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Nikolay Nenovsky

**ECONOMIC AND SOCIAL THOUGHTS OF IVAN POSOSHKOV
(1652-1726)**

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Economic and Social Thoughts of Ivan Pososhkov (1652-1726)

Nikolay Nenovsky¹

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Summary: Ivan Pososhkov (1652-1726) is credited with writing Russia's first systematic economic treatise. A study on Pososhkov's economic and social ideas is interesting for no fewer than three reasons. First, it would introduce the elements of diversity, originality and distinctiveness which non-Western European writers bring into the evolution of *economic thought*, inasmuch as economic and social thought is a reflection of peculiarities in economic development and inasmuch it is the fruit of the development of economic ideas. Second, a contextual analysis would be of help not only in enriching economic thought and its methodology, but could also contribute to *economic theory* itself, if only in offering points of departure for new analyses. Third, Ivan Pososhkov, merely because he wrote in periods of transition and complex transformation (the Petrine reforms in Russia) offer valuable *practical* ideas for today post communist transformation.

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¹Nikolay Nenovsky, University of National and World Economy, Sofia and ICER (Torino). I gratefully acknowledge the opportunities for work offered by JSPS (Kyoto, February -March 2009) and by ICER (Torino, June-July 2009). I thank Kiishiro Yagi, Giovanni Pavanelli, Dimiter Ialnazov for their comments.

Introduction

Ivan Pososhkov (1652-1726) is credited with writing Russia's first systematic economic treatise. He is thus at the foundations of economic thought in Russia with historical idiosyncrasies which endure to our day. Despite his import to the development of social thought in his lands, his names are absent in basic works of economic thought (one which comes to mind readily is that by Joseph Schumpeter). Naturally, Pososhkov is present in large syntheses of economic and social thought in Russia, such as that by Serguei Bulgakov² (2007 [1919]).

From my point of view studying thinker such as Pososhkov would be interesting and useful. Why? At least three reasons for this.

First, such a study would inject the measure of diversity, originality and distinctiveness which non-European writers bring into the evolution of economic thought, inasmuch as economic and social thought is a reflection of peculiarities in economic development and inasmuch it is the fruit of the spread of economic ideas. Pososhkov represents Russian synthesis of ideas and approaches revealing the complexities of Russian 17th and 18th Century realities: those of long isolated, peripheral lands gradually opening up to the world and conducting idiosyncratic syntheses of European and indigenous institutions. For their part, Western ideas, thought enjoying some appreciation, were permeating slowly and at the cost of significant modifications determined mostly by existing, largely religious, tenets (Eastern Orthodoxy, *et cetera*).

Second, a historically contextual analysis could not only help enrich economic thought and its methodology, it could contribute to economic theory itself – if only through offering points of departure for new analyses. Of particular interest, for instance, would be the development of new models which integrate authority and power issues into economic theory, power structure and the peculiarities of the monetary system; of models which reflect social stratification; of definitions of what is intrinsically indigenous in economic models (what is Russian?); of issues of property right, and others. Without hastening, we would only note that Pososhkov was representative of a broadly shared economic understanding (*economics/khozyaistvo*); he offered a number of useful perspectives for analyzing institutions, and his works can assist the development of economic sociology, studies of economics and culture, and ones of economic psychology, to name a few.

Third, merely because Pososhkov wrote amid the complexities of transitional periods in his lands (Petrine reform in Russia) offer valuable practical ideas for today. Thus, the clash of institutions – Western and Russian – in Petrine times had much in common with the deep changes in post-Soviet Russia (not to return to earlier periods in Russian development). The brigandry of transition, the debates about what Russia's future ought to be, the consolidation of authority by Vladimir Putin (and views on Eastern despotism), can be grasped better after a reading of Pososhkov.

² See for example p. 240; pp 245-249; pp 251-256; p.260.

Short notes on Ivan Pososhkov life's and Russia from his time

Before reviewing Ivan Pososhkov's economic ideas, it is germane to note some facts and peculiarities both in his life and of Russia's development during his lifetime.

Let us first observe the writer's life in general. An autodidact, Ivan Pososhkov was a self-made, innately intelligent Russian *entrepreneur* of country origins. Pososhkov professed himself "an illiterate, untutored, ignorant man" (Pososhkov, 1987, [1724], p 205)³. In his lifetime he conducted diverse trades, working at the mint, ushering some technical and industrial innovations (such as a minting machine and a playing card printing machine), dabbled in vodka distilling, papermaking⁴ and wine making, and owned serfs towards the end of his life. More importantly, Pososhkov took an active public stance, often penning letters promoting economic and technical reforms projects and sending them to Peter I and other officials. It was these letters and ideas that ultimately cost him his life: Pososhkov died in prison formally charged with defaulting on debt. It is safe to assume that a more genuine reason for this fate were his constant efforts to propose reform (see details of Pososhkov's life in Кафенгауз, 1951, Lewitter, 1973)⁵.

