A Post-Marxian Theory of Peasant Economy

The School of A V Chayanov

Daniel Thorner

Most of those who are today seeking to understand the economic behaviour of the peasantry seem to be unaware that they are traversing much the same ground, trod from the 1860's onward, by several generations of Russian economists. The problems which are today plaguing countries like Brazil, Mexico, Turkey, Nigeria, India and Indonesia bear striking similarities to those which were the order of the day in Russia from the emancipation of the serfs in 1861 right down to the collectivisation of agriculture at the end of 1920's, to wit:

How to transform traditional rural society so as to overcome the misery, squalor and illiteracy of the peasantry;

How to get the peasants to modernise their agriculture, especially their farming technique; and,

How to carry out this transformation and modernisation so as to permit—indeed, to facilitate—the development of the entire national economy.

In the decades from 1880 onward Russia's leading economists, statisticians, sociologists and agricultural experts assessed, analysed and fought over the materials furnished by successive zemstvo enquiries. Their articles and books provide the richest analytical literature on the peasant economy of any country in the period since the Industrial Revolution. Among Russian scholars who participated in the debate over the zemstvo statistics, Kablukov, Kosinskii, Chelintsev, Makarov and Studentskii stand out for their attempts to formulate a theory of peasant economy. Alexander Vassilevich Chayanov, from 1919 to 1930 the leading Russian authority on the economics of agriculture, synthesised the theoretical ideas of his predecessors and contemporaries, and developed them along original lines.

[This article is taken from an introduction to the English translation of A V Chayanov's Organisatsiya Krestyanskogo Khозяйства (Moscow, 1925), which may be put in English as "Peasant Farm Organisation". The translation has been edited by Basile Kerblay of the Ecole Pratique des Hautes Etudes, Sorbonne, Paris; by REF Smith of the Department of Soviet Institutions at the University of Birmingham; and by myself.

This translation has been made possible by the support of the American Economic Association and is scheduled to be published at the end of 1965 in the Association's Foreign Translation Series. The Sixth Section (Sciences Economiques et Sociales) of the Ecole Pratique des Hautes Etudes, Sorbonne, is simultaneously arranging for the reprinting of the original Russian text of Chayanov's book.

In drafting this brief introduction I have benefited greatly from a 90-page essay on the scholarly career and contributions of Chayanov prepared by my friend and colleague at the Sorbonne, Basile Kerblay.]

One of the first methods which young Russian idealists tried for dealing with these problems was direct action. Hundreds upon hundreds of college students, doctors, nurses, university teachers — including economists and statisticians — quit their urban life and attempted to "go to the people". Establishing themselves in villages, they tried to be of use to the peasantry, to get them into motion; revolutionaries among these idealists preached the virtues of socialism. The police smoked them out and rounded them up, sometimes tipped off by the peasants themselves, suspicious of outsiders from other orders of society.

Chastened Intellectuals

Chastened by their experiences, many of these action-oriented intellectuals deemed it wise, before undertaking further adventures in rural philanthropy, to obtain a more precise knowledge of village realities. Scores of them offered their services when the new provincial and district assemblies the zemstvos — set up to help implement the land reforms of 1861—launched in the 1870's a vast programme of economic and statistical investigations into peasant economic problems. It would be difficult to exaggerate the value of these field enquiries, which continued through four decades right down to the first world war. In sheer bulk, they add up to more than 4,000 volumes. These constitute perhaps the most ample single source of data we have on the peasant economy of any country in modern times.

More significant than the quantity is the quality of these data. From the outset the field investigators included some of the ablest spirits of the day. Sympathetic to the peasantry and anxious to gain insight into their problems, they were determined to carry out their enquiries with utmost thoroughness. In presenting their results they took great pains to choose suitable categories and to design statistical tables so as to bring out clearly the basic relations among the various economic and social groups in the villages. Some of their reports were so
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striking that the government in 1888 passed a law forbidding any further inquiries into landlord-peasant relations, but nonetheless the work went on.

