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Mikhail Tugan-Baranovsky's Ethical Economics and the Challenges of Global Development

Boris KORNEYCHUK

Abstract. The ethical foundations of Mikhail Tugan-Baranovsky's economic views and his public activities are considered in the light of the "moral landmarks" concept. This article purports to estimate the prospects of Tugan-Baranovsky's ethical doctrine for the theory and practice of economic development. The author comes to the conclusion that this ethical concept might be of use in the current period of global economic crisis and institutional transformation as methods which are devised for settling conflicts on the basis of the principle that the human personality should be accepted as the supreme value.

Keywords: Tugan-Baranovsky, ethical economics, Marxism, nationalism, economic crisis, global economy.

Mikhail Tugan-Baranovsky's ethical method has attracted the economic community's interest during the period of global economic crisis, when people tend to rethink the basic values and methodological foundations of economic science. The author of the world-famous theory of industrial crises, "the first Russian scientist of international renown" [9], "the central figure of the Russian historical school" [3], Tugan-Baranovsky was very infrequently mentioned during the Soviet period on account of his profound ideological differences with Marxism, primarily over how it appreciated the role and predestination of man. The upcoming 150th anniversary of his birth (Tugan-Baranovsky was born in the Kharkov *Guberniya* on January 8, 1865) will be a good pretext for paying tribute to his social theory and showing the growing role of ethical factors in modern economics, factors that have been for long underestimated by the supporters of mainstream. Recognizing his contribution to the theory of industrial crises, they singled out solely the formalized, quantitative elements, while estimating the bedrock ethical premises as its weakness that only deserves condescending criticism.

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The last few decades have seen an increased integration of elements of ethics into the economic theory, which is in progress not only within the institutional school, where moral norms are an equitable target of research on a par with other public institutions, but also in works on world economic problems. Theoretical and practical solution of global development problems proved more productive, when ethics was included in the equation. This led Amartya Sen to conclude that the modern economic science was considerably impoverished by the fact that a rift had formed between economics and ethics (see [13, p. 23]).

Recognizing that there is a close connection between the two phenomena, "crisis" and "ethics," will naturally bring us to Tugan-Baranovsky, the author of an original theory of crises and an ethical system of political economy. We research Tugan-Baranovsky's ethical approach to analyzing economic phenomena with an emphasis on an opportunity to use it for researching and solving in practice the global development problems in the context of modern economy.

Foundations of Tugan-Baranovsky's Ethical Economics

Tugan-Baranovsky's ethical economics is a peculiar synthesis of Marxism's formal economic theory and the moral philosophy of Immanuel Kant, which forms the centerpiece of his views. Quite likely, the indirect reason for his espousal of the Kantian ethics is his family origin. He was brought up on three cultures—Russian, Ukrainian and Tatar—which served as an "antidote" against the ideas of national superiority), and his status as nobleman indisposed him towards class hatred, an important factor in the spread of Marxism. He was thrilled by Kantian ideas while still a high-school student and by the early 20th century he became a follower of the neo-Kantian philosophy popular among the socialists. This philosophy regarded moral virtue as the supreme good, for which people should sacrifice even personal happiness. Later Tugan-Baranovsky broke off with orthodox Marxism for reason of profound ethical divergences. Vincent Barnett finds in his work an extension of John Maynard Keynes' thesis on the need to consider practical economic objectives within the context of applied ethics.¹

Tugan-Baranovsky's ethical economics was presented in its most complete form in his 1909 article "Kant and Marx" and in his book *Foundations of the Political Economy*. He explains the impossibility to do away with the ethical point of view as a point of departure in political economy constructs by the fact that society is made up of classes with interests of their own. Moreover, a convincing and uncontroversial economic theory could be created for each class, a theory meeting their class interests, such as proletarian Marxism or bourgeois marginalism. In his opinion, it was only an ethical approach that made it possible to overcome the *oppositeness of group interests* by virtue of recognizing the universal moral norms as mandatory for all people with the "normal moral consciousness" and making them acquire a practical interest in abiding by these norms: "It is only the moral consciousness and nothing else that can be opposed to man's egoistic interests" [14, p. 48]. By separating the class and ethical motives of activity,

Tugan-Baranovsky renounced the one-dimensional *homo economicus* model and anticipated the modern concept of "multiplicity of ethically significant considerations." This concept regards sacrificing egoistic interests as rational behavior if it facilitates a more consummate attainment of personal interests in other respects: a combination of economic and sacrificial behavior is one of the more important characteristics of group loyalty (see [13, p. 40]).

