in gold per pood for pig iron, between 50 kopecks and 1.10 rubles for iron, and 70 kopecks for steel; and the tariff of 1891 brought a further increase in customs duties.<sup>LXII</sup> We see the direct effect of the upwardly revised tariff in the decline of foreign metal imports to Russia in the following table.<sup>LXIII</sup>

*In millions of poods*

*Pig Iron Iron Steel*

1881 14.3 6.5 1.4

1890 7.1 5.0 1.0

Metal production in Russia and Poland grew correspondingly. In Poland it was as follows:<sup>LXIV</sup>

*In millions of poods*

*Pig Iron Iron and Steel*

1860 0.7 0.3

1870 1.3 (100%) 0.6 (100%)

1880 2.4 5.5

1890 7.4 (+488%) 7.5 (+1054%)

The *third industrial region, that of Warsaw*, does not have such a distinctive physiognomy as the two already described. Here we find a great diversity of industrial branches, but the most important are *machinery production* and *the sugar industry*. The history of the first is completely told in the following simple comparison. While until 1860 only nine factories producing agricultural machinery existed in Poland, in 1860–85 forty-two new ones were established.<sup>LXV</sup> Here, as in all earlier cases, we see the same upswing as a result of the radical change in market conditions in the 1860s and 1870s. Finally, let us take a look at the history of the sugar industry. It had already made its start in the 1820s but until the 1850s was only a subsidiary branch of agriculture, of small dimensions and often run by the landowners themselves. The production of the 31 sugar factories in operation in 1848 did not exceed 177,500 poods, amounting to no more than 5,000 to 6,000 poods per factory. The year 1854 shows the greatest number of sugar factories, when there were 55.<sup>LXVI</sup> After the abolition of serfdom and the revolution in agriculture, sugar production was separated from agriculture and became an independent branch of industry. The number of establishments gradually decreased through the simultaneous concentration of production. In 1870 we still find only 41 sugar factories, but with an annual output of 1.2 million poods. A true revolution, however, was caused in the sugar industry by the tax and customs policy of the Russian government. Namely, in 1867 the singular system of sugar taxation that had applied in Poland until then was annulled and replaced by that of the Russian Empire. The latter was based on taxation not of the finished product actually produced, but on the amount of finished product that was assumed to be produced in every factory, measured by the fixed standard productivity of the press apparatus. In this form the sugar tax naturally became the spur to the improvement of production; it soon moved all sugar factories to introduce the diffusion method, which pushed productivity above the norm taken as the basis for the tax, making the nominal tax of 80 kopecks per pood in reality only 35 or even 20.<sup>LXVII</sup> In 1876, to encourage sugar exports, a rebate of the excise tax on exported sugar was ordered, which in view of the above circumstances acted as the equivalent of a colossal export subsidy. This was yet

another spur to a feverish improvement of production methods and to expansion of production. In a few years the sugar industry in Russia and in Poland was transformed into a large-scale, mass-production industry. While Russia had exported only four poods of sugar in 1874, sugar exports in 1877 already amounted to 3,896,902 poods, and the government found itself obliged to “refund” roughly 3 million rubles—half the entire sugar excise tax levied in the Empire.<sup>LXVIII</sup> In 1881 the government took steps toward thorough reform of taxation of the sugar industry, but in the meantime the industry had reached very high levels of technological development. In Poland there were:

in 1869–70, 41 factories with an output of 1.2 million poods;

in 1890–91, 40 factories with an output of 4.8 million poods.

From this feverish expansion of production there followed a crisis in 1885, which brought in its wake the establishment of a sugar cartel embracing all of Russia and Poland and thus placed the distinctive stamp of large-scale industry on this branch of production. One peculiar effect of this cartel is that Russian sugar, whose production cost amounts to one and five-sixths pence per pound, is sold outside the Empire for one and two-thirds pence, but in Kiev for four pence per pound.<sup>LXVIX</sup> With such monopoly prices, no wonder the sugar factories are able to pay out enormous dividends.

The foregoing picture of industry in Poland would not be complete if it were not at least supplemented with some information about the role of Polish industry in the economy of the Russian Empire in general and, in particular, in comparison with other important industrial regions. The significance of Poland and the two capitals of Russian factory production—St. Petersburg and Moscow—in terms of industrial activity can be generally represented as follows:<sup>LXX</sup>

*1890 Total Production (in millions of rubles) Per Capita (in rubles) Russian Empire*

1,597 13.5

Moscow region 460 38

St. Petersburg region 242 40

Poland 210 23

As one may see, Polish industry takes *third place* in the Empire, in absolute as well as in relative terms, while Moscow claims *first place* in absolute terms and St. Petersburg has *first place* in relative terms. If we single out the two most important branches of production, textiles and mining, we obtain the following comparison:

Of the total production of the Empire (without Finland), which amounted to 82.0 million poods of pig iron, 25.7 million of iron, 34.5 million of steel, and 550 million of coal, the share of the three main regions was as follows (referring only to private businesses):<sup>LXXI</sup>

*Pig Iron Iron Steel Coal*

Urals region 36% 56% 7.7% 2.9% Donets region 40% 6% 42.0% 54.0%

Poland 14% 14% 23.0% 40.0%

Specifically, the most important regions in Russia for metal and coal production are the Donets Basin (in southern Russia) and the Urals region, and Poland is in competition with primarily the former but in part also with the latter for the Russian market. As we see, Poland stands in *second place* in the Empire in mining, right behind the Donbas; only in the production of pig iron does it take third place. Although Poland has only 7.3 percent of the Empire's total population, it has a quarter of the Russian Empire's steel production and two-fifths of its coal production.

Similarly, in the Empire's textile industry Poland plays a very significant role quite out of proportion to the size of its population. The share of the total number of spindles and looms in the Empire's cotton industry, which in 1886 amounted to 3,913,000 and 84,500 respectively, was as follows for the three main regions:<sup>LXXII</sup>

#### *Spindles Looms*

Moscow region 55% 71.6% St. Petersburg region 29% 12.8% Poland 13%  
12.5%

Here again Poland stands in *third place*. In the other branches it has a much greater significance, as is seen from the following: Of the total textile industry in the Empire, whose value of production amounted to 580.9 million rubles in 1892, 19.5 percent fell to Poland; its share in individual branches, however, amounted in cotton spinning to 15.6 percent, in cotton weaving to 16 percent, in linen making to 42 percent, in wool weaving and cloth making to 29.6 percent, in wool spinning to 77 percent, and in knitting to 78 percent.<sup>LXXIII</sup>

If Poland on the whole is surpassed by the industries of central Russia and the St. Petersburg region, nevertheless in certain important branches of the economy it is ahead of all other parts of the Empire. In particular, Poland's great significance in these branches indicates a far-reaching division of labor between Polish and Russian industry.

### *5. Poland's Industrial Market*

From the foregoing it is clear that Russian markets have been the actual driving forces behind the development of today's large-scale industry in Poland. It would therefore be interesting to hear more precise statements about the extent of the market for Polish commodities in Russia, but this can be determined only with difficulty. As in the statistics of all nations, there exists in those of Russia a great lack of data on internal trade. Here an overview can be obtained only indirectly and approximately. The official investigation carried out in 1886 showed that of the 141 largest factories, which together represent a third of all production,

37 factories with output worth 7,061,984 rubles produce exclusively for Poland,

27 factories with output worth 7,480,645 rubles produce exclusively for Russia,

11 factories with output worth 13,224,589 rubles produce mainly for Poland,

34 factories with output worth 22,824,013 rubles produce mainly for Russia,

32 factories with output worth 19,311,695 rubles produce half for Poland and half for Russia.<sup>LXXIV</sup>

If we assume that the term “mainly” is equivalent to two-thirds, then Polish industry’s market can be represented as follows: The 141 factories produce commodities

for Poland to the value of 33,142,228 rubles, equaling 47%;

for Russia to the value of 36,760,698 rubles, equaling 52%.

The general conclusion reached by the investigative commission was that Polish factories sell 50 to 55 percent of their products in Russia.

Some partial data also confirm the above-mentioned conclusion, such as the following figures (in poods) showing where the textile industry of Łódź marketed its goods.<sup>LXXV</sup>

1884 (crisis)

*Poland Russia*

Cotton and woolen goods 372,390 1,004,286 Yarn 45,290 4,524 Total

417,680 1,008,810

1885

*Poland Russia*

Cotton and woolen goods 321,344 1,115,460 Yarn 63,051 99,951 Total

384,395 1,215,411

1886

*Poland Russia*

Cotton and woolen goods 443,565 1,507,259 Yarn 56,583 90,136 Total

500,148 1,597,395

Thus the center of the textile industry was already selling three-fourths of its products in Russia by the middle of the 1880s. In the ten years since the above calculations were made, however, the relationship may have shifted to a much greater degree in favor of sales in Russia, since production has grown by roughly half again since then, while it is self-evident that the domestic market could only increase by a small proportion. On the other hand, we have direct evidence that during these ten years the Polish market opened up new areas in Russia, which we will discuss in more detail below. Thus one may assume

that the relationship today, at a minimum, is that two-thirds of the products of Polish industry are absorbed by Russia. In fact, this market has spread to include all those branches of industry that constitute the central core of large-scale capitalist production in any country: the textile, metal, and coal industries. Naturally a whole series of smaller industrial branches, such as those producing candy and other confections, or trinkets and gewgaws, etc., are also sending their products to Russia in ever growing quantities.

The advance of the Polish market in Russia offers an interesting picture from a geographical standpoint. As was said, this trade began on a larger scale only in the 1870s. For a long time, however, it was restricted to only the western and southern provinces of the Russian Empire—to Lithuania and Ukraine, thus actually to the old parts of what was formerly Poland. But in the beginning of the 1880s, Poland conquered a new market in the south of Russia, the area called New Russia.<sup>LXXVI</sup><sup>29</sup> In the middle of the 1880s, Polish trade took another step forward. In 1883 the free transit to Transcaucasia via Batum, agreed to at the Congress of Berlin, was abolished and a tariff border erected.<sup>30</sup> The Western European countries, above all England, thereby lost a significant market for their products, a market that now passed into the hands of Russian and Polish industrialists. In the year 1885 Polish manufactured goods appeared for the first time in the Caucasus; since then the import of these goods to the three centers of Caucasian trade has grown as follows:<sup>LXXVII</sup>

*In poods Batum Tiflis Baku*

1885–86	39,000	55,000	68,000	1887–88	95,100	200,000	258,000
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At the end of the 1880s Polish trade pushed eastward—to the Volga region. Polish deliveries to the center of Volga trade, Tsaritsyn, were: 1887: 55,640 poods; 1888: 73,729 poods; 1889: 106,403 poods.<sup>LXXVIII</sup>

At the same time Poland began to take part in trade between Europe and Asia; its products appeared at the colossal fairs in *Nizhny Novgorod*, where large Polish warehouses were built beginning in 1889,<sup>LXXIX</sup> and also in *Irbit*. Finally, at the end of the 1880s and the beginning of the 1890s, Polish trade stepped onto Asian ground. First, trade relations were entered into with Siberia: in 1888 with *Tomsk* in western Siberia,<sup>LXXX</sup> in 1892 with *Nerchinsk* in southeastern Siberia,<sup>LXXXI</sup> and in 1894 Polish commodities appeared in *Omsk* [in central Siberia].<sup>LXXXII</sup> During the same time Polish trade in Asia also developed in two other directions, on the one hand to China, on the other to Persia and Asia Minor.

In the course of twenty years, 1870–90, Polish trade found access, step-by-step, to every corner of European Russia. This rapid expansion of the market, as we have seen, turned Polish factory production into large-scale industry in twenty years. Since then, however, it has been preparing itself for a new, important undertaking: *the conquest of Asian markets*. Polish trade has already taken several important steps in this direction. This, however, is doubtless only the beginning of a beginning, and the tremendous



prospects that are opening to industry thanks to the Trans-Siberian Railroad<sup>31</sup> and the major successes of Russian policy in Asia mean a new revolution for Polish industry (among other things), a revolution perhaps even more thoroughgoing than that which it experienced in the 1870s. With great earnestness Polish entrepreneurs are getting ready for this future and steadily directing their attention toward Asia. A museum of products from the Orient has been built in Warsaw, which has the special task of familiarizing Polish producers with the world of Asian commodities and with the tastes, and the needs and requirements, of Asians. The prospectus of the new commercial institution states:

Sugar and distillery products, machinery and cast-iron pipe, glass, faience, and porcelain, shoes, neckties, and gloves, and fabrics, both cotton and linen, which are made in our country, just a short time ago traveled no farther than to a few neighboring provinces; today they go across the Don and Ural rivers, to the Caucasus, over the Caspian Sea, to China, Persia, and Asia Minor. But in order to carry the process along in this direction as far as possible, our tastes cannot be imposed on those for whom the goods are intended; rather we must pay attention to their tastes, and we must produce what will sell in those markets, but the tastes there are infinitely different from our own ... Out there the type of cloth, the form, the design, the color preferences—all are different from ours ... What we have been producing so far has been intended primarily for the civilized, established layers of the population in those countries. The masses have been beyond the target range of our industry. But if we want to place our industry on a firm foundation and even expand it, we must produce goods that correspond to the habits and tastes of the masses, and therefore we must learn what the needs of those masses are.<sup>LXXXIII</sup>

Here, then, in a few brief strokes [let us summarize] the history of industry in Russian Poland. Having arisen out of the efforts of the Kingdom of Poland government, it immediately, at the very first moment, made an attempt to take hold of the markets in Russia. When its access to those was impeded, it had to rely more on the domestic sphere of consumption, and so it developed slowly, little by little. The social crisis that Russia went through in the 1860s tore Poland out of its economic immobility and drew it into the whirlpool of capitalist development. With the renewed opening, this time on a definite basis, of the Russian market regions, Polish industry gained access to a rich and fertile breeding ground, and quickly went through the process of conversion to large-scale industry. Russia's tariff policy gave monopoly advantages to the Russian and Polish capitalists in this enormous sales territory, giving rise to a feverish accumulation of capital. Factory industry now became the dominant factor in the entire life of Polish society, so that a complete and drastic change took place in Polish life during the last twenty-five years.