Rice Analytical Literature

In the decades from 1880 onward Russia's leading economists, statisticians, sociologists and agricultural experts assessed, analysed, and fought over the materials furnished by the successive zemstvo enquiries. Their articles and books provide the richest analytical literature we have on the peasant economy of any country in the period since the Industrial Revolution. Among the Russian scholars who participated in the debate over the zemstvo statistics, Kablukov, Kosinskii, Chelintsev, Makarov and Stupinskkii stood out for their attempts to formulate a theory of peasant economy. Alexander Vassilevich Chayanov, from 1919 to 1930 the leading Russian authority on the economics of agriculture, synthesised the theoretical ideas of his predecessors and contemporaries, and developed them along original lines. Translations into English of two studies by Chayanov form the core of the volume to be published by the American Economic Association in their Foreign Translation series.

The first and by far the larger of these works is Chayanov's masterpiece, *Organizatsiya Krestyanskogo Khozyaistva*, the title of which may be rendered in English as "Peasant Farm Organisation". It provides a theory of peasant behaviour at the level of the individual family farm, i.e. at the "micro" level. The second, much shorter study—"Zur Frage einer Theorie der nichtkapitalistische XVirtschaftsysteme"—which may be translated as "On the Theory of Non-Capitalistic Economic Systems"—sets forth the proposition that at the national or "macro" level, peasant economy ought to be treated as an economic system in its own right, as a non-capitalistic system of national economy. The brief remarks which follow will be concerned chiefly with Chayanov's theory of the peasant farm, his "micro" theory, which Constantin von Dietze has termed the most noteworthy creative synthesis so far achieved in this field, down to the present day.

Chayanov's Theory of the Peasant Farm

The sure and certain way to misunderstand the peasant family farm, Chayanov held, was to view it as a business, that is to say, an enterprise of a capitalistic sort. To him the essential characteristic of business firms or capitalist enterprises was that they operated with hired workers in order to earn profits. By contrast, peasant family farms, as Chayanov defined them, employed no hired wage labour, none whatever. His family farms were pure, in the sense that they depended solely upon the work of their own family members.

Chayanov's definition of the family farm may surprise us by its narrowness as compared with the much wider usage of the term in recent decades. Present-day economists familiar with model-building might assume that for his purpose Chayanov framed a special model or ideal type. In point of fact Chayanov considered his category a real one drawn from life. He contended that 90 per cent or more of the farms in Russia in the first quarter of the twentieth century had no hired labourers, that they were family farms in the full sense of his definition. In so far as his contention was correct, his model was far from being "ideal"; quite the contrary, it stood for the most typical farm in what was then the largest peasant country in the world.

Standard Economics Challenged

From this starting point Chayanov proceeded to challenge head-on the validity of standard economics for the task of analysing the economic behaviour of peasant farms relying on family labour only. The prevailing concepts and doctrines of classical and neo-classical economics, he wrote, had been developed to explain the behaviour of capitalist entrepreneurs and business undertakings in which hired hands worked for wages. The economic theory of the behaviour of such firms turned on the quantitative inter-relationship of wages, profit, rent (for land), and profits (of enterprise). To find out whether a given business firm was making a profit, it was necessary to set down the value of gross annual output, deduct outlays for wages, materials, upkeep, or replacement of capital and other usual expenses including rent, and then compare the sum left over with the interest which might be earned at prevailing rates on the total fixed and circulating capital. These four factors, wages, interest, rent and profits, operated in close functional interdependence and were reciprocally determined. The moment one of the four factors was not there, it became impossible to establish just what was to be included in each, of the remaining three, and hence there was no way of determining their magnitudes. Take away any one of the four factors, Chayanov argued, and the whole theoretical structure went awry, like a cart which has lost one wheel. This was precisely what happened, according to Chayanov, when economists tried to apply the analysis in terms of wages, profit, rent, and interest to peasant family farms.

Since peasant family farms had no hired labour, they paid no wages. Accordingly, the economic category "wages" was devoid of content, and the economic theory of wages irrelevant to family activity. Carrying the argument further, Chayanov posed the question whether, in the absence of wages, the net gain, the rent, and the interest on capital could be worked out for such peasant farms. His answer was a flat "no". In the absence of wages, these calculations could not be made. Hence the behaviour of these farms could not be accounted for in terms of standard theories of the four main factors of production.