Pososhkov's work, „Книга о скудности и богатств□” [*A Book on Poverty and Wealth*], published in 1724, is considered to this day as Russia's first systematic work of economics (Кирдина (Kirdina), 2003)⁶. The very book's history is curious (see Платонов (Platonov), 1989, pp 100-131). Facts suggest that it attracted the attention of Mikhail Lomonosov (1711-1765) whose reform proposals had much in common with those of Pososhkov. Subsequently, Prof Mikhail Pogodin (1800-1873) rediscovered and issued the book in 1842. The first rendering into a foreign language was a German edition of 1878 (Brückner, 1878).

Moving onto the overall picture of Russian life of the period, we need to note the reforms on which Peter I had embarked (moreover, amid lengthy wars). They led to modernisation and the transposition of a number of West European administrative practices, institutions and technologies with the aim of transforming Russia from a peripheral and backward nation into a leading modern industrial power, while partially limiting absolute monarchy. Scientific development received an impetus, the Academy of Sciences and a number of universities were created, young men were sent to study in Germany and the Low Countries. At the same time, as Georgiy Plekhanov would later note, serfdom endured and even re-entrenched.

Of note is a large-scale Western-patterned monetary reform undertaken by Peter I after his stay in England and his meetings with Isaac Newton, then head of the Royal Mint. This led to wholesale reminting of money and to an entirely new manner of organizing monetary circulation. With regard to Peter's ideas on money, it is curious to speculate whether he

³ It is interesting to note that the Mercantilists were also mostly self-taught, original thinkers who trawled their ideas from practice and daily life, this often drawing the sarcasm of Adam Smith (see also Gonnard, 1935, v 1, pp 162-289, 1936, v 2, pp 1-214). In this sense, Pososhkov was no exception.

⁴ Notably, all trades linked with the state or gambling!

⁵ Later in the text I will use only the pagination, referring to this Pososhkov book. For more on Pososhkov, see Bruckner (1878), O'Brien (1955), Платонов (Platonov) (1989), Осипов (Osipov) (2003). Lewitter (1973) presents an exceptionally full bibliography of the ideas and times in which Pososhkov lived.

⁶ Naturally, a number of earlier economic ideas could be found in writings addressed to Ivan Pososhkov, the works of long-time Russian resident Croat writer Juraj Križanić, also known as Yuriy Krizhanich (1618-1683), as well as – inevitably in Russia – the arch-conservative codes of the „Русская правда” [*Russkaya Pravda- The Russian Law*] and the „Домострой” [*Domstroy - The Domestic Order*] (see Lavrin, 1966 and Платонов (Platonov), ed., 1995).

encountered John Law during his stay in Paris; no evidence for this exists, yet there is evidence that subsequently (after the French monetary crisis) he did invite Law to Russia, Law failing to take up the invitation.

As could be expected, Petrine institutional and administrative reform ran into the opposition and inertia of Russian tradition and oddity; the effectiveness and need for this reform remains the subject of debate to our day. The important thing to note is that Pososhkov lived amid the transition of the Russian economy and society and amid the struggle of the two basic inclinations to Russian oddity and Western modernity – a struggle waged from as early as the 15th Century (for detail, see Pipes, 2009 [2005]). In this sense, Pososhkov lived amid a transition similar to that undergone by Russia (for the successive time!) after the collapse of the Soviet system, when the dilemmas of remaining secluded *versus* entering the world economy and retaining indigenous tradition *versus* transposing global institutions occupied centre-stage.

Regarded chronologically, Pososhkov was alive when the theories of the Physiocrats (François Quesnay lived between 1694 and 1774) gathered strength in Europe, despite remains of Mediaeval and Mercantilist views and when the ground was prepared for the appearance of classical political economy (Pososhkov's published his treatise in 1724: the year after the birth of Adam Smith). It is also relevant to note that, bearing in mind Pososhkov's personal and professional life (some Soviet researchers claim that he did not speak foreign languages), he could hardly be expected to have had direct access to West European writings, being limited to hearsay and practical experience. Thus, Pososhkov wrote of his contact with foreign merchants such as one Yuriy Frobus (importer of a copper coin-minting machine that Pososhkov alone among his countrymen managed to master).

