CHAPTER II

AGRARIAN AND PEASANT QUESTION: A REVIEW OF THEORIES

2.1 Introduction

Theories dealing with the peasant question often lead to contradictory predictions. The Leninist School of thought predicts that peasants as a social category will inevitably be removed from the scene of history through a process of social differentiation giving rise to two polarised social classes, namely, the rural capitalists and the rural proletariat. On the other hand the peasantist school holds that 'despite two hundred years of determinist prophesies, the peasants not only refused to disappear but have become the major revolutionary force of the twentieth century' 1. Such observed persistence of the peasantry has led to a plethora of empirical studies seeking to explain the phenomenon.

There is no denying the fact that there is substance in the ideas of both the schools. What really matters is the specific historical development in a specific context. It is not possible to address the peasant question or, so to say, the 'agrarian question' without an understanding of the historical context. In the following pages we would try to bring into focus essential points of the two schools of thought and of those who seek a synthesis of the two views. We will also see that both the schools have some common problematic in mind, although analysed from very different perspectives. What is needed is an appreciation of different perspectives and putting them to test in the light of contemporary reality of the developing world where the state plays a very crucial role in the formation of social classes as well as in preserving certain social segments through curbing operations of the market forces.

As the polemical debate on the whole question of agrarian transition continues within and among various schools of thought, we may classify the schools of thought as follows:

I. The Classical Marxist School

II. The Populist/ Peasantist School

III. The Contemporary Marxian School
2.2 The Classical Marxist School:

Under this broad title we shall discuss the ideas of Marx, Engels, Kautsky and Lenin on the question of agrarian change and transition.

2.2.1 Marx and agrarian transformation:

Marx's main preoccupation was to lay bare the contradictions of capitalist society and to unravel its laws of motion. For this purpose he also needed a unified law of development of hitherto existing societies. In order to validate his theory empirically he used the example of British capitalist society in particular. Marx and Engels ascertained the objective nature of the laws governing the historical process and the material nature of the motive forces of history. The essence of this law is the dialectics of productive forces and production relations. Transformation of socio-economic formation takes place through the working of the dialectical process. This is, however, a very broad generalization on the development of societies. We are interested in particular about the transformation of feudal and pre-capitalist societies into capitalist societies. One can trace out how feudal structure yielded its place to the capitalist structure in Marx's
Economic and Philosophic Manuscripts. In this work Marx spelled out the essential differences between feudalism and capitalism and also the historical links between the two systems. He could also predict the ultimate victory of capitalism in the sphere of landed property. The difference between the feudal lord and the bourgeois is that he “does not try to extract the utmost advantage from his land. Rather he consumes what is there and calmly leaves the worry of producing to the serfs and tenants.” 2 The relationship between the landlord and the serf is highly personalized characterized by a patriarchal nature. A critical shift in this relation occurs as there develops a market in landed property. When land becomes an object of trade, the so called patriarchality disappears and the relationship between the private owner and the labourer assumes an undisguised form of exploiter and exploited. 3 Thus, for Marx one of the preconditions for the disintegration of feudalism and emergence of capitalist relations in agriculture is the development of land market. The pertinent question to ask how this land market comes to form or rather to reformulate the question, what is it that leads to the dissolution of


personalized ties between the landlord and those who work on the land. In a certain way this means simultaneous emergence of land and labour market. The development of the one is contingent upon the other. Since capitalism is generalized commodity production, it must bring both land and labour under the fold of commodity relations along with all other products. The emergence of wage labour market fulfils a dual purpose. On the one hand it releases labour force from personalized feudal dependence and on the other hand it frees the peasantry from the bondage of land through expropriation of their land.

Since Marx had before him the concrete example of English peasantry, the road of 'expropriation of peasantry' from the bondage of land served as a model for the development of capitalism in agriculture. Marx wrote: 4

"The prelude of the revolution that laid the foundation of the capitalist mode of production, was played in the last third of the 15th, and the first decade of the 16th century. A mass of free proletarians was hurled on the labour-market by the breaking up of the bands of feudal retainers. Although the royal power, itself a product of bourgeois development, in its strife after absolute sovereignty forcibly hastened on the dissolution of these bands of retainers, it was by no means the sole cause of it. In insolent conflict with king and parliament, the great feudal lords created an

incomparably larger proletariat by the forcible driving of the peasantry from the land, to which the latter had the same feudal right as the lord himself, and by the usurpation of the common lands. The rapid rise of the Flemish wool manufacturers, and the corresponding rise in the price of wool in England, gave the direct impulse to these evictions. The old nobility had been devoured by the great feudal wars. The new nobility was the child of its time, for which money was the power of all powers. Transformation of arable land into sheepwalks was, therefore, its cry."

In this analysis of the preconditions of the emergence of capitalism in England, the emphasis seems to be on the changes in property relations being a product of class struggle whereby the peasantry lost its land and a mass of landless proletariat was gradually created. The weakness of Marx's discussion lies in the fact that Marx was more preoccupied with the structural conditions that give rise to capitalism rather than the detailed causal mechanisms whereby these preconditions were realized.

2.2.2 Engels and agrarian transformation:

Most of the fragmentary but powerful insights regarding transition from feudalism to capitalism attributed to Marx are also shared by Engels. Because, these insights are jointly developed by them, specially, in *The German Ideology* and *The Communist Manifesto*. Nevertheless, these fragmentary insights came up rather as part of a greater discussion on
historical materialist method, capitalist mode of production or class conflict in history. The originality of the ideas of Engels regarding agrarian transformation lay specifically in his perspective of 'agrarian question' as 'peasant question'.

The considerations behind viewing the agrarian question essentially as peasant question by Engels were political. As political apathy of the peasantry arising from their mode of livelihood greatly disturbed both Marx and Engels, Engels specifically engaged himself in making an anatomy of the peasant question with a view to solving the question of the seizure of political power in backward societies with a predominantly peasant population. Once capitalism sweeps away the peasantry the problem remains no more.

While developing the peasant question Engels paid singular attention to the problematic of peasant differentiation and the factors that hasten the process of differentiation. His main concern was to find out some

strata among the peasantry that could be won over by the socialist or social democratic parties. Keeping this in view the overriding consideration for Engels was to develop a differentiation schema of the peasantry. For him the critical division was between 'the small peasant', or 'the small scale cultivation of small-holding peasants', on the one hand, and the 'bigger peasants' or the 'big and middle peasants', whom he lumped together, on the other. Engel's classification of the peasantry and its basis can be formalised as follows:

I. The small peasants: They may be both owners and tenants, particularly the former. The amount of land they cultivate is no bigger than their family can till and no smaller than that can sustain their family. They neither hire in labour nor hire out labour. But Engels also mentions regions where land possessed by them may not be enough for the subsistence of their families. In such instances they may operate domestic industries for which their small patches of land serve as a basis. These small patches of land perhaps provide

very small bundles of wage goods which otherwise enable them to run the domestic industry in the face of stiff foreign competition. In some regions such small peasants may engage in wage labour activities where the prospect exists.

