

Peter B. Struve as Economist: Philosophical Foundations of Economics and Development Theory



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1 Peter Struve as Intellectual Figure

No single designation appears satisfactory to characterise the personality of Peter Berggardovich Struve, born 1870 in Perm, died 1944 in Paris: political publicist, journalist, economist, social philosopher and politician—these roles were of particular relevance in certain phases of his life. The philosopher S. Frank—a disciple and close friend of Struve—said of Struve that he belonged to those people who are “once born” (Frank 1956, 209). But as a scholar of the social sciences and especially economics, Struve is almost forgotten today.

Struve is mentioned in histories of pre-revolutionary Russia. In the former communist countries, Struve enjoyed considerable prominence as a target of Lenin’s critique. In an *Ökonomenlexikon*, which appeared in the last year of the German Democratic Republic, there is entry on Struve, “Russian bourgeois politician, economist and philosopher, main representative of ‘legal Marxism’.” Struve gets credit for having refuted the reactionary critique of capitalism of the “populists” (*narodniks*) and also for providing the opportunity for Lenin to publish in a periodical of the legal Marxists. Later, however, Lenin exposed Struve’s “false methodical approach in his characterisation of the populists and in his studies on the development of capitalism in Russia” based on “reactionary bourgeois and vulgar-economic ideas” (Krause et al. 1989, 558f).

In the West, especially in Germany, Struve had acquired a reputation as a scholar of revisionist socialism before World War I, as a social philosopher, thereafter as

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a representative of economic theory in Russia. Struve's early publications¹ from 1892 to 1894 were predominantly in German (11 out of 19), most of them reported on issues of social policy in Russia, which appeared in the bi-weekly periodical *Socialpolitisches Centralblatt*, edited by Heinrich Braun in Berlin.² In 1896, in his Social-democratic period, Struve wrote several articles on Marxist topics for the *Neue Zeit*—the most prestigious journal of European socialism at that time, edited by Karl Kautsky. With his reputation as a Marxist scholar, in 1899, Struve was invited by the famous *Archiv für soziale Gesetzgebung und Statistik*³ to write a review of Eduard Bernstein's recently published book *Die Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie*, and he presented his thoughts on capitalism and socialism in more general terms in another essay in the same journal. Struve's ambition to establish and maintain his presence as social scientist beyond his home country finds its expression in his essay on the philosophical foundations of economics in the newly founded journal *LOGOS* 1910/11.

In the period between the two World Wars, when Struve lived in exile, several publications refer to him as one of the main representatives of Russian economic theory. At the occasion of a Festschrift with contributions by Struve's colleagues and pupils, published 1925 in Prague, an article in the Slavonic review confirmed that "his academic standing in the first rank of Russian economists is more than assured" (Williams, 1925, 19). In the contribution about Russia to the survey *Die Wirtschaftstheorie der Gegenwart*, edited by Hans Mayer, Struve was called "the most important of the theoreticians who originated from the Marxist movement of the 1890s" (Gelesnoff, 1927, 165). Struve's writings (in Russian) on the theory of value and price, interest and income distribution are extensively covered in monographs on Russian theory of value and interest by Seraphim (1925) and Ischboldin (1971).

During his years in exile (1920–1944), Struve continued to publish articles on a large variety of topics in Russian, English, French and German (as well as a small part in Serbian and Bulgarian). His most substantial publications during this period on economic issues were still in German, which became his preferred language for scholarly articles. The majority of them dealt with methodological problems and appeared in the highly prestigious *Zeitschrift für Nationalökonomie*, the periodical of the Austrian economists' association, edited by Hans Mayer and Oskar Morgenstern.⁴

After World War II, as economist Struve was no longer remembered in the West (except in Ischboldin's book, 1971, 241–258).⁵ The reasons for this are several. Economic theory in its proper meaning became increasingly identified with abstract tools of analysis. A large part of the literature, especially among scholars writing in

¹ A complete list of Struve's publications (excluding newspaper articles), whose number reaches almost 1.000, is provided by Pipes (1970, 1980).

² Struve communicated with most leading European scholars, see, for example, meetings with Simmel (Frank, 1956, 60).

³ Later the name of the journal was changed into "*Archiv fuer Sozialwissenschaft und Sozialpolitik*".

⁴ Morgenstern and Struve were invited and read lectures at the Statistical Institute in Sofia (in 1935 and 1936, respectively).

⁵ Jossa (2020) appeared too late to be covered in the present contribution.

German, deals with issues of the theory of value in relation to price, which has become irrelevant to such an extent that today it is not easy to follow the arguments. Until the middle of the last century, there existed distinct national traditions of economic discourse, not least with respect to the relevance of “value” for price formation, but also due to the understanding of what constitutes the essence of economic “theory”. It was in this context that Struve had a certain reputation as representative of Russian economic thought. Struve’s most original contributions with a focus on institutions and evolution of the economy have thus fallen out of the scope of economic theory. Also, the interest of economists in a discussion about epistemological and methodological foundations of economic theory diminished.

Richard Pipes’ massive two-volume monograph on Struve is mainly concerned with Struve as a political figure. Doubtless an impressive achievement, its impact appears to have been confined to the circle of “sovietologists”. Only recently has interest in Struve’s work, specifically in economics, been revived thanks to the publications of Nenovsky and Penchev (2017, 2019), which focus on Struve’s writings in Russian and the contributions of Struve’s disciples in Bulgaria. Struve always wanted to address scholars without knowledge of Russian, so many of his most important articles are in German (or in both languages). It was essentially through those German (and French) publications that Struve was a respected participant in discourses among European economists before and after World War I. This paper makes an attempt at assessing Struve’s contributions to twentieth-century economics in the light of these publications and the achievements of his students.

Research on Struve’s economic views and ideas provides an opportunity not only to illustrate the thesis of the present as stated by V. Avtonomov:

The pattern suggests that experiencing strong influence from the West, leading Russian economists developed and modified Western economic theories, adapting them to specific Russian political, ideological and cultural circumstances. As a result, they exerted a certain influence over the next generations of Western economists. Among these circumstances the paper mentions moral and religious factors, the peasant question, the special influence of Marxism, the development of mathematics and statistics in Russia in the 1890s-1920s, and the unique experience of building a planned economy” (Avtonomov, 2021, 1),

but also, to enrich the above-mentioned transfer of ideas with a new, rarely analysed transfer channel, the line “West—Russia—European East/CEE” (which we can provisionally call “European periphery”). The European periphery is the intersection of Western and Russian influence, and the latter has been extremely strong in the past, especially among Slavic and agrarian peoples. The trajectory of Struve’s ideas illustrates the second point of Avtonomov’s thesis—the role of the agrarian question, the specificity of Russian Marxism, the role of statistics and empirical research and the moral factors. To these, we can add the natural and spatial factors, as well as the specific role of power and the state in the evolution of institutions in Russia.

2 Peter Struve and His Formation as Economist

No single description can characterise Struve's professional orientation. After graduating from the Gymnasium, he began to study zoology at the faculty of natural sciences of the St. Petersburg's University. But after a year, he lost interest in the subject of his first choice (Pipes, 1970, 65ff). Even before, his main interest had been in the social sciences and in philosophy, basically driven by political motives. It was reinforced by the experience of his stay in Germany and Switzerland during the summer of 1890, from where he brought with him a large collection of Social-democratic literature. Upon his return to the university, Struve became head and organiser of a students' circle whose purpose was the study of the writings of Karl Marx and other authors of "scientific socialism". In 1892, Struve went abroad again and enrolled as extraordinary student at the University of Graz, Austria, where he took courses in sociology (Ludwig Gumplowicz) and political economy (Richard Hildebrand), but soon found out that his expectations were not met. Nonetheless, it was in Graz where Struve "decided to become a professional economist" (ibidem, p. 78). However, this decision took many years to materialise.