Chambre (1963, pp 362-363) elaborates the hypothesis that Pososhkov (and Russian economic thought of the period as a whole) could be influenced by Polish Mercantilists, some of whom were well known in Russia, including through translations (Andre Frycz-Modrzewski, 1561 and Nicolaus Copernicus, 1519). Broadening the range somewhat, we note that the renowned intellectual of the period Vasiliy Tatishcheyev (1686-1750) was well aware of Montesquieu, Hobbes, Locke, Hugo Grotius and most of all of philosopher Christian Wolff (1679-1754) who was also highly regarded by Feofan Prokopovich (1681-1736) (see Pipes, p 49 *et seq.*). I personally feel that some ideas of Pososhkov's are rather close to those of German Cameralism: ideas we know had made great inroads into Russia at the time of Peter the Great, and of which Pososhkov had undoubtedly heard, even if he had not read them. But the "largely admitted intellectual insulation" makes Pososhkov's insights and ideas all the more intriguing⁷ in view of his Russian oddness (see Кирдина (Kirdina), 2003).

In brief, and within the framework of preliminary generalisation, the *genre* Pososhkov's book adopted was that of a dialogue with the Monarch on the opportunity for reform, whereas its scientific discipline could be termed the economic sociology of wealth⁸. Entirely in harmony with the contents and style of economic and social treatises of the period, Pososhkov set

⁷ Despite Peter I undertaking a programme to translate the major Western thinkers, most translations appeared after both he and Pososhkov had died. Among them was Pufendorf's basic treatise (written in 1682 and published in translation at Peter's recommendation in 1718). Pipes assess Russian 17th Century political thought as primitive by comparison with that of Europe (Pipes, p 74). Russia's first free economic society was established in 1766.

⁸ As Chambre (1963, p 337) elegantly puts it, Pososhkov was *un esprit traditionnel, ouvert et critique, les trois à la fois*.

himself the task of solving the problems of wealth: what its elements were, how it was measured, how what increased it could be boosted and what reduced it could be curbed, how new sources of it could be found, what linked the wealth of the people and that of the sovereign, how the Monarch's wealth could grow and revenue into his exchequer increase, and more in the same vein.

The Economic Sociology of Wealth

The analysis of wealth in Pososhkov's book was definitely sociological. The writer offered a structure of wealth accompanied by detailed and critical analyses of social groups and classes, their interests and behaviours. Logically, the structure of his book followed major social groups in Russia: the clergy, the military, the judiciary, merchants, craftsmen, brigands, the gentry and the peasantry, ultimately addressing the Monarch and his interests. The analysis of social groups, despite being present in Western works, had deep roots in Russia, where Petrine reform reinforced rigid stratification as a defining feature of Russian society (see Ключевский (Kluhevskii), 2003, [1884/1885] and Pipes, 2009 [2005]). Pososhkov not only conducted a normative analysis of the state and behaviour of individual groupings, but also offered specific suggestions on how things ought to change and what reforms could be undertaken.

Pososhkov's economic ideas and proposals organically stemmed from not only the principles of economic utility and effectiveness, but also social justice and morality. Moreover, his economics was grounded in the broad social context of *khozyaystvo* ["economy," but also "husbandry" and "thrift"], which had its antecedents in Russian economic thought (see Булгаков (Bulgakov), 2007 [1919])⁹. We see Svetlana Kirdina's claim (Kirdina), 2003, p 91) that as distinct from Adam Smith, who represents "political economy, Ivan Pososhkov is a representative of 'spiritual political economy'" (she also sees him as distinct from the Mercantilists, and from the Cameralists, and from the Physiocrats) as imprecise and overstated. The morality and principles of economy were typical of the representatives of Mercantilist teachings and debate on whether they constituted a compilation of practices and administrative measures or a theoretical doctrine continues to this day (see Etner, 2006, pp 125-135 on the discussion between Jacob Viner and Eli Heckscher).

If we were to follow Schumpeter's claims on the emergence of classical political economy, we would discover the strong influence of Mediaeval economic thought (we remind the reader that the Scholasticists and Thomas of Aquinas were known in Russia). In this sense, it would be hard to say whether Pososhkov was a belated representative of Mediaeval thought or a precursor of classical economics¹⁰.

If we were to regard Pososhkov from the positions of morality and the broad understanding of economics (thrift), he comes across as undoubtedly close to the Cameralists (and later, to the Historical school) and distinct from the Physiocrats, to whom a scientific and rational understanding of the world was basic. Pososhkov was different from the later Say who subjected the Mercantilists to merciless critique for their lack of science and for mixing economic laws with religion and morality (see Etner, 2006, p 74).

⁹ Richard Pipes sees the roots of the thrift approach as stretching back in history to the Mongol yoke and Byzantine tradition, in both of which sovereigns rule nations as private estates (as *gosudar'*, meaning both "sovereign" and "master").

¹⁰ I found a similar interpretation in Chambre (1963, p 346) who sees *la pensée de Pososhkov se situe aux confins de deux univers économiques en Russie, l'univers médiévale et l'univers moderne*.