As we mentioned earlier, up until the 1860s Poland preserved the characteristics of an agricultural country, with the social estate of the landowning nobility dominant in all spheres of public life. The peasant reform<sup>32</sup> for the most part shattered this preeminence of the landowning nobility.<sup>LXXXIV</sup> The indebtedness of the landowning nobles was greatly increased by the need to have money capital at their disposal for running their estates [as commercial businesses]. The general crisis of European agriculture that was ushered in, in the 1880s, and the [accompanying] fall of grain prices finished them off.

In this way the whole broad stratum of nobles owning medium-sized land holdings was and is heading toward its ruin more and more every day. Fifteen percent of the estates of the nobility have already passed from those owners into German and Jewish hands, and

another 15 percent has been broken up into parcels and sold to peasants. The remaining landed property is burdened with mortgage debt, which amounts on the average to 80 percent of its value, but in two-fifths of the cases the debt amounts to between 100 and 250 percent of the property's value.<sup>LXXXV</sup> At the same time, however, industry has grown ever stronger, and soon it will outpace agriculture in all respects. As early as 1880 the value of industrial production was equal to that of grain production.<sup>LXXXVI</sup> Today it is more than double the value of grain production; the former amounts to at least 23 rubles per capita, the latter only 11 rubles.<sup>LXXXVII</sup> But even this quantitatively subordinate agriculture has become totally dependent on industry. Whereas Poland was formerly a "breadbasket of Europe," a country that mainly produced grain for the world market, today it barely meets its own needs. Industry has created an internal market that devours the entire output of agriculture. If today Poland still exports substantial quantities of wheat, this happens only because, to make up for that, it imports even larger quantities of inferior types of grain from Russia. Second, agriculture today, in view of the constantly falling price of grain, is forced to emancipate itself more and more from pure wheat production and switch over to the cultivation of so-called industrial crops and to the raising of livestock.<sup>LXXXVIII</sup> It would be superfluous to stress the fact that handicrafts, too, where it has not been destroyed directly by the competition of factories, owes its continued existence to factory industry—in part by working for it directly, in part by profiting from the overall accumulation of capital and the increased internal consumption that industry has brought with it. Industry has now become the trunk from which all other branches of the country's material existence draw their vital juices. Or to state it more correctly, it is the driving force that revolutionizes all aspects of material existence and subordinates them to itself: agriculture, handicraft, trade, and transport. Poland, a country whose social conditions were previously so unique, has now become a typical capitalist country. The mechanical loom and the steam engine have robbed it of its unconventional physiognomy and placed a levelling international stamp upon it. As early as 1884 Poland was afflicted with an illness specific to capitalism, its first big economic crisis. Already, here and there in the awakening labor movement, the Hippocratic features in Polish capitalism<sup>33</sup> are coming to light.

## PART II. RUSSIA'S ECONOMIC POLICY IN POLAND

The picture we have given in the foregoing of the historical development and present day condition of industry in Poland is quite different from that presented to us by the history of urban craft production in medieval Poland. Despite the identical nature of their origins—artificial transplantation from Germany carried out by the higher authorities—manufacture in Poland not only did not perish, as urban handicraft did earlier, but developed into large-scale industry, and despite its foreign, German beginnings, it not only sank deep roots in the national life of Poland but also became the dominant factor, actually setting the tone in Polish life.

However, in recent times certain phenomena have appeared that have awakened fears in various quarters about the longer-term future of Polish industry. It is clearly evident that the market in Russia, and in conjunction with it the Asian market that has now been

opened, have been the lifeblood of Polish industry. In all these areas, however, it goes without saying that Polish commodities are in competition with Russian ones. A conflict of interest between the Russian and Polish bourgeoisies over these markets appears at first glance to be the natural consequence, a conflict that is bound to become more severe, the more Polish industry grows. On the other hand, it seems to be just as natural that the Russian capitalist class would have the Russian government on its side against the Polish competition, and that the government might use its power to discriminate against Polish industry, and might perhaps reestablish some sort of tariff barrier between Poland and Russia as the simplest and most radical means of doing this. Recently, voices calling for such measures have frequently made themselves heard, and the opinion has been expressed here and there that for Polish industry, after the period of prosperity which it has enjoyed up to now, a new period may begin—one of persecution and punitive measures against Polish industry by the Russian government—and that as a result, sooner or later, Polish industry is bound to go under.<sup>LXXXIX34</sup>

Before we conclude our description of Polish industry, then, we still need to go into the question of what the conflict of interest between Polish and Russian factory production is in reality, of how Polish industry is equipping itself for competitive battle with Russian industry, and what the position of the Russian government is with regard to this struggle. In this way, we will be in a position to amplify our account of the history of industry in Poland with a discussion of the prospects for its future.

### *1. History of the Fight Between Moscow and Łódź*

It is, first of all, quite untrue that the competition and conflict between Russia's central industrial region and Polish industry, over which so much of an uproar has been made in the last few years, is a new phenomenon dating only from the 1880s, as is generally assumed. Quite the contrary: this battle is as old as Polish industry itself. As early as the 1820s the government was presented with petitions that, from the Russian side, called for an increase in the Russian-Polish tariffs, and from the Polish side, for the total abolition of the tariff barrier between Poland and Russia. In fact, ever since that time the rivalry has gone on unceasingly. Except for the year 1826, there were 1,831 petitions sent by the Russian entrepreneurs to St. Petersburg<sup>XC</sup>—always with complaints about Polish industry and with demands that “the industry of the Fatherland” be supported in its fight against its Polish counterpart. As one may see from [Part One's review of] the history of Polish industry, in the end the government not only did not fulfill the requests of the Russian entrepreneurs, but, on the contrary, abolished the tariff barrier between Poland and Russia in 1851 and so let the contest between the opponent industries take its own course. The battle flared up again intensely in the middle of the 1880s, first because Polish industry at that time, as we have mentioned, took possession of a whole series of new market areas in Russia, in the south as well as the east, and second because, just at that time, the whole textile industry of the Sosnowiec region was seemingly conjured up out of the ground along the Prussian border. But on the other hand, the price of goods, forced up suddenly and severely by the change in tariff policies at the end of the 1870s, had fallen

somewhat toward the middle of the 1880s. The Moscow entrepreneurs, upset by this, began “to search for the guilty party.”<sup>XCI</sup> And they found it—the Polish competition. Here the battle was led chiefly by the Moscow cotton manufacturers, because of the conquests that Polish cotton goods were making in the Russian markets.

A certain [Sergei Fedorovich] *Sharapov* led the first attack on behalf of the Moscow entrepreneurs in a public speech,<sup>35</sup> which he gave in 1885, in Moscow and in Ivanovo Voznesensk,<sup>36</sup> a speech that later appeared in print. From the start, Sharapov took the loftiest of tones and puffed up the whole campaign [supposedly] waged by Moscow’s calico against the accursed fustian from Łódź, portraying it as a historic and heroic combat by the Slavic race against the Germanic. He demonstrated that Polish industry in every way enjoyed more favorable conditions than Russian industry; for example, according to Sharapov, cheaper German credit was at Poland’s disposal. It cost only 3.5 to 4 percent, while the entrepreneurs in central Russia had to pay 7 to 8 percent. Second, cheaper raw materials were available to Poland, which also had to pay far lower transportation costs than the Moscow region lying far to the east. Third, Poland enjoyed more favorable rates on the railroads, which it obtained as a result of a private agreement among the railroad companies. Fourth and last, it had to pay significantly lower taxes: in central Russia taxes amounted to 3,600 rubles per 1 million rubles of production; in Łódź, however, the figure was only 1,400 rubles; and in smaller Polish cities, only 109 rubles.<sup>XCII</sup>

Sharapov called on the government to fight against the “German” industry of Poland and to rescue the Russian *and Polish* elements oppressed by it (!).

The next year, 1886, the Moscow entrepreneurs sent a deputation to St. Petersburg with the “most humble and obedient” request to once again establish a tariff barrier between Poland and Russia.<sup>XCIII</sup>

The government, having been approached in this way, formed a commission in the same year, 1886, consisting of Professors [I.I.] Ianzhul, Ilyin, and [Nikolai Petrovich] Langovoi,<sup>37</sup> which had the task of investigating the conditions of production of the Polish industrial districts and of checking into the claims of the Moscow manufacturers and verifying whether they were correct.<sup>XCIV</sup> The results of this investigation, carried out more seriously and more thoroughly than any other, were as follows: On the side of Polish industry we see cheaper fuel, smaller fixed capital, lower taxes, a better labor force, and more advantageous spatial concentration of firms in a few locations. On the side of Russian industry, on the other hand, cheaper labor power, smaller transportation costs to the markets (Caucasus, Volga region, Asia), smaller outlays on the workforce (hospitals, schools, etc.), profits from the factory stores, finally a surplus of water to run the cotton weaving and spinning mills.<sup>XCV</sup> In its conclusions, the commission came out against the introduction of a tariff barrier between Poland and Russia, and likewise against a differential tariff on raw cotton directed against Poland, first because the government “would hardly deem it possible to treat Poland as a foreign country in trade and industrial relations,” and second because a higher differential tariff “would appear to the inhabitants of Poland, Russian subjects, as an injustice against them and would doubtless give rise to great

dissatisfaction.” The commission considered the only just measure to be an increase in the prevailing taxes on Polish industry sufficient to equalize them with Russian taxes.<sup>XCVI</sup>

In 1887 the Moscow entrepreneurs once again presented a petition to the minister of finance at the annual fair in Nizhny Novgorod, in which they requested an increase in the duties on cotton and the introduction of a higher differential tariff at the Polish border.<sup>XCVII</sup> Now the Łódź manufacturers also entered the fray. They answered the above-mentioned document with a counterpetition, in which they sought to prove that they suffered significantly less advantageous conditions of production than their Moscow competitors, that the cotton mills of central Russia yielded profits as high as 8.4 percent, while those in Poland yielded only 7.5 percent.<sup>XVIII</sup> [They also argued] that transport of raw cotton from Liverpool to Moscow cost 35.77 kopecks per pood, but from Liverpool to Łódź, 37.10 kopecks per pood, and that therefore a further worsening of their situation by the introduction of a differential tariff on cotton would make cotton production extremely difficult for them.<sup>XCIX</sup>

In 1888 once again a commission was appointed to investigate the disputed matter, this time under the chairmanship of [an official named] Ber.<sup>38</sup> Its conclusions this time were very much to Poland’s disadvantage, and the commission called for a series of measures to protect the Moscow industrial district against better-situated Polish industry.<sup>C</sup>

On the other hand, also in 1888, the Moscow industrialists again submitted a petition to the minister of finance, in which they complained about how hard-pressed they were by their situation and called on the government to take measures against the “parasitical” industry of Poland.<sup>CI</sup>

In 1889 the Łódź industrialists put out a public-relations pamphlet entitled *The Conflict between Moscow and Łódź*, in which they attempted to show through the mouth of “an impartial, nonpartisan observer” that Łódź had to pay more for raw cotton than Moscow did; that the advantage of cheaper fuel, which Łódź had over Moscow, amounted merely to the negligible figure of 0.2 kopecks per arshin of material; that the causes of the more expensive credit in Moscow lay at Moscow’s own feet, the result of poor organization; that Łódź suffered from a shortage of water, paid more for labor, and, finally, made smaller profits than central Russian industry.<sup>CII</sup>

In 1890 the system of railroad rates was taken over by the government for [proper] organization. This provided an occasion for forming a new commission and delegating it to investigate, for the nth time, what the competitive conditions of the Polish and central Russian industrial districts actually were, and how, relative to this, the railroad rates on the lines of importance to the competitors should be calculated. This commission, which served under the chairmanship of Lazarev,<sup>39</sup> a representative of the government’s department of railroads, again came to no conclusion. The representatives of the Łódź and Moscow industrialists gave their familiar arguments and counterarguments as best they could. Two arguments from the Polish side were the only new additions, namely, their reference to the use of cheap naphtha residue<sup>40</sup> as fuel in the Moscow industrial district, and the claim that the tax burden was greater in Poland than in central Russia, specifically

5.82 rubles per capita in the Moscow region, but 6.64 rubles in Poland.<sup>CIII</sup>

The next year, in 1891, once more a well-known economist, this time a man named [V.D.] Belov, was appointed to investigate the conditions of production in Poland and central Russia. This man again came to the conclusion that all the disadvantages were to be found on the Łódź side, while all the advantages were on Moscow's, in particular: cheaper labor power, longer labor time (Moscow 3,429 hours a year, Poland 3,212), cheaper fuel (naphtha residue costs 6 pence per hundredweight, whereas coal for the same amount of heat is significantly more, 10.25 pence per hundredweight), cheaper raw cotton, and, finally, more favorable railroad rates. The same Sharapov who had sounded the first alarm against Łódź in 1885 now asserted, in light of the Belov investigation, that the situation had changed completely since 1885 and that Łódź now absolutely did not deserve to be penalized in any way.<sup>CIV</sup>

It was necessary [for us] to deal with the various stages of the dispute between Łódź and Moscow as thoroughly as we have in order to demonstrate how difficult it is to arrive at an impartial opinion on this matter, and how cautious one must usually be about accepting any assertions made on this subject, because there is not a single argument which has not been used by both parties, with directly contradictory figures as proof. And it is only too easy to become an unconscious megaphone amplifying the chorus of one or another of these two entrepreneurial groups.