II. Big and middle peasants: They are the owners of peasant farms too big to be operated by family labour alone. They engage male and female farm servants and even daily wage labourers. They depend on the exploitation of wage labour: the labour of the small peasants who are forced to sell labour under distress situation and the labour of the landless labourers.7

Having this differentiation schema of the peasantry in mind Engels emphasised the importance of winning over the rural proletariat and the small peasantry by the socialist and workers parties. He was opposed to all kinds of political opportunism that play around with 'deep rooted sense of property of small peasants' and also such other opportunist move to accommodate the interest of the big and middle peasants and capitalist cattle breeders. He unswervingly advocated the view that the small peasants

should not be given sham promises of protection of their property as they stood hopelessly doomed in face of the forces of capitalist mode of production in the countryside.

The task of the socialist parties would be to bring them under the fold of cooperative enterprise through persuasion and assistance. Engels knew that it was a hard task given the deep rooted sense of property, prejudices arising out of economic position, upbringing and isolated mode of living, propaganda of the bourgeois press and ideological hegemony of the rich and middle peasants over the small peasants.

Though this discussion relates to Engels' perspective of the peasant question purely from political point of view, the economics of it boils down to the fact that large farms based on wage labour is more efficient compared to the small farms and these smaller farms are doomed to face extinction in the face of competition with large farms. Engels' differentiation criterion is based on outside labour use and

8. Engels maintained:

"It is unquestionably forbidden to make any promises to the peasants which include the continuance of the wage slavery of the workers.... If it would, therefore, be downright folly on our part to hold out prospects to the small-holding peasants of continuing permanently to be such, it would border on treason were we to promise the same to the big and middle peasants."

Frederick Engels, ibid, p. 473.
self-sufficiency with respect to needs of subsistence. This criterion might have been relevant in the historical context he discussed. Others may be equally relevant as developed by Lenin and Mao in their own historical context.

2.2.3 Kautsky and agrarian transformation:

Among the classical Marxist thinkers the contribution of Karl Kautsky, the German social democratic leader towards the issues of agrarian transformation appears to be most comprehensive. Kautsky's interventions into the issues of agrarian transformation were the outcome of ideological polemic with his fellow comrades in the German social democratic movement. Most of Kautsky's powerful insight regarding the question of agrarian transformation are contained in his book, *Die Agrarfrage*, first published in German language at the close of 19th century (1899), stand out as a classic contribution to Marxism.

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2.2.3.1 Kautsky and *Die Agrarfrage:*

Kautsky raised two important questions in the book, *Die Agrarfrage*: Why does the development of capitalism in agriculture proceed at a particular pace and assumes a different form from that of industry? Why does capitalist mode of production in agriculture despite assuming dominance in agriculture is found to coexist along with various pre-capitalist relations of production? Kautsky argued that land being the principal means of production in agriculture is characteristically different from the principal means of production in industry. While the principal means of industry is reproducible, the principal means of agriculture is not. Therefore, the forms of property in land and the political conditions under which they exist add a crucial implication for the development of capitalism in agriculture. Kautsky held that for industry the process of centralisation of capital may be different from the process of accumulation of capital but for agriculture accumulation often presupposes the centralisation of capital.

2.2.3.2 The problematic addressed by Kautsky

As the social democratic prognosis about the rapid disintegration of small holdings in agriculture and speedy consolidation of big holdings under the sway of capitalist
development were not realized in Germany by the turn of the century, Kautsky set about analyzing the inherent nature of agriculture and tried to show that both industry and agriculture were proceeding in the same direction as elements of a single process and the way capital was 'taking hold of agriculture, revolutionizing it, smashing the old forms of production and of poverty and establishing the new forms which must succeed.' Only when this question is answered, Kautsky said, one could decide whether Marx's theory is applicable to agriculture or not.

2.2.3.3 The peasantry and the market:

Medieval European peasantry had the least involvement in the market and that was how they escaped the vagaries of the market. This self-sufficient nature of peasantry made them almost indestructible. By the second half of the 19th century the small peasantry was subjected to a process of dissolution under the impact of urban industry and trade. Kautsky noted that as the self-sufficient character of the peasantry was being undermined by the growing competition from urban industry and craft, their involvement in the market, hence, the need for cash became inevitable. Growing

cash requirement, payment of rent in cash to a multiple group of overlords and the general rise in the level of rent made the condition worse for the peasantry. The peasants were afflicted with competition from urban industry and commerce and, marketing of products under onerous terms. The process turned the peasantry (who were earlier involved both in cultivation and craft) into 'pure agriculturists' as termed by Kautsky.

Kautsky further pointed out that with growing commoditization of their products the peasants gradually lost grip over the secondary and tertiary levels of the market which were controlled by the middlemen and merchants. When the merchants and middlemen succeeded in pushing off the peasants from the secondary and tertiary levels of the market the usurers came forward to meet the cash deficits of the peasantry on onerous terms. Things became even worse for the peasantry when the merchant and moneylender were the same person. What the worst natural calamities and harvest failure failed to do in the past, now, according to Kautsky, could be achieved by a single crisis in the grain or beef market. Every market crisis now alienates a chunk of the peasants from land.
2.2.3.4 Peasant survival strategies:

Kautsky's analysis further showed that as the peasants were being marginalized and their home-craft dissolved leading to seasonal unemployment, they were compelled to reduce the size of their household by disposing some of the members as farmhands, soldiers and factory workers. Moreover, mechanisation of some of the operations like processing reinforced this tendency. But the remaining on-farm man-power could not cope with the demands of the busy operations of agriculture. Thus, the peasantry got involved in another market—the market for labour through employment of hired labour to tide over the busy operation. The dialectical nature of the development lay in the fact that the process that gave rise to the demand of the wage labourers also gave rise to the wage labourers themselves. Finally, this process enhanced the peasant's dependence on subsidiary sources of income. Thus, the growth of capitalism in the towns, according to Kautsky, was by itself sufficient to transform completely the established way of life of the peasantry well ahead the penetration of capital in agriculture and independently of competition between large and small holdings. But, capital would not remain confined within industry and at the opportune moment would also invade agriculture.
2.2.3.5 Persistence of the small peasants:

Kautsky was not also oblivious of the power of endurance of the small holdings. This power of endurance, according to him, was not based upon higher productivity but lesser needs. The small farms depressed down their consumption standard. They often internalized some of the costs like the cost of management and the cost of labour. But along with these advantages enjoyed by the small farms (which were in fact self-deprivations of the worst kind) in the sphere of production, the small farms faced a multiplicity of odds in marketing their products, procuring loans to bridge cash gaps and bringing in technological innovations. For the small peasants earning a profit in the accounting sense did not mean that 'their barns were full rather their stomachs were empty.'

2.2.3.6 Tardy growth of land market:

Tardy growth of land market did not miss the attention of Kautsky. He quoted a report from the Weimar district of Germany to give a final brush on small peasant endurance.

11. Jairus Banaji, ibid, p.27.

12. Jairus Banaji, ibid, p.27. quoted by Kautsky from a report on Weimar district of Germany.
"If, inspite of so much poverty, land sales are not more frequent, this is because our peasant, in order to preserve independence, knows how to endure an incredible amount of suffering. As long as small holders do not plough their own fields but instead work as day labourers, they are relatively well off." This endurance of the small peasant meant independence at the cost of self-deprivation and tardy growth of land market even in the context of late 19th century Germany.