Positioning wealth (which they equated with happiness) as a basic value and goal was typical of the Mercantilists. They identified it with the accumulation of money (precious metals), which in its turn became possible through state stimulus for trade and exports and through wars for the conquering of colonial markets. Alongside the increase in money, the increase in population was basic to the Mercantilists. Despite a number of similarities, we feel that Pososhkov was a significantly more modern and more complex writer, as well as being farther-sighted, at least than the Mercantilists of the late 17th Century. (In this sense, we disagree with the accusations of “non-Westernism” and insufficient modernity which Lewitter (1973) levels at Pososhkov.)¹¹ Pososhkov not only did not connect wealth with money (though in places he did list money, especially full-value foreign coins, as an element of wealth), but also felt that the sources of wealth were manifold: they could be found in almost all areas of enterprise (a mark, *inter alia*, of classical political economy, see Etner, 2006, p 63)¹². Pososhkov not only regarded labour and its productivity as basic sources of Russian development, but also considered any form of labour as productive: material as well as spiritual. In his book, one may find some ideas on the division of labour, though not in the form proposed later by Adam Smith.

Rather in the spirit of modern understanding, Pososhkov regarded maximising Russian wealth, the Tsar’s wealth, the people’s wealth, and the wealth of individual Russians, or the converse of minimising poverty (*skudost’*) as entirely compatible, as distinct from the Middle Ages, when, as Macchiavelli put it “a poor people without doubt testified to a rich Prince.” Pososhkov’s Prince (in his case, the autocratic Russian Tsar) was a manifestation of the divine, while his authority was inseparable and unlimited. In this sense Pososhkov’s views on sovereignty were similar to those of his predecessor Bodin (monarchic sovereignty) and distinct from those of his successor Rousseau (who wrote of the sovereignty of the people).

The first condition for an increase of wealth, though not one mentioned explicitly, is that ethical and religious (in this case, Eastern Orthodox) principles had to be followed, as set out at the book’s beginning. Wealth comprised both tangible and intangible (spiritual) values such as *pravda* [the true law, justice]. As already mentioned, these religious and moral principles may be viewed as an extension of Mediaeval thought, especially that of the Scholastics, but also as the germ of classical political economy. Pososhkov was particularly critical towards clerics who breached religious and ethical norms, as well as being concerned about the lack of religious restraint among the populace. The paramount importance of Eastern Orthodoxy is determined historically by that fact that, particularly during the Mongol yoke (until 1468) Russian monasteries were centres of both wealth and authority, being the major landowners and thus logically the crucibles of the Russian economy¹³.

The problems of the army and soldiery come second: again, something entirely logical for the period, for maintaining the army was the major expense amid lengthy wars (especially the Northern Wars). Pososhkov considered the functions of the army valuable, entirely in the spirit of Mercantilism, which saw state authority as basic (if we cite Eli Heckscher¹⁴). In both cases, Pososhkov proposed an exceptionally useful and modern version of today’s cost/benefit

¹¹ See also O’Brien (1955) who sees Pososhkov as distinct from both Mercantilists and Physiocrats, and for whom he is a *transitional writer*. We personally feel that Pososhkov’s ideas have many features in common with those of the later Mercantilists from the early 18th Century (see Monroe, 1923, pp 272-289; Gonnard, 1935/1936 on later Mercantilism).

¹² We cannot agree, however, with Chambre (1963) that allocating the topic of wealth a central place in analysis is unique in itself.

¹³ The Church finally came under complete control by the Tsar only under Peter I in 1721.

¹⁴ Eli Heckscher (1879-1952).

analysis (of setting optimum pay for soldiers, moreover in full-value coins¹⁵, to prevent mutinies, and of private deliveries to the army). In this sense, Pososhkov was entirely in line with subsequent developments of European economic thought, which set off along the road to “rational scientific calculation,” and analyses of spending and usefulness.

Of particular interest to us is the emphasis given to the role of the law and justice in economic development and the increase of wealth, and to the principle of *pravda*. According to Pososhkov, great losses of wealth ensued from the lack of *pravda* (p 210). The judicial system was flawed, slow, cumbersome and corrupt; it was necessary to allow out-of-court settlements, whereas the problem of witness quality and behaviour called for the swiftest of resolutions. The protection of creditors’ rights and the regulation of creditor/debtor relations, the analysis of jails, measures against fleeing prisoners (“let no man be bereft of work”) and much else had to go through the prism of cost/benefit analyses.

The examination of the well-known Russian tradition of *pravezh* [“setting right”] in which debtors were flogged daily in public with *knuts* [horsewhips] while their families were persecuted, are interesting¹⁶. According to Pososhkov, *pravezh* had to give way to forced labour (a practice we know all too well from Stalin’s times¹⁷). The analysis adduced looks extremely modern in the light of contemporary institutional analysis and economic analyses of justice and jurisprudence; moreover, in the development of post-Communist economics, including that of post-Soviet Russia, one can uncover an amazing host of similarities. These similarities are rather unsettling, for they suggest determinism in Russian society beyond the judicial inefficiency.