After having become acquainted in brief outline with the history of the Moscow-Łódź dispute and the central issues around which it revolves, we want to make our own comparison of the competitive conditions of the two industrial regions in all their main aspects, in order to arrive at an objective assessment of these issues on the basis of quantitative evidence.

## 2. Conditions of Industrial Production in Poland and Russia

1. *Fuel.* One of the conditions of production that is by far the most important for any factory industry is fuel. For Polish industry this factor is seen by many researchers as the decisive one in its development, and is regarded as the most important in its competitive struggle with Russian industry. So says the report of the above-mentioned commission of 1886: "Fuel is undoubtedly the factor of production that constitutes the most important difference in conditions of production between the *gubernias* [provinces] of central Russia and the Kingdom of Poland."<sup>CV</sup> Polish industry possesses large and rich coal-mining districts, while the center of Russian industry, the Moscow region, lies far away from the coal mines of the Donets Basin [Donbas] and is in the main forced to rely on more expensive wood or peat. "The price of wood in Moscow province goes higher every day, and according to the calculations of the engineer Belikov, the cost on the average is between 11.6 and 13.1 kopecks per pood of wood. Peat, whose use in the factories is growing rapidly and which is already being used in Moscow to the extent of 100,000 cords annually, comes to 12 and even 16 kopecks per pood, mainly due to high transportation costs, and its use is in any case only to a factory's advantage if it is in the close vicinity of the peat bog." In Moscow, Russian coal costs 13.3 kopecks [per pood] (from Tula), 17.5

(from Ryazan), and 25 (from the Donbas). English coal also costs 25 kopecks per pood. “How much more relatively expensive the most-used fuels, wood and peat, are—given at the same time the impossibility of replacing them by still more expensive coal—and how vital this question is for Russian industry, can be judged by the following: Average heat production, according to the same engineer Belikov, is 2,430 degrees (F.C.) to 2,700 degrees for wood; for Moscow peat it is 1,920 to 2,800 degrees; the same heat production for coal is 3,280 degrees for that from Tula, but for coal from the Donbas and for English coal it goes far above 5,000 degrees.”<sup>CVI</sup>

Polish industry finds itself in quite a different situation with regard to fuel. The average price of coal in the main centers of industry—Sosnowiec, Łódź, and Warsaw—are, respectively, 2.4–4.95 kopecks, 11.5 kopecks, and 13 kopecks per pood, thus costing less than wood in Moscow, while heat production is of course significantly greater.<sup>CVII</sup>

Calculated per unit of product, outlays for fuel amount to:<sup>CVIII</sup>

*Per pood of cotton yarn*

*In Poland In Moscow In St. Petersburg*

38 kopecks 90 kopecks 53 kopecks

These figures suffice to show the great advantage that Polish industry has in regard to fuel over its Russian competition.

Professor Schulze-Gävernitz nevertheless believes it possible to assert that “natural advantages are of no benefit to Polish industry. Certainly cheaper fuel is pointed to, but according to [D.I.] Mendelejev’s data, compared with the above-mentioned report, this advantage declines to the extent that Moscow goes over to naphtha fuel (for one pood of bituminous coal in Łódź, 12–13 kopecks; for the same heat value in naphtha, 12.75 kopecks).”<sup>CIX</sup>

With regard to that point, the following should be noted. First, a pood of bituminous coal does not cost 12–13 kopecks in Łódź, as Professor Schulze-Gävernitz says, but 8.75–13.5 (or 8.3–14.7), and a pood of naphtha coal,<sup>41</sup> i.e., a quantity of naphtha corresponding calorically to a pood of coal, costs not 12.75 kopecks, but 13–20 kopecks, thus significantly more than coal in Poland.<sup>CX</sup> Second, for the present, naphtha accounts for only 20.5 percent of fuel in the Moscow region in general—in particular, it accounts for 29.4 percent in the cotton industry in Moscow and Vladimir provinces<sup>CXI</sup>—and so naphtha does not affect the conditions of production among the overwhelming majority of the factories in this region.

But third, as far as the future of this fuel method goes, Professor Mendelejev<sup>42</sup> says in his essay dedicated to the naphtha industry: “The use of this (naphtha residue) as a fuel today, where there is no possibility of utilizing the bulk of the naphtha obtained (as a result of the lack of a pipeline to carry naphtha from Baku to Batum), is a most natural phenomenon, although a unique and temporary one.”<sup>CXII</sup> “For normal fuel needs,

particularly for fueling steam engines, where any sort of fuel is suitable, *the use of a fuel as costly as naphtha residue can find wide circulation only temporarily, in those transitional moments of industrial activity in the nation where industry has not had time to 'make its bed' properly*; but today that means, in all countries presumably, that the normal condition is —the use of coal.”<sup>CXIII</sup> And still further. “The use today of 130 million poods of naphtha residue in Russia must be regarded as a temporary phenomenon, which depends, on the one hand, on the lack of demand for naphtha on the world market, and, on the other, on the lack of productivity in the extraction of coal and of its distribution throughout Russia, particularly in the center and the southeast.” “The construction of railroad lines from the Donets coal basin to the Volga, and various measures directed toward utilization of naphtha supplies in Baku and toward cheap export of coal from the Donbas, form the current tasks of Russia’s industrial development, *and must [necessarily] put an end to today’s widespread, irrational use of naphtha residue from Baku for steam boilers.*”<sup>CXIV</sup>

The above quotations, which express the opinion of the best judges on this question, serve in our opinion to demonstrate that in the comparative valuation of fuels in Poland and in the Moscow region, naphtha fuel in the latter must be disregarded, as a temporary phenomenon. What is now called “naphtha residue” is not some actual by-product of [petroleum] production, but a product of naphtha extraction itself,<sup>43</sup> which is very insufficiently utilized only as a result of the lack of a market, and to a great extent it is used for fuel rather than for lighting: thus among exports from Baku, in 1891, for example, for every pood of naphtha produced, there corresponds 1.40 poods of naphtha residue, and in 1894 as much as 2.73 poods. Thus the so-called residue actually forms the main product, and naphtha on the other hand the by-product. The abnormality of this phenomenon appears in the quality of the product itself. The “residue” so obtained explodes at 50 degrees, 40 degrees, and even 30 degrees centigrade, while the normal explosion temperature for real naphtha residue cannot be lower than 140–120 degrees. This cheap fuel also has costly results: in the course of the years 1893 and 1894, 20 vessels of the Astrakhan Steamship Company that were fueled with this “residue” were destroyed by outbreaks of fire.<sup>CXV</sup> Another disadvantage of this type of naphtha fuel is the fact that this residue, because of its chemical composition, is in fact used in much greater quantities to produce a specific effective heat than would be the case with real naphtha residue. The greater consumption of this residue sometimes amounts to 40 percent.<sup>CXVI</sup><sup>144</sup> This was confirmed as an established fact by the administration of the St. Petersburg-Moscow railroad line. This makes the most important advantage of naphtha fuel—its cheapness—for the most part completely illusory. Here and there some are already beginning to renounce the use of naphtha residue, as with the Russian Southeastern Railroad, which recently returned to coal. Certainly the consumption of naphtha residue in the central industrial region will in the next few years increase before it will decrease, particularly as a result of overproduction and lower prices. With the Russian government’s current vigor in promoting capitalism and pushing aside all obstacles in its way, however, the use of naphtha will soon be reduced to its rational purpose, and factories will be reduced to using wood and coal. In the end, however, Poland’s advantage remains



in full force, for "in general fuel is half as expensive in Poland as in Moscow."<sup>CXVII</sup>

2. *Labor power.* This aspect of industrial activity is usually cited as proof that Poland has less favorable conditions than Russia because its labor is more expensive than the latter's.<sup>CXVIII</sup> Wages are in fact significantly higher in Poland than in Russia, specifically:<sup>CXIX</sup>

*Cotton Spinning Cotton Weaving Finishing Wool Spinning*

For men 18.75% 36% 19% 59% For women 42% 37% 107% 91% For  
children 14% 79% 85% 27% *Wool Weaving Cloth Making Half-wool*

*Weaving Average*

For men 31% 13% 60% 32.2% For women 105% 33% 122% 73.9% For  
children 112% 40% 150% 60.0%

Labor time, on the other hand, is significantly longer in Russia than in Poland. "While the 13- to 14-hour-long workday is very widespread in Moscow factories, in Poland it is to be found only in nine factories, and in three of these cases only in separate sections of a factory. While labor time lasting more than 14 hours is absolutely not a rarity in Moscow factories and its outer limit is 16 hours, 14-hour labor time must be described as the outer limit in Poland, and in fact this was found only in two textile factories."<sup>CXX</sup> In general, 10 to 12 hours were worked in 75 percent of the Polish factories, and so 11 hours can be taken as the average labor time for Poland. In Moscow, the average labor time is more than 12 hours. In Poland, night labor is a rare exception; in Moscow it is widespread. And despite the fact that in Poland the number of workdays in the year is 292, while in Moscow it is only 286, for Poland there are nevertheless only 3,212 labor-hours per year, while the number in Moscow (figured on the basis of only 12 hours a day) is 3,430 hours, thus 218 hours more.<sup>CXXI</sup>

These two factors, lower wages and longer labor time, are usually regarded as important advantages for Moscow industry in its competitive struggle with Polish manufacturing. Yet we believe that this opinion can be shown to be premature and superficial.

First, in comparing wages, usually the wages of male workers in Russia are juxtaposed to those of male workers in Poland, while likewise the wages of female workers in Russia are compared to those of female workers in Poland. This is how the 1886 commission for the investigation of Polish industry, among others, proceeded. This is wrong, as factory inspector Svyatlovsky perceived, insofar as, in Poland, female and child labor is far more extensive than in Russia, so that frequently a female worker in Poland stands counterposed to a male worker in Russia; therefore, the wages of male Russian workers must frequently be compared, not with those of *male* Polish workers, but with those of female Polish workers.<sup>CXXII</sup> In fact, the number of women employed in the Polish textile industry (the industry of most importance with regard to competition) amounts to more than 50 percent of all factory personnel, while in the Moscow region female labor amounts to

only 37 percent in the cotton industry and only 28 percent in the wool industry.<sup>CXXIII</sup>

If the wages of male workers in Russia are compared with those of female workers in Poland, the picture shifts in many ways to the disadvantage of the Moscow region, or in any case there is an equalization of conditions. The average monthly wages in the textile industry are (in rubles):<sup>CXXIV</sup>

*in Poland in Russia*

For men 20.1 15.2

For women 15.3 8.8

For children 8.8 5.5

To obtain true and exact data on relative wage levels in Russia and Poland, it is necessary to consider the composition of the labor force in terms of age and sex in both countries as well as nominal wages. The result thus obtained will in many ways be significantly different from the foregoing. This above all is the corrective that should be applied to the usual conclusions drawn from the comparison of wages.

Second, the fact that the Russian worker frequently receives lodging (and here and there even board) from the factory is often disregarded. This applies not only to single but also to married workers, whose families usually live in the same factory barracks. Here heating fuel [for the workers' housing] is likewise provided by the factory.<sup>CXXV</sup> This should be figured into the wages of Russian workers if one wants to make an exact comparison. Thus the difference even in nominal wages is not so greatly to Poland's disadvantage as would appear from a more superficial comparison.

But there are far more important additional factors showing that factory labor in Poland is significantly more intensive than in Russia.

The Polish worker is first of all more intelligent and better educated, on the average. To the extent that Professor Lanzhul investigated this question, it was shown that in Russia's central region the number of workers who could read and write amounted to 22 to 36 percent of the total; in Poland the number is between 45 and 65 percent.<sup>CXXVI</sup>

Furthermore, the Polish worker is better fed than the Russian worker, and this is especially true for women.<sup>CXXVII</sup> Third, the workforce in Poland is a stable layer of the population, devoted exclusively to factory labor. In Russia, an observable, although gradually decreasing, portion of the workforce is still made up of peasants who return to the land in the summer, where they perform rough farm labor instead of the more exact kind of work in a factory.<sup>CXXVIII</sup>

Fourth, the Polish worker is far more individualized in his way of life than the Russian. As was already mentioned, the latter in many cases lives in factory barracks and the worker's board is paid for by the factory. Such a way of life, under certain circumstances, leads to the stunting of individuality. The Russian worker thus remains constantly under the control of his employer and is bound by the factory rules even in his private life. The Moscow

factory inspector [Professor Ianzhul] knew of factories where, as he reported, singing—whether in workplace or living quarters—is punished by a fine of five rubles; likewise workers incur a high fine when they pay each other a visit, and so forth.<sup>CXXIX</sup> Not infrequently, workers are assigned to an apartment in a damp factory cellar, or in rooms that are built so low that one almost has to go on all fours to get into them.<sup>CXXX</sup> In Poland the situation is different: the worker always runs his own household, and his housing is significantly better overall.