2.2.3.7 Complexity of the process of agrarian transformation:

Kautsky did acknowledge the empirical evidence that inspite of their advantages, the big farms could not make much headway (in the sense of destroying the small farms and internalizing them) nor did the small farms disappear during the last two decades of the 19th century. But, Kautsky claimed it did not contradict his basic thesis and it could only be a starting point for further research. He felt, it only showed that capitalism was developing in agriculture in a much more complex and cumbersome process than in industry.

According to Kautsky among the factors that might have stabilized the small scale farming for the time being
included the support provided by the state to these producers, changes in taste and expenditure pattern of the capitalist class (for example, its craze for handicraft products), restraining family size and long distance migration etc.

2.2.3.8 Constraints on the process of centralization of capital in agriculture:

The process of centralization of capital in agriculture faces obstacle. Centralization of capital has been defined by Kautsky as reunion of different scattered capitals into one capital. In agriculture the big land owner cannot generally increase his wealth except through centralization, reuniting several holdings into one. Kautsky pointed out that fragmentation of different properties and their scattered nature stands in the way of centralization. Another obstacle is confronted in the form of non-availability of contiguous surface. Unless the land owning class is strong enough to expel the small holders or expropriate them, the process of centralization can be arduous and slow in pace. Thus, the process of agrarian transformation is also dependent upon the political process of class struggle and the question of state power.
2.2.3.9 Competitive efficiency of small scale farms in agriculture:

Kautsky addressed the issue of competitive efficiency of small scale agricultural farms in his article 'The Competitive Capacity of the Small scale Enterprise in Agriculture' published in Die Neue Zeit, the theoretical periodical of the German Social Democratic Party (SPD), of which Kautsky was the editor. Kautsky's argument regarding the efficiency of small scale farming in agriculture can be summarised as follows:

1. It is only under exceptional circumstances and in some branches of agriculture can small farms be capable of holding out in competition. Unlike industry, large scale farming is not a new phenomenon in agriculture. In classical antiquity large agricultural farms proved to be efficient by virtue of the use of 'cheap forced labour.' Whenever this cheap source of labour dried up large scale enterprise became unprofitable and was replaced by small scale farms. Therefore, the question

of efficiency of scale cannot be separated from the historical and social structural context.

II. Large scale capitalist enterprise in agriculture as it developed in Britain and spread to other parts of Europe and America succeeded in forcing out the big estates which were backward, under capitalised and still imprisoned in the traditions of feudalism. This type of large scale enterprises which strove to raise labour productivity as much as possible by raising technical level proved to be superior to small scale farming. This means in the words of Marx, replacement of the enterprises (small farms) 'which was most irrational and most indolently attached to custom' by 'the conscious technological application of science.' 14

III. Some preconditions have to be met before application of modern methods of large scale cultivation. These are, namely, certain level of techno-economic development, availability of wage labour in large number, emergence of a class of capitalist farmers and finally a favourable structure of landownership. Large scale capitalist farming is not possible without big land

ownership. Large scale landownership may not necessarily give rise to large scale farming and it may rather lead to the emergence of dwarf-like enterprises. When it comes to the question of competitiveness of small scale enterprises with large scale enterprises, one is permitted to take into consideration the most complete forms of the latter, not the ones lagging behind. The advantage of a real large scale enterprise in agriculture lies in its capacity to subjugate nature through application of the methods of science in its favour. But the small scale enterprise is helpless in the face of vagaries of nature. If the large scale enterprise does not possess enough technical means to nullify some of the damages done by the nature, it possesses the financial means to do so through insurance.

IV. The question of persistence of very small farms under chronic deficits has to be viewed from a very different perspective. An industrial farm goes out of operation when it is no longer in a position to maintain the existence of its owner, but in agriculture it need not do so. A chronically deficit small farm continues to survive by adopting all kinds of survival strategies.
like adopting a subsidiary occupation, engaging in wage labour activities and temporary migration. The petty landholders sticks to his land to derive his means of subsistence in a cheap manner rather buying it dearly from the trader. After all, objective is survival and not making profit. The industrial capitalists may also encourage this type of farming because it helps him getting a cheap source of labour. They may even grow at the expense of proper peasant farms. But it should be noted that the main source of their vitality is worker's wage and not the ability to compete.

V. There is a conceptual difference between 'competitiveness of farms' and 'survival of farms'. The concept of competition is to be applied in the context of a market based relations. The smaller farms are likely to be less involved in the market while large capitalist farms are highly market oriented. In this sense it is not logical to say one is more competitive than the other. If small farms continue to exist it would mean they have capacity of 'survive' rather than 'compete' in the market. The relatively slow

penetration of the large scale enterprises in agriculture is to be ascribed to the relative autonomy of the smaller farms from the fluctuations of the market. But it is also true that the smaller farms are losing this autonomy gradually. Change in the consumption pattern of the members of the smaller farms due to exposure to urban tastes arising from periodic migration is also causing these farms to be involved in the market for the urban products. Growing involvement in the market, obligation to pay state dues and interest payment against borrowing etc. lead to increased cash need of the smaller farms. Kautsky further made a distinction between the smaller sized farms and dwarf sized farms. The dwarf sized farms consume almost the whole of the output of their dwarf sized holdings and meet the additional requirements of their livelihood through selling labour power. These farms are not in competition with large farms for what they sell in the market.

VI. The small peasant gets his work done by the members of his family who can be goaded to do the maximum labour. But this is not true of the wage labourers engaged by the large scale capitalist farmers. The hard work done
by the family members of a small peasant proprietor appeared to J.S. Mill as 'super human industry' of the peasant proprietors. In fact this maniacal drudgery of the small peasant proprietors creates an illusion of the profitability of small peasant farms compared to the factory system, that helps to keep the head of the small peasant households above water. Exertion of too much labour leads to insufficiency of consumption and competition by hunger. The consumption standard of such small farms can be lower than that of the wage labourers. This is a simple demonstration of their inability to compete.

Thus, throughout the whole discussion Kautsky underlined the need to distinguishing between 'competitiveness' of farms versus 'survival' of the farms. He also underscored the need to make a distinction among the historical and social contexts under which the question of efficiency of farms is discussed. Moreover, one has to identify the basis of 'efficiency' such as 'forced labour'.


or 'free wage' labour, better application of science and technology or just 'the superhuman industry of domestic labour.' The consumption standards of the farms in question also need to be examined.

2.2.4 Lenin and agrarian Transformation:

2.2.4.1 The need for overcoming stereotyped understanding:

Lenin at the turn of 19th century demonstrated on the basis of Zemstvo statistics that 'differentiation is already an accomplished fact, that the peasantry have completely split into opposite groups'.\(^{18}\) He emphasised the need for overcoming stereotyped understanding of the theoretical position that 'capitalism requires the free, landless worker.' 'To Lenin this proposition is quite correct as indicating the main trend, but he was quite alert to the fact that 'capitalism penetrates agriculture particularly slowly an in extremely varied form'.\(^{19}\) He was also conscious about the dialectically opposite tendencies working in an agrarian and backward economy that hasten as well as retard the process of differentiation. He conceptualized

\(^{18}\) V.I. Lenin, *The Development of Capitalism in Russia*, Progress Publishers, Moscow, 1977, p.190

\(^{19}\) V.I. Lenin, *ibid*, p. 181.
differentiation among the peasantry as the sum-total of all economic contradictions among them.