Naturally, from the positions of the evolution of economic thought, the analysis of the role of the judicial system and legislation was strongly present among the Cameralists, some of whom – as was well known – advised Russian Tsars, including Peter I. We will point out that a number of new laws proposed by Pososhkov, and which assumed consultation with all groups prior to decision-making, set Pososhkov in the camp of those who wished to put certain limits on absolute monarchy (p 224).

Pososhkov’s research and insights on other groupings and classes – merchants, craftsmen, the gentry and the peasantry – may be seen as a synthesis (or rather a compilation) of elements of both Mercantilist and Physiocrat theoretical systems and of elements of Mediaeval economic philosophy. According to Pososhkov, all activity: commerce, crafts (manufacture) and farming, mattered in increasing wealth. As Physiocrats assented and Mercantilists dissented, industry and commerce were fruitless pursuits, rendering merchants and industrialists “sterile classes.”

Similarly to the Physiocrats, Pososhkov felt that the landowning gentry were a “harmful” class which he not only criticised as parasitic and embezzling (backing his accusations with arguments) but also singled out for specific reform. According to him, the absolute owner of land and peasants was the Tsar, whereas the gentry were mere temporary owners, moreover

¹⁵ Mutinies caused by payment in devalued money were typical of empires where the army was both paid and of decisive importance. Such mutinies were also common in the Ottoman Empire: see Pamuk (2000) on Janissary mutinies.

¹⁶ This practice for punishing debtors existed in Mediaeval Europe where, as early as the days of Salic Law in the 11th Century, it was known that 25 strokes on the back of the defaulter equalled 300 gold solids (see Gonnard, 1935, p 65).

¹⁷ See Gregory (2004).

subject to monarchic pleasure. The peasantry were the basic force of production and solely the monarch could dispose with them: not the gentry. In this sense, the peasants were serfs and slaves to the Tsar. Again as regards land and peasants, one could say that there was no private property (I feel that Pososhkov did not see and did not comprehend the role of private property), whereas property generally was equated with ownership by the Tsar. The wealth and welfare of the peasantry and those of the Tsar were regarded as the same: “poor peasant – poor Tsar; rich peasant – rich Tsar” (words echoed by Hobbes and Quesnay).

As regards industry and crafts, Pososhkov may be viewed as the forebear of the ideas of Russian historian Aleksander Gershenkron. Pososhkov proposed state loans at affordable terms to develop industry and crafts (500 or 600 roubles at 6 per cent annual interest or 1 per cent a month), *i. e.*, an active industrial policy¹⁸. These loans, disbursed without any bureaucracy and listed in a special general register (p 222) were similar to those he proposed be disbursed to merchants (p 268). Pososhkov stressed the roles of innovation and entrepreneurship, giving himself as an example (he had made half a dozen innovations) and spoke-up for authorship: all positions which made him antecedent to the ideas of the later Richard Cantillon.

As regards foreign trade, Pososhkov propounds certain protectionist ideas, favours autarchy, the application of differential rules for Russians and foreigners, and the strictest punishment (dispensed by the *knut!*) for those failing to observe them. Pososhkov favoured a monopoly over foreign trade – something that curiously has lain invariably at the base of the Russian and even Soviet economy in one form or another (it became a monopoly under soviet government). Another thought of Pososhkov’s sounds contemporary: that Russia ought not to export materials, but rather ready product, while striving to limit imports (in his context, that it ought to make its own cloth and garments).

In domestic commerce, Pososhkov proposed strict regulation, with licence to trade being available solely within the framework of group hierarchy (whose merchant members were to be distinguished in grade by their clothing) and for state regulation of most prices. (As a whole, Pososhkov was against free market pricing, and especially so for alcohol and similar produce. He saw prices as an expression of the Tsar’s will and a measure of his authority.) Pososhkov defined fair pricing in very general terms as one in which neither side cheated the other. Implicitly, he opposed not just changes in relative prices, but also the overall rise in prices which marked the reign of Peter I. Svetlana Kirdina mentions that one of the surviving copies or transcripts of Pososhkov’s book bears this marginal note by an unknown reader: “Old man (*starik*), one must not set a uniform price, for even if goods were one and the same, then virtue would (...) not be; else one is simply lying” (Кирдина, (Kirdina) 2006, p 98). Without doubt, this reader was rather theoretically advanced to have discerned the subjectivity of pricing, *i. e.*, value. How fascinating it would have been to know who he was!