The eclectic nature of a number of his works was predetermined by the antagonism between the freedom-loving spirit of Kantian philosophy and Marx's class approach. As his views evolved, he gradually overcame this difference, transitioning from Marx to Kant and from the idealistic idea of "ethical socialism" to the pragmatic model of "cooperative socialism" with clearly expressed elements of capitalism. Were it not for his premature demise, this trend would have probably led him to objectivist ethics, in which human life and the needs of human reason are a value criterion and are seen as an end in itself, rather than a means for attaining someone else's goals. For example, proceeding from the ethical principles that he held in common with Tugan-Baranovsky, Ayn Rand gives an opposite estimate of capitalism as the only fair and moral system based on the recognition and defense of human rights, a system that enables people to freely achieve their aims [11].

Kant's ethical postulate on the supreme value of the human personality is the basis of Tugan-Baranovsky's main works, including the well-known theory of industrial crises, which is often classified as positive analysis. In fact, it proceeds from an ethical premise that opposes the humane and inhumane types of economy. In a humane economy, production is aimed at satisfying human needs. An antagonistic economy is inhumane because it involves economic agents and business entities that serve other people's purposes, with production emerging as the means of its own expansion to the detriment of people's needs. In other words, it fails to achieve its natural aims. The scientist blames the inevitability of crises of capitalism on the antagonistic nature of an economy, in which a worker is only a means of production, while the crises themselves are mainly caused by the workers' poverty and low level of consumption. He also deduces from Kant's postulate an ethical substantiation of the labor theory of value, a basic premise of Marxism: "Why do we regard all types of human labor as comparable among themselves and merge them into one general mass and one general notion of social labor? This is, without any doubt, because we tacitly proceed from the guiding ethical idea of political economy, that of supreme value and therefore of equal value of the human personality" [14, pp. 80-81].

In following the ethical approach, Tugan-Baranovsky provides his own interpretation of exploitation. While for Marx, exploitation is an objective notion derived from exchange value, for Tugan-Baranovsky it is an ethical category deduced from the basic ethical postulate without invoking the value category. In this context, the concepts of surplus labor and necessary labor only complement and specify the exploitation doctrine. To identify the social nature of hired labor, he does not proceed from any theory of value but thinks it sufficient to refer to the obvious fact that workers toil for capitalists out of necessity rather than for

love of the game. "By exploitation of man by man we equally mean the use of the human personality for definite external for it purposes to the detriment of its interests. This use is condemned by our moral consciousness. Why so? Obviously, this is because we recognize the human personality as a sacred and supreme aim in itself; because man should never serve as a means for something foreign to itself in anyone's hands. The idea of equality and equal value of the human personality lies at the base of the concept of exploitation of man by man" [16, p. 57]. In the same spirit, he interprets the main postulates of Marxism, introducing into them elements of humanism. He levels criticism at the Marxist theory of collapse of capitalism, based on the formal opposition of the processes of capital growth and reduction of product sales. In Tugan-Baranovsky, the cause of the collapse has ethical roots and consists in that capitalism turns the worker into a mere economic means. Simultaneously, however, a widespread view under capitalism is one recognizing the personality as the supreme aim. This creates a contradiction between the main capitalist principle and the basic ethical norm. Inasmuch as capitalism is condemned by the moral sense of modernity and contradicts the interests of increasingly strong social groups, it should give way to a new and more just social system.

Tugan-Baranovsky also formulates the criterion of justice of social institutions. He believes that the only possible justification of the ownership right is man's inalienable right to the product of his labor. On this basis, he claims that there is no ethical justification of land ownership, because land is not created by labor. Private land ownership, therefore, should disappear in the same way as the ownership of the human personality disappeared in the past.

He uses the ethical method in its clearest form in the social distribution theory. Sharing Pyotr Struve's approach, he provides an ethical interpretation of the term "social": it is not a general and amorphous term describing all that is connected with social life but a category reflecting relations of equality or inequality in relations between people; it is a social phenomenon regarded from the ethical point of view, as a specific cross-section of social life identifying equality and inequality as well as justice and injustice.