2.2.4.2 Emergence of new types of rural inhabitants:

Undoubtedly though the process starts with a quantitative inequality in proprietary ownership, the process inevitably assumes a change in the qualitative aspects by way of 'dissolving' the old peasantry and its replacement by new types of rural inhabitants. These new types that are the basis of a society in which commodity economy and capitalist production prevail. These new types of rural inhabitants are the agricultural capitalists and the rural proletariat. These two extremely polarised social classes develop at the expense of the middle peasantry. The middle peasantry is the least oriented towards commodity relations. They are capable of meeting their subsistence needs only in years of favourable weather conditions and desired output level. Otherwise they fail to make ends meet without resorting to loans, seeking subsidiary employments or even sale of labour power occasionally. Every crop failure means a disaster to middle peasantry and their parting with land and joining the ranks of the proletariat. Only a small segment of this group may luckily move upward to become rich.

peasants while the vast majority is pushed downward by the whole course of social evolution. Thus, according to Leninist prognosis\(^{21}\), "a process specifically characteristic of capitalist economy takes place, the middle members are swept away and the extremes are reinforced - the process of 'depeasantising.'"

The other group of new type of rural inhabitants are the rural bourgeoisie or the well-to-do peasantry. These independent farmers carry on commercial farming in a diversified form. Along with this group comes the owners of commercial and industrial enterprises. The specific peculiarity of this group of peasantry is the combination of agriculture with industry. From among these well-to-do farmers arises a class of capitalist farmers who rent in land for commercialized farming, hires in labour in excess of utilizing family labour as their farming operations require more than what their own labour can perform, invests the spare cash obtained in the form of net income in commercial operations and usury or under favourable conditions in purchase of land or technological innovations in farming. Since this class of farmers require a labour force in excess of family labour, the formation of a body of

\(^{21}\) V.I. Lenin, *ibid*, p.184.
day labourers is a necessary prerequisite for its existence as a social class. Numerically this class may not consist of a sizeable number, but its weight in peasant farming in terms of total quantity of means of production owned, total quantity of output raised and the total quantity of output marketed is undoubtedly predominant.  

2.2.4.3 The empirical evidence

That the Russian economy has been moving through the course predicted by Lenin was substantiated by data drawn from 'Zemstvo' sources. The figures spoke for themselves. They showed there were 1.5 million capitalist framers in 1905 with an average holding of about 125 acres and at the other pole, there were 10.5 million pauperized peasants on plots of less than 20 acres. Crystallization of classes and sharpening of their contradictions became obvious. The richer 20 percent of the peasantry were using between 35 to 50 percent of the land and used most of the hired labour; the middle peasantry (30 percent of the peasant population) were using 20-45 percent and the poor peasants (50 percent of the peasant population) only 20-30 percent.  


2.2.4.4 Factors retarding growth of capitalism in agriculture

Though Lenin observed that the class of capitalist farmers became master of Russian countryside in the turn of the present century, he did not forget to mention the factors that still arrested the emergence of the new types of rural inhabitants. These factors were use of capital in bondage and usury, independent development of merchants and usurer's capital and survival of corvee economy in the form of labour service specially by the middle peasants. According to Lenin, so long these conditions prevail a class of free labourers does not emerge.24

2.2.4.5 What happens when peasant differentiation exacerbates

Remarkable features of peasant differentiation are abandoning and leasing out of land by the vulnerable groups of peasantry, growth of peasants having no power and their flight to the towns and on the other hand such progressive trends in farming as buying of land, improvement of farming and its method and diversification of farming with a commercial orientation, etc.

2.3 The Populist/Peasantist School

Though a wide variety of politico-ideological movements have been identified as populist movements in the vocabulary of social sciences, we are mainly concerned here with the movement of the radical intellectuals in Czarist Russia, aiming at agrarian socialism and romanticizing the peasantry. This movement got currency as 'narodnism' (populism) which occupied an important phase in Russia's revolutionary movement in the 19th century. The protagonists of this movement believed that a new socialist society could be built up on the edifice of Russian 'mir' (institution of communal land cultivation) once the Czarist state is destroyed. They visualized that Russia could move towards a non-capitalist development by-passing the capitalist stage and build a socialist, egalitarian and democratic society on the strength of the peasant commune and petty commodity production. The movement was hostile to large scale production.25

Lenin characterizes populism as a protest against capitalism from the class point of view of the petty peasant producers whose position was being undermined by capitalist

development who nevertheless wanted the dissolution of feudal social order. Marx exposed the ideological hollowness of the movement with his characteristic pungency:

"They...want competition without lethal effects of competition. They all want the impossible, namely the condition of bourgeois existence without the necessary consequences of these conditions."

Alexander Vasil’evich Chayanov (1880-1939) tried to give a concrete theoretical and empirical shape to the populist perspective of the Russian society through a theory of peasant mode of production. Teodor Shanin revamped Chayanov’s formulation to suit the Russian realities in details without markedly departing from its peasantist tenor.

26. See ‘Populism’, ibid, p.381.

2.3.1.1 Chayanov and the structure of Russian rural society

In contrast to Lenin, Chayanov argued that what appeared to be polarization of the peasantry into rural bourgeoisie and proletariat at the turn of the century was a mere optical illusion. While the overall distribution of land apparently differentiated peasantry into markedly polarized groups (which was termed by him as 'social differentiation'), behind this distribution there was taking place a constant circulation of land as farm families in their initial years purchased land and later sold their land, proceeding through a standard cycle of household expansion and decline: 'the demographic process of growth and family distribution by size also determine to a considerable extent the distribution of farms by size of sown area and numbers of livestock.' This was termed by Chayanov as demographic differentiation.

To give a model illustration Chayanov developed the tables 2.1 and 2.2. These tables shows that family is not

28. This section is based on A.V. Chayanov, The Theory of Peasant Economy with a New Introduction by Teodor Shanin, Oxford University Press, Delhi, 1987.

29. A.V. Chayanov, ibid, p.67.

30. A.V. Chayanov, ibid, p. 57-58.
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*Source*: Chayanov (1987), Tables 1-4 and 1-5, pp.57 and 58.
## TABLE 2.2

RATIO OF CONSUMERS TO WORKERS IN SUCCESSIVE YEARS

<table>
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<tr>
<th>Years of Family's existence</th>
<th>Married couple</th>
<th>Children</th>
<th>Total in family</th>
<th>Consumers</th>
<th>Workers</th>
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Source: Chayanov (1987), Tables 1-4 and 1-5, pp.57 and 58.
a fixed structure, but one which changes over time. A newly married couple setting up a household will have two full units of labour available against two full units of consumers. With the birth of successive children, the household will have additional mouths to be fed and economically will be in the downswing. But as the children grow up and help their parents in productive activities, the households move towards an upswing. Over a typically ideal 25 years cycle, the household experiences its greatest economic difficulty in the 14th year when a consumer-worker ratio of 1.94 is reached. By the 26th year consumer-worker ratio falls to 1.32. After that the household would go through a split and give rise to new families which experience the same ups and downs.