Linking the power of money with successful foreign trade, Pososhkov held that foreigners’ accusations that Russians “derided their national money” in order to boost their sales and limit imports were untrue, and that in reality foreigners were to blame, since they offered their goods at high prices. Expressed in modern terms, this is a line of reasoning on the effect of genuine exchange rates on the competitiveness of foreign goods. This Mercantilistic element

¹⁸ We must note here that Peter I was undoubtedly influenced by the ideas of Colbert (1619-1683) who conducted such a policy in France, thus leaving little chance of Pososhkov being at least partially abreast of Colbert’s policy.

of Pososhkov's theory also draws an analysis of interested parties (for instance, from the perspective of the strengths of national and foreign money) thus we would term it Sociological Mercantilism.

The peasantry, as noted above, were the basic production source and hence also the base of fiscal revenue. Pososhkov proposed optimising and simplifying tax rates ("one single, most royal and just tax"; in contemporary parlance, this is a flat-rate tax; curiously similar to a tax introduced by Putin in 2001: "One single levy on all merchandise at the time of the first sale"; p 358). He also proposed changes to the tax base, with the house yard becoming the taxable unit across the land. The new tax would be enough to maximise the Tsar's revenue, yet not to ruin households (p 221). The uniform tax rate would be payable by all groupings.

Of particular interest is the analysis of *brigands: a group which clearly stood on the debit side of wealth, if only by merely reducing the workforce*. Brigandry at the time was a genuine problem in Europe and a frequent topic of discussion (Thomas Moore, similarly to Pososhkov, proposed that reasons for it be sought, rather than tougher punishment; see also Denis, 2008 [1966], p 125). Yet in Russia, brigandry had acquired a special acuity, being even more widespread than elsewhere. Pososhkov was particularly scornful of bandit gentlefolk and landowners, who moreover were protected by judges, p 299)¹⁹. This immediately makes one think of what happened, and continues to happen, in the Russia of the 1990s and since, when brigand practices developed apace (Яковлев, (Iakovlev) 2006, Волков, (Volkov) 2005). Here, Pososhkov proposes diverse novelties, ranging from punishment to a system of internal passports.

The final part of the self-taught writer's book, in which he analyses the Monarch's wealth – represented by the Tsar's exchequer – is exceptionally interesting²⁰. Here, the main task was to increase revenue and find new sources of it. The expenses part was not subjected to analysis, but one may assume that this was done earlier when analysing the army. Apart from increasing tax collectability through simplifying rates (and reducing them, to increase collectability further), broadening the tax base and improving the effect of collection efforts, apart from analysing customs duties and monopoly on salt and liquor, of particular interest to your Author are the proposals for a significant increase *in monetary revenue*: seignorage. Within the frame of analysing monetary revenue, Pososhkov expresses interesting ideas on money and monetary reform (pp 374-380) which repay more detailed examination, though still not to the depth they deserve. It must be noted that Pososhkov had practical experience in the minting of coins, having worked at the mint and having drafted a 1699-1700 monetary reform bill (now sadly lost). Later, in 1708 and again in 1718, he prepared reports to the Tsar on coin counterfeiting and monetary reform.

¹⁹ In a similar vein to Thomas Moore, Pososhkov held that a criminal, "the longer he dwells in gaol, the more harm he does", p 215.

²⁰ In this sense, Pososhkov was progressive for his time (see Pipes', 2009 [2005] analysis of Russian conservatism), because he distinguished between the wealth of the monarch and that of the realm.

Ideas on money and monetary policy proposals

Pososhkov's ideas on money were entirely in the spirit of his period. *He divided monetary circulation into external and internal. External money had to be full-value. In this respect Pososhkov was a Metalist; he viewed it not only as a commodity, but also as a symbol of the might of the sovereign who was divine by nature*²¹. Gold and silver money had to have such purity and properties²² as to be the symbol of supreme faith and monolithic power. While Pososhkov was liberal (one could even say, an anti-Mercantilist) with regard to gold (he stood for its free export), with regard to silver he considered that export had to be proscribed (here one could term him Mercantilist: he noted, "foreigners wish to drain our money," p 352). On internal circulation, which in Russia was copper, Pososhkov was markedly nominalist, proposing the monetary reform of reminting (such as in England) in which the Tsar would bestow greater nominal value to the copper coinage, winning huge profits. The writer calculated these profits for the various denominations of copper coin (p 378)²³. He held that such coins had to be minted in Russia, rather than being imported. Seignorage to him was "this most royal of revenues which proceeds entirely from the will of the sovereign" (p 375).

Pososhkov suggested a fundamental, as he saw it, difference in the attitude to money in Russia and Europe, backing his views with arguments. This concerned internal monetary circulation (the portion of money circulating within the realm):

Foreigners reckon the value of their coins according to the content of metal and not in accordance with the will of their kings; they honour silver and copper more than their Sovereign! But we revere our monarch as we do God and are jealous for his honour and most zealously carry out his will (p 375).