Wage Imputation Rejected

Furthermore, Chayanov saw no validity in circumventing the absence of wage data by imputing values to unpaid family labour. He insisted on taking the entire family household as a single economic unit and treating their annual product minus their outlays as a single return to family activity. By its very nature this return was unique and indivisible. It could not meaningfully be broken down into wages and the other factor payments of standard economic theory. In Chayanov's view, the return to the peasant family was undifferentiable.

Professional economists, Chayanov conceded, would balk at this, for they would somehow prefer, as Alfred Weber had told him in Heidelberg around 1924, to encompass these family units together with the more tractable business enterprises within a single system, a universal economics, the standard economics on which they had been brought up. Such an attempt, Chayanov insisted, was foredoomed to failure.

Non-Euclidean Economics

Economists would have to face the fact, he held, that economies made up of family units in which the category of wages was absent belonged to a fundamentally different economic structure and required a different eco-
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A capitalist enterprise, Chayanov pointed out, can get objective, quantitative evidence as to how to proceed. By deducting from its gross product the outlays on materials, capital consumption, and wages, a business concern can ascertain its net profits. If it wishes to increase its profits, the concern can put in more capital and obtain in due course an exact quantitative statement as to the increase, if any, in net profits. For a peasant family, however, there are neither wages nor net profits. The family members know roughly how many days they have worked, but Chayanov insisted, there is no valid way of estimating in money the value of their work. All that they can see before them is the net product of their work, and there is no way of dividing days of labour into poods of wheat.

Subjective Evaluations

The way the peasant family proceeds, according to Chayanov, is by subjective evaluation based on the long experience in agriculture of the living generation and its predecessors. Most peasant families, Chayanov showed, are in a position to work more hours or to work more intensively, sometimes even both. The extent to which the members of the family actually work under given conditions, he called the degree of self-exploitation of family labour. The peasants would put in greater effort only if they had reason to believe it would yield an increase in output, which could be devoted to greater family consumption, to enlarged investment in the farm, or to both. The mechanism which Chayanov devised for explaining how the family acted is his labour-consumer balance. Each family, he wrote, seeks an annual output adequate for its basic needs; but this involves drudgery, and the family does not push its work beyond the point where the possible increase in output is outweighed by the irksomeness of the extra work. Each family strikes a rough balance or equilibrium between the degree of satisfaction of family needs and the degree of drudgery of labour.

Family "Natural History"

In itself, Chayanov hastened to add, there was nothing novel or remarkable about this concept. It goes back, after all, to Adam Smith. What is of interest and gives value to Chayanov's book is the way he handled the concept. He showed how for different families the balance or equilibrium between consumer satisfaction and degree of drudgery is affected by the size of the family, and the ratio of working members to non-working members. He traced the "natural history" of the family from the time of the marriage of the young couple through the growth of the children to working age and the marriage of this second generation. In relating this natural history of the family to the changing size of peasant farms from generation to generation, Chayanov developed the concept of "demographic differentiation" which he asked his readers to contrast with the Marxian concept of class differentiation among the peasantry.

But his analysis is far from being primarily demographic. Basing himself on the zemstvo statistics, on the studies of these by his predecessors and colleagues, and on fresh held enquiries, Chayanov examined the effects on the labour-consumer balance of a wide range of factors. He took account of size of holdings, qualities of soil, crops grown, livestock, manure, location, market prices, land prices, interest rates on capital loans, feasibility of particular crafts and trades, availability of alternative work, and relative density of population. Chayanov was not so much concerned with the individual effects of each of these factors, as with their mutual effects as they changed through time.

Marginal Utility Analysis

In weighing the influence of these several elements on the delicate balance between urgency of family needs and drudgery of labour, Chayanov employed some of the concepts and techniques of marginal utility analysis. His terminology included, for example, demand satisfaction, and marginal expenditure of labour force. For factors such as willingness to put in greater efforts which were not subject to any precise measurement, he constructed equilibrium graphs showing interaction under varying assumptions.