In his characteristic innovative spirit, Tugan-Baranovsky renounces the generally accepted postulate on the identity of price formation and distribution. The process of price formation is based on an equal strength and symmetry of buyer and seller in the market, something that guarantees an exchange of equivalents, or an equal and fair exchange. In the distribution sphere, participants in the acts of exchange are not only *unequal* in the social respect, but it is this inequality that constitutes the essence of distribution. Representatives of *different* social classes, who are not equal in terms of their social strength, clash in the acts of distribution, and this inequality constitutes the nature of the social class.

Ethical Economy vs. Marxism and Nationalism

Tugan-Baranovsky's ethical postulate on the supreme value of the human personality is incompatible with the philosophy of Marxism, which he rejects for

its immorality, its intrinsic rejection of human ethics, and its replacement by the "class ethics." His attempts to infuse into Marxism some ethical elements showed, first, that the latter clash with the basic postulates of the theory and lead to its destruction, and, second, that there is a fatal ethical contradiction between his humanistic views and Marxism's schematic and soulless postulates.

Lev Kleinborte cites in his memoirs Tugan-Baranovsky's ethical and aesthetical comments on Marxism: "The personality is higher than the collective and higher than the dictatorship of the proletariat... An abstraction cannot replace a living human being. It is not for nothing that a Marxist's cast of countenance—individual cast of countenance—has so much of what is theoretic and so little feeling, so little of the creative element... Marx and Engels have dried up for me. Precisely dried up! I leaf through their works feeling no emotion of the heart. I don't feel the sun or the air in them" [19, pp. 215-216].

No wonder that Tugan-Baranovsky's views incurred harsh emotional criticism from the Marxists, who labeled him "legal Marxist." Nikolay Bukharin said that "we find nothing but ethical prattle... which cannot be taken seriously" in Tugan-Baranovsky's works [4, p. 182]. Rosa Luxemburg accused him of knocking out all objective economic underpinnings from under the socialist theory and rebuilding the world in his imagination in a "more beautiful" way on the foundation of ethics: "While the masses in Russia sacrifice their life," "his personality has shown the white feather and found philosophical and ethical peace in Kant," finding itself in "the camp of bourgeois harmony" [7, p. 329].

The ethical principle postulating equal value of the personality, one incompatible with the division of nations into "great" and "not so great," led Tugan-Baranovsky to the total *repudiation of nationalism*. In this matter, he was even more "cosmopolitan" than Marx and Engels, who recognized race as an independent factor of history. For his part, Tugan-Baranovsky considered race from the point of view of historical materialism as only a secondary factor on a par with law and the state. Racial characteristics, he wrote, do not form anything immovable or fixed; they are always in a process of formation, they are not the ultimate cause but a result of a certain human group's evolution, which is determined by the economic conditions of its existence. He criticized Werner Sombart for his biosocial concept of national spirit, which made an absolute of the ethnic factor to the detriment of the historical factor and which served as a "theoretical" substantiation of the Nazi ideology. For Tugan-Baranovsky, the "national spirit" is neither the basic element of society, nor a point of departure in theorizing, but only a complex product of a given nation's social conditions, which allows of being explained by contemporary or past economic conditions to the same extent as all other products of historical development [18, pp. 17-18].

Tugan-Baranovsky's fundamental divergence from the "national" political economy consisted in that he deduced the national factor from the economic conditions rather than vice versa, as many followers of the German historical school did. It was a point of view, from which he studied the origin of anti-Semitism in the article "Anti-Semitism in Contemporary Russia." He drew the conclusion

from his observations of peasant life in the Poltava Governorship that objective economic reasons prevented the spread of anti-Semitism in the lower strata of society. The modest Jewish commerce benefitted the peasants by sparing them costly travels to buy the basic necessities. The land tillers knew that and believed that the Jews were useful for the village community. They could not agree with restrictions imposed on the Jews' rights because they benefitted from cooperating with them. He explained the spread of nationalism in the well-to-do classes of Russian society and among the intelligentsia by the effects of competition: owing to their extraordinary industry and assiduity, the Jews were gradually ousting Russians from a number of areas, such as trade, arts and crafts, legal and medical practice, and so on, while their hapless rivals more often than not became nationalists [19, pp. 246, 251].

Ethical Economics and the "Development Rut" Concept

Tugan-Baranovsky's ethical economics was being created at a turning point in Russian history, when the country faced the traditional for itself choice between despotism and democracy. This formed the background for an exacerbation of debates between the supporters of an inertia-driven (traditional) and innovative (Western) way of development. That Tugan-Baranovsky chose Kantian philosophy as the ethical foundation of his economic theory and adopted "legal," non-violent Marxism is evidence of his pivot to the Western alternative. His response to the historic challenge was not only his theory of ethical economics but also an active civic stance expressing his personal moral responsibility before society and the country: his ethical aversion to despotism and non-freedom was manifested not only in scientific works but also in public protest actions. This sort of behavior was not typical for a university professor at that time.