Putting it into other words, Russians valued money and believed in it because it was a symbol of royal authority; they were nominalists uninterested in metal content. Money in Russia was worth what it said on the coin, rather than being akin to goods. In other words, *valor impositus* dominated at the expense of *bonitas intrinseca*²⁴. Pososhkov later re-stated this in different words:

I reply: we are not like the foreigners; our concern is not the value of the copper but the glory of our Tsar, copper is not so dear to us as is his name and style of Tsar. Therefore it is not the weight of copper in the coins that we take into account but His Majesty's superscription upon them (p 376).

The explanation Pososhkov gave for this difference was linked to the power of authority in Russia and the faith of the Russian people in the monarch:

In foreign parts kings do not have as much power as the people and therefore these kings cannot give full effects to their own will; it is their subjects who have the real power, most of all the

²¹ In his analysis of Russian political history and thought, Pipes (2009 [2005]) presents a number of ideas on the reasons for Russian absolutism which saw "the Tsar as a substitute of God."

²² All that bore the Tsar's name had to be pure, p 378.

²³ It is relevant to note that such devaluation of copper coinage existed in the mid-17th Century, leading to so-called "copper riots." For more on Russian monetary systems and some monetary reforms, see Nenovsky (2009, pp 5-8 and references and also Raskov, 2006 and references).

²⁴ As I had pointed out, nominalism was widely honoured in the Middle Ages; see Thomas of Aquinas, when there was identity between money, convention, the law, and the monarch (Monroe, 1923, p 27).

merchants. It is in the nature of their occupation that these merchants should regard a coin as a quantity of a commodity and the effigy of the king stamped on it as a guarantee that it does contain metal precisely to the value stated on it. But to our simple way of thinking it is not honour but dishonour to a monarch that the value of a coin should be its value as a commodity and not the value that the monarch puts on it. [...] But I believe that this is not good advice at all for us since our Monarch is absolute and all-powerful, and no aristocrat or democrat. Therefore it is not the silver that we honour or the copper that we value; it is His Imperial Majesty's word that bestows honour and authority. So powerful is His Most Glorious Majesty's word among us that if he orders a copper coin of one *zlotnik* weight to be stamped and issued with the denomination of one rouble it would circulate for ever without fluctuation at the value of the one rouble (p 377).

Andryushin (С. Андрюшин, 2003, pp 223-251) claims that such distinction between internal and external money is an intrinsically Russian tradition. We do not consider this entirely true. In Mediaeval monetary tradition, as well as for most Mercantilists, such a distinction was a basic theoretical element. Thus, Nicholas Barbon stated, "...it is the currency of the coin that all men regard more than the quantity of the silver in it" (Monroe, 1923, p 115): something that continued until as late as Smith²⁵. The views on money by the other Russian/Croat thinker and part-economist, Yuriy Krizhanich/Juraj Križanić (1618-1683) were undoubtedly close to those of early Mercantilists: for him, money was first and foremost metal; he addressed largely foreign trade.

In reality, the entire feudal theory of money rested on such a distinction of monetary circulation and put the stress on the symbolic and authoritative nature of internal money (see Babelon, 1896, 1909, Einaudi, 1936, Fantaci, 2005, 2008)²⁶. If one were to look further back, this distinction – and in the practical sense – was known to ancient Greek authors (see particularly Plato's analysis of the Spartan economy, Gonnard, 1935, pp 30-31) and Roman ones (for whom money was *nervi rerum*). The distinction was also apparent to Thomas of Aquinas for whom internal money was symbolic (Harsin, 1928, p 116).

Returning to Pososhkov, his monetary theory and reform proposals are, remarkably, identical to those of the 17th Century Italian economist Geminiano Montanari (1633-1687): one of the most original theoreticians of money in his time²⁷. Galiani, who lived later (as did another Italian economist, Carli), also addressed the diverse laws which governed the two types of circulation, seeing copper money or small everyday coinage as having to have low material value or else having to be reminted (Monroe, 1923, pp 249-250). Andryushin's claim mentioned above, though not entirely sound, is interesting. It points in a definite theoretical direction: that even if the nexus between the power and structure of authority and the type of monetary circulation system is apparent, it is rarely analysed, and that Ivan Pososhkov's formulation on how Russians perceived money could serve as the point of departure for new theories encompassing the evolution of authority and money. Similar statements are frequently made by Russian economic thinkers, and evidence abounds on how they perceived monetary reforms such as the introduction of the gold standard in 1897 (for more, see

²⁵ Physiocrats (see Quesnay's *tableau économique*) regarded money rather as an intermediary in the circulation of wealth. They also saw the nexus between monarchy on the one side and taxes and money on the other. Thus, *Un seul dieu, un seul prince, une seule loi, un seul impôt, une seule mesure* (Weulersse, 1910, p 51, after Denis, p 182).