Chayanov foresaw, quite correctly, that his use of these tools of "bourgeois" economics would shock many of his contemporaries in Soviet Russia of the mid 1920's. He countered that his work should be judged not by the genealogy of his techniques but rather by the results which he had been able to obtain through the application of those techniques to the Russian data in the light of economic positivists firmly anchored in peasant behaviour.
Summing up his findings, Chayanov wrote that "available income was divided according to the equilibrium of production and consumption evaluations which expressed a desire to maintain a constant level of well-being." Generally speaking an increase in family gross income led to increases in both family budget and capital formation. The precise way the gross income was divided up in each family was a question of subjective judgment by the head of the family and hence could not be expressed in objective, quantitative terms.

According to Chayanov, the basic characteristics of peasant family economic behaviour were fundamentally different from those of capitalist farms in respect of price they were prepared to pay for buying land, interest they were willing to pay in borrowing capital, rent they would pay for leasing in land, price at which they would sell their produce, etc. In conditions where capitalist farms would go bankrupt, peasant families could work longer hours, sell at lower prices, obtain no net surplus, and yet manage to carry on with their farming, year after year. For these reasons Chayanov concluded that the competitive power of peasant family farms versus large-scale capitalist farms was much greater than had been foreseen in the writings of Marx, Kautsky, Lenin and their successors.

Viability of Peasant Family Farms

In proclaiming the viability of peasant family farming Chayanov set himself against the main streams of Marxist thought in Russia and Western Europe. Marx had termed the peasant who hires no labour a kind of twin economic person: "As owner of the means of production he is capitalist, as worker he is his own wage worker". What is more, Marx added, "the separation between the two is the normal relation in this [i.e., capitalist] society". According to the law of the increasing division of labour in society, small-scale peasant agriculture must inevitably give way to large-scale capitalist agriculture. In Marx's own words:

"[the] peasant who produces with his own means of production will either gradually be transformed into a small capitalist who also exploits the labour of others, or he will suffer the loss of his means of production...and be transformed into a wage worker. This is the tendency in the form of society in which the capitalist mode of production predominates." 7

Marx and Engels believed that the advantages of concentration and centralisation lay with the capitalist farmers who would, in the course of time, swallow up the small peasants. Two outstanding followers of Marx who adhered to this position were Kautsky, whose monograph, Die Agrarfrage, was published in Stuttgart in 1899, and Lenin, whose work entitled "The Development of Capitalism in Russia" appeared later in the same year in Moscow. The analyses by Kautsky for Western Europe and Lenin for Tsarist Russia were each sharply challenged in a large body of literature which it is out of the question for us to discuss here. 8 What is of interest to us is that Chayanov rejected both the terms in which Marx analysed the peasant farm, and the assessment by Lenin of the importance of family farms in the Russian economy of his time.

Fictional Bifurcation

At the outset of his book on "Peasant; Economic Organization," Chayanov assailed the characterization of the peasant as having a two-fold nature, combining in himself the attributes of both a capitalist and a wage worker. Chayanov termed this bifurcation an unhelpful fiction, what is worse, a purely "capitalist" kind of fiction, in the sense that it was made up entirely of capitalist categories and was conceivable only within a capitalist system. For understandable reasons Chayanov did not explicitly state that he was criticizing Marx. It was all too easy, however, for anyone familiar with what Marx wrote, or with what Lenin wrote about Marx, to discern who was at least one of Chayanov's targets. 9

Chayanov's position vis-a-vis Marx, it should be noted, was not altogether his own creation but reflected the cumulative work of the "Organizational and production school" of Russian agricultural economists from time of Kosinskii's 1905 treatise onward. A neat statement of the position of this group can be found in the well-known treatise on "The Accumulation of Capital" by Rosa Luxemburg, the most dynamic force in German socialism in the period of the First World War. Luxemburg had been born in Poland under Tsarist rule, and was thoroughly familiar with Russian literature on the peasantry:

"It is an empty abstraction (she wrote) to apply simultaneously all the categories of capitalist production to the peasantry, to conceive of the peasant as his own entrepreneur wage labourer and landlord all in one person. The economic peculiarity of the peasantry, if we want to put them...into one undifferentiated category, lies in the very fact that they belong neither to the class of capitalist entrepreneurs nor to that of the wage proletariat, that they do not represent capitalist production but simple commodity production." 10