Drawn into politics from an early age, Struve became what today is called a political publicist, at that time the only form of political activity in the authoritarian Russian monarchy, although severely impeded by censorship and exposed to risk of becoming a victim of the repression to which all opposition was subjected. As an economist (also as a philosopher), Struve originally was a self-taught ("autodidact"), who first learned his economics from *Das Kapital* and other writings of socialist literature. His economics developed in the context of Marxian social philosophy and German Neo-Kantian philosophy. He "turned to professional economics late in his life" at the age of 36 (Pipes, 1980, 119f), assuming his first teaching post in economics without any formal degree. The first volume of his book "Economy and Price" was published in 1913, for which he was conferred a master's degree in economics from the University of Moscow. Upon the completion of the second part of "Economy and Price" in 1917, Struve finally received his doctor's degree from the University of Kiev in May 1917 (under the tutorship of A. Bilimovic), two months after the first revolution (Pipes, 1980, 123).

Election to membership in the Academy of Sciences in May 1917 was an official recognition of Struve as scholarly economist, but it did not mark the beginning of his academic career. During World War I, Struve was in charge of the Special Council on Food Provision. Several of his disciples worked under Struve's leadership (e.g. S. Demostenov and N. Dolynski) to regulate the prices of consumer goods, which led to a number of publications, including a book in English (edited by P. Struve), "*Food Supply in Russia during the World War*", issued by Yale University Press. Having supported the republican constitutionalist government of Alexander Kerenski, Struve joined the anti-Bolshevist forces after the October revolution. After their defeat, he ultimately left Russia in 1920. Academic posts now provided the main basis of existence for Struve and his family, while he also continued his activities as political journalist in a variety of periodicals of the emigrant press.

In 1922, Struve was appointed professor at the newly founded “Russian Juridical Faculty” in Prague, which, however, had to close when the government withdrew its support. In 1928, he found a new post at the “Russian Institute” in Belgrade, where he pursued his studies in Russian economic and cultural history and in economic thought (Pipes, 1980, 395ff). An appointment to a chair at the Juridical Faculty of the University of Belgrade in 1934 ultimately did not materialise, when his inaugural lecture had been turned into a scandal by hostile interventions from parts of the audience.⁶ The government backed down, but compensated Struve with lectures at the Faculty of Law in the Serbian city of Subotica. It was mostly during his years in Belgrade when Struve wrote and published his essays on methodological and epistemological problems of economics, most of them in German. He undertook several trips for research and lectures. In 1939, Struve received an Honorary LLD from the University of Sofia. When the German army occupied Yugoslavia in 1941, Struve was arrested and detained in Graz. Released after three months, he and his wife took their last residence in Paris, where their sons had moved before. Living in pitiable circumstances, Struve continued work on his long-term project of a history of Russia. He died in 1944.

3 Marxism and the Theory of Economic Development

If, in the last decades of the nineteenth century, Marx’s writings were intensely discussed in Germany’s non-socialist political and academic circles, they enjoyed even greater acceptance in Russia than anywhere else in the world. “Russians learned to view economic phenomena through Marxist categories” (Pipes, 1970, 46). Marx’s popularity was mainly due to his theory of long-term economic development, according to which capitalism was a necessary intermediate stage in the evolution from feudalism to socialism. It served as conceptual framework for the opposite views of the *Narodniks*, of the liberal proponents of bourgeois capitalism, and of revolutionary Social Democrats.

It was in this intellectual surrounding, where Struve also embraced Marxism in his search of a model for development of Russia’s backward economy, because it provided a plausible basis for a perspective of the country’s future path towards capitalism, and in parallel, towards constitutional democracy. Struve decidedly opposed the *Narodniks’* perspective of a Russian *Sonderweg* (special path) to some kind of socialism, thereby circumventing the stage of capitalism.

⁶ In the early 1920s, Struve had several proposals from the University of Sofia, but the appointment was not realised. However, a number of his students (N. Dolynski, S. Demostenov, O. Anderson, and F. Belmer) held academic positions in Bulgaria on his recommendation and recommendation from A. Chuprov.

One of Struve's first publications (in German) was a review of a book by N.F. Danielson⁷ which was a forceful plea for such a Russian special path (Struve, 1893, English translation in Pipes, 1970, p. 90f). Struve argued that it was obvious that it was impossible to "reconcile somehow the utopian faith in a 'unique' economic development of Russia with the insight of Marx and Engels". His wholehearted support for capitalist industrialisation earned Struve the critique of eulogising the system of capitalism. Support for Struve came from Lenin, and even from Engels, who rejected the idea of bypassing capitalism on the path towards socialism (Pipes, 1970, p. 93ff). In 1894, at the age of 24, Struve published his first book, which quickly became popular, in which he systematically analysed and criticised the views of the *Narodniks*.

Struve's investigation in the development of "scientific", i.e. Marxian socialism (Struve, 1896–97), published in the leading theoretical periodical of German Social-Democrats *Die Neue Zeit*, edited by Karl Kautsky, is an exercise in the history of socialist theory. Citing extensively from the writings of early German socialists (Moses Hess, Karl Grün), Lorenz von Stein and Marx and Engels, Struve demonstrates how, during the 1840s, the essentials of scientific socialism developed in a process through which Marx and Engels emancipated themselves from the ideas of German philosophical socialism, to which they had originally adhered. The article contained an important political message for Russia, where current debates appeared to him as an example of "the overestimation of the ideology of the intellectual class" (p. 77) as a recurrent phenomenon typical for countries lagging behind in their economic development, which had to be firmly denounced (p. 81).

Despite such pleas for the "orthodox" Marxian view of economic development, Struve never accepted Marxism in its entirety. For philosophical reasons, he had always rejected the labour theory of value (see the next section). If he had "professed the most loyal adherence to Marxism" before 1899, at the same time he had entertained serious doubts about certain parts, which he felt the duty to keep to himself" in the interest of the social-democratic movement (Pipes, 1970, 221). In two articles in the *Archiv für soziale Gesetzgebung und Statistik* Struve (1899a, 1899b) elaborated, where his views on the theory of economic development differed from those of Marx, Engels and Karl Kautsky.

The first article (1899a) is a discussion of the main concepts of Marx's theory of "modern society": the developments of productive forces under capitalism (concentration of capital, "anarchy of competition"); increasing immiseration (*Verelendung*) and elimination of the middle classes; emergence of the revolutionary proletariat (p. 660). The process of development is characterised by a tendency of increasing contradictions between productive forces and forms of social institutions in the economy, between bourgeoisie and proletariat in society. Struve argues that this tendency must be subjected to empirical investigation (p. 664f). Struve agrees to the main proposition of historical materialism that changes of legal forms follow changes

⁷ Nikolai F. Danielson (1844–1918), alias Nikolai-on, Russian economist, publisher and translator of Marx's *Capital*. The other populist criticised by Struve was Vasily Vorontsov (1847–1918), under the pseudonym V.V.

in productive forces; however, the consequence is not a “movement towards blasting (*Sprengung*) of the social order, but there is a movement of adaptations of legal forms to socio-economic phenomena”. The concept of social revolution “is misleading”, a transformation of the social order is conceivable only as a continuous long-term process (p. 673).