According to the unanimous opinion of all researchers who have made wage labor the subject of their investigation, all the cited factors—education, better housing and food, individual households, in short, everything that raises the living standard of the worker—are of decisive significance for the intensity of his or her activity.<sup>CXXXI</sup>

Finally, piece-rate wages predominate in Poland, which, it is generally recognized, raises the intensity of labor to the utmost, while in Russia the time wage predominates. All the above-mentioned factors make it apparent to us that the labor of Polish factory workers is far more intensive in comparison with that of Russian workers. And this characteristic of the Polish worker so greatly outweighs his higher nominal wages and shorter work time that *in the end he is cheaper for the Polish factory owner than the Russian worker is for his employer.*<sup>CXXXII</sup>

Reckoned per pood, wages amount to (in rubles):<sup>CXXXIII</sup>

*for cotton fabrics for cotton yarn*

In Poland 0.77–1.50 0.66–1.20

In Russia 2 and more 0.80–1.50

The difference in the length of the workday in Poland and Russia belongs to the past now, because the workday has recently been reduced by law to 11.5 hours. However, the new measure will primarily be to the advantage of the Polish industrialists in their competitive struggle, perhaps for years to come, even if it will, in time, doubtless become a spur to technical development for the Moscow region. For the Russian worker's productivity, whose lower level depends on so many other factors, will obviously not increase overnight. How justified this conclusion is may be seen from the fact that already in 1892 the Polish factory owners—in part to show a friendly face to the workers, who in May of that year had mounted an impressive strike in Łódź—went to the government with the request that the workday be reduced to 11 hours throughout the Russian empire, a project which foundered primarily because of the resistance of the Moscow industrialists.

3. *Composition of Capital.* This important factor also takes different shapes in Poland and in the Moscow region. In Poland, the total fixed capital of a company is in most cases exceeded by the value of its yearly production. In some cases the latter is even two or three times greater than the former, but on the average the ratio of fixed capital to the value of production is 2:3.2.<sup>CXXXIV</sup> In Russia, particularly in the central industrial region, this ratio is inverted. Here the value of production (in a particular branch of industry) is often smaller

than the fixed capital, or at most the same, and only seldom is it significantly higher. This phenomenon stems from two circumstances. First, far more is spent on buildings for enterprises in Russia than in Poland, because construction materials are quite significantly more expensive.<sup>CXXXV</sup> Second, the great majority of factories in Russia include their own factory barracks, which never occurs in Poland.<sup>CXXXVI</sup>

If, therefore, what Marx calls the “organic composition of capital” (the ratio between constant and variable capital) is “higher” in Russia than in Poland, this has absolutely nothing to do with the higher stage of development of Russian production, but on the contrary with its primitive plant, for the most part. This makes necessary a series of expenditures that have nothing to do with the actual production process. As a result, all other conditions of production and sale being equal, the Polish industrialists are able to realize a greater profit from the sale of their goods on the Russian market, in comparison with the Russian entrepreneurs. In addition, Polish labor, as was shown, is far more intensive.

4. *The turnover time for capital* is much shorter in Poland than in Russia. First, reserves of fuel and raw materials are stocked for long periods in Russia. The high prices and the general shortage of fuel in the interior of Russia mean, for the Russian entrepreneur, the necessity of laying out large sums of money for the purchase of forests or peat bogs. In this way almost every large Moscow factory has put a more or less substantial amount of dead capital into forests and bogs. In addition, wood and especially peat are cheaply and easily delivered only in winter; therefore every Moscow factory lays in reserves of these fuels for a full year, even for two years.<sup>CXXXVII</sup> In Poland, because of the short distances involved, stocks of coal are laid in for only one to four weeks, at most for three months. Similarly, in Russia stocks of raw materials, particularly cotton, are laid in for lengthy periods, in Poland only for two to six months.

Second, the Polish industrialist realizes his product much more quickly than does the Russian entrepreneur. The Poles grant their customers only 3 to 6 months’ credit, the Russians 12 to 18 months. The Poles, following the English and German model, produce on orders obtained by their traveling agents; the Russians produce according to their own estimates, often stocking for two or three years. This factor also signifies that Polish industrial capital—*ceteris paribus*<sup>45</sup>—is better equipped for the competitive battle.

5. *The concentration of production* is significantly greater in Poland than in Russia. The value of production per factory in those branches of industry not levied with excise duties averaged in rubles:<sup>CXXXVIII</sup>

1885 1886 1887 1888 1889 1890

In Russia 50,824 52,248 54,601 58,237 58,972 57,578 In Poland 57,875  
63,860 71,894 74,051 71,305 71,248

The difference is still greater if particular branches of production are compared. In the coal industry, for example, the situation is as follows. If the number of pits and shafts as

well as the quantity of production in Russia are taken to be 100, then one finds in Poland in 1890 6.8 percent pits, 6.2 percent shafts, 70.6 percent production. <sup>CXXXIX</sup>

Even with the number of mineshafts being 16 times smaller, therefore, coal extraction in Poland equals more than eleven-sixteenths of Russian coal extraction. Five firms account for 85 percent of the entire yearly production of the Dabrowa region (1893). <sup>CXL</sup>

In other branches, such as the cotton industry, the gross product per factory is greater in Russia. The smaller concentration of this sort of production in Poland has to do with special circumstances, however, which to go into here would lead us into too much detail and which in any case have nothing to do with the degree of technological development. On the contrary, in Poland, as we will soon see, the yearly value of production per worker is in this as in most branches greater than in Russia.

6. *The technology* of production, lastly, forms the most important difference between Polish and Russian industry. We will compare the most significant branches of production in both countries in terms of technology.

To begin with the textile branch, first the *cotton industry* shows: <sup>CXLI</sup>

*1890 Factories Spindles Looms Steam Horsepower* Russia 351

2,819,326 91,545 38,750

Poland 94 472,809 11,084 13,714

1890

*Production (in thousands of rubles)* Workers Male Female

Russia 208,581 103,916 83,941

Poland 31,495 10,474 9,535

The technical superiority of the Polish cotton industry is clear from the above comparison. In comparison with the Russian industry, it has: *10 percent of the workers, 15 percent of the production, 35 percent of the steam power.*

For every worker there is 1,110 rubles production yearly in Russia and 1,574 rubles in Poland, that is, 42 percent more. Steam power amounts to 204 for every 1,000 workers in Russia, to 186 for every 1 million rubles of production; it amounts to 685 for every 1,000 workers in Poland, to 439 for every 1 million rubles of production, thus 236 percent and 136 percent more, respectively, in Poland.

Finally, the use of female labor is greater in Poland than in Russia. In the latter, female workers make up 44.7 percent of the personnel, in the former 47.6 percent. According to other accounts, which we noted above and which inspire more confidence because they were ascertained not from summary bureaucratic statistics but by a special commission, the use of female labor in Poland is much higher, and in Russia, on the contrary, much lower.

1890 *Factories Spindles Looms Steam Horsepower* Russia 164 77,474

11,784 2,230

Poland 168 245,892 4,016 6,667

1890

*Production (in thousands of rubles)* Workers Male Female

Russia 21,585 14,471 7,050 Poland 26,199 8,486 6,670

Roughly the same result is obtained by comparing the *wool industry* in Poland and in Russia. This comparison shows: <sup>CXLII</sup>

For Poland, in comparison with Russia, this comes out to: *workers 70.4 percent, production 121 percent, steam power 299 percent*; thus for every worker in Russia 1,003 rubles production annually, for every worker in Poland 1,729 rubles, that is, 72 percent more. Steam power amounts to 104 for every 1,000 workers in Russia, to 103 for every 1 million rubles of production; it amounts to 440 for every 1,000 workers in Poland, to 254 for every 1 million rubles of production.

Thus if we take 100 as the number for the steam power per 1,000 workers or 1 million rubles of production in Russia, then we find the same in Poland to be 323 percent and 146 percent more, respectively. In the use of female labor, we see here an even greater difference between Poland and Russia than in the cotton industry, specifically 32.7 percent female workforce in Russia, 44 percent in Poland. The technical superiority of the Polish textile industry is even more evident in the fact that higher grades of spinning yarn and finer sorts of cloth are manufactured in Poland in many branches than in Russia.

Let us turn to the second most important branch of capitalist production, the *coal industry*. We have already mentioned the strong concentration of this branch in Poland. The product extracted annually is as follows: <sup>CXLIII</sup>

### *Coal in poods*

*from 1 pit from 1 shaft*

In the southern Russian region 678,000 240,000 In Poland 7,500,000

2,985,000 (+1,006%) (+1,144%)

(Here and below we compare the Polish coalfields with those in southern Russia in particular, because that is where Russia's biggest coal reserves are, and they are the most important for the future.)

A corresponding relationship is discovered when the quantity of production, the number of workers employed, and the steam power used are compared: <sup>CXLIV</sup>

*1890 Steam power Workers Production (in millions of poods) Russia 6,701*

30,077 213.4 Southern Russia region 5,856 25,167 183.2 Poland 10,497 8,692  
150.8

Thus, while in Poland (in 1890) one worker extracted 17,348 poods of coal, in Russia the amount was only 7,096 poods per worker and in the southern Russian region in particular, 7,281 poods, approximately two and half times less than in Poland.

*Steam power amounts to: for every 1,000 workers for every shaft Russia 223*

8

South Russian district 233 (100%) —

Poland 1,208 (+419%) 202

From 1890 to 1894, the amount of steam power in Polish mining rose by more than 50 percent: from 10,497 to 15,934.<sup>CXLV</sup>

Of the other important branches of industry we want to single out the *sugar industry*. Sugar-beet growing itself is carried on in a significantly more rational way in Poland than in the two Russian sugar production regions. For example, the average beet harvest per desyatin<sup>46</sup> in the years 1882–90 was:<sup>CXLVI</sup>

Central Russia 73.2–125.3 berkovets<sup>47</sup>

Southwestern Russia 80.1–114.4 berkovets

Poland 88.0–127.6 berkovets

In the year 1895:

Central Russia 51.1–117.4 berkovets

Southwestern Russia 90.0–121.2 berkovets

Poland 94.3–144.5 berkovets

Likewise, the quality of the Polish beet is much higher than the Russian. The sugar content of the juice and its purity are:<sup>CXLVII</sup>

*1890–91 Sugar content in juice purity*

Southwestern Russia 13.49% 80.85% Central Russia 13.63% 78.94%

Poland 14.81% 85.20%

The same superiority of Polish technology is shown by the higher yield of white sugar from the beet juice and the lower yield of molasses. <sup>CXLVIII</sup>

In 1881–82 to 1890–91 this was on average:

*White sugar Molasses*

Central Russia	7.0–9.47%	3.29–4.24%	Southwestern Russia	
7.7–10.48%	3.60–4.31%	Poland	8.2–11.39%	1.53–2.28%

Finally, the utilization of processing by-products is far more intensive and more widespread in the Polish sugar industry than in the Russian. In 1890–91, of 182 factories in the central and southern regions, 10 with 125 osmosis devices conducted the extraction of sugar from molasses by osmosis; of 40 factories in Poland, 24 had 206 osmosis devices.

The above comparative analysis of the most important conditions of production shows that Polish industry is considerably better equipped than Russian and especially central Russian industry. Certainly it is a well-established fact that the Moscow region for its part has an important advantage in the cotton industry, namely the abundance of water, while in this respect the Łódź region suffers from a tremendous shortage, as has been mentioned. On the other hand, Poland lags behind in one of the most important branches of the economy—the iron industry—relative to the natural wealth of Russia, so that it must obtain part of the ore and likewise coke for its ironworks from the southern Russian region. In addition, metal production in the Donbas region is also much more concentrated than in Poland. It is furthermore true that Moscow is located much closer than Poland to the important market outlets for the textile industry, the eastern part of Russia and Asia. However, the advantages that we find in every branch on the Polish side—more capable labor power, cheaper fuel, higher technology in the production process and trade—could in our opinion outweigh numerous advantages of Russian industry. For all the cited factors have an invariant significance, indeed become more decisive in the competitive struggle with every passing day. How very much the significance of industry's distance from markets has already receded into the background, compared with its technical superiority, was recently proved by the amazing spread of the sale of German products in England, and even in the English colonies. Within one and the same customs zone, of course, the outcome of competition in the market depends to a still greater degree on the stage of development of production, i.e., on just those factors that Polish industry has on its side. This is confirmed, among other things, by the fact that the Polish iron industry, for example, despite the relative lack of natural advantages, which has been mentioned, is offering intensely bitter competition to the iron industry in southern Russia and is developing, along with the southern Russian iron industry, more rapidly than in any other region of the empire. <sup>CXLIX</sup>

Along with the Polish industrial sector, industry in St. Petersburg is also shaping up into a



progressive and technologically rather highly developed Russian industrial region, and it is a particularly favorable circumstance for Poland that in the most important markets it is in competition with the Moscow region—the most anachronistic industrial region in Russia, which is unique in the Empire in its long workday, low wages, truck system, [i.e., paying wages with goods instead of cash] barracks housing for the workforce, and enormous stocks of raw materials—in short, its economic backwardness.

