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## **Historical Sciences**

# **THE DEVELOPMENT OF THE CAPITALISTIC RELATIONSHIPS IN RUSSIA IN THE BEGINNING OF THE XX-TH CENTURY**

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### **Abstract:**

This article examines the problems of capitalist relations in the Russian economy, the influence of capital on state structures, and the development of capitalism in Russia at the beginning of the 20th century. The problem of the development of capitalism in Russia is viewed from the standpoint of the concept of a revolutionary period. Concrete revolutions should be viewed as a manifestation of the processes of stagnation of the Russian economy.

Despite the noticeable development of certain heavy industries and the intensive construction of railways, Russia was inferior to some Western countries in terms of qualitative indicators of economic growth. In Russia, capitalism did not exist in the form of a system, but as a structure that did not have the potential for development. This must be taken into account when assessing the current state of the "capitalist" system in Russia and the prospects for its further development.

**Keywords:** capital, capitalism, capitalist relationships, crisis.

## **I. INTRODUCTION**

The peculiarities of development gave a specific character to Russian capitalism. Today there is a debate about the level of maturity of capitalism in Russia right before the revolutionary events of 1917. There are different points of view. Currently, there is a concept that Russia is a country of the second echelon of capitalist development. Russia embarked on the path of capitalist development later than European countries, while maintaining feudal remnants and an autocratic state. The state, under the influence of, first of all, external factors, actively "imposes" capitalism, invading the economic life of the country.

This determined the features of capitalist evolution. The development of capitalism in Russia was characterized not only by a fast pace, tight deadlines, but also by other factors of the agrarian capitalist and industrial revolution.

## II. METHODOLOGY

The article takes into account the most important provisions of the theory of modernization, especially concerning the demographic and social problems of the formation of the state as an industrial society.

The study used the method of analysis and processing of documentary data, which allowed to identify the general and special importance in the economy of the country for the reporting period. A comparative historical approach to the characteristics of the industry allowed us to determine the objective laws of development. Problem-chronological method allowed us to trace the dynamics of the studied economic phenomena. On the basis of the statistical method, quantitative and qualitative indicators of the formation of the urban and rural economy are analyzed.

One of the important research methods was the typological method. This method allowed us to combine industrial enterprises depending on the number of employees, production volumes, the level of mechanization of enterprises, to show the connection of the administrative resource of the territory with the level of industrial development.

The study used a variety of approaches, methods, conceptual tools and theoretical concepts related to history, primarily historical geography, demography, sociology and economics. The use of these methods made it possible to more deeply take into account the general and specific features of the socio-economic development of regions, the integrity of industry.

## III. RESULTS

The industrial revolution, which began in the 1840s, was completed by the early 1880s in the XIX<sup>th</sup> century. It preceded both the bourgeois-democratic revolution and the agrarian-capitalist revolution. In the 1890s in the XIX<sup>th</sup> century Russia was experiencing a period of rapid industrial growth (industrialization of the country). Over the years, an industrial potential had been created in the country, sufficient to ensure military, political and, in its measure, economic security, but still insufficient to maintain a high standard of living of the population. New industries have emerged in the country — machine-building, coal, oil-extracting, and others. New industrial centers grew up — the southern coal-metallurgical and Baku refining.

One of the reasons for the industrial expansion was the forced «from above» government for the development of rail transport. Railways have played a large role in the development of the internal market, the development of new areas of the country, a single economic complex. Railway construction was one of the reasons for the transition in the number of cases to craft production without going through the manufacturing stage. The pace of construction of railways in Russia far exceeded the global.

Another characteristic feature of the development of capitalism was that native production at the entrance of a degree was based on foreign capital. Russia, with its inexhaustible reserves of raw materials and cheap labor, had extremely attracted the Western European bourgeoisie.