Today Russia is facing a similar choice and the debates between supporters of alternative ways of development are reaching a value related level. This is why Tugan-Baranovsky's ethical views come to be appreciated as quite topical. Under the new conditions, the opponents take into account the latest achievements of social sciences, including the "path dependence" theory which generalizes the long-term QWERTY effect generated by the original choice of a technical solution, such as a keypad arrangement for printers [5], for analyzing institutional development. While economists from Western democracies regard "path dependence" as only a scientific concept, many of their Russian counterparts use this theory, directly or indirectly, to substantiate the assertion that Russia's traditional way of development is inevitable, foreordained and insurmountable. They ascribe to QWERTY effect fateful implications and use a hypothesis of the technological development as a scientific argument to prove the foreordained nature of traditional, historical "path" of development. Aleksandr Auzan, for one, compares recurrent path relapses to a mechanical "wedging" and the Russian path to a grave, if curable, disease caused by the erroneous historical choice in the 14th

and 15th centuries, when autocracy and serfdom came into being and the country chose to progress without expanding freedom [2, p. 25]. On the whole, the "path dependence" concept focuses on inertia-driven development factors, while leaving in the shadow the social forces that are capable of radically changing the nature of institutions and society's general development vector. A peculiar function of this theory in Russia consists in that it can *relieve its proponents of the burden of moral responsibility* for the course of the social processes and serve as a "scientific" self-justification of civic passivity that proves inexpedient in view of the objective impossibility to change the fatal course of events. Since the cognitive and manipulative functions, according to George Soros' theory of reflexivity, are a single whole, adhering to the determinist "path" concept will inevitably direct practical actions (such as media appearances) towards even deeper involvement with the "path" and retardation of progressive institutional changes.

Tugan-Baranovsky's ethical approach implies a development concept alternative to "path dependence," a concept devoid of fatalism and social pessimism and based on his *"social ideal" philosophy*. Its system of values is the first principle of social phenomena, for which reason the moral man's civic actions are the determining factor in institutional evolution: the greater his "social strength" and his ability to influence people's minds, the greater is the chance to change a given "development path." Following the "transport analogy," we characterize subjects of institutional change as moral landmarks or "moral beacons" of social development. Thus, the development trajectory is determined not only by the prescribed "path" but also by "beacons" indicating a new direction. Tugan-Baranovsky himself can be regarded as a model moral landmark, who actively upheld the principle of supreme value and freedom of the human personality, which was at odds with autocratic Russia's development "path." His life illustrates the importance of realizing the general responsibility for a historical personality's fate. According to Sen, negating this responsibility means that someone misunderstands the essence of social life and the role of humaneness as one of the crucial motives of actions [12, p. 310].

Tugan-Baranovsky's system of values prioritizes man's personal freedom: "Everyone will be free. Don't forget that people learn how to fly. A police state cannot exist when aviation makes strides. Airspace knows neither borders, nor passports" [17, p. 29]. Regarding freedom as the supreme value, he invariably followed this ethical norm in his everyday life as well. He explained in his letters to Aleksandr Kaufman why he refused to teach at the *Ecole normale supérieure* in Paris. For him, "freedom is everything": it was a torture to do what he didn't think to be important. He was independent even in German-occupied Ukraine: he refused to receive the military commandant of his town when the latter came to pay his respects [19, p. 70]. The inner freedom of spirit prompted him to participate in civil protest actions. In February 1899, after the police dispersed a student protest, he refused to conduct an examination and was fired from the St. Petersburg University for political disloyalty. In March 1901, he took part in a student protest and was banished from the capital.