The coexistence of such different levels of production as are represented by Polish and St. Petersburg industry, on the one hand, and Moscow industry, on the other, is only possible because of two circumstances: first, the vastness of the Russian market, in which all competitors are able to find sufficient room for themselves; and second, the hothouse atmosphere created by the [Russian government's] tariff policy, which has made this enormous market the exclusive monopoly of the domestic entrepreneurs—both Russian and Polish.

### *3. Economic Ties Between Poland and Russia*

After the foregoing, it is clear that—if free competition was the only decisive factor in the battle between Polish and Russian industry—the future of the former would be assured, at least to the degree that the capitalist development of the Russian Empire is granted a shorter or longer term by the general fate of the world economy.

However, we have already mentioned the other important factor that is of the greatest significance for the future of Polish capitalism: we mean *the economic policy of the Russian government*. It is all the more necessary to throw some light on precisely this factor, since the question (as is well known) stirred up so much dust a few years ago, and one even comes across the notion that since the middle of the 1880s a real “era of persecution” has dawned for Polish industry.

Actually there are grounds enough to regard all assertions of this sort a priori as baseless. The best and last touchstone for all relevant government economic measures—the growth of industry in Poland up to the present moment, and still at the same impetuous tempo—sufficiently proves (it should seem) that all the uproar about Polish industry's approaching end was wrong. The following tables eloquently display the factual details of this growth:

	1871	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895
Output of total industry (branches not subject to excise tax)	44.4	134.8	137.8	164.5	162.3	168.3	174.2	188.3	228.3	—	—	—
Total output of textile industry*	18.1	66.7	81.4	88.9	89.9	96.6	88.4	100.8	113.4	—	—	—
Pig iron**	1.4	2.5	2.8	3.7	4.8	5.4	7.4	7.5	9.0	9.9	10.7	11.3
Iron**	0.9	4.2	4.6	3.8	3.2	4.0	4.1	4.4	3.7	3.5	3.8	3.6
Steel**	—	2.4	3.1	3.0	3.1	2.4	3.4	3.0	4.0	5.4	6.2	7.9
Coal**	12.6	109.3	120.0	121.1	147.3	151.1	150.8	158.8	176.0	192.1	202.4	221.8

\* in millions of rubles  
 \*\* in millions of poods

As can be seen from the above table, the growth in the seven-year period 1885–92 amounted to: 69 percent in industry as a whole, 70 percent in the textile industry (specifically, 40 percent in cotton spinning and weaving, 77 percent in the wool and cloth industry, 101 percent in all other branches); in mining over the ten-year period 1885–95: 352 percent for pig iron, 229 percent for steel, 103 percent for coal; only in the production of iron do we see a decline, of 14 percent, as in recent times a vigorous development of steel production at the expense of iron production becomes observable in Poland and southern Russia. Still more interesting than the growth during the most recent period (1885–95) is the comparison of this decade with the previous period (1871–85), which is held to be the time of Poland’s greatest economic prosperity. The increase, in absolute numbers, amounted to:

<i>Branches not subject to excise tax</i>	<i>Textile</i>	<i>Industry</i>	<i>Pig Iron</i>	<i>Iron</i>	<i>Steel</i>	<i>Coal</i>
	<i>(in millions of rubles)</i>			<i>(in millions of poods)</i>		
In the 14-year period 1871–85	90.4	48.6	1.1	5.7	96.7	In the 7-year period 1885–92
93.5	46.7	—	—	—	In the 10-year period 1885–95	—
						8.8
						4.9
						112.5

Thus, in view of the above figures, not only does speculation about the incipient decline of Polish industry rest on complete ignorance of the facts, but it is clear, on the contrary, that industry has grown more in the last seven- to ten-year period than in the preceding 14-year period. This becomes most clear when we calculate the growth in both periods *by year*. The average yearly growth in the later period was greater than in the preceding one, specifically: 107 percent in industry as a whole, 90 percent in the textile industry,<sup>CL</sup> 20 percent in the production of iron and steel, of coal 63 percent, of pig iron 1,020 percent.

On the other hand, at the end of the first part of our work we also cited Polish industry’s recent conquests in Russian and Asian markets into the 1890s. The body of Polish capitalism thus seems to exhibit not one symptom that would justify the claim that it is pining away from some internal malady; on the contrary, the much cried-over invalid grows

and blooms “as splendidly as on the first day.” But because the question was once raised and for years agitated public opinion in Poland, and also because it is interesting and important enough in itself, it seems appropriate to go into this question more fully and, by a thorough examination of the subject, derive an explanation of what the situation is and can be with regard to the economic policy of the Russian government in general and toward Poland specifically.

With regard to all the statements we have mentioned or quoted about the anti-Polish policy [of the Russian government], it is characteristic that they are based exclusively on particular measures and decrees, sometimes in the sphere of customs policy, sometimes in that of the railway rates system. But it is obvious that no real understanding of government policy can be reached by this road. For first of all, what is being referred to in the case at hand is a most extremely variable quantity: a tariff imposed today, or a railroad rate introduced today, will be lifted tomorrow. This is, in fact, what happened, for example with the differential tariff on raw cotton, which amounted to 15 kopecks in gold more on the Polish border than at the rest of Russia’s borders. When it was introduced in 1887, a wail of lamentation went up among the Polish cotton-factory owners, and it was said that Polish industry had received its deathblow. The differential tariff also played the leading role as proof that “the era of persecution” had begun, and it was denounced at every opportunity. But then this tariff difference was once again lifted in the year 1894, on the grounds of the Russian-German trade agreement, making way for a single tariff on cotton at all Russian borders. The same was the case with the differential tariff on coal and coke at the western border, which was frequently represented as a measure aimed directly against the Polish iron industry (see Schulze Gävernitz, “Der Nationalismus in Russland und seine wirtschaftlichen Träger,” [this page](#) and after him the English *Blue Book*, Vol. X., [this page](#)). But in 1894 this tariff was likewise reduced by half. In the same way, railroad rates were changed in part every year, indeed sometimes even more frequently. Thus the actual tariffs and rail rates *by themselves* do not provide a firm foothold from which to gain an insight into Russia’s economic policy.

To arrive at a thorough understanding of this policy, it is necessary to disregard particular measures for the present, to look deeper into the economic relations of Poland and Russia on the one hand and their political interests on the other, and to seek to derive from this the economic policy of the latter. Only by following the guidelines thus obtained will it be possible to trace the particular measures of this policy back to their real significance.

First of all, then, what is the nature of the economic ties between Poland and Russia? If one were to form an opinion under the immediate impression of the Łódź-Moscow entrepreneurs’ battle, one would be inclined to assume that the Polish and Russian bourgeoisies form two completely separate camps, whose interests run directly counter to one another at every point and who battle against each other using all available means. Such a notion would nonetheless be utterly wrong.

What precludes such a sharp difference in interests from the outset is the thoroughgoing *division of labor* that exists between the industries of these two countries. As we have seen, Poland is for Russia a source of supply for yarn, machines, coal, etc., etc., while Russia furnishes Poland with raw wool, raw iron, coke, and cotton.

Such a relationship already presupposes that the interests of some *Polish* manufacturers coincide with the interests of Russian raw-materials producers, and that the interests of some *Russian* manufacturers coincide with those of Polish producers of half-finished goods. This is confirmed by abundant data. The producers of South Russian wool, the planters of Central Asian cotton, exercise pressure on the system of railroad rates in their own interest to keep transport of their raw product to the Polish manufacturers as cheap as possible. Russian wool weavers likewise seek to encourage the transport of Polish yarn to Russia as much as possible, etc., etc.

Furthermore, from the fact that the battle between the manufacturers and the producers of raw materials and half-finished goods is fought out in the sphere of the *common tariff policy* of the two countries, it follows that the battling parties from Poland would often unite with those from Russia in order to march, hand in hand, with the national enemy against their own brothers. The history of Russian-Polish industry provides examples in quantity. In the year 1850, for example, the Russian government, under the pressure of joint petitions by Polish and Russian wool weavers, reduced the tariff rate on wool yarn. But no sooner had this happened than Polish and Russian spinners, in a touching accord, besieged the government to again push up the tariff rate on yarn, which happened in 1867.<sup>CLI</sup> Beginning in 1882, the government was solicited by the machineproducers to increase the tariff on foreign machinery. "In this connection the initiative was that of the Riga manufacturers, who were followed by the others in *Warsaw*, *Kiev*, *Kharkov*, and *Odessa* with great unanimity."<sup>CLII</sup> However, when the government had obeyed this wish and increased the tariffs on machinery, a storm of petitions arose from the landed proprietors, again from all over the Empire without differentiation, against the increased price of agricultural machinery. Just these two examples give us quite a different picture of the relationship between the Polish and Russian bourgeoisies, in their collective endeavors as in their competitive ones. Neither of the two national capitalist classes appears from the inside as a closed phalanx, but on the contrary is assuaged, torn by conflicts of interest, split by rivalries. Yet, on the other hand, these different groups, unmindful of the national quarrel, reach out their hands to one another in order to deal their own countrymen an opportune blow to the wallet in the glorious prize-fight for profits. Thus it is not national but capitalist parties that are found opposed on the industrial chessboard, not Poles and Russians, but spinners and weavers, machine producers and landowners, and on the flags waving over the combatants one sees not the one-headed and two-headed eagles,<sup>48</sup> but only the international emblem of capitalism. Finally, the government unexpectedly appears in the strange role of an indulgent mother, who impartially hugs all her profit-making children to her broad bosom, even though they are constantly squabbling with each other, and seeks to appease now the one, now the other, at the expense of the consumers. The above phenomena recur countless times in the history of Polish and Russian industry, and are of such decisive importance for the question under consideration here that it is well worthwhile to give a few more typical cases as examples. It is, for example, most highly instructive to observe how the two main opponents—the entrepreneurs of the *Łódź* and *Moscow* districts, whom one would be inclined to accept as representatives of the interests of, respectively, the Polish

and Russian bourgeoisies as a whole—try at every opportunity to trip up the other industrial districts of their own countries. Thus the Łódź cotton manufacturers, in their above mentioned polemic, seek to turn the jealousy of the Moscow manufacturers away from themselves and toward the old Polish wool industry district of Bialystok. They assure their adversaries: “If one can speak of competition, then far more dangerous to Moscow is Bialystok and its district.”<sup>CLIII</sup> Meanwhile, these same Łódź entrepreneurs most humbly and obediently denounce their blood brothers of the Sosnowiec district to the Russian government, pointing to the fact that in the latter a full third of the workforce are German subjects, while in the Łódź district—thank God—the figure is only 8 percent. No less brotherly sentiment is displayed by the Moscow capitalists when they come to speak of the affairs of their comrades in the other Russian industrial regions. So we hear them bewail the result of a plan for the regulation of waterways worked out by the Ministry of Transport: “The small expenditures, as with those of many millions, are allotted exclusively to Russia’s western and southern zones. The whole central region of Russia has been almost entirely forgotten. This region, this neglected center of Russia, containing key Russian provinces, is relatively poor in waterways,” and so forth in the same weepy tone.<sup>CLIV</sup> Here the jealousy of the Moscow capitalists gushes forth with impartiality and true internationalism against all other industrial districts in the Empire without distinction, against Poland and the Volga region, against the Baltic provinces and the Dnieper region.

The following example shows how elastic the notion of national solidarity and the “Fatherland” can be for the Polish capitalists under certain circumstances. In the year 1887 a large Warsaw steel factory was relocated to Yekaterinoslav province in southern Russia, to be nearer to sources of supply of raw iron and coke. Two years later, its owners—Polish capitalists—together with the English, Belgians, Russians, etc., who hold the iron district of southern Russia under their domination—sent a most humble and obedient petition to the government in which they complained about the advantages of the *Polish* iron industry and the competition from that quarter and beg for an increased railroad rate on Polish iron for the protection of the “Fatherland’s” industry—this time, the industry in southern Russia.

Last, a classic example of this situation was provided in recent years by the question of the railroad rates for grain. In 1889 new, strongly differential rates were introduced for grain as part of the general regulation of the Empire’s rail system, to facilitate exports to other countries from the provinces lying deep in the interior of Russia. However, the result was that masses of grain and flour from the cities of the interior, particularly the Volga region, were sent to the regions lying near the border, thus bringing on a rapid fall in the price of grain in the southern provinces on the Black Sea, in the Baltic provinces, and finally in Poland. Injured in their most virtuous sentiments, the landowners in all these parts of the Empire cried bloody murder, most of all the Polish landowners, who in the beginning tried to take this opportunity to again step forward in the name of all Poland, oppressed by cheap grain. Yet hardly was their national defense crowned by success and the execrated railroad rate partially annulled in the beginning of 1894, when a group of Polish entrepreneurs and merchants entreated the Department of Railroads in St. Petersburg, *by telegram*, to maintain the earlier rate in order, as they put it, not to make bread more costly

for the people.<sup>CLV</sup> Thus the scene shifted from moment to moment, and from a fight between two national parties the question of the railroad rate for grain turned into a dispute between the landed proprietors and the industrialists in Poland. Here the latter marched together with the Russian landowners of the central provinces, while the Polish landowners took the field jointly with the Russian landowners of all the border districts.<sup>CLVI</sup>

This motley grouping of interests was particularly evident in the deliberations on grain tariffs in St. Petersburg in October 1896. On the one side stood the representatives of the Volga district, whose case, as we have seen, was at the same time that of the Polish industrialists; on the other side, the landed proprietors of Livonia, Vitebsk, Odessa, the Polish landowners, and also, what is most interesting, the landowners of the Moscow district. Here Poles and Muscovites appeared on the best of terms, and the Polish landowners and millers declared themselves in full agreement with the program of Prince [A.G.] Shcherbatov, the chairman of the Moscow Agricultural Society.<sup>CLVII49</sup> Almost as if to underline the conflict of interests between industry and agriculture in Poland itself, on the other hand, Chairman Maksimow, of the Polish representation (among others), objected: If Poland were permitted to sell its factory products unhindered in the Russian interior, then it would be highly inconsistent to forbid access to Poland to agricultural products from the interior of Russia.<sup>CLVIII</sup>

After the citation of the above examples, which we do not want to pile too high, it ought to be regarded as a proven fact that the interests of the Polish and Russian entrepreneurial groups absolutely do not contradict each other on all points, that, much more often, they tend to mesh together. But also, on the whole, Polish industry is tied up with several important sections of the Russian bourgeoisie by a solidarity of interests, above all with the two most important factors of economic life: the institutions of transport, on the one hand, and those of credit and trade, on the other. It is obvious that the development of Polish industry and, together with this, of the Polish market in Russia is directly in the interests of the Russian credit, commissions, and railroad corporations. To again pull out only two from the abundance of striking examples: the administration of the Russian rail line from Ryazan to the Urals turned to the Warsaw entrepreneurs in the fall of 1894 with the offer to hand over space in all its stations, free of charge, so that the Polish factory owners could have permanent displays of goods there to encourage Poland's market in the Volga region.<sup>CLIX</sup> Thus, while the Moscow factory owners wanted to do battle with their Polish competitors over every market in Russia, the Russian railroad corporations invited this same Polish competition to forge ahead with its goods as deeply as possible into the interior of Russia.