Russian industry differed in a high degree of concentration. This concerned both the organization of the production itself, the growth of its fixed capital, and the workforce. The concentration of workers in Russia to the beginning of the XX<sup>th</sup> century reached such proportions that no other country in the world could compete with it. In 1903, large enterprises with over 500 people (then there were 4% of such enterprises in the country) employed 48.7% of the workers in Russia. The concentration of production is reduced to a large increase in monopoly unions. According to the degree of concentration of industrial production Russia to the beginning of the 20<sup>th</sup> century came in first place in Europe. This was largely due to the fact that Russian entrepreneurs could take advantage of the technical achievements of advanced European countries and their engineering personnel, which greatly facilitated the creation of large factories and plants.

The process of concentration of the world-encouraged government, which was interested in creating large enterprises capable of fulfilling ambitious, first of all, military orders. The owners of such enterprises

received huge loans and subsidies from the government, used various tax advantages. One of the characteristic signs of post-reform Russia is the development of commercial structures. At this time there was a rapid process of creating joint stock companies, exchanges. However, in general, the industrial development of the country was irregular. Along with large-scale machine production, small crafts continued to play a significant role. The irregular development of the industry in the territory of the empire remained. In the European Russia, in the Baltic States, in the Ukraine, industry developed rapidly, at a slower pace, development was in the North Caucasus, Prikubanie, and in the south-eastern regions (Samara, Orenburg). And it almost did not develop in Kazakhstan, Siberia and the Far East.

Despite significant progress in the development of industry during this period, Russia continued to suffer from serious setbacks and lagged far behind the countries of Western Europe and the USA. Russia imported cast iron and steel, most of metal-consuming machinery and equipment (steam locomotives, wagons, steam boilers, etc.). Light industry came out on top in total industrial output, while the share of heavy industry was only 22%. Russia lagged behind technically, and consequently, in the labor productivity of the individual worker, and in the production of goods per capita.

In the post-reform period, the development of capitalism in agriculture is intensifying. World experience has demonstrated two main variants of this process. One is the path of slow adaptation of feudal structures to the capitalist model of production, the second is the creation of farms and free enterprise. In Russia, there were both options, but the pace of development of capitalism in agriculture was held back by numerous feudal remnants. Ownership of land in the peasant community was preserved. The conditions for the liberation of the peasants did not provide the necessary opportunities for the development of the peasant economy. In fact, the peasant could not sell his plot, 3/4 of the land was not in the private property of the peasants, but in the possession of the community, which to some extent protected the peasants from the landlords.

However, this slowed down the development of personal initiative and entrepreneurship among the peasantry. The Russian peasantry suffered from a shortage of land, which became even more acute at the beginning of the 20th century due to the growth of the rural population of 40 million people. For this reason, the peasants were forced to rent part of the land from the landlords, but they were paid not with money, but with agricultural products. The work undermined the peasant economy, caused a low productivity of labor in the landlord economy. To this should be attributed the legal and administrative isolation of the peasants, which caused dependence on the landlords. All this inhibited the formation of capitalist relations in the Russian countryside. However, capitalist relations penetrate the village. First, with the development of commodity production, many landowners turned to creating their large economy, using hired labor, improving equipment, fertilizers, and introducing improved crop rotations. However, most of the nobility could not adapt to new conditions, which continued to restrain the economy. In 1880, 15% was laid, and in 1895 - 40% of the noble lands.

Secondly, in post-reform Russia, the commodity-based, entrepreneurial nature of agriculture had increased significantly. This contributed to the territorial division of labor and the specialization of agriculture, stimulated trade in agricultural products. The steppe provinces of the South and the Volga region were finally defined as areas of grain production, mainly for export. The Northern, Baltic and Central provinces have become areas of cattle breeding and dairy farming. The North-western provinces specialized in the production of flax, hemp, and the cultivation of sugar beet was concentrated in the Ukraine and in the Central Black Earth zone.

Thirdly, the area of peasant private land ownership had increased. Prosperous peasants began to buy actively land after the creation of the Peasant Bank in 1882. During the years 1861-1882 they bought 6 million tithes of land. By the 90s of the 19<sup>th</sup> century wealthy peasants had 56.3% of horses, 50% of agricultural machines, and up to 36.7% of lands. Their role in supplying bread to the market had increased.