Chayanov's differences with Lenin were, if anything, even sharper than his divergences from Marx. As early as 1899 Lenin had written that in Russian agriculture, the capitalist farmers, the peasant bourgeoisie, were already in the saddle. They were in a small minority, Lenin wrote, perhaps no more than twenty percent of the farm households. Nonetheless, in terms of the total quantity of means of production, and in terms of their share of total produce grown, "the peasant bourgeoisie are predominant. They are the masters of the countryside". 11

By what criteria did Lenin separate capitalist farmers from non capitalist peasants? In his view, the decisive step toward capitalism came when labourers had to be hired, when "...the area cultivated by the well-to-do peasants exceed the family labour norm (i.e., the amount of land that a family can cultivate by its own labour), and compel them to resort to the hiring of workers..." 12 For Lenin the hiring of workers had become widespread, and Russia was well on its way toward a capitalist agriculture with a peasant bourgeoisie and a rural proletariat. Chayanov's numerous references to the very small part: that hired labourers played on Russian farms (e.g., his assertion that 90 to 95 percent had no hired labourers in the period 1900-1925), constitute, therefore, a direct if implicit refutation of Lenin. In fact, Chayanov's whole approach his selection of the pure family farm as the typical Russian unit, his insistence on the survival power of such family farms, and his treatment of rural differentiation in terms of demographic cycles rather than class antagonisms -was diametrically opposed to that of Lenin.

Wider Relevance of Chayanov's Theory

Chayanov's "micro" theory, insofar as he was able to elaborate it before his career was cut short, is essentially a theory of one kind of individual

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family term in Russia, the family farm that employs no hired labour whatsoever. There were other kinds of peasant farms in Russia, and there were capitalist farms as well. Once we step out of Russia we find peasant family farms elsewhere in Europe and in Asia, Africa and the Americas. Chayanov's theory was devised so as to take account of Russian conditions, where the kind of peasant family farm that he discussed was predominant. Does his "micro" theory apply to peasant family farms in other countries?

Chayanov himself conceded that his theory worked better for thinly populated countries than for densely populated ones. It also worked better in countries where the agrarian structure had been shaken up (as in Russia after the emancipation of the serfs in 1861), rather than in countries with a more rigid agrarian structure. Where the peasants could not readily buy or take in more land, his theory would have to be seriously modified.

Since Chayanov did not work out these modifications, he did not elaborate a full-blown theory of peasant family farming for any country other than Russia. Nonetheless, he indicated that he thought one single universal theory of peasant family farm at the micro level could be devised. In his view, the Russian case, which he developed so fully, was only an illustration of this larger theory.

One wonders whether he may not have been overoptimistic about the possibility of an universal "micro" theory of peasant family farming. We will recall that in calculating the springs of peasant decisions in Russia, Chayanov took account of the interaction of a very large number of factors including family size and structure, land tenures, climate, access to markets, and possibility of getting extra jobs in off-seasons. He was able to construct his models the more easily since he assumed the existence of a single "pure" type of family farm, free of hired wage labour. Extending the theory outside of Russia would at the very least involve preparation of alternative models for "impure" peasant households, employing hired labor.

Although it encompassed a very wide range of possibilities, Chayanov's theory of peasant farming remained essentially a static one. From the 1860s through the 1920s the Russian agricultural economy underwent a rapid series of fundamental changes. There were marked sectoral and regional differences in rates of growth. Chayanov often referred to the existence of these differentials, but pitched his theory at a level of abstraction well above them.

Non-Capitalistic Systems

With regard to the broader institutional framework, Chayanov was fond of saying that capitalism was only one particular economic system. There had been others known to history, and perhaps more were to come in the future. In his 1924 article, the title of which we have translated as "On the Theory of Non-Capitalistic Economic Systems", Chayanov cites six major kinds of economies. Three of these are familiar; capitalism, slavery and communism. The fourth, "family economy", Chayanov divided into two sub-types: "natural" economy and "commodity" economy. These latter names may be taken as roughly equivalent to "self-subsistent" and "market-oriented". In Chayanov's two additional categories—the "serf economy" of Tsarist Russia, and the "feudal economy" of medieval Western Europe—the "commodity" economy of the lords was superimposed upon the "natural" economy of the peasants. The chief difference between the two systems, according to his schema was that in Russia the peasants worked on their own fields but had to make payments in kind to the lord, whereas in the West the peasants had to put in certain days of work directly on the home farm of the lord. Both of these lord-and-peasant systems were essentially symbiotic admixtures of the two sub-types within the basic category of "family economy." In effect, therefore, Chayanov postulated, only four major systems; capitalism, slavery, communism and family economy.