2.3.1.2 Chayanov's theory of peasant farm:

The differing conclusions reached by Lenin and Chayanov not only reflect opposing theoretical frame. For Chayanov the peasant farm is a family labour farm in which the family as a result of its year's labour, receives a single labour income and weighs its effort against material result obtained.31 The economic motivation of a peasant family enterprise is unlike a capitalist entrepreneur who seeks to

maximize profit, rather like a worker on a peculiar piece rate system which allows him alone to determine the time and intensity of effort. Chayanov strongly rejects categories of capitalist economy like wages and profits in the context of a peasant family labour farm. Accumulation of wealth (if not capital) by a peasant family farm depends on the subjective evaluation of the marginal utility of labour expended in the process.

2.3.1.3 Weaknesses of Chayanov's theory:

Although Chayanov raised a very pertinent point regarding the behaviour of a peasant family farm under constraints of consumer burden, there is nothing in his theory which tells us that it will really be able to maintain its family or it may not have to sell labour power to other farms.

The way Chayanov presents his theory of demographic differentiation appears as if he is claiming universal validity for his theory, but his chapter on 'Peasant Farm Organization' dealing with the Family Farm as a component of the National Economy and its possible Form of Development shows that, at the conceptual level we are to distinguish the explanation of demographic differentiation in terms of
the peasant family farm as it arises in a particular type of economy from the abstract economic theory of the family farm.

Chayanov's abstract theory of peasant farm does not necessarily mean that demographic differentiation is inevitable in every type of social formation nor does it guarantee that it can withstand the onslaught of relations of capitalist production penetrating the countryside and ultimately dissolving it. Thus, Lenin's and Chayanov's theories deal with quite different domains. Lenin's theory is a theory of development of capitalist mode of production in a backward agrarian economy through the process of class differentiation and penetration of capitalist relations, but Chayanov deals with the internal logic of a specific type of enterprise without reference to broader processes of the social formation. Controversy that embroiled over the years between Leninist theory of class differentiation and Chayanovian theory of demographic differentiation would have minimized if it would have been conceded that former is a theory of class formation and the latter is a theory of a very specific type of enterprise.
Chayanov's theory of peasant economies and his formulation regarding the structure of Russian rural society have come under fire by his contemporary Russian Marxist economists and other contemporary economists. It has been pointed out that if a multi-dimensional stratification criterion is used, then one would find that Russian rural society had been highly stratified along class lines as argued and empirically shown by Lenin in his famous study *Development of Capitalism in Russia* and other works.\(^{32}\) Chayanov also faulted in ignoring market relations that embrace different strata of peasantry including the middle peasants who were supposed to be least involved in market relations. Therefore, a cumulation of advantages and disadvantages through the market network polarizes the peasantry apart with the elimination of the middle strata. Mobility of capital among farms and different sectors of economy in response to changing profitability makes polarization of classes among the peasantry inevitable. Viewed from this perspective Chayanov's theory of peasant farm does not stand the test of critical scrutiny.\(^{33}\)


\(^{33}\) 'Chayanov, Alexander Vasil'evich (1888-?1939)', *ibid.*
2.3.2 Shanin and peasant differentiation:

2.3.2.1. The methodology of dynamic study:

Teodor Shanin draws particular attention 'to the process of reinforcing the stability' of the social system-' an aspect which tends to be overlooked by many theories of social change.'\(^{34}\) Explanations of change are inextricably linked with the explanations of stability.

While pointing towards the superficial nature of observations made on the basis of gross data Shanin gives the following simple example: "the economic rise of a thousand households counteracted by a decline of another 800 may be recorded merely as a rise of 200, while 1800 units have experienced socio-economic mobility".\(^{35}\) In order to unfold the mystery shrouding the gamut of gross data on peasant society or socio-economic strata and to bring to the fore the nature of mobility of individual households, dynamic studies with the households as their focal points came into being. Shanin extols this methodology as reflecting a conceptual change related to the increasing

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35. Teodor Shanin, ibid, p.71.
interest in peasant socio-economic differentiation as well as to increasing awareness of the importance of households as the basic units of society. The methodology of dynamic studies is essentially one of ‘tracing the individual histories of peasant households and analysing them statistically as mass data.’

2.3.2.2 How distinctive is Shanin’s view from others:

As opposed to the Leninist perspective of the inevitability of peasant differentiation there is a view that in a distinctive type of peasant economy characterized by predominance of small peasants who are not alienated from their means of production and who retain some amount of control over land and family labour there is a marked tendency towards peasant persistence. Most of the adherents of this view argue that small peasants are capable of supplying commodities cheaper than the capitalist farmers as they utilize capital more efficiently. If one observes differentiation among such a peasantry which is by and large homogeneous then one should attribute cyclical processes to such differentiation which does not display long term polarization. In fact Chayanov was a major proponent of this view which we have already discussed in the earlier section.

Shanin, however, stands somewhat in between the Leninist view of inevitable differentiation and the Chayanovian view of cyclical mobility with no long term tendency towards polarization. Shanin admits that peasant societies could be quite inegalitarian with secular tendencies towards differentiation, yet in such societies peasants as household producers maintaining control over land and labour may demonstrate good deal of resilience.

2.3.2.3 The main thrust of Shanin's argument:

In order to substantiate his point of view Shanin referred to the experiences of Russian rural history. He pointed out:

"The major fact of Russian rural history in the first quarter of this century is that the predicted development (predicted, that is by the differentiation model) both of the class structure and of the political response of the peasants did not happen."37

Shanin further pointed out that there are two counteractive trends underlying the differentiation processes that determine peasant household mobility. These are the centrifugal and the centripetal trends.38

38. Teodor Shanin, *ibid*, pp. 119-121.
Centrifugal mobility augments the differentiation process while centripetal trends dampens the differentiation process. Centrifugal trends consist of factors like cumulation of economic advantages and disadvantages, biological life cycle (?) and random oscillation (irregular mobility). Centripetal trend consist of land redivision administered by the communes, substantive changes (for example, partitioning, merger, extinction and emigration of households), biological life cycle and random oscillation. In a certain way Shanin's explanation of peasant household mobility is an attempt at reconciling Leninist and Chayanovian perspectives. For Lenin cumulation of economic advantages and disadvantages is the key determinant of peasant class differentiation while for Chayanov it is the phase in the biological life cycle of individual household that determines the pattern of mobility. Shanin introduced the elements of structural dynamics of peasant households (phenomena like partitioning, merger, extinction and emigration of the households) to drive home the point that there are certain elements in the dynamics that act as a counterweight to the polarization process. But recent experiences from the third world countries tell us that such structural dynamics of households are not independent of the process of cumulative advantages and disadvantages. Russian
dynamic studies also showed that there had been disappearance of households from the study area in bulk numbers due to extinction, emigration and other processes which was nothing but distress caused to a large section of the peasantry of the locality under study due to pauperisation and proletarianization process.

There is no denying the fact that the factors mentioned by Shanin are quite relevant for studying peasant household mobility, but one does not see the chain of causation in his analysis. Peter Worsley presented an abstract of Shanin's view in the following words:

"The categories 'rich', 'middle' and 'poor' made social as distinct from statistical sense only when it was understood that several quite distinct processes were going on at the same time within peasant households, processes which often cancelled each other out: polarization and levelling within the peasant sector; aggregate shifts upwards and downwards, in the prosperity of the peasantry as a whole; the extinction, partition, and merger of some households and the emergence of other newly-created ones; and the effects of emigration."