Struve rejects the “laws of dialectics”, of which the theory of collapse of capitalism due to the exacerbation of its internal contradictions is an application, as an ontology which he considers seriously mistaken epistemologically (p. 683). Struve argued that neither of the two main tendencies, which in Marx’s view would make such a collapse inevitable, i.e. progressive immiseration of workers and increasing impossibility of realisation of the rising surplus value, have materialised in reality. For Struve, it appears as serious inconsistency to expect that a pauperised and culturally degraded working class would be able to take over the role of reorganising society according to the ideals of socialism (p. 662). If pauperisation had been a reality before 1848, in Struve’s view, the successful struggle of workers for improvement of their living conditions demonstrated “real gains of economic and political power of the working class within the capitalist system” (p. 690f).

Struve doubts that “development towards socialism can be realistically conceived in detail”, because he thinks that “there are narrow limits for a scientific theory for the development of socialism”. “Socialism is realistic only to the extent that emerges from changes originating from the presently existing economy” (p. 698).

For Struve, the theory of final breakdown of capitalism is a “rationalist superstition”, which was nonetheless instrumental to the self-confidence of the working class and the formation of Social democracy as a political movement. This explains the violent reactions against Eduard Bernstein’s book *Voraussetzungen des Sozialismus und die Aufgaben der Sozialdemokratie*, which Struve considers “a notable symptom of reconstruction of social-democratic ideology” (p. 701). To keep socialism as a goal of the social-democratic movement, it must be conceived of as a “practical-political” ideal (p. 699), whereas “orthodox pseudo-science” has to be abandoned. As a political movement, socialism combines science and utopia. The utopian element is necessary because the future of society cannot be understood as pre-determined, but as fundamentally uncertain. “Anybody, who feels as socialist, will value its utopian and revolutionary elements as dearly as the realistic ones. Only that kind of utopianism is untruthful which pretends to be science” (p. 703f).

The second article is a 16-page review of Bernstein’s above-mentioned book and of Karl Kautsky’s rebuttal *Bernstein und das sozialdemokratische Programm*. As regards the fundamentals, also in most details, Struve sides with Bernstein, but, as it appears to be an omnipresent habit of his mind, Bernstein also gets his due share of rebuke. Bernstein is criticised for his eclecticism.

If Kautsky, against Bernstein, tries to salvage the immiseration theory by a new interpretation, which substitutes “relative immiseration”, i.e. a declining wage share, for increasing absolute poverty, Struve holds against Kautsky that he has not offered any empirical proof for his contention (Struve, 1899b, 732). Against Kautsky’s concentration on the conquest of the state as precondition for the final showdown of capitalism, Struve pleads for continuous action of the working class in the economic

as well as in the political sphere. Bernstein rightly emphasises the importance of economic organisations of workers, such as co-operatives, as piecemeal steps towards socialism, and rightly discards the “idea of establishing a socialist economic order” by political act in one stroke. “Social democracy sets itself the goal of ‘social revolution’ and fights for this goal through democratic-socialist reforms” (p. 736). It should not be viewed as disgrace if Bernstein, in his critique of Marxist orthodoxy, has borrowed from “bourgeois” science. Rather, it should help “that the phrase of ‘bourgeois science’ loses its grip on minds” (p. 738).

4 The Impact of the Dispute with the Narodnik’s on Struve’s Economic Thinking

There is no doubt that early disputes with the Narodniks over the economic development of Russia (set out most fully in his 1894 book), and the specifics of Russian collectivism and Marxism, led Struve gradually to rethink Marxism in general, but also to realise his ambitions to construct a specific theoretical system. Struve’s interpretation of economic, and in particular Russian, development is most fully set out in his posthumously published book on the economic history of Russia (Struve, 1952).

First, as a critical reaction to the Narodniks, Struve rejects the claims for the existence of a specifically Russian traditional society (*commune/mir*) based on equality and the absence of social differentiation. He emphasises the crucial importance of capital for the efficient use of labour even at the earliest periods of Russian history. Above that, he denies that part of Marx’s stage theory according to which by necessity socialism follows capitalism. In his first book (1894), Struve’s Marxist interpretations of the development of capitalism in Russia were based largely on the work of N. Sieber and F. Engels. Struve does not accept the “concessions” that Marx makes to Russian *Narodniks* (see Glovelli, 2014; Avtonomov, 2021).

As a second step, this led Struve to a radical reformulation of the problem of distribution and its justice, which had been a central concern of the Narodniks. For Struve, the only correct approach to distribution could be the scientific, positivist approach (not the moral, ethical or dogmatic one). Specifically, this can be done through empirical and statistical analysis. This analysis, in turn, can only be done on the basis of concrete monetary prices and accounting. Logically, Struve is led to a complete rejection of the existence of value and any substance of it (for instance, labour in Marx, etc.). As will be shown in the following paragraphs, Struve places exchange and the market at the centre of every economic problem.⁸ Undoubtedly, communication with his colleague, the great Russian statistician A. Chuprov (1874–1926), also contributed to the construction of the statistically based theory.

⁸ If Struve rejects Marxism in general, there are also moments which he interprets positively, in common with some of Rubin’s positions, e.g. on the role of money, on commodity fetishism, money, etc. (see Nenovsky, 2019).

The third point that we think is relevant is that of the principles of dualism. The latter can be seen as a reaction to Russian economic history, in which the state and power occupy an important and special place (e.g. the agrarian reform of 1861 initiated by the Tsar). According to Struve, both the overall economic and social history and each individual institution, whether economic or not, can be interpreted as the struggle and interaction of two elements—the spontaneous (heterogeneous) and the central-volitional (autogenetic). The former gives rise to the economic form “system/coordination”, the latter to the economic form “unity/subordination”. From these positions, Struve, and subsequently his students and followers analysed Russian history and different institutions (such as money, law, state, language, financial system, etc.). Struve’s introduction of dualism as a basic category in many ways anticipates trends in economic science, such as institutional and evolutionary theory, French monetary institutionalism, and also a number of basic postulates of Ordoliberalism (the state as a unity of order and freedom) and of systems theory and economic cybernetics (the economic system as coordination and subordination, as an information system, etc.).

The controversy with the populists and the rejection of Marxism quickly led Struve to the great question of the philosophical foundations of economic thinking, and hence of economic theories.

5 Struve’s Fundamental Concept of Economic Reasoning

In an essay published in LOGOS, Struve (1910/11) and later in the book Struve (1913) gives an exposition of what he considers as *grundlegende Momente im nationalökonomischen Denken*—basic elements of economic thinking.⁹ He starts from the observation that in the second half of the nineteenth century, theoretical economics bears the imprint of socialism, directly or even more often, indirectly. To him, this appears paradoxical since in reality a liberal economic system prevails. Struve’s discussion of the questions involved focuses on three basic dichotomies: universalism/singularism, realism/nominalism, and rational/irrational.