²⁶ Naturally, a number of writers countered feudal theory, perhaps one of the earliest being Nicole Oresme in the 14th Century. See for more details about French early medieval thinking Parsons (2001).

²⁷ See Monroe, 1923, pp 90-92; p 98; pp 108-110; pp 121-124; p 130; p 140 and Faucci, 2000, pp 31-32 on Montanari's monetary theory.

Nenovsky, 2009). For instance Raskov, 2006 considers that the success of Russian monetary reforms was determined by the conviction, credibility and pace of reform. They were the reason why Peter I's monetary reform succeeded, whereas that of Aleksey Mikhailovich failed. Despite the logic in this claim, your Author feels that similar analysis could beneficially progress into an analysis of authority in these two reigns.

Final reflections on Ivan Pososhkov contributions

Examining Pososhkov's book, we have to admit that a theoretical system is largely absent. Also absent are definite ideas as to the method of economic research. Thus, there is no reasoning on value²⁸, on private property, on the factors of production, on markets; there is no quantitative theory of money or anything like it, and there are no ideas on the method of economic analyses. In this sense Pososhkov is much closer to the Cameralists and the Mercantilists and distant from the Physiocrats and classical economists. As a whole, one could argue about the place of Pososhkov in the array of economic studies known to us from literature. O'Brien (1955) thus considers Pososhkov as distinct from both Mercantilists and the Physiocrats. For him, he is "a transitional author, a Slavic example of inquiring European mind of his day." Pososhkov's first publisher, Mikhail Pogodin, and his German publisher Alexander Brückner offered a similar definition of transition (both even stressed his transitionality with respect to classical economics). Japanese economist Tanaka also stresses Pososhkov's specificity (Tanaka, 1966, p 22), considering him to represent "the economic thought of an agricultural based absolutism or Oriental despotism, which happened to have some aspects of Mercantilism"²⁹.

What Tanaka states is close to the general claim, enunciated by that foremost student of economic thought Luigi Einaudi (Einaudi, 1956, p 34) in another context, on how we ought to regard each individual economist:

I insist on my thesis that each author ought to be regarded for himself as regards his contribution to science: Adam Smith not as the head of the liberal school, but as one who contributed to its theory; Ricardo not as a classic, but as the propounder of the theory of income, production expenses and paper money; Cantillon not as a pre-Physiocrat or pre-liberal, but as the creator of the doctrine of entrepreneurship or of the doctrine of gradual and increasing influence in time and space of gold production."

If we follow Einaudi's contribution logic and add that a theory is judged by the extent to which it enables new analysis, we essentially ask what Pososhkov contributed and what he may yet contribute.

First, he presents an original analysis of the economic basis and the economic policy of absolute monarchy, offering the opportunity of continuing analyses in the direction which Svetlana Kirdina calls "social matrices," and more precisely, the vertical matrix of the Russian economy. This verticality of the matrix is similar to the concept of "power-property"

²⁸ Inasmuch there is any discussion on value, it states that the sources of it are God and the monarch; *i. e.*, that value is extrinsically set.

²⁹ Interestingly, Pipes never mentions Pososhkov in his book (though he mentions a number of others, including Krizhanich). This may not be so much an omission as the result of Pipes' difficulty in planting Pososhkov firmly in the camp of the Slavophiles or that of the Modernisers.

(*vlast-sobstvennost*) in the Russian literature of our day, which in its turn finds its forebears in the framework of Karl Marx's ideas on the Asian mode of production.

Second and closely linked to the first, we have the place and role of private property in Russian economic tradition. As is well known, arguments continue to this day on whether private property is compatible or not with the Russian economic mindset (roughly put, "Yegor Gaydar" *versus* "Vladimir Putin").

Third, a number of interesting ideas may emerge in researching the nexus between money and power [and authority]. Thus, the character of money and the monetary system is closely linked with that of power. Here, the power structure is an absolute monarchy with roughly two levels: the monarch and all others (intermediate levels – the gentry, feudals, larger manufacturers – are absent). In such a structure internal money inevitably becomes ideal and symbolic, needing to have the full value of commodity only abroad.

The fourth interesting aspect is perhaps that Pososhkov's book could offer interesting ideas on the struggle of institutions (imported and local, formal and informal) and the role of authority and Eastern Orthodoxy: all issues endemic in Russian history. Things repeat themselves, today post-Soviet Russia is at the crossroads again, and the well-known passions as to individualism or not for its economy are raging again. It is this duality which in Pososhkov's book leads to extremes, or to what I would term "a theoretically chaotic pragmatism."

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