Russia supplied a significant part of bread to the world market. After the export of bread, wool, flax, oilseed, lard, and hemp were in the second place. In general, in the structure of export agricultural products accounted for 75%, industrial products - 25%. However, the export of agricultural products, and especially bread, occurs due to a decrease in stocks of bread in the country.

The agrarian system of Russia at the beginning of 20<sup>th</sup> century was a complex combination of semi-feudal, early capitalist and capitalist farms and forms of ownership. The agrarian-capitalist revolution was not completed and the remnants of serfdom, the main of which was landowner's land ownership, restrained the development of the peasantry in the class of bourgeois society. Russia in the beginning of the 20<sup>th</sup> century was an agro-industrial country.

New processes that began in the country, inevitably affected the structure of its population. In Russian society, the official division of the estate remained. In terms of estate status, the population of Russia was distributed in the following way: 71% were peasants, 10.7% were commoners, 6.8% were foreigners, and 2.3% were Cossacks (in the first half of the 19<sup>th</sup> century there were 9 Cossack troops, by the end of the 19<sup>th</sup> century – 13%), 1.5% - nobles, 0.5% - merchants and honored citizens, 0.5% - clergy, 0.8% - «other», mostly declassed.

With the completion of the industrial revolution in the 80s of the 19<sup>th</sup> century new classes are emerging in the social structure of society: the proletariat and the bourgeoisie. The process of their formation was influenced by the specific features of the development of capitalism. The source of the formation of the bourgeoisie was the merchants, partly bourgeois, the prosperous peasantry. By the beginning of the 20<sup>th</sup> century out of 125.6 million people in the country, the number of large commercial and industrial bourgeoisie was 1.5 million. However, the political role of the bourgeoisie in society was not large enough. In contrast to the Western, the Russian bourgeoisie, with all its economic power, was politically inert and law-abiding to absolutism. The Russian bourgeoisie was satisfied with the fact that their enterprises were provided with state orders, that they had the opportunity to receive sales markets, cheap raw materials, workers' hands and sufficient profits due to the colonial policy of tsarism. Tsarism, with its powerful repressive apparatus, defended the bourgeoisie from the rapidly growing revolutionary nature of the proletariat and the peasantry.

The number of working class in the post-reform period grew rapidly. By the beginning of the 20<sup>th</sup> century army hired labor increased by 3 times, reaching 14 million people. The source of the formation of the proletariat was the ruining peasantry. The number of hereditary workers had increased, and the personnel began to be created for the permanent workers living with their families in large industrial centers.

The most mature, literate were industrial workers, the number of which by the beginning of the 20<sup>th</sup> century was 2.8 million people. The proletariat was formed as an international class, closely associated with the peasantry. Cohesion, organization and the formation of the collective spirit of the proletariat contributed to its concentration in large enterprises.

It should be born in mind that, due to the peculiarities of development, the Russian proletariat was free from the church and other class interests. It must be added that the living and working conditions, the absence of labor legislation (it appeared only in 1897), as well as political and civil rights, made the existence of the Russian proletariat extremely difficult. In 1897, the working day was almost 12 hours, the pay of workers was lower than in the West, and the labor of women and children was paid 30-40% lower than men's.

Thus, it should be noted that the particularities of the capitalist evolution of the country led to the fact that the system of capitalist economy in Russia was created under conditions restricting the development of free competition in a historically short period of time. Developed forms of capitalism had little effect on agriculture. In the conditions of continuing preservation of the remnants of feudal society, the country's economy was of a mixed nature, which impeded the development of capitalism and caused sharp economic and social contradictions.

## IV. CONCLUSION

The Russian economy of the early XX<sup>th</sup> century was characterized by a combination of a developed industrial and financial system with a backward agrarian system; the weakness of the bourgeoisie which had just begun to form in conditions of social inequality; high concentration of foreign capital with low native exports.

On the one hand, the Russian economy rapidly evolved and developed, on the other hand, autocracy, landowners, remnants of serfdom and social inequality slowed modernization processes. But, in any case, during this period the level of economic development of Russia had increased and its setback behind the leading capitalist powers had decreased significantly.

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## PHOTOGRAPHIC APPLICATIONS