Another characteristic case took place recently as a result of the new tariff on cotton. As long as the above-mentioned difference in customs rates was maintained on the western border, the Łódź factory owners, in order to get around the troublesome tariff, got their cotton via Libau and Odessa, i.e., by means of Russian railroads. When the customs difference was annulled in 1894, cotton transport returned to the old land routes: Bremen-Alexandrovo and Trieste-Granica, thus to German and Austrian railroads. Now the latter used this opportunity to set very low freight rates for cotton and so to monopolize this

transport for themselves at the expense of the Odessa-Łódź line. The loss of transport, however, hit the Russian railroads hard, and so the Department of Railroads in St. Petersburg railway has recently turned to the Łódź factory owners with the question of how much to decrease the freight rates on the Russian lines so that cotton transport would once more go via Odessa. The Łódź factory owners dictated a rate decrease of 30 percent.<sup>CLX</sup> Likewise the Russian banks, in their own interest, are promoting Polish sales in Russia whenever possible.<sup>CLXI</sup> Once again national borders clash with capitalist interests, and what the national banner might want to tear asunder is nevertheless firmly bound together by capitalist interest.

Finally, there is another area in which the most touching harmony of interests prevails between the whole Polish and the whole Russian bourgeoisie, where they are of one heart and soul: the jealous protection of the profits sought in the domestic market from foreign competition. One can encounter in one section of the Western European press the view that the Polish entrepreneurs are greater believers in free trade than the Russian. Nothing could be more mistaken. In the deep conviction that Russian and Polish workers were created solely to produce surplus value for them, Polish and Russian consumers to assist the realization of surplus value, the Russian government to fend off any invasion of foreign competition into this holy Empire—in this conviction the Polish entrepreneurs are just as firm and unshakable as the Russians. When it comes to taking a stand in defense of these “fundamental rights” of the capitalist constitution vis-à-vis the government, then the Łódź and Moscow factory owners, still bearing the bruises they just injected on each other, go shoulder to shoulder into battle. In 1888, one year after the two adversaries, as was mentioned, had sent a petition to the government in which they most sharply fought each other on the question of domestic competition, the Moscow entrepreneurs submitted a series of “most humble and obedient” petitions in regard to tariff policy: on increasing the entry tariffs for products of the textile industry, on reimbursing tariffs paid on raw materials when exported by manufacturers to foreign countries, etc.—all demands that had also frequently been made now as well as previously by the Łódź manufacturers.<sup>CLXII</sup> With reason, then, this organ [*Kraj*] of the big industrialists of Poland, in discussing this action by the Moscow entrepreneurs, wrote that while much used to be said about the conflict of interests between the two industrial regions, now this petition shows that there is also a community of interests between the two, and indeed on the most important questions.<sup>CLXIII</sup>

The same harmony is evident when it comes to defending the monopoly in profits against the “Germans.” The Moscow factory owners, as has been shown, saw in the strong representation of German elements in the Polish bourgeoisie a tempting pretext to lend their calico and fustian interests a becomingly patriotic look in the battle against Łódź. When they called on the government for a crusade against the Germans on the Vistula River, they believed they were striking the Polish bourgeoisie right in the heart. When, however, the government issued its well-known decree in 1887,<sup>50</sup> and when, because of this decree, there was talk on many sides of an era of persecution against the Polish bourgeoisie, then it turned out that the Polish bourgeoisie expressed their dissatisfaction on

quite unexpected grounds: namely, for them the Russian government's anti-German measures were not nearly energetic and radical enough. For, as they expressed it, "The government's decree of two years ago concerning language examinations for foreigners brought about an advantageous change, in that it opened up a sphere of action for native forces ... Correspondents from Łódź and inhabitants there have already reported a certain improvement in this situation, *although it is still far from what it could and should be.*"<sup>CLXIV</sup>

We have reviewed the many cases of coincidence of interests between the Polish and Russian bourgeoisies. The picture that emerges is absolutely different from that which might be obtained under the immediate impression of the battle cries from Łódź and Moscow. On countless, extremely important questions, the Polish and the Russian bourgeoisies are bound together in a solidarity of interests, in particular groups as much as on the whole. What has created this community of interests is, first, the division of labor in production, which in many ways united the two into a single productive mechanism; second, still more important, the common tariff borders, which breed solidarity against the outside and merge the entire Polish-Russian bourgeoisie—from the standpoint of the market—into a "national" capitalist class. Finally, there is the common market, which bred an important mutual dependency between Polish production on the one hand and Russian transport on the other. And, as is generally known, this fusion of Russian and Polish economic interests advances every day. This is also, in part, a direct result of the general direction of current Russian tariff policy, which in effect closes the way into Russia not only to foreign manufactured goods but

also to foreign raw materials, and creates advantages for domestic raw-materials production, and in pursuit of this task it does not shy away from the greatest sacrifices—out of the pockets of Russian and Polish consumers and taxpayers.

Forced by prohibitive tariffs, Polish industry is changing gradually from the use of German coke and iron ore over to that from the Donets Basin, from American and Indian to Central Asian cotton, from Saxon and Silesian to South Russian wool.<sup>CLXV</sup> To the same extent, the interdependence of Polish and Russian production is growing, and the interests of more and more new circles of the Russian bourgeoisie are becoming tied in with the successes or failures of Polish industry.

Certainly just as much enmity, competition, and rivalry grow out of these same relations between the Polish and Russian bourgeoisies. The same industrial division of labor, the common tariff boundaries, and the common markets turn the most varied groups within the bourgeoisie into enemies, and every particular instance of solidarity of interests corresponds to a conflict of interests. As the examples have shown us, landed property opposes industry, production opposes transport, and within each of these groups one region opposes the others and every individual capitalist opposes all the others. But what we glimpse here is a typical picture of capitalist economy, as it puts forth its blossoms in every country. It is the fundamental law of this form of production —*bellum omnium contra omnes*<sup>51</sup>—that is expressed here, and that has nothing to do with national contradictions and borders. Indeed, on the contrary, it ceaselessly wipes away these contradictions and borders within the capitalist class. Certainly if the conflicts of economic interests coincide with national borders within one and the same state, this creates a broad basis,



circumstances permitting, for national aspirations. This can only be the case, however, insofar as the enemy nationalities represent different, inherently antagonistic forms of production; if, for example, one country represents small business, the other large industry, one natural economy, the other money economy. In the given case, however, the situation is totally different, since Poland and Russia have gone through a combined development from a natural to a money economy and from small to large industry. Their antagonism, when and where it comes to light, arises not from the dissimilarity but rather the homogeneity of economic structure, and exhibits the characteristics of all capitalist *competitive battles* within one and the same economic mechanism.

The competitive Łódź-Moscow dispute is nothing but a fragment of this general war. Superficially puffed up to supposedly represent Poland's national duel with Russia in the economic battlefield, this dispute in its fundamentals reduces itself to an argument between the Łódź fustian barons and the Moscow calico kings. Following international custom, the two capitalist parties sought first to cover over the trivial cotton object of contention with an ideological national cloak and then to bang the drum as loudly as though their very necks were at stake.

Nonetheless, in reality neither one nor the other party represents the interests of the whole Polish and Russian bourgeoisies. On the contrary, both have countless opponents among their own countrymen. Nor is the very competitive battle over domestic markets decisive to or characteristic of the relationship of the disputants. Their rivalry over the domestic markets is contradicted by their solidarity of interests on a whole series of other vital capitalist issues.

In the entire capitalist development of Poland and Russia, which proceeds from an ever stronger bond between the production and exchange of the two countries, the Łódź-Moscow cotton dispute plays an infinitesimally tiny role—if one is not led astray by the behavior of the squabbling entrepreneurs and keeps the wider perspective of the whole capitalist chessboard in view. [CLXVI52](#)

Only now, from the basis of these material interests, can the economic policy of the Russian government be evaluated and explained. Russia's main concern since the 1870s, as is well enough known, is the promotion of capitalism. To this end the prohibitive tariff policy is followed, the hothouse atmosphere of monopoly prices and profits created in the Empire, the costly means of transport built, subsidies and premiums awarded to "needy" capitalists, etc., etc. From this standpoint, the development of capitalism in Poland (just as in other parts of the Empire) appears as partial realization of the government's own program, its retrogression as a thwarting of this program. But still more important than the Russian government's own economic designs are the objective tendencies of the Russian economy. The bourgeoisie, promoted and protected by the government, already plays a significant role in Russia. The government must now seriously reckon with the bourgeoisie's interests, but also wants to carry through its own. However, the interests of the Russian bourgeoisie, as has been shown, are interwoven with those of the Polish bourgeoisie in the most diverse ways. There is no point at which Polish industry could be dealt a serious and lasting body blow without at the same time grievously wounding the vital interests of one or another group of the Russian bourgeoisie.

The notion that Russia is destroying or could destroy Polish capitalism assumes that Russian economic policy could be made the exclusive tool of the interests of the handful of Moscow calico manufacturers, an assumption based on a misunderstanding of the nature of the bourgeoisie just as much as of the nature of a capitalist government. Given the splits and contradictions of interest within the capitalist class, the government can represent the interests of the latter only *as a whole*; it cannot continually take the standpoint of any particular group of the bourgeoisie without being forced away from this standpoint again by the opposition of the other groups. Even the Russian government—although absolutist—is no exception to this rule. For even in Russia the bourgeoisie is a political tool of the government only to the extent that the government is the tool of the bourgeoisie's economic interests. Were the absolutist Russian government to make itself exclusively the lawyer for the Moscow cotton interests and trample on Polish and therefore Russian capitalist interests for this purpose, it could not help but call forth strong bourgeois opposition to the government in Russia itself. The end result of such a policy could even be efforts by the Russian and Polish bourgeoisies for a reform government that would know how to safeguard their interests as a whole better than the existing regime. It is from this direction, then, that the question of the future of Polish capitalism is decided: *were it to be injured by the Russian government, the government's efforts would fall to pieces through the violent opposition of the bourgeoisie in Russia and Poland.*

From this standpoint we can also reduce the whole question of the alleged persecution of Polish industry to its true value. All the measures that are usually introduced as proof of Russian anti-Polish economic policy have one common characteristic: namely, that they are all directed to keeping Polish industry from the use of foreign raw materials and to the purchase of Russian raw materials. This was the case with the differential tariffs on cotton, on coal, on raw iron. All these measures were proclaimed not for the advantage of Russian industries competing with Poland and not with the purpose of destroying Polish industry, but to the advantage of Russian raw-materials production, which was also tied to Polish industry, and with the purpose of achieving *a particular configuration* of Polish industry. Precisely the same Russian interests that called forth these measures would form the greatest obstacle to a government policy directed at the destruction of Polish industry.