What may be pointed out as a major lacuna in Shanin's analysis is that these processes may be distinct but not quite independent. There is a prime mover behind all these

distinct processes which activates the whole chain of factors. The argument may sound somewhat deterministic, but, nevertheless appeals to intuition.

2.4. Contemporary Marxian School:

A large number of scholars in the recent times observed that predictions made by the classical Marxists have failed to materialise so far as agrarian transformation is concerned. The middle peasantry continues to persist and concentration in agriculture assumed a vertical form instead of a horizontal form. 40 In many instances petty peasant

40. The concepts of 'vertical and horizontal concentration in agriculture' were first used in the literature by Chayanov. Elaborating on the methods used by capital to penetrate agriculture such as mortgage credit, the financing of farm circulating capital and investment of capital in transport, elevator, irrigation and other undertakings, Chayanov says, "These ways convert the farmers into a labour force working with other people's means of production. They convert agriculture, despite the evident scattered and independent nature of the small commodity producers, into an economic system concentrated in a series of the largest undertakings and, through them, entering the sphere controlled by the most advanced forms of finance capitalism." Such penetration of different stages of agricultural production without destroying its scattered and independent form (in appearance) by capital has been termed as 'vertical concentration' by Chayanov. Sometimes this vertical concentration may assume cooperative or mixed form depending upon the general economic situation. On the other hand horizontal concentration in agriculture refers to capitalist development in agriculture through land concentration which involves differentiation and polarization of the peasantry. (See A.V. Chayanov, op.cit., Chapter 6.)
production serves as an appendage of industrial capital. Capital does not uproot the petty peasants. Rather, it tries to pre-determine their conditions of production. Goran Djurfeldt and Henry Bernstein among others, try to grapple with these realities with a renovated Marxian formulation.

2.4.1 Goran Djurfeldt and Agrarian transformation: 41

2.4.1.1. Djurfeldt and the European experience:

Djurfeldt raises a fundamental question - how far does the classical prognosis of Marx, Kautsky and Lenin about the development of capitalism in agriculture materializes as in industry through the polarization of agrarian class structure, disappearance of petty commodity production and emergence of agrarian bourgeoisie and rural proletariat within a span of almost hundred years following the days of classical thinkers. His reading of empirical evidence from the advanced capitalist economies fails to corroborate prediction: 42

"In Europe, big estates have decreased in importance. The typical unit today is the family farm. The rural proletariat has decreased in importance, not only in

41. This section is based on Goran Djurfeldt, 'Classical discussions of capital and peasantry: a critique', in John Harriss (ed.) Rural Development Theories of peasant economy and agrarian changes, Hutchinson University Library, London, 1982.

42. Goran Djurfeldt, ibid, p. 138.
absolute size, but as part of rural labour force. The petty commodity-producing farmer has thus not only survived, but has become typical of Western agriculture. At the same time, agriculture has gone through a revolution in the forces of production which can be symbolized by the tractorization carried through in thirty years. The increase in productivity has at times even surpassed that in industry."

In spite of the above mentioned impressive achievements made by the petty commodity producing farmers, Djurfeldt concedes that slower progress in the standard of living of these farmers compared to productivity gains indicates an increasing exploitation of the farmer's labour. One corroborative evidence of this is the unfavourable terms of trade faced by agriculture with industry in at least three countries of the West, namely U.S.A. (1946-70), France (1942-62) and Denmark (1963-74).

2.4.1.2 Djurfeldt on Kautsky:

Djurfeldt observes that there is a remarkable dualism in Kautsky. This dualism is reflected in his faith in Marx's prediction on the development of capitalism in agriculture on the one hand and recognition of certain developments in German agriculture of his time which failed to fit with classical conception on the other hand. Kautsky tried to come to grips with these developments theoretically. He made an attempt to theorize the phenomenon pointing towards the
fact of the intensification of cultivation (probably more capital intensive production on small tracts of land such as dairy production).

The second explanation for the 'survival' of the peasant petty commodity production could be found in the innovation of a labour process by the big latifundias in the form of granting land allotments to the working peasants to have their own labour colonies and reduce wage cost by shifting a portion of labour power reproduction on to the shoulders of the labourers themselves. This process according to Djurfeldt started taking roots in many West European countries by the late 19th century. This system of land allotment to agricultural labour created a tied labour force and a distribution of land paralleling concentration with fragmentation. Kautsky attributed the cause of this development to labour shortage and claimed that his designation of the process as concentration paralleling with fragmentation to be a modification over Marx's prediction.

But Djurfeldt does not agree with Kautsky that it was a successful modification which can salvage the classical prognosis. According to him it was an outcome of the failure
of big farms to reproduce themselves with free wage labour in the face of international competition in the grain trade.

European agriculture was faced with a crisis. What Kautsky thought to be a shortage of labour supply was possibly a failure of big landowners to pay a wage to the labourers that would dissuade them from migrating to the United States or urban industrial centres. In other words, it was an attempt at thwarting the 'freedom' of labourers by getting them settled on the land.

According to Djurfeldt, Kautsky correctly identified and interpreted certain tendencies in German agriculture, especially regarding the middle peasants. For example, according to Marxist definition the middle peasants are least dependent on hired labour and hence least affected by the crisis. They are best able to reproduce themselves when prices go down due to foreign competition. Kautsky showed through German statistics that the middle peasantry were expanding their command area during the late 19th century. But his figures spoke against his theoretical position that the middle peasants are most affected by usury and commercial exploitation. This is how Kautsky exposes himself to analytical dualism.
The middle peasantry which was found to be expanding their area of operation by Kautsky in late 19th century became the standard bearer of the revolutionization of productive forces in agriculture which neither Marx nor Kautsky could foresee. The brilliant departure of Kautsky from Marx's position was that large scale production need not be the necessary condition for the growth of productive forces. He mentioned dairies, butcheries, breweries, sugar refineries, starch factories which became objects of investment for the landlords and capitalist tenants. In regions where peasants commanded a surplus, they followed the landlords and the capitalists and invested in the same industries, but through their cooperative societies.

Djurfeldt observes: 43

"As a Marxist, Kautsky was sceptical towards the emancipatory potential of the cooperative movement, but he did not foresee that although it is not a force of emancipation, it can successfully reproduce itself in a society dominated by capitalism, given, of course, that it subordinates itself to the commanding force of this society, the market."

Though Kautsky was opposed to the cooperative movement, he successfully analysed the factors that made it viable.

43. Goran Djurfeldt, *ibid*, p. 146.
Djurfeldt adds that the role of the cooperatives lies in centralizing capital without expropriating the peasants so that we get capitalism without capitalist. But this capitalism has developed outside agriculture as in agro-industry. In Djurfeldt's words:44

"The developing capitalist division of labour has meant that capital has taken hold of some production processes previously located in the farms (making of butter, cheese, beer, butchered meat, etc.) and has moved them outside, into industry, transforming them in the process. In agro-industry, then, we get the capitalist mode of production."