In the universalist view, society and the socio-economic process are conceived of as a totality, whereas singularism has the individual as underlying perspective. Socialism is fundamentally universalist, based on the a priori perception of the whole economy as a unity, represented by concepts such as total product and its distribution, social classes as collective entities (Struve, 1910/11, 348). Equally fundamental for socialism as an idea, in Struve’s view, is the belief in the possibility of “complete rationalisation of the economic process”, while he considers the final goal of the

⁹ Struve published his first article on this subject in Russian in 1908 (Struve 1913, p. xix–xx). According to G. Gloveli, Struve was influenced by James Bonar, but mostly by the sociology of Lester Frank Ward, whose dichotomy “genetic/teleological”, Struve turned into a dichotomy “heterogenic /autogenic”. Gloveli shows how Ward has a lasting influence on the concepts of M. Tugan-Baranovsky, as well as on the types of planning defined later by V. Bazarov (Gloveli, 2014).

socialist movement less important. By “rationalisation” Struve means the “purposeful control/ordering of economic relations through the will of a central subject” (p. 345f).

Socialism’s opposite pole, economic liberalism, is singularist in its belief in the “free play of individual wills” resulting in “natural harmony”, which amounts to a “spontaneous rationalisation” of the economic process. In this sense, liberalism is “singularist rationalism”. But this is true only for “practical” liberalism, as it underlies the existing economic system, whereas theoretical economic liberalism as represented by Adam Smith is “more universalist than singularist in its method”. Struve thinks that the theoretical economic doctrine of liberalism represents a form of universalist thinking. If it conceives of the economy as a whole, it does not explicitly presume a central subject, but the latter “is always somehow (tacitly) imputed” (p. 346f).

The clandestine universalist approach inherent in theoretical economic liberalism has, in Struve’s view, prepared the ground for the triumph of socialism which dominates the debate at the ideological level. On the other hand, Struve diagnoses a crisis of socialism due to increasing doubts concerning the possibility of complete rationalisation of the economic process, which is beginning “to be recognised as cardinal error by the ‘mature’ parts of mankind” (p. 345).

The antithesis universalism—singularism has a parallel at the level of logic: realism and nominalism. Struve does not give definitions of these concepts, but he obviously refers to the medieval dispute about general concepts (*universalia*), whether they are something real or just names of things (*nomina*). It is universalist concepts in realist understanding which, according to Struve, present the greatest threat to the freedom of men, if they serve as basis of a political ideology. Logical realism of Hegel’s great metaphysical systems served as “fertile ground for the universalist constructs of Rodbertus, Marx and Lassalle” (p. 350). Struve warns that recent advances of Edmund Husserl’s “critical realism” might give new support to universalist/realist constructions of thought, especially socialism.

But this does not mean that Struve completely rejects universalism as such, because he admits that general concepts may be fruitfully applied in the social sciences, if they are “subject to critical examination. Most likely, the result of such an examination would be the uselessness of these concepts” (p. 352). Struve gives an example, which shows the productive application of such a general concept by Marx in his theory of history.

In its emergent formative phase, liberalism in its critique of the pre-modern traditional worldview relied on the law of nature as determinant of social and political relations. As a consequence, the worldview of “singularist rationalisation” was thought of being entirely consistent with the law of nature (p. 354) Yet, under the aspect of the dichotomy rational/irrational, Struve argues that the concept of law of nature cannot be used for the explanation of the functioning of economy and society. From the perspective of a “critical-empiricist approach”, he emphasises “the fundamental, immanent dualism of the socio-economic process”. By this, he means that only a limited part of it is determined by the forces of nature, including technology. Otherwise, the “irrational moment” prevails, wherever the will of men enters into the process—it is the specifically “human” element that is irrational. As “domain

of the irrational” the sphere of consumption should be given greater attention by economics (p. 356f). For Struve, money is a prominent example of the impossibility of complete rationalisation of the economic process, as demonstrated by G. F. Knapp’s state theory of money, which aimed at achieving complete control over this instrument. Struve’s was the first attempt to present a theory of the evolution of money through the prism of the fundamental dichotomy (universalism—nominalism) in the first volume of *Economy and Price* (1913) and later on his disciple S. Demostenov devoted to this task several large-scale studies (see Demostenov, 1937, 1945).

6 Parallel Concepts of Universalism: Karl Pribram and Othmar Spann

It seems somewhat strange that the ancient concepts of universalism and its antithesis—nominalism—were rediscovered more or less simultaneously between 1910/12 by three economists: besides Struve, the Austrian social scientists Karl Pribram and Othmar Spann. Judging by the dates of publications, Struve was first, followed by Spann in 1911 and Pribram (1912).¹⁰ In their search for philosophical/epistemological foundations of economic thinking, they embraced a concept that did not play any noticeable role in the contemporary philosophical discourse, in which their use of the concept remained unnoticed, perhaps with the exception of Spann, who was, nonetheless, hardly taken serious as a philosopher. Pribram concurred with Struve in his rejection of “universalist” elements in economic thinking, whereas Spann developed an encompassing concept of economy and society in his version of a universalist philosophy.

The term universalism is generally associated with the medieval theologian William of Occam (1287–1347), who maintained that abstract concepts—universals—are the creations of the human mind—mere symbols (*nomina*, nominalism), which represent a multiplicity of individual objects—and have no extra-mental existence.¹¹ The opposite position, that universals have an extra-mental existence, like Plato’s eternal ideas as true essence of actual individual phenomena, hardly appears in nineteenth-century philosophy. The debate shifts to the question about the possibility of an “ontology” based on general concepts. In their critique of universalist thinking, Struve and Pribram refer to medieval universalism and to (Hegelian) ontology.

¹⁰ Struve notes that he was the first to formulate these concepts and notes the differences with Pribram’s approach (Struve 1913, p. xix-xx).

¹¹ In his tract, *Summa logicae* I 15.

6.1 *Pribram's Anti-Universalist Liberalism*

Pribram (1877–1973; on Pribram see Chaloupek, 2014, 2019) shares Struve's liberal political worldview, which motivates the critical attitude of both thinkers towards the use of universalist concepts in politics and in the social sciences. Like Struve, Pribram rejects political ideologies based on universalist realism. In his book on the "Origins of the individualistic social philosophy" (1912), he investigates the formation of modern economic thinking from the Middle Ages and the early modern period until Adam Smith's *Wealth of Nations*, with its change in the fundamental pattern of thought from universalistic thinking (realism) of medieval theology to individualistic nominalism. Man-centred nominalism leads to an increasingly empirical epistemology with experience, which is essentially individual, as source of true knowledge. The individualistic approach became the basis of political liberalism and of Adam Smith's economic liberalism. Pribram treats "collectivism" as a corresponding concept to universalism. At this point, it is important to note that Struve's use of the term universalism also implies collectivism in social thinking, whereas Pribram makes a distinction between the two. Pribram does not offer a philosophically convincing argument for such a correspondence. On the contrary, he gives examples of the use of collectivist universalist concepts by individualistic thinkers, when they insinuate "harmony of the world as a whole" (Pribram, 1912, 17), which reminds of Struve's above-mentioned critical remark against Smith.

Still, the triumph of individualism/nominalism was not complete. While individualism came to dominate economic and political thinking in Western Europe and in the New World in the nineteenth and twentieth century, in Germany "the power of thinking in terms of the collective has never been fully overcome" (ibidem, p. 102). As successors in political universalism, Pribram identified the authoritarian doctrine of pre-revolutionary Russia and the concept of German nationalism (Pribram, 1917/18, 184f). Later, Pribram added "dialectic reasoning" (Marxism in its various forms) as a separate pattern of economic thinking rooted in a distinct epistemological approach. Pribram refers to Engels' "dialectical materialism" (in his "*Anti-Dühring*") with its inevitable laws derived from nature and permanent struggle between classes, which are considered real collective entities, as driving force of historical development (Pribram, 1949, 39; Pribram, 1983).