Yet another ethical priority of his was intolerance to nationalism which he opposed publicly and uncompromisingly. He made his position public for the first time in 1904, when he published in the *Monthly Review* the article "Anti-Semitism in Contemporary Russia," which had been rejected by the Russian media. In this article, he accused the Russian authorities and upper classes of inciting Jewish pogroms. During the period of reaction, when Purishkevich, Shulgin, Menshikov and others dallied with "tribal chauvinism," he criticized Struve's work "The Intelligentsia and the National Visage." (Struve was speculating about a strong revulsion towards the Jewry within the different strata of the Russian population and hinting that the Jewish ethnicity and Jewish culture were invented by the Zionists.) Tugan-Baranovsky displayed civic courage by estimating Struve's stance (which was shared by the majority of people) as unethical and improper in a period when the "closely-knit reactionary government clique" was using the Jewish question for its political aims [10, p. 82]. It follows from Kleinborte's memoirs that he also rejected Struve's appeal to launch a fight against Ukrainism "in an energetic manner and without any inanities and indulgences." Tugan-Baranovsky said: "I know that there is particularism and separatism. This must be fought against, but not by preaching centralism or offering an apologia for the Russian statehood and the Moscow Russian thought. Each tribe is a source of inherent opportunities" [19, p. 222]. In the pre-war period, he made public his condemnation of Sergey Witte, who admired Bismarck and Liszt and referred to them as "the true nationalists" [21]. Tugan-Baranovsky interpreted the Ukrainian question in terms of "freedom—nonfreedom" rather than treating ethnic opposition "Ukrainian—Russian." For him, it was an ethical requirement of equal conditions for free and upstanding development of different ethnic groups. Interviewed by the *Ukrainskaya Zhizn* (Ukrainian Life) magazine, he replied in a cosmopolitan spirit: "In my young years and at university I felt as a Ukrainian patriot; later I cooled towards Ukrainism and today I feel that I am Russian" [15, p. 1]. It was his striving for spiritual freedom rather than nationalism that determined his active support for the *Tsentrlna Rada*. He was the finance minister in the government and contributed to the establishment of the national academy of sciences and a system of economic education.

The last test for loyalty to his ethical principles ended tragically for Tugan-Baranovsky. An indirect cause of his death was an acute sense of moral duty and inability to contravene his perception of honor. His death was precipitated by his younger brother Nikolay, who convinced him to smuggle across the border a hefty sum of money and a part of the Northern Army's secret archive. This weighed so heavily upon him that he was afflicted with heart trouble even though he was very strong physically. Upon receiving the ill-fated envelope, he told his son: "I'll now die, I have no right to live, I acted as a villain." Then he had a heart attack and when it was over, he whispered: "I'll die soon all the same." His recovery was fitful: he either lay in torpor, or was tossing and tumbling in his bed. He died of a heart attack on his way from Kiev to Paris [17, p. 63].

The Ethical Factors of World Development in the Context of Tugan-Baranovsky's Views

The neoclassical thesis on the ethical neutrality of the economic science contradicts the economy's logic: the economy has become historically a separate sphere of activity only after the "first-law" enrichment was replaced by the voluntary exchange of goods. Thus, the first ethical revolution has shaped the institutional basis of economic theory and practice. People have realized at the value level that a free exchange of goods based on the respect for human freedom and the right of ownership is a more effective mechanism for product distribution than war or plunder. Capitalism has become a system of cultural and ethical values that stimulate morality and reject plunder and illegal property takeovers—methods of enrichment practiced in the preceding political-economic systems. Moreover, the ethical categories of "freedom" and "dignity" are increasingly often listed as the basic categories of contemporary economic development, with many scientists regarding changes in the system of values and in the attitude to the so-called creative class as a prerequisite of industrial revolutions. The reason why steam engines and computers came into being was that inventors emerged as a respected group, whereas previously most respect was given to warriors and priests [8].

The ethical principle of "weapons-free enrichment" is so deeply embedded in people's minds that it is often interpreted by the economists as a certain exogenous factor of economic activity. However, the dynamic nature of ethical factors comes into play during periods of economic upheavals and revaluation of values. The crisis of industrial capitalism in the late 19th and early 20th century prompted John Maynard Keynes, Thorstein Veblen, Tugan-Baranovsky and others to engage in ethical-economic research. A similar situation is emerging at the present time. A crisis of postindustrial capitalism, which erupted into the global financial crisis of 2008-2010, has been growing since the mid-20th century. As a consequence, we are witnessing a revival of interest in ethical problems of the economy. The idea that "ethics and economics should reciprocally reflect each other's ideas, merging into an extensive theory of rational activity" [6, p. 7] has been gaining support.