Universal Economics Ethereal

Will one universal economics, Chayanov asked, suffice for all of these systems? One could be erected, he conceded, but at the price of containing only vague and lofty abstractions about scarcity and optimisation. That would scarcely be worth the trouble. Properly speaking, each separate system required its own theory, its own body of theoretical economics. Each such theory should explain the functioning of the economy at the aggregate level, i.e., the economics of the nations or states falling within its purview.

The major system with which Chayanov was most familiar was, of course, the family economy of his native Russia. He referred repeatedly to, his desire to show the significance of agriculture based on peasant family farming for the entire Russian national economy. In the Introduction to his book, "Peasant Economic Organization," he announced his intention to go into the subject thoroughly at a later date, but he does not seem to have found the time to do so. Hence we do not have from him any systematic exposition of his theory of family economy at the national level, nor any case study of the economic functioning of a predominantly peasant country taken as whole. Nonetheless, we find scattered through his works many suggestive remarks on peasant economy at the national level.

When Chayanov was arrested in 1930 together with a number of his colleagues, his research teams were dispersed. The most fertile and sophisticated group of scholars working in any country on peasant economy was shattered. The quality of Chayanov's writings from 1911 to 1930 permits us to believe that had he been able to continue with his scientific work he would have contributed even more significantly to the understanding of peasant economic behaviour both in and out of Russia.

Notes

1 Archiv für Sozialwissenschaft und Sozialpolitik, (Heidelberg), Band 51 (1924), Heft 3, pp 577-613.
3 The term "family farm" is sometimes even used for capitalist enterprises producing essentially for export, so long as these are family operated.
4 Alfred Weber was the distinguished German economist who, together with Joseph Schumpeter and Emil Lederer, then edited the leading German social science periodical, Archiv für Sozialwissenschaft und Sozialpolitik.
6 This is only one way - and an oversimplified one at that - of summarising Chayanov's position on a quite complex relationship. In the various chapters of his book he spells out the nuances that are involved. For an earlier discussion of a balance between "need" and "labour", see W Stanley Jevons, "The Theory of Political Economy", 4th Edition, London, Macmillan, 1911, Ch V.


8 Even before the appearance of Kautsky's book, the position and policy of the German Socialists with regard to the small peasantry had given rise to sharp dispute within the party. Some of the original documents are conveniently assembled and translated into English by R C K Ensor in his useful collection, Modern Socialism, 2nd Edition, London and New York, 1907, especially items XV, XVI and XXII. Convenient discussions of the controversy in central and western Europe are given in the works by A Gerschenkron, "Bread and Democracy in Germany" (Berkeley, Calif, 1943) and in George Lichtheinu Marxism (London, 1961), Ch 5, "Kautsky".

9 Where Chayanov found Marx in agreement with him, he of course did not hesitate to quote him by name. Thus he cites both in Ch V and in Ch VI the celebrated passage in which Marx states: "...with parcellated farming and small scale landed property, production to a very great extent satisfied own needs and is carried out independently of control by the general (i.e., the capitalist) rate of profit."

It should be noted that in the 1870's Marx learnt Russian primarily in order to read the zemstvo reports on the peasantry. He followed these closely, and as was his habit took extensive notes. Three volumes of these notes have been translated from German into Russian and published, and a fourth has been announced. See the ARXIV MARXA—ENGELSA, Vols XI, XII, XIII (Moscow, 1948, 1952, and 1955, respectively).

"Rosa Luxemberg, Die Akkumulation des Kapitals, Berlin, 1913, as reprinted in 1921, p 368. I have followed the English translation of 1951, "The Accumulation of Capital" (London, Routledge, 1951), but have made it more literal.


> Ibid, p 52.

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