6.2 *Spann's Version of Universalism*

The Austrian economist and social philosopher Othmar Spann (1878–1950) conceived of his *Ganzheitslehre* ("doctrine of totality", holism) as a philosophy as well as a political ideology, offering the model of a social order based on the concept of universalism. Whereas individualism, its opposite, portrays "society as sum of independent individuals, like a pile of stones, of which each has a self-contained, finished existence, connected only in a superficial, mechanical way", for universalism

“the interrelationship between individuals must be thought of as an own entity, which is the super-individual and primary, while the individual is its secondary derivative”. The basic error of individualism is that it thinks of the individual as autarchic, “mentally completed before it enters into social relations”. Universalism views society as a “spiritual entity”, as “reverberation of (individual) minds”, and “only in the spiritual community of many the individual is constituted and formed as mental person of its own”. (Spann, 1928, 24f).

With respect to the social order, Spann proclaims the primacy of the super-individual totality of society over its individual members, who are assigned their place and rank in society according to a structure that emerges from their function to the collective institutions, which themselves form a hierarchical order. As regards the economy, price formation is not the result of free competition, but determined by the functional performance of production units within the corporatist structure of the economy (*ibidem*, p. 165). Spann presented a detailed concept of social order in his book *Der wahre Staat* (1921). In such a “true state” society is organised in a multitude of corporate bodies, whose rank in the social structure is determined by the value of its contribution to the whole. The highest rank is occupied by the “leaders of the state”, conceived as a self-supplementing elite whose members are relieved of the degrading political fights that characterised electoral parliamentary democracy, which Spann despises, while the bulk of executive tasks is the responsibility of the de-politicised corporations.

Spann’s ideas for a social and economic order are based, on the one hand, on Plato’s Republic, and on the other hand, on romantic German philosophy and Catholic social doctrine of the nineteenth century.¹² In his characteristic presumptuousness, Spann claims to create a new ontological philosophy, but his sociological universalism, based on the unfounded logical priority of the whole over the part, eventually results in “pure social mysticism” (Wirkus, 1996, 173), presented in obscure, cranky terminology permeated by newly invented words.

Struve was critical of Spann’s theory, who, according to him, does not see the organic unity of society, and presents it mechanically. In a conversation with S. Frank, Struve resents that Spann has never heard of a science called “ecology”, where a forest is seen as an organic unity rather than as a mechanical group of trees (Frank, 1956).¹³

¹² For brief surveys, see Wirkus (1996), p. 166ff, and Kampits (1984), p. 177f.

¹³ Struve’s disciple in Bulgaria, N. Dolynski, criticised Spann’s universalism and holism from Struve’s positions:

“We can imagine such a conclusion, which is unacceptable for understanding the essence of the economy, only as the sublime expression of the idea of universalism of the whole which, in its effort to underscore the interrelation between the elements of the whole, simply results in refuting the only real thing in the social totality—the living individual. And the latter is exactly the most real thing, as he is in the centre of the economy, because depending on whether he exists or not, we can say that there is or there isn’t an economic life. Othmar Spann’s constructs, that end with a funeral march for the economic theory, are at the same time the farewell prayer for the social science as a whole” (Dolynski, 1930, 38–39).

6.3 *Disentangling the Issues*

The dispute between Struve and Pribram on the side of liberal individualist nominalism and Spann's concept of collectivist universalism with its authoritarian affinities concerns central questions of epistemological foundations of the social sciences. Several distinct issues are at stake which should be treated separately as well as in their interconnections:

- (i) The Whole (the totality) versus the Part;
- (ii) Abstract concepts ("universals"): can they be assumed to have a separate existence besides human minds ("real");
- (iii) The meaning of "rationality".

As concepts of pure logic, Whole and Part mutually presuppose each other, without any implication of priority of one over the other. Hence, from the viewpoint of pure logic, no claim can be made about priority if the logical concepts are applied in the analysis of society. As regards the relationship between man/the individual and world/the totality, the shortcut of Spann's *Ganzheitslehre* to establish priority for the whole, which serves as basis for his proposal for the "true" social order, appears ill-conceived and unconvincing, to say the least. But the question in itself has been a central problem of philosophy from the ancient Greeks to the present.

Singularism (Pribram's individualism) views society as a multitude of individuals. In economics, individual agents interact with each other, while the result of these interactions is determined solely by given original characteristic properties of the agents. This serves as basis for the liberal claim of priority of the individual (part) over society as a whole. This claim is both normative and factual—empirical: normative with respect to what is considered an ideal social order. In an empirical sense, absolute priority of the individual can be assumed only if no repercussions from the results of interactions are allowed on the characteristic properties of individual agents. Modern economics has "solved" this problem by the a priori-assumption of "methodological individualism". But this is not sufficient to claim priority of the Part in an explanation of the functioning of the economy.

Priority of the individual perspective leads Struve to reject concepts which perceive of the economy as a whole ("total product"). He also questions the legitimacy of general abstract concepts, e.g. "value". He criticises Marx's labour theory of value which refers to labour as a real substance which has a life independently of the human mind. He argues that the social sciences, and economics in particular, are prone to resort to this kind of universalist realism in social thinking, and warns against such tendencies, asking for critical examination case by case (Struve, 1910/11, 352f).

At the same time, Struve argues that universalist concepts should not be rejected a priori, they should not be done away with altogether. They may be productively applied to analyse historical developments and social phenomena. As examples he mentions Marx's analysis of the antagonism between the interests of the individual and the interests of society as a whole in the emergent capitalist economy

(p. 353f), and also Marx's analysis of "fetishist commodity production" in the capitalist economy (p. 356).

What Struve had in mind when he concluded that "universalist moments are super-individual" (p. 354), is a form of social thinking based on general abstract concepts (universals) of non-realist nature, i.e. for which no existence outside the human mind is made (as opposed to, Plato's "eternal ideas"). This is what Hegel, whom Struve misinterpreted, thought of, when he postulated a "transcendental subject", suggesting that there is a basic structure of self-consciousness outside the individual subject in the form of some "objective" and/or "absolute spirit". In more modern social science language, this implies that the individuals' perceptions of the world (and of society and economy) develop in parallel with a self-sustaining system of (super-individual) perspectives, without any priority of origination. In this context of his discussion, Struve states that "every super-individual is irrational in the above-mentioned sense". But this is unconvincing, since any "system of super-individual perspective" must be based on certain fundamental principles. Still, on this issue, Struve's view of the matter is more differentiated than Pribram's, who indiscriminately lumps together both kinds of "universalist realism".

By "immanent dualism of the socio-economic process", Struve means that only a limited part of it is determined by material conditions, knowledge of which permits "rational action" of individual agents whose behaviour can be rationally explained. Otherwise, the "irrational moment" prevails, wherever the will of men enters into the process—it is the specifically "human" element that is irrational. What Struve means here seems to be the following. Rational action pursues ends within the given conditions by means which agents consider best adapted to the ends, i.e. based upon the best available knowledge, whereas the choice of ends is "irrational", not subject to logical reasoning. But this does not mean that ends cannot be empirically analysed, and can therefore not be the object of (rational) scientific investigation, as Struve suggests in a shortcut.