Many authors see the causes of the global financial crisis in the area of ethics, primarily in avarice and unscrupulousness [20]. According to Jacques Attali, the crisis has been caused by financial information inequality. In fact, he is arriving at Tugan-Baranovsky's "social distribution" concept, albeit in respect of the information goods. The market is under the sway of a minority—bankers, analysts, private investors, etc.—or the "initiated" capable of deriving income from information, constantly inventing new financial instruments, and provoking the growth of indebtedness of the uninitiated. Mr. Attali's proposal to create a global market management system, restrict incomes received by the "initiated," and relieve the ordinary taxpayers of the need to bankroll banking risks is consonant with Tugan-Baranovsky's ideas of equality. Attali's inference about the unfairness of the current system and its lack of the right to existence tallies with his "ethical socialism" concept [1]. The legitimacy of Attali's ethical approach has been proved in prac-

tice. His main proposals have been implemented in the form of massive cuts in "golden parachute" amounts received by retiring chief executives, curtailment of banking secrecy, and introduction of stricter financial controls.

The revival of ethics-based economic research reflects a system-wide crisis of the world economy in the postindustrial epoch. To explain its fundamental causes, we turn to Tugan-Baranovsky's social distribution theory and to issues of inequality and justice, albeit on a world scale. We see the cause of the new form of inequality in an unprecedented productivity growth resulting in the depreciation of labor-created goods by comparison with the limited natural resources, primarily energy and land. The development of international trade and productivity growth are leading to a more even distribution of the products of labor among countries, but the distribution of natural resources remains highly uneven. Countries devoid of natural resources find themselves in a situation comparable with that of exploited labor and start questioning the fairness of the existing world distribution system. They consider different options for improving their status, including violent, and this creates premises for dangerous proliferation of "fist-law" distribution methods.

The current situation in the world is similar to the period of class struggle aggravation in Russia in the early 20th century, which culminated in a revolution and an atrocious civil war. But Tugan-Baranovsky proposed a different path: the difference in class interests should be resolved without violence energized by presumed exclusiveness of just one class and on the basis of a "common denominator" in the form of a system of common values. Today the central problem of world development is increasingly a clash of interests of separate countries and their alliances. The civilization is facing a similar choice: either it slides into an irreconcilable confrontation fueled by nationalism and militarism, or it elaborates unified supranational ethical codes of conduct based on the recognition of the supreme value of human life. In line with Tugan-Baranovsky's ethical principle, we should under no circumstances recognize a fierce international conflict involving numerous casualties as the best option, because no corporate or GDP growth can compensate the loss of even one human life.

The world is coming to the realization that it needs a second ethical revolution which should reaffirm the inviolability of nonviolent distribution methods, now on the world scale. Since the world economy, unlike national economies, lacks a single coercive organ in the shape of the state, the institutionalization of the *global ethical norms* is a radically new global development challenge that requires special research. It is only clear that this process is mostly promoted by the institutions of *democracy* that ensure the "transfer" of ethical principles assimilated by the ordinary people to the governmental level and thereby prevent the return of historically defunct violent distribution methods to the sphere of international relations.

* * *

Mikhail Tugan-Baranovsky's ethical method based on the interpretation of man as the supreme value and on the renunciation of violence was not accepted

by the Russian economists of that time, who chose Marxism and the theory of class struggle. Over the last one hundred years, this country, once an advanced world power, has turned into an exporter of natural resources with low living standards and a backward economy, while countries that have secured human rights and freedoms have emerged as world leaders. The scientist's anniversary coincides with yet another stage of the world economic crisis and an exacerbation of struggles for the limited natural resources. Mankind is faced once again with the need to choose value orientations; and Tugan-Baranovsky's ethical approach, surprisingly, turns out to be of immediate interest. The latest global financial crisis was surmounted largely due to the realization of the importance of ethical factors. But the reforms implemented in the financial sphere, while influencing income distribution, failed to remove inequality of access to natural resources, something that is fraught with new geopolitical conflicts. The problem is complicated by the fact that any increase in the regulatory role of the state will inevitably lead to a revival of Marxist ideology that puts state interests above the value of the human personality and encourages violent methods of redistribution of goods. At the same time, countries' fight for natural resources promotes the growth of nationalism and militarism. A renewed interest in Tugan-Baranovsky's works and the sources of the ethical method in economics will help to better understand the nature of the new challenge to global development and find humane and fair methods of solving the emerging conflicts.

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Notes

- ¹ Barnett finds that Tugan-Baranovsky's attempts to combine ethical issues with the ultimate analysis are somewhat similar with John Commons' ideas outlined in the book *Distribution of Wealth* [3].

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