2.4.1.3. Djurfeldt's hypothesis:

Djurfeldt advances the hypothesis that 'agro-industrial capital is the motor force of the specific structural development of western agriculture in the twentieth century'. He concedes that one can trace out the seeds of such a hypothesis in Kautsky's writing. He explains the reason of the success of agro-industrial complex in terms of difference between the price formation mechanism of family farm and that of the capitalist farm. When family farms can sell their products at cost price, capitalist farm must add a profit. So long the productivity of capitalist farm and family farm remains within a margin, agro-industry will develop through non-capitalist farm sector.

44. Goran Djurfeldt, ibid, p.147.
2.4.1.4 Djurfeldt on Lenin and Chayanov:

Djurfeldt criticizes Lenin for not being able to comprehend 'the actual structural development of agriculture' about which Kautsky demonstrated greater measure of realism and intuitive feel. The unilineal view of the development of capitalism through a process of differentiation as reflected in his book, *The Development of Capitalism in Russia* was never basically revised by him, notwithstanding the fact that his contributions on alternative paths of capitalist development (the Prussian path and the American path) is recognised by many scholars as a self-criticism of earlier unilineal model. The essence of the view regarding the development of capitalism via these two paths is: 'The polarization of rural class structure arises via differentiation of the peasantry.' Djurfeldt observes that Lenin might have been right in the specific cases of Prussia and America, but the overall scenario of the structural development of Western agriculture puts Lenin somewhat off the track.

According to Djurfeldt, Chayanov had a clearer understanding of the structural development of Western agriculture. Basing on Zemstvo statistics Chayanov tried to
demonstrate what appeared to Lenin as class differentiation of the peasantry could very well be demonstrated as demographic differentiation. Thus, Chayanov contented that Lenin overestimated the extent, pace and form of growth of capitalism in agriculture in Russia. Chayanov did clearly recognise the ongoing process of subordination of world agriculture to capitalism as evidenced in the following excerpts:

"Nevertheless, it is clear to everyone working in the field of agriculture that literally before our eyes the world's agriculture, ours included, is being more and more drawn into the general circulation of the world economy, and the centres of capitalism are more and more subordinating it to their leadership."

As opposed to Leninist prognosis of horizontal concentration, Chayanov's ingenuity lies in identifying an emerging process of vertical concentration in agriculture.

According to Chayanov such a strategy is more paying to capitalism without entering into the risk of farm production. Djurfeldt strengthens Chayanov's proposition and adds, when monopoly capitalism dominates technology development, it can always offer the technology package in need by the small and medium farms. If this can be shown to

be a plausible assumption, then vertical concentration becomes a reality. Chayanov also visualized cooperatives as a form of vertical concentration, specially in situations where private entrepreneurial capital in agriculture is weak.

2.4.1.5 Djurfeldt's preconditions for capitalist development in agriculture along classical lines:

Basing on the above review of Kautsky and Lenin's theories of agrarian transformation and experiences of agricultural development in Western Europe Djurfeldt observes that capitalist agriculture requires profit which can be ensured if the following conditions are met:

I. More productive land: This is the reason why capitalist farmers in the West are found in fertile areas.

II. A protected market: Where prices are kept above cost prices. Many third world countries have protected grain market. This also implies that capitalist farmers often fail to compete in a free market. In the international market countries with varied types of agrarian structure compete with each other and in such an environment capitalist agriculture may thrive only
under very congenial conditions of which the most important seems to be:

III. A depressed wage level which may arise either from a reserve army of labour, or from a sizeable poor peasantry.

Djurfeldt is of the opinion that since many of the 'peripheral' countries tend to fulfil the preconditions II and III, it is not improbable that development of capitalism along classical line (as visualized by Lenin and Kautsky) in agriculture of 'peripheral' countries may take place. Recent empirical evidence shows that a sizeable shifting of agricultural production from centre to periphery has taken place in the recent years, a good deal of which is capitalistically organised. Therefore, Djurfeldt feels that Marx and Lenin's analysis may still be relevant in the context of Third World agriculture. He sounds a note of caution regarding the real possibility of such a development which very much depends on capitalist farmers outbidding the middle peasants through reaping economies of scale. Such economies of scale may not be available to the capitalist farmers in many countries of the Third World. Much will also depend on coalition of political forces around the state
machine. In this context the relationship between profit and rent is very important. Very often rent grows at the expense of profit. This may turn out to be a major constraint on capitalist development in third world agriculture.

2.4.2 Henry Bernstein and agrarian transformation:

Henry Bernstein's 'Note on capital and peasantry' though written in the context of Africa bears important implications for the transformation of the agrarian structure in many Third World countries. He addressed various issues like the destruction of natural economy, the process of commoditization, the simple reproduction squeeze, the extent of commoditization, the differentiation of the peasantry and finally the interrelations among capital, state and the peasantry.

2.4.2.1 Bernstein on the process of commoditization:

Bernstein rules out the possibility of the process of commoditization being uniform, unfolding in a sequence of necessary stages and reaching its completion. He deals with peasants as simple commodity producers 'deposited'.

46. This section is based on Henry Bernstein, 'Note on capital and peasantry', Review of African Political Economy, No. 10, 1977.
historically by the destruction of pre-capitalist modes of production in the specific context of Africa.

The logic of simple commodity production is broadly derived from the needs of subsistence, part of which is met through commodity relations. Some of the articles required for both productive consumption and individual consumption are met through exchange of peasant produce in the market. Simple commodity production is distinguished from the capitalist production by the fact that the former derives its logic of operation from the needs of subsistence while the latter is based on profit motive and accumulation of capital. On the other hand the simple commodity producer is not a proletarian as he/she retains control over the organization and means of production. Once forcibly involved in commodity production (for example by the colonial rulers) the peasant commodity producer engages in commodity production by economic necessity. Except the cases of completely specialized production the peasant commodity producer produces both for market and direct self consumption. When commodity production becomes an economic necessity for household reproduction cycle, the extent of commoditization whether measured in terms of proportion of total labour or land devoted to commodity production becomes
secondary though still important. Because it may become quite difficult for the peasant producer to withdraw out of commodity production.

Commodity production by the small peasant commodity producer is not simply an exchange phenomenon on the part of an independent peasant producer or superimposition of capitalist exchange on pre-capitalist forms of production rather it is a problematic of both production and exchange in which capital attempts at regulating both exchange and production without taking direct responsibility for organizing it. The industrial interests, the trading companies and the state join together to regulate what is grown, how it is grown, the quality of the produce, the prices and marketing of the produce.

2.4.2.2 Bernstein on 'simple reproduction squeeze':

So long as household production logic is guided by the needs of the simple reproduction as distinct from capitalist production guided by the logic of accumulation, its economic behaviour is different to that extent from capitalist farm. For example, a deterioration of the terms of exchange for the commodities produced by such a producer would be met by the needs of simple reproduction which may be manifested in
the form of consumption curtailment, intensification of commodity production or a combination of the both. This can be termed as 'simple reproduction squeeze'. 'Simple reproduction squeeze' may occur also under the conditions of increased cost of production of the commodities or increased cost of reproducing the producer.

The limits of 'simple reproduction squeeze' depends on the precariousness of peasant production and the pressures created by the commodity relations. Pressures exerted by commodity relations are manifested in the form of hunger rent, involuntary participation in the product market such as post harvest crop sales, purchase of grains at a high price in the off season and mortgage debts etc. For the capitalists 'simple reproduction squeeze' acts as labour intensification by the peasant household to maintain or to augment the supply of commodities without going through the process of production.