Also, Struve's claim that rationality of a system by necessity requires its subjection to the "will of a central subject" is untenable. Economics since Adam Smith has portrayed the economy as a decentralised self-governing system which meets essential ends of individual agents, and it is simply not correct to say that it is based on a hidden supposition. Viewing the economy as a whole, does not imply the existence of a central governing subject—as Struve and Pribram suggest.

In his essay published in LOGOS Struve—as can be often observed in his writings—tried to achieve too much at one stroke. In his search for epistemological foundations of economics, he discussed the relevant issues in a wider philosophical context than his contemporaries Pribram and Spann. Overall, his treatment of the subject appears more differentiated, while at the same time less conclusive with respect to results.

7 Struve on Price, Value and Money

In his book “Economy and Price” (in Russian *Khoziaistvo i tsena*, 1913/16), Struve distinguishes two principal types of social formations, depending on their specific ways of interaction between their basic elements: a dualism of (i) “system” and (ii) “unity”. The first form is based on a horizontal interaction between individual independent elements. Coordination is the result of their spontaneous interaction (catalactics). In the second form, coordination is achieved through vertical theological links of subordination (hierarchy), power and ethical norms. Following this dualism, Struve distinguishes three types of economies “a set of autarchic economies, standing side by side and not interacting” ; “a system of interacting economies—economic order”, and “a subjective teleological ‘unity economy’”. According to Struve, of relevance are the last two types, namely “system of economies” and “unity economy”, as it is they that are manifested in economic reality.

With respect to methodology, Struve adopts the position of empirical positivism, according to which the starting point of each analysis is the “actual”, the facts. The “actual” is the subject matter of the analysis, which in turn determines the method. Prices and money occupy the central place in economic reality. The concept of “value” has no independent analytical meaning. Value has neither substance (labour, etc.) nor can it be derived from psychological dependencies (marginal utility, etc.). Only price is a fact.

In a “system of interacting economies”, there is free formation of prices (*вольные цены*), while “value” could only be conceived of as derived from prices, thus being a simple average of the prices observed “by eye” (“*глазомерно*”).¹⁴ In the “unity economy”, prices are indicated by the authorities, or else are derivatives of some ethical norm (decreed prices, *указные цены*). In both systems, measurement and calculation, made possible by money and its function as price measure, are indispensable. Measurement is associated with the medium of exchange function, dominating the first form of coordination, and with the means of payment function, which is leading in the second form of coordination.

According to Struve, only in interacting economies can we speak of economic order, i.e. of economic activity in the true meaning of the word. The core here is exchange and prices (“who says exchange—says prices”, see also Struve, 2007 [1924]). “A good that has no price is not an economic good” (similar to C. Menger). Struve is critical of the different concepts of production, whether subjective or objective. In the system of interacting economies, the economies and the economic actors are differentiated by legal form and in accounting terms. Through price movement and calculation, the effectiveness of individual economies and economic agents is measured and compared. According to Struve himself:

¹⁴ For this, Struve was criticised by his disciple S. Kon (1925), as well as by Chuprov (1925), who believe that value has a right to theoretical (nomographic) and independent existence, defined as a mathematical expectation of prices. It can be argued, however, that Struve’s simple average approach corresponds to his approach of realism and is based on actual exchange behaviour (actors do not have a priori exchange access to probabilities).

The concepts of I. Economic good; II. Price \equiv value; III. Money, cannot do without each other. Their logical order is established as we have described in the previous sentence. But this order could be reversed ... because all these three concepts are just different aspects of an essentially unified phenomenon. [...] Without the idea of measuring, measurability, comparability, which is the essence of money, we cannot consider economic concepts such as price-value and good. And vice versa: money, as the specific phenomenon of a universal tool of exchange and payment is only the embodiment of the idea of measurability of the goods in the turnover and its price. (Struve, 1916, p. 68).

The empirical approach, opposite to the metaphysical one, maintains that the equality between commodities and goods is generated by and only by the process of exchange. There is, and there can be, no common substance, no equality prior to exchange, that is nothing exogenous to the exchange. It is obvious that from this point of view value cannot influence prices. In general, only the psychological process of evaluation precedes price formation. As regards value, it is the result of prices. (Struve, 1922, 185).

Since change of prices is a permanent process, Struve denies the existence of equilibrium, be it static or dynamic. According to him, equilibrium is a special case of movement. Struve talks about “mobile” statistical equilibrium (today we can call it “non-stationary”). According to Struve, the traditional understanding of equilibrium is related to the wrong theories of value.¹⁵

In the spirit of his strict empiricism, Struve places special emphasis on accounting, for which prices serve as information base. Accounting reflects the performance of all economic actors and all types of activities, thus also becoming the basis for political economy. Accounting (book keeping) goes hand in hand with the legal framework of economic activity, which sets the boundaries of “individual” economies and gives clarity about their contractual interaction (economies are “legal atoms”, Struve 1916, 59, “economies are accounting and legal entities”, p. 5). In general, accounting is a manifestation of the basic principle of economic activity:

The activity of every economic subject is aimed at obtaining more for less, at realising positive value differences. In the field of non-exchange natural economy, this process can exclusively proceed in the form of subjective evaluations. In the field of the exchange-based economy this process becomes objective as regards price formation. (Struve, 1916, 22)

The above-mentioned dualism manifests itself in the field of accounting in two different types of records: (i) records at actual prices and (ii) evaluation records, linked with the duality of prices (“decreed” and “free”), and also the duality of law (private and public) (Struve, 1916, Ch. IV). Accounting also provides the only solution to the—in Struve’s view—“so-called” problem of income distribution.

Political economy cannot provide more information about profit than an accounting report ... Only the statistical processing of initial data and precise accounting can answer a whole series of questions raised by political economy which it has tried to solve “deductively”. The problem of accounting for the incomes of individual economies can be solved in this way

¹⁵ Against Struve, A. Bilimovic defended the concept of equilibrium, as well as the theoretical existence of the category “value”. For Struve’s reply, 2007 [1923, 1924] and the publications of A. Dmitriev [especially 2013].

Bilimovic later repeated his critique in a comment to Struve’s German article of 1936 (see the following section).

only. The actual essence of the problem of distribution can be explained only by accounting. (Struve, 1916, 86)

There is no such thing as a nation's total income or product. National income is a naturalist fiction (Struve, 1916, Chaps. 3 and 5). Struve criticises the "theory of imputation" (Wieser and Clark), Marx's "theory of exploitation", or the "social theory of distribution", advocated by M. Tugan Baranovsky. According to the Struve, incomes (grouped into three categories: direct, indirect and derivative) are only a manifestation of prices. There are no specific "substantial", subjective, psychological or ethical determinant factors behind them. It is purely a matter of calculation.

A similar interpretation is given to "capital". Struve conceives of capital not as a physical good, as Böhm-Bawerk does, but as a sum of money. It is a capitalised income, and income and profit represent only price differences that occur in space and over time. Only in the model of interacting economies ("system"), "capital accounting" takes place, while in a centrally planned economy capital is completely ruled out.

The dualism re-appears in Struve's theoretical considerations of money. As a central economic institution, money is both "heterogenic"—money as a natural phenomenon, emerging as result of a spontaneous social process; and "autogenic"—money as a rational, wilful act of authority (Struve, 1913, 67–84).

Actually, what is money – an autogenic or heterogenic phenomenon? ...Sticking to the facts, we can apply the basic dualism of the economic process to the phenomenon of money. The "natural" moment, the heterogenic moment, prevails in money over a long period of time, but the rational, autogenic moment is also there. The task and history of development, the theory of money boils down to the fact that the effect of the two moments mentioned above must be examined and assessed in the actual phenomenon of money. [...] Since from the viewpoint of basic dualism the "theory of money" is just a special case and a special issue of "the theory of price" then the same problem arises here in this significantly broader field [author's note: on dualism]. (Struve, 1913, 79)

As for the functions of money, apart from measure, money, according to Struve, are above all "a means of payment" and "a medium of exchange". These functions are equally represented and exist equally in monetary history. The medium of exchange function reflects heterogeneity, spontaneity, characteristic of the model of interacting economies, the means of payment function represents autogenicity, characteristic of the system of teleological economic unity.

In different periods and types of economy and society either one or the other function of money predominates. For example, in the time of feudalism, the means of payment dominates, which is analysed in the "feudal theory of money". At several instances, it appears that Struve gives priority historically/ genetically (but not systematically) to the means of payment function:

Money grows from two roots: exchange/interchange (a bilateral act) and payment (a unilateral act). But in as far as money has a state public and legal character, in as far as it is the object of regulation and is an autogenic phenomenon, it emerges from the order which regulates payments. (Struve, 1913, 317)

As regards the selection of the specific type of good which becomes money, Struve points to the role of imitation which brings him closer to C. Menger's approach:

While these objects serve as individual decorations or distinctive signs, they are not yet able to perform this function [the authors: a means of payment and a medium of exchange]. But the development of needs is determined by two tendencies: (1) an aspiration for separation and (2) a striving for levelling. The decoration arises individually, and then it becomes universal through imitation. This distinctive sign gradually obtains a general assessment, a certain fluidity (*'hodkost'*). This is how the objects of decoration initially appeared in the role of money". (Struve, 1916, 161f)

The duality of monetary institution is the reason why Struve accepts the two leading monetary theories of his time, namely that of C. Menger and that of G. Knapp, as equally valid. Menger's approach describes spontaneity, heterogeneity and the function of exchange, and Knapp's approach—rationality, autogeneity and the medium of payment function. Knapp's theory shows the ongoing process of rationalisation of monetary relations. And, this has a direct impact on monetary policy:

The state – and this has been manifested throughout the history of money circulation in the world – is not omnipotent but it is not powerless either as regards money. [...] "The idealisation" or "nominalisation" of the monetary constraint is reduced to a simple order; this is the problem of the rational mastering of the complicated overlapping of phenomena in which the heterogenic element plays a significant role. Ignoring this element, "exceeding" the economic power of the state, immediately results in a collapse of monetary policy: the management of money circulation has become a monetary anarchy. (Struve, 1913, 321)

Although noted in Russian and Soviet literature, Struve's monetary theory has never been the subject of a special analysis.¹⁶

8 Essays on Central Concepts of Economics: *Gleichgewicht*, *"Wirtschaft"*

In the 1930s, when Struve held a chair at the University of Belgrade, he published a series of articles in German in the *Zeitschrift für Nationalökonomie*; and in the Publications of the Statistical Institute for Economic Research University of Sofia. Struve mentions that some of these essays are based on his book *Economy and Price* (1913/16), of which he planned a German edition which never materialised.

The meaning of "economy" is central subject of two of Struve's essays. "Economy" should not be identified with provision of goods for the satisfaction of needs. What Struve calls "primary economy" is not economy in the proper sense (which Struve called "secondary economy"), because for the latter the valuation of goods in terms of prices expressed in units of money is essential (Struve 1922, 505f). This is not the case in an administered economy "with unified central natural accounting" which inevitably requires not only central regulation of production but in addition "restriction and gagging of consumption" (p. 507).

¹⁶ Most seriously and thoroughly, it was used by S. Demostenov in his work on monetary theory and history of the theories of money (Demostenov, 1937, 1942, 1945). For more, see Nenovsky (2019) and Nenovsky and Penchev (2017).

From this understanding of economy as secondary economy, Struve criticises Friedrich Wieser's concept of a "simple economy" based "on the idealising assumption that the subject is a single person" (Wieser, 1927/1914, 9). Rational decisions in the simple economy are made by analogy with decision making in the "social economy". Hence, Wieser's "deduction of social economy from the simple economy is untenable. Only the exchange relationship (between a multitude of economic units) constitutes the economical, even in its simplest form" (Struve, 1938, 8).

Struve's discussion of the use of the equilibrium concept in economics may be seen as most typical for his rather unsystematic theoretical endeavours, also because this article provoked critical responses (Bilimovic 1936; Conrad, 1937). Struve's principal argument follows from his denial of "universal concepts", which he now seems to reject without exception. Struve questions the adoption of equilibrium, which is a concept of the natural sciences, by economics, where equilibrium is turned into an "independent power above (empirical) phenomena", a "mythological concept" (Struve, 1936a, 485f). Besides that, he has a variety of objections to equilibrium in economics: the static character of the concept, which would entail the disappearance of a market once equilibrium has been established (p. 511ff); Stackelberg's markets without equilibrium in case of monopoly on both sides (p. 506), counterfactual assumption of equalisation of production costs (p. 525f), rejection of the use of idealised models as approximation of reality, etc. As alternative concept, Struve proposes that economics, in order to find causal relations between variables, "must think stochastically and work on the basis of statistics" (p. 522). In Struve's view, metaphorical use of the equilibrium concept is legitimate only for the accounting system. Business accounts are based on the assumption of "reversibility", i.e. that all real assets of a company can be properly valued in terms of money prices. Accounts are an expression of equilibrium of "nature" (physical assets) and monetary assets. Depending on the realism of the initial assumption, one can speak of equilibrium, or its disturbance (p. 529f). Also, Struve thinks that company accounts could be an important source of empirical economic research. Even for economic theory "accounting, as 'spontaneous' elementary economic doctrine, can provide building blocks for a strictly empirical economic theory" (Struve, 1938, 7). Therefore, Struve regrets the separation of business economics from political economy.

Struve's article on the problem of business cycles is another example for his tendency to subject various approaches to his critical examination, with negative results: due to the complex nature of the modern economy, "there can be no abstract-deductive general theory of the business cycle. Therefore, the limitations for predictions are extremely narrow" (1937b, p. 14).

In a comment on Struve's equilibrium-article Alexander Bilimovic (1876–1963), professor at the University of Ljubljana, denies that equilibrium serves as a "mythological concept" in economics. Far from being a pre-conceived idea, it refers to "a tendency of the market, resulting automatically from subjective and objective moments under certain circumstances, thus determining the economic process" (Bilimovic, 1936, 220). Stationary equilibrium, in contrast to Struve's view, is not a motionless state. Rather, it means the equality of the quantities continuously offered and bought (p. 222). Bilimovic also argues that Struve confuses equality of two

different goods in the act of exchange with equality of supply and demand of the same good in market equilibrium. In the same vein, Conrad (1937), on the basis of his alternative theory of the market process, argued that in a (static) state of “persistence” (his terminology) exchange does not stop, as markets clear through continuous supplies and purchases (p. 22). Also, Bilimovic questions the applicability of equilibrium for understanding the nature of company accounts, in which only money values appear on both sides of the balance sheet, including purely monetary assets without physical content on the asset side (Bilimovic, 1936, 228).

9 “Ideal Types” Versus Positivism

The problems Struve had discussed in his essay of 1910/11 occupied a central place in his writings during the years of exile. His critical discussions of fundamental concepts of economics inevitably touch upon the question about the relationship between positivistic empiricism and abstract-analytical theory. This became the central subject of his essay on foundations for the perception of objects in economic theory and its methodological consequences (Struve, 1936b).

Any science investigates the relationships between variables. Unlike mathematics and philosophy, economics is concerned with objects represented by general concepts through which real phenomena are identified. (Struve, 1936b, 8f).

If, by necessity, any science must be based on general concepts (universalia), this does not pre-empt that “false and empty verbal concepts” may come to dominate thinking about social phenomena. This threat can be countered not through general methodological–epistemological discussion, but only through case by case-investigations in the social sciences which confront theoretical concepts with reality (p. 10).

Relationships between phenomena are derived from inductive observation of real processes; they cannot be established by logical deduction as in mathematics. Therefore, Struve emphasises the empirical character of the social sciences. Induction may take two forms: through “theoretical description”, which arrives at its conclusions by establishing causal relationships in verbal form; and “probabilistic” (stochastic and statistical) induction.

As theoretical inductive variant, Struve discusses Max Weber’s approach of “ideal types” at several occasions. He is highly critical of Weber’s use of the concept, which comprises such diverse phenomena as broad historical syntheses, e.g. capitalism, mercantilism, Christianity, as well as general concepts of abstract economic theory, e.g. exchange, price, value, capital. Thereby, Weber “overstretched” his concept of ideal type, “rendering it useless in its universality”. (Struve 1922, 503). If this excessive use had been criticised even by Weber’s followers, who tried to save the concept of ideal type as attempt to establish models of causal relationships gained

by “exaggerating” certain features of interrelations,¹⁷ Struve is not convinced by this apology. In his view, thinking in terms of ideal types implies “to operate with concepts to which reality does not correspond . . . arbitrary constructs and empty abstractions, which do not originate from experience” philosopher Ferdinand (Struve, 1936b, 19).

Instead, Struve pleads for a rather strictly positivistic approach in economics, in which causality of a relationship is replaced by statistically established “necessity”, not identical with causality. Economics must start from exact observation and appropriate summing up of data as “statistical collectives” which comprise a multitude of non-uniform singular observations. Likewise, relationships between empirically established magnitudes do not have a definite exactness, but hold only within certain limits. Moreover, the nature of the established relationships is “a stochastic connectedness of random variables”. Here, “random” is not meant in an absolute sense, but that variables can have different values with certain probabilities.¹⁸

From all this, it appears that Struve wholeheartedly embraced the positivistic approach to economics—and yet, there remains an ambivalence which is characteristic for his thinking and his personality. In an article on the German sociologist and social philosopher Ferdinand Tönnies (1855–1936). Struve refers to his sociological conception based on the dualism of “unity” and “system” (Struve, 1937a, 57). In Tönnies’ most important book *Gemeinschaft und Gesellschaft* (first published 1887), *Gemeinschaft* (“community”), which is positively connotated, stands for unity, whereas *Gesellschaft* (“society”) stands for system, representing some form of decay. Struve criticises Tönnies for his assessment, which in Struve’s view has contributed to prepare the ground for the advancement of National Socialism, notwithstanding the fact that Tönnies was a sympathiser of the Social-democrats (p. 60). Tönnies book marks a distinct deviation from the prevailing tendency in sociological thought from a “voluntaristic-rationalistic/subjectivistic” concept of society towards a “voluntaristic objectivistic current” as initiated by Hegel and Lorenz von Stein (p. 58). The method by which Struve analyses and criticises Tönnies’ book is exactly the one which he has rejected as insufficient because of its reliance on purely theoretical-methodological reasoning.

10 Conclusions, Struve’s Heritage

Undoubtedly, Struve is a vibrant intellectual figure, a “once born” social scientist who connects Russia and the West. He was an important actor on the political theatre

¹⁷ In this context, Struve quotes an essay by Weber’s disciple Schelting of 1934. He might as well have quoted Sombart (1930, 258f), who proposed the term “rational schemes/*rationale Schemata*” as alternative.

¹⁸ Struve’s references for his approach to the fundamentals of economics are, among others, the Russian statistician Alexander Chuprov and the Austrian mathematician Richard von Mises (1883–1950, brother of the economist Ludwig von Mises) and his book *Wahrscheinlichkeit, Statistik und Wahrheit* (1928).

in pre-revolutionary Russia. In his lifetime, he also enjoyed considerable reputation as economist. His works were known to the Western reader, especially among German-speaking scholars. He not only integrated the achievements of Western economic thought into Russian economic theory, but his methodological and analytical approaches later on influenced an entire generation of disciples and followers. The formation of Struve's ideas and their subsequent diffusion not only illustrate the basis of V. Avtonomov's thesis about the refraction of Western ideas through the Russian reality and their reverse influence on the West, but also add new moments. One of them is the influence of economic thought in CEE. In addition, Struve's complexity and multifaceted interests make him an example of a fruitful synthesis of different scientific traditions.

Struve's main achievements are in the philosophy of economic thought. His main interest was focused on epistemological foundations and methodology. This clearly reflects his descendancy from the style of economic thinking prevailing in Germany in the nineteenth and early twentieth century with its principal concerns in conceptual foundations, systematising of concepts, ideological interrelations, and on history, whereas work on the abstract-analytical apparatus was rather neglected (Schumpeter, 1927, 1ff). Struve's economic writings have since fallen into oblivion, when the latter increasingly came to dominate economics in the twentieth century. Struve's disregard for analytical theory comes to the fore in his treatment of central phenomena, e.g. price and money, where he shows little interest in explaining the formation of prices, or changes in the value of money. In his view, common sense models could serve as basis for statistical verification to which he assigned a prominent place in what he considered economic theory.

It is this strong focus on "facts" which explains Struve's turn towards positivism, and his critical attitude towards various currents of economics which operate with analytical models. However, he always remained ambivalent between strict factual positivism and the grand general approaches which aim at getting economy and society into view in its totality. This becomes clear from his continued use of general "universal" concepts. In this respect, Struve's basic "dualism" between System and Unity is a remarkable achievement, as it anticipates modern systems theory. With respect to economic policy, Struve could be seen as one of the forerunners of Ordoliberalism and institutional economics.

The vast majority of Struve's followers emigrated and did not forget to pay a tribute to their teacher, as demonstrated by the *Festschrift* (1925) published in Prague. If most of his followers, who stayed in Soviet Russia, could not openly demonstrate their intellectual sources, Struve's influence can be found in a number of publications (e.g. L. Yurovskiy, M. Bertantzky, V. Bazarov, B. Livshits, I. Trakhtenberg and even S. Strumilin).

Struve has a strong influence on economic thought on the European periphery, and thus on the overall development of economic thought in Europe. Today, the interest in the common European cultural tradition is strong¹⁹ and the study of the spread of Struve's ideas proves useful. There is no doubt that Struve's influence in Bulgaria

¹⁹ See Magliulo (2019).

is felt the strongest. Through his two prominent followers, S. Demostenov and N. Dolynski, he became extremely popular between the two world wars.²⁰ Today, Struve is present in Bulgaria through