Yet from the same necessity of satisfying all the so very contradictory interests of the different groups of the bourgeoisie, there arises for the government the necessity of moving in an increasingly zigzag course in its economic policy. All laws of the capitalist method of production are merely "laws of gravity," i.e., laws that do not move in a straight line on the shortest route, but on the contrary proceed with constant deflections in contrary directions. The government's general policy of promoting capitalism, correspondingly, can only be realized as it favors now this capitalist faction, now that. The examples of Russian customs and railroad rate policy given above showed crudely the zigzag course of the Russian government, which at one time protects manufacture at the expense of semi-finished manufacture, at another time takes care of the latter at the expense of the former, at one time patronizes coal mining over iron works, at another time patronizes the iron works at the expense of the "coal interests," favoring sometimes the landowners, sometimes the

industrialists. This characteristic of the government's economic policy also means that it can temporarily and on various questions deeply offend one or another *Polish* capitalist group; this is not only not impossible, but follows directly, necessarily, from the nature of the situation. The differential railroad rate for grain, etc., was of this type. However, if all these temporary and one-sided phenomena are torn out of their complicated economic context and puffed up into a doctrine of Russia's anti-Polish economic conspiracy, then what is involved is a complete lack of perspective and overview of the totality of this policy. In the same way, the exaggeration of the skirmish between Łódź fustian and Moscow calico into a deep gulf between the interests of Polish and Russian capitalism reveals the lack of an overview of the totality of the capitalist community of interest. There can be no doubt that the Moscow district, more than any other, has up until now enjoyed particularly loving care from the government, expressed in gifts of every sort. This policy, however, is merely the concrete expression of the encouragement of Russian capitalism in general, since the central district (where nearly a third of the Empire's industry and approximately two thirds of its textile industry, by value, is concentrated) forms its main branch. The cost of this favoritism toward the Muscovites has not, however, been borne so much by the other industrial regions of the Empire, which in most cases (for example, the customs policy), on the contrary, also benefit, but much more by the other branches of the economy, above all agriculture. In fact, the enmity between the Russian landowners and the Moscow industrialists is much more lasting and bitter than that between Moscow and Łódź. An interesting spotlight on the alleged "national" policy of the Russian government, on the other hand, is thrown by the well-known fact that the southern coal and iron region, which is coddled the most and is absolutely overwhelmed with patronage—at the expense of the Russian metal industry in the Urals as well as the Moscow industrial interests—is a region whose exploitation is mainly in foreign hands: Belgian and English capitalists.

It is as supercilious as it is erroneous to ascribe to the Russian government an economic policy of "Great Russian nationalism," in the ethnographic sense. Such a policy exists only in the imagination of the reporter led astray by external appearances. In fact, the tsarist government—just as any other in today's world—maintains not a national but a class policy; it makes a distinction among its subjects, not between *Poles* and *Russians*, but only between those who are "established" [*die "gründen"*] or "have money" [*"besitzen"*] and those who work for a living.<sup>CLXVII</sup>

#### 4. *Russia's Political Interests in Poland*

Above, we have dealt with the economic relations between Russia and Poland, and those unquestionably represent the leading feature in the shape of Russia's economic policy toward Poland. Nevertheless, it would be one-sided to see this policy as determined simply and solely by the interests of the Russian bourgeoisie. For the present, the absolutist government of Russia is more able than that of any other country to carry through its own political interests, its sovereign interests, as well. In this connection, however, the historic state of affairs between the Russian government and Polish industry has formed a unique relationship. It is easy to see that absolutism's interests in terms of Poland are based

above all on maintaining and fortifying the annexation. Since the Congress of Vienna, Russia's special attention has been directed to tenaciously suppressing all traces of national opposition in Poland, particularly that of the social class which is the pillar of the opposition, the nobility. In this endeavor, Russian absolutism saw in Poland's industrial bourgeoisie a desirable ally. To bind Poland to Russia through material interests, and to create a counterweight to the nationalist ferment of the nobility in a capitalist class arisen under the very wing of the Russian eagle, a class disposed toward servility not through any tradition of a national past but through an interest in its future—this was the aim of Russian policy, which it followed with its usual iron consistency. It must be admitted that the Russian government did not err in its choice of means, and that it had correctly sensed the nature of the Polish bourgeoisie. Hardly had manufacture sprouted in Poland, hardly had it tasted the honey of the Russian market, when the Polish entrepreneurs felt themselves ready for their historic mission: to serve as the support in Poland for the Russian annexation. Already in 1826 the Polish Finance Minister [Franciszek Ksawery] Drucki-Lubecki<sup>53</sup> was delegated to St. Petersburg with the most humble entreaty to completely abolish the customs border between Russia and Poland, "so that the two countries would indeed form a single whole and Poland belong to Russia."<sup>CLXVIII</sup> In this declaration, the entire political program of the Polish bourgeoisie was stated concisely: the complete renunciation of national freedom in exchange for the mess of pottage of the Russian market. Since that time, the Russian government has never ceased supporting the Polish bourgeoisie. We have cited the long list of laws that have been issued since the 1820s to aid industrial colonization of Poland and the development of manufacture, the "iron fund" for the subsidy of industry, the establishment of the Polish Bank, endowed with every conceivable privilege, etc., etc.

This policy was most energetically maintained in the later period; even in the time of Nicholas I we see the Russian government issuing new decrees to the same effect. Nothing was neglected which might transform the noble, rebellious Pole into a capitalist, tame Pole. And the Polish bourgeoisie showed that it possesses a grateful heart, for it has never ceased to thwart and betray national stirrings in Poland with all its might; its disgraceful conduct in the Polish uprisings supplies sufficient evidence of this fact. The most important milestone of this tendency in Russian policy was the abolition of the Russian-Polish customs border in 1851. A historian intimate with the pertinent archives of the Russian government and the best authority on the history of Russian customs tariffs, the Russian author Lodyzhenskii, wrote on this subject:

The lifting of the customs line between the Empire and the Kingdom was primarily the result of *motives of a political character*. As is well known, an intellectual ferment of a partly *national* and partly socialist character began in Europe in the 1840s. This ferment, in which the population of Russian Poland also participated, disturbed the Russian government up to a certain point and moved it to seek out ways to unite *Poland with Russia as firmly as possible*.

One of the main factors that hindered the drawing together of the two countries was their economic separation.<sup>CLXIX</sup>

Thus to eliminate this "separation," to fetter Poland to Russia by the material interests of its bourgeoisie, the customs border was abolished. The Russian government still holds to the

same standpoint today, and still greets the growing Polish market in Russia as the chain that most tightly shackles the annexed country to Russia. Thus Mendeleyev wrote in his preface to the official report on Russian industry to the Chicago World's Fair in 1893: "The products of this and many other Polish factories find a constantly growing market all over Russia. Through the competition of this industrial region with the Moscow region, the basic goal of Russia's protectionist policy was achieved, on the one hand, and on the other, the assimilation of Poland with Russia, which is appropriate to the peaceable outlook of the Russian people [read: the Russian government—R. L.]."<sup>CLXX</sup> This special role that the Polish bourgeoisie plays toward the Russian government as the bulwark of the annexation also is important in explaining the main point under discussion, i.e., the future of Polish capitalism. It requires, in fact, an enormous dose of naïveté to assume that the Russian government, which has given itself precisely the task of cultivating capitalism in Poland and has for more than half a century used all the means at its disposal to do so, now intends to demolish that same capitalism, force the Polish bourgeoisie over to the opposition, and thus want only

destroy its own handiwork. And indeed, solely out of love for the Moscow entrepreneurs, to whose complaints and lamentations the Russian government has turned a deaf ear for half a century! Unfortunately, the Russian government knows better how to protect its ruling interests. What these interests are in regard to Poland we know from the mouths of its representatives: "the peaceable assimilation" of Poland with Russia, i.e., the strengthening of its rule in Poland at any price. This declaration was made in 1893, long after the presumed new course of Russian policy was supposed to have begun.

The best evidence of our interpretation is provided by the recent history of Russia's relations with *Finland*. Here we find on a small scale an exact repetition of Russia's earlier policy in Poland. Finland, at present, remains cut off from the tsarist Empire by a customs border and maintains an independent customs policy toward foreign countries much more liberal than Russia's. Finnish industry is now enjoying all the advantages that have already helped Polish industry to blossom. Likewise Finnish products, particularly those of the metal industry, have found access to Russia thanks to, among other things, lower customs at the Russo-Finnish border than at Russia's other borders, and is now giving Russia's domestic industry fierce competition. The Russian entrepreneurs, to whom this is a thorn in the side, have, of course, not neglected to set in motion a "most humble and obedient" campaign to protect the "Fatherland's" industries against "foreign" rivals—exactly like the campaign against Poland. The government has, under this pressure, likewise twice raised the tariffs against Finland as an economically foreign region, because of its independent customs policy, in 1885 and 1897.

If the Russian government were now to make the interests of this or that group of entrepreneurs the consistent plumb line for its economic policy toward the non-Russian speaking sections of the Empire, then it would consequently have had to continue along the road to cutting Finland off from Russia with a Chinese wall. But precisely the opposite is in fact the case. The government has already ordered the total lifting of the Russian-Finnish customs border, scheduled for the year 1903, and *the absorption of Finland into the imperial Russian customs zone*. Thus will the "Fatherland's" industries be

freed of uninhibited “foreign” competition. And if this has not happened even sooner, it is not consideration for the lamentations of the Russian mill owners that is responsible, but the trade agreement with Germany, through which the tsarist Empire has bound itself for a number of years. It is clear that the impending reform means the beginning of the end of Finnish independence in *political* terms, even if it proceeds first toward demolishing its economic independence.<sup>55</sup> Here we have before us once more a portion of the general policy of tsarism, which passes over all particular interests in order to spiritually level the various parts of the Empire through the system of Russification, on the one hand, and on the other, to give the unity of the Empire a firm material frame by this economic welding process, and to press the whole thing together in the iron clamps of absolute power—a policy with which we have already become acquainted in Poland.

Of course not everything in the world goes according to the wishes of the rulers. While the Russian government economically incorporates Poland into the Empire and cultivates capitalism as the “antidote” to national opposition, at the same time it raises up a new social class in Poland, the industrial proletariat, a class that is forced by its situation to become the most serious opponent of the absolutist regime. And if the proletariat’s opposition cannot have a national character,<sup>LV</sup> so it can under the circumstances be even more effective, in that it will logically answer the solidarity of the Polish and Russian bourgeoisie with the political solidarity of the Polish and Russian proletariat.<sup>CLXXI 56</sup> But this distant consequence of its policy cannot divert the Russian government from its present course; for the time being, it sees in the capitalist development of Poland only the class of the bourgeoisie. As long as Russia seeks to maintain its rule over Poland in this way, the full blossoming of industry in Poland will remain inscribed in the program of the government. Thus those who await a government policy directed toward the economic separation of Poland take for future phenomena that which belongs to the past, and their insufficient knowledge of history for deeper insight into the future.

### *5. Russia’s Economic Interests in the Orient*

Of the highest significance for the question we are dealing with, finally, is the new direction in Russian foreign economic policy that has become evident in the last ten years. Up until that time, Russia’s efforts were directed to satisfying its needs for manufactured goods and raw materials through its own production, and emancipating itself from foreign imports. Today its efforts go further; today Russia wants to venture out into the world market and challenge the other capitalist nations on foreign ground. To be sure, this tendency does not stem from the Russian bourgeoisie. Because of the peculiar economic-political development of Russia, politics frequently seizes the initiative in promoting economic development in pursuit of its own interests.

While industry in most capitalist countries, to the extent that the boundaries of the internal market are too narrow, pushes the government to acquire new markets by conquest or treaty, in Russia, on the contrary, tsarist policy sees in industrial exports a means of bringing the countries of Asia, initially chosen as prospective political booty, into economic dependence on Russia. Therefore, while the Russian industrialists for the most

part do not lift a finger to win a place in the world market, the government spurs them incessantly in that direction. Everything has been done to impart energy and a thirst for exports: exhortations, invitations, expeditions to investigate new market areas, the construction of colossal railroads such as the Trans-Siberian and the Chinese Eastern, rebates on customs and taxes on exported goods,<sup>CLXXII</sup> and finally, direct subsidies to this end. The countries first in consideration here are: China, Persia, Central Asia, and the Balkan states. In 1892 an expedition under the direction of Professor [Alexei M.] Pozdneyev, which was to serve scientific as well as commercial ends, was sent to *Mongolia*.<sup>57</sup> Even earlier the Russians had introduced a postal system there, which was also run by them. In the following year an official of the Finance Ministry, Tomara, was sent to *Persia* to investigate the trade situation there and, particularly important, the reconstruction of the Persian port of Enzeli<sup>58</sup> was begun in order to support Russian trade. In the same year the Russian Finance Ministry worked out a draft regarding the improvement of the routes from the Russian border to Tehran, Tabriz, and Meshed and the establishment of a Russian bank in Persia. In 1896, in order to monopolize the market in eastern Siberia for its own merchants and drive the English from the field, Russia decided to eliminate the free trade zones on the Amur River and at the port of Vladivostok, which had extended to all goods except those on which an excise had been levied in Russia. However, the most important measure by which the government hoped to give a boost to Russian trade in Central Asia was the costly construction of the Trans Caspian Railway.<sup>59</sup> Russia directed no less—or more exactly, even more—attention toward China. A short time ago China's trade with foreign countries was taken care of by German, French, and English banks.<sup>173</sup>

Therefore, in 1896, the Russian government hurried to found a Russian bank in Shanghai. "One task of the bank," wrote the organ of the Russian Finance Ministry at the time, "is to consolidate Russia's economic influence in China and to thereby create a counterweight to the influence of other European nations. From this standpoint it is particularly important that the bank try to draw as close to the Chinese government as possible, that it collect taxes in China, undertake operations that will bring it into contact with the Chinese treasury, pay interest on the Chinese state debt," and so on.<sup>CLXXIV</sup> The other Russian measures, for example the construction of the Chinese Eastern Railroad,<sup>60</sup> are well enough known.

An official inquiry was made recently into the result of these efforts so far, and they turned out to have been an almost total fiasco. In every country where the government wanted to create a market for Russian goods, they would have had to overcome stiff competition from German, French, but above all English industry, and the Russian entrepreneurs had not even remotely risen to this task. Russia was no match for other nations even in its own national territory in eastern Siberia, as long as it had to face them in free competition. Imports in the most important Siberian port, Vladivostok, amounted to:<sup>CLXXV</sup>

*In thousands of rubles*

*from Russia from foreign countries*

1887 2,016 3,725

1888 2,121 3,763

1889 2,385 3,325

One consequence of this state of affairs was the above-mentioned decision by Russia to take eastern Siberia into the Empire's tariff zone.

Russian exports to China are likewise hardly worth mention in comparison to those of other nations. Out of total imports of nearly 330 million rubles, Russia participated with only approximately 4.5 million: <sup>CLXXVI</sup>

*In thousands of rubles*

1891 4,896

1892 4,782

1893 4,087

1894 4,488

A similar picture has been provided by the uproar about trade with *Central Asia*. The Trans-Caspian Railway built by Russia, on which such great hopes were set, proved to be a really first-rate trade route—for the English, who now have obtained a way of getting around the high transit duty in Afghanistan. Russian exports to the Trans Caspian, Khiva, Bukhara, and Turkestan have, after a brief upswing, begun to sink again in the last few years. Of the most important items on record, the exports were as follows: <sup>CLXXVII</sup>

*Year In thousands of rubles 1888 1889 1890 1891 1892 1893*

Total 1,141 1,296 1,685 2,922 2,102 1,854 Products of textile industry 201 245

541 671 397 538 Sugar 422 457 531 1,048 516 510

English imports from India, on the contrary, grew rapidly during the same period thanks to the Russian rail system, as has been officially confirmed from the Russian side. Bukhara, for example, received from the four main stations on this line: <sup>CLXXVIII</sup>

*In thousands of poods*

1888 1889 1890 1891 1892 <sup>CLXXIX</sup> 1893 Total

Russian products 572 1,176 1,863 923 267 244 5,045 English products 1,160



Russia's exports to *Afghanistan* are in just as bad a way. Imports of products of the Russian textile industry [by that country] amounted to 163,245 poods in 1888–90 (25 months), 10,000 poods in 1893 (12 months), that is, approximately eight times less in the latter year.<sup>CLXXX</sup>

Relatively speaking, Russian trade in Persia has had the best success. Russian cotton products make up approximately 30 percent of Persian consumption, and imports of these products amounted to 48,000 poods per year in 1887–90, and 73,000 poods per year in 1891–94.<sup>CLXXXI</sup>

In the northern provinces of Gilan and Mazanderan, the Russian textile industry has almost supplanted the English, but, in total Persian imports, Russia, according to official evidence, plays a very small role for the meantime. This despite the fact that Russian industry finds itself in the most advantageous situation, since the Persians and Armenians living in the Caucasus, carrying on trade at their own risk, serve Russian industry as the most suitable agents, while the merchants of other nations must have recourse to business on commission, and that only in Persia's larger cities.

The total picture of Russia's exports to its most important Asian markets appears as follows:<sup>CLXXXII</sup>

*1894 In millions of rubles to Persia to China to Central Asia*

Total	12	4.5	3.8	Food	7.5	0.1	1.7	Manufactured goods	3.5	3.4	0.4	Raw materials and half-finished goods	—	0.7	0.9
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We see that the Russian government's program in Asia is still far from being realized, and that, in any case, the result attained corresponds in no way to the amount of effort made in this direction. It would be an error to trace this back to the technological backwardness of Russian industry alone. Certainly Russia is behind other industrial states in this regard, in a whole series of important branches of industry, such as the metal and wool industries, etc., and in order to be able to take up the competitive battle successfully on the world market it would have to unconditionally improve its methods of production. But there is a further and no less important factor involved, which has largely frustrated the government's plans in Asia up until now. For even where Russian industry could have easily won a victory over the English, according to the competent testimony of individual researchers<sup>CLXXXIII</sup> and even the British consuls in Persia—for example, in the production of lower grades of cotton cloth—the Russian industrialists up until now have not been able to go very far. The reason is the entire habitual mode of life [*Habitus*] of the Russian entrepreneurs, especially those of Moscow, and this was the product of the many years of Russia's protective tariff policy. Pampered by the government with all sorts of gifts and patronage, spoiled by enormous monopoly profits, spoiled further by a colossal domestic market and immunity from outside competition, the Moscow entrepreneurs felt neither the

desire nor the need to expose themselves to the rough weather of the world market and contented themselves with normal profits. It is, so to speak, profit-hypertrophy which makes the Muscovites so sluggish and apathetic in the search for possible new markets; they see foreign trade as, at most, a means to either pocket higher export subsidies or to get a huckster's one-time profit by fraudulent goods deliveries and the clumsiest cheating. In neither the one nor the other is in the origin, then the Moscow manufacturer answers the orders that might pour in from outside with stubborn silence.

This method of doing business is clearly shown in connection with Asia. Thus, for example, the Russian calico massively imported to Bukhara and Khiva in 1890 and 1891 was manufactured in such a way that the Moslems could have used it much less for clothing than for dyeing New Year's eggs. In subsequent years the population understandably turned back to English products, and this, more than the cholera epidemic and the bad harvest, brought about the precipitous fall in Russian imports in the years 1892 and 1893.<sup>CLXXXIV</sup> Just as telling is the story of the sugar trade with Asia. So long as the excise tax was rebated on the export of sugar, these exports went rapidly to Persia and Bukhara; when the rebates were suspended, the business once more seemed pointless to the Russians, and exports sank suddenly from 1,047,996 poods in 1891 to 516,021 poods in 1892 and 150,128 in 1893.<sup>CLXXXV</sup> Another interesting side of the Muscovites' commercial spirit is revealed in their trade with Siberia, where they managed to first send out travelers with samples to win orders, then afterwards declined to fill these orders.<sup>CLXXXVI</sup> Finally, the Muscovites' energy comes to the fore most glaringly in their business with China; approached from there with requests for the establishment of trade relations, they retorted to this importunate demand with silence.<sup>CLXXXVII</sup>

After exhaustive examination of the results of Russia's Asian trade, the organ of Russia's Finance Ministry likewise came to the following conclusion: "The characteristic traits of the non-commercial Slavic (meaning here: Russian) race and the absolute apathy and indolence of the Moscow entrepreneurs are expressed as crudely as they are completely in our trade with Central Asia."<sup>CLXXXVIII</sup> The causes of the failure of the Russian market in Asia are formulated in almost the same words by other papers of different viewpoints—*Novosti*, *Novoye Vremya*, and the *Sankt-Peterburgskie Vedomosti*, among others.<sup>CLXXXIX</sup> And recently the organ of the Finance Ministry happened to speak once again on the same theme: "Only Persia," it wrote in January 1897, "can be called a market for the products of our cotton industry; the attempts to conquer the Chinese and Central Asian markets for ourselves can so far not be viewed as successful, and what is partly to blame is our inability to adjust to the demands and customs of the customers, but above all the fact that our entrepreneurs at the moment have it too good at home to want to bother with foreign markets."<sup>CXC</sup>

Thus it appears that the very essence of the Moscow entrepreneurs, and particularly their efforts to maintain a privileged place by means of a totally artificial Chinese wall, are incompatible with the current tendency of Russian foreign policy and in fact go directly against it. It is clear that the most effective remedy for all Moscow's indolence and its trade

practices, as well as for technological backwardness, would be Russia's transition to a liberal tariff policy, which would tear the Moscow district out of the hothouse atmosphere of monopoly and confront it with foreign competition in its own country. To us there is little doubt that the interests of absolutism in Asia, on the one hand, and the expansion of capitalist agriculture and the interests of the landowners, on the other, will sooner or later pull Russia down the road to a more moderate tariff policy. But above all a remedy can be created only in one way, namely by sharpening competition *within* the Russian customs borders, i.e., so that Moscow is ruthlessly abandoned to the unlimited competition of the progressive industrial districts of Poland and St. Petersburg. This viewpoint is also that which the more influential Russian press, such as *Novoye Vremya*, stressed explicitly in connection with the debate over the tsarist Empire's interests in Asia.<sup>CXCI</sup> That the government, for its part, is now in fact preparing to do away with Moscow's economic rut and to force the Muscovites toward modern production and trade methods is best proved by the most recent law on the maximum workday, which indicates the most abrupt break with Moscow's present methods of production, while it also appears as a realization of the *Polish* project of 1892.

To the same degree to which Moscow's economic conservatism is a drag on current Russian policy and becomes more so every day, Polish industry appears once more as tsarism's comrade in arms. We have shown by the comparison between the competitive conditions of Polish and central Russian production how far ahead of Moscow Poland is in terms of technology. For this reason alone, capitalist Poland, as the most progressive industrial district in Russia, which, through competition, unceasingly spurs the others, particularly Moscow, toward technological improvements, realizes the Russian government's current program. But the Polish industrialists are also running ahead of the Russians specifically in the opening up of Asian markets. We have seen how seriously and thoroughly they prepared themselves for this task. Without awaiting the invitation of the government, they themselves seize the initiative and with their own hands forge trade links with foreign countries.

In the only country where Russian trade is relatively flourishing, in Persia, the products of the Polish textile industry make up nearly half of the total textile imports from Russia—approximately 40 percent of the imports via the most important junction, Baku.<sup>CXCII</sup> To Poland also belong the initiatives toward trade relations with Persia, in many respects: as early as 1887, thus before the government had turned its attention to this country, Poland had set about opening up its own trade agency and warehouse in Tehran.<sup>CXCIII</sup>

Łódź also immediately made use of the Trans-Caspian Railway to advance into Central Asia with its goods along with St. Petersburg and Moscow.<sup>CXCIV</sup> It is the Warsaw district that provides the largely immigrant strata of the populations of Bukhara and Turkestan with glassware, faience, and porcelain, while the inferior Moscow products are bought by the poorer natives.<sup>CXCV</sup> Łódź is, at this point, the only industrial district in the Empire whose textile industry's products have found entry into Constantinople and the Balkan countries.<sup>CXCVI</sup> Already in 1887 Poland had taken up trade relations with Romania and

Bulgaria.<sup>CXCVII</sup> Recently Łódź began to send cotton products directly to Sofia.<sup>CXCVIII</sup> Indeed, the Polish bourgeoisie, through the use of the Trans-Siberian rail line, may make Warsaw the center of the new, large European-Asian trade routes.<sup>CXCIX</sup> “The British manufacturer,” wrote the English consul in Warsaw, “may be prepared to find in them (the Polish entrepreneurs) formidable rivals in the markets of the East.”<sup>CC</sup>

In this way Polish capitalism is working hand in hand with tsarist policy in Asia. From these so diametrically opposed attitudes of Moscow and Poland toward the aims set by Russian policy, there also follows a totally different current in the public opinion of the two districts. Stronger and stronger grows the party favoring domestic free trade, favoring technological progress, the party that opposes the official guardianship and defense of backward industries, and therefore is sympathetic toward the Polish district; and the Moscow entrepreneurs stand more and more isolated with their ancestral belief in the Trinity: guarantees, bonuses, subsidies. The anti-Moscow temper clearly expressed itself on the occasion of Moscow’s petition to the 1893 annual fair in Nizhny Novgorod for the imposition of a tax on Polish traveling agents. Thus we read in *Novosti*:

During the same fair ... these same representatives of protectionism composed and sent to the Finance Minister a petition regarding a special tax on the traveling salesmen of the Łódź factories, with the unconcealed intention of liberating the Moscow industrial district from Łódź’s competition. According to healthy common sense, the Moscow manufacturers should, in the interests of Russian industry and of Russian consumers, merely follow the admirable example of the Łódź manufacturers and employ traveling salesmen, bring the producers closer to the consumers, and so cheapen and make easier the market for its own products. But not nearly so much entrepreneurial spirit lies with the customs and habits of these protection-coddled practical men; they prefer to try various pranks against their competitors.<sup>CCI</sup>

And, finally, a characteristic excerpt from the official government organ in Warsaw, the *Varshavskii Dnevnik* [Warsaw Journal], on the general tasks of Russia’s industrial foreign policy:

With the opening up of these new markets in Central Asia and Persia, we count on the flourishing of our industries, and we repeat that it is very much to be deplored that the lion’s share of the profits go to foreign countries, while only the crumbs remain for our poor workers (!). Our trade with Central Asia and Persia has not yet struck deep roots, and the representatives of Russian trade still have many victories to win over English competition to conquer those markets for Russia. *In view of the common enemy, the Moscow and Polish entrepreneurs should join forces in order to strive together toward the same goal ... Russia’s main goal in the Asian market is at this moment to exclude English goods. It would be a subsidiary question which of the Empire’s industrial districts contributes more to the achievement of this goal, if only the profits of industry on the banks of the Vistula went exclusively to the native population and not, as is the case, to increase the capital for German entrepreneurs, employees, and workers. Were those industries in the hands of Russia or Poland, then we would be far stronger in our battle with England, and our dominance in Central Asia would be secured.*<sup>CCII</sup>

Understandably, the government organ does not neglect to deal a blow in passing at the German industrialists, who are heavily represented in Polish industry; it charges them with

ignoring Russian national interests, exclusive, egotistical concern for the "German" interests of their own pockets, etc. But in the main, we find here the actual situation of the moment, pointedly expressed: In view of the present tasks in the world market, the domestic rivalries of the Polish and Russian entrepreneurs stand completely in the background. Insofar as differences exist between them, the blame will be pushed onto the Germans, an element hated just as much by the Polish bourgeoisie, as we have seen. Polish industry in itself, its development, its flourishing, appear here in a new light, as lying directly in the interests of the tsarist government: Once it has served to