'Simple reproduction squeeze' depends on the intensification of commodity relations which inter alia depends on the place of peasant production in the social division of labour, its relation with other forms of production including capitalist agriculture and industry,
the overall development of the circulation of commodities and money and so on.

2.4.2.3. Bernstein on differentiation of the peasantry:

Bernstein considers that the issue of the differentiation of the peasantry is fraught with considerable amount of confusion. He refers to his research experience in Africa where it is not easy task establishing clear cut empirical categories. Confusion arises around both sociological and materialist concept of differentiation. In the sociological sense it is a problematic of establishing clear cut social classes understood in terms of positions in a scale of privileges and deprivations which serve as indicators of inequality. Differentiation in the materialist sense poses classes in terms of social relations of production.

On the first sense of differentiation, a wide range of variation in relation to wealth or poverty of households is encountered in many rural situation. The differences in the consumption and accumulation of use values is not often correlated with the levels of production. Consumption standards are related to random factors with respect to relations of production. These random factors include vulnerability of households to disasters, sources of income
outside household production e.g. regular remittances from relatives in salaried jobs or wage employment and also demographic differentiation stressed by Chayanov which correlates the size and relative prosperity of the households with their positions in the cycle of generalised reproduction. Advantages in the conditions of production which are initially distributed randomly (household size and composition, more fertile land, better access to sources of irrigation or transport, saving accumulated from wage labour) can contribute to class differentiation.

Differentiation in the materialist sense is related with conditions when wealth becomes capital and invested productively in the means of production giving content to tripartite classification of peasants into categories like 'poor', 'middle' and 'rich'.

Poor peasant mainly derive their livelihood from sale of labour power. Access to small plot of land does not make them peasants, but to that extent it helps their employers reduce the level of wages. They are rural proletariat in the making.

Middle peasants mainly reproduce themselves through family labour working in their own land, but they have to maintain specific exchange relations with other households
and other forms of production. Nature of these external relations determines the relative stability or instability of the middle peasants.

Rich peasants or kulaks are capable of accumulating sufficiently to invest in production through purchase of means of production or labour power. As long as they stay on the path of extended reproduction, they are to be reckoned as capitalist farmers.

Problems in reckoning classes or differentiation in materialist terms arises when we come to confront with peasants who buy as well as sell labour power, or when exchange of labour power is concealed in forms of payment other than money wages or in the form of traditional cooperation. Problem of identification also arise when capital concentration remains weak in the agrarian sector due to greater relative profitability of transport and trading activities and absence of marketing facilities. Under such circumstances agrarian capital formation remains limited and differentiation of production units also remain thwarted.
2.5 Concluding observations and issues to be studied for an understanding of the ongoing dynamics of the agrarian sector in Bangladesh:

The literature on the peasant and the agrarian question is of a vast magnitude and it is also being continuously enriched by contributions from different authors who are adding newer perspectives and angularities on the issue. It is not possible to present a review of the whole literature, much of which is relevant to our study within this short space. We, therefore, had to be very selective about the authors to be reviewed and kept ourselves confined to typically representative ones only. However, one may find a good deal of commonalities in the ideas of the authors reviewed but one can also see that fresh issues and problematics have been grappled with either with a view to tackling fresh questions thrown up by the discovery of newer empirical patterns or with a view to addressing gaps in the older theories. Let us now consider the issues to be investigated and some hypothesis to be tested in the light of the literature reviewed by us in the context of contemporary Bangladesh.

Marx emphasized the importance of the emergence of land and labour market as a precondition for transformation of a feudal agricultural structure into a capitalist agricultural
structure. The pertinent question to ask in the context of Bangladesh agriculture is whether we have a well developed market in land and labour. What really constraint the development of a well-formed land and labour market in Bangladesh? In what way the income formation processes and the livelihood patterns of the rural households shape the nature of the land and labour market and how on the other hand the nature of land and labour market determine the processes of income formation and the patterns of livelihood.

Engels saw no future for the small holdings as they are doomed to face extinction due to competition from large scale holdings. In this context Kautsky's distinction between the concept of 'survival of farms' and 'competitive efficiency of farms' is very relevant. What we observe in countries like contemporary Bangladesh is the widespread persistence of the small farms. We also do not observe the consolidation of large scale farms. In fact the phenomenon is one of the 'survival of farms' rather than 'competitive viability of farms'. Kautsky talked of the loss of viability of the small farms in the face of the growth of urban industries that displaced the home craft of the small farms. But in the case of Bangladesh the industrial sector is not in competition with rural craft sector and moreover
artisanal craft production and peasant crop production have been independent sectors in the rural economy for a long historical period. Therefore, destruction of traditional craft of the artisans cannot be ascribed to be the reason for the pauperisation of the section of peasantry. In Kautskian dynamics the peasants were thought to be turning into 'pure agriculturists'. In contemporary Bangladesh what seems to be a more realistic appraisal of the pauperisation process is the increasing dependence of the pauperised peasantry on non-agricultural pursuits which Kautsky discussed under the broad heading of survival strategy of the peasantry. This perhaps leads us to the question of slow pace of proletarianisation or rather the pauperisation of the peasantry. Lenin, an ardent believer in the ultimate victory of capitalism in agriculture also admitted such a possibility, though he did not much elaborate this point. The pertinent question to ask in the context of contemporary Bangladesh is what accounts for the process of pauperisation of the rural households which is reflected in the form of endurance of marginalised households in the rural areas.

Chayanov talked about the relationship between the levels of prosperity of peasant households and the life cycle of households. Do we see any such relation in rural Bangladesh? One way to test this hypothesis is to see
whether there exists significant differences in the dependency ratio of households (ratio between consumption units and earner units in a household) which are passing through different phases of landownership mobility. Shanin’s position regarding the counteractive trends underlying the differentiation process can also be put to test in this regard. May be in the context of Bangladesh there are counteractive trends underlying the process of differentiation, but as distinct from the Russian experience narrated by Shanin these counteractive forces could be quite different in nature. It seems it will be worthwhile to examine how the household income composition between on-farm and off-farm sources or between agricultural and non-agricultural sources act as a countervailing force over the process of polarization.

About the preconditions for capitalist development along the classical lines in a Third World country mentioned by Djurfeldt we may weigh the impact of government food policy on different classes of rural households. The way government intervenes in the grain market has some implications for the polarization process in the rural society. Henry Bernstein’s observation that the problem of identification of peasant classes my arise due to the fact that capital concentration remains weak in the agrarian
sector as there are more lucrative avenues for investment outside agriculture itself, is quite pertinent in the context of Bangladesh. Kautsky observed that large landholding is an essential prerequisite for capitalist development in agriculture. How far concentration of landholdings can proceed in Bangladesh given institutional constraints and existence of avenues of investments which are more profitable than investment in agriculture as mentioned by Henry Bernstein?

The issues sifted out from the wider discussion of the theories of agrarian transformation in the preceding paragraphs call for probing at the macro and micro levels of Bangladesh economy. Such probing will not only allow us to see the relation between processes of income formation and changing structure of rural households, but also help us to understand the nature of ongoing dynamics in rural Bangladesh. We propose to go in for such probings in the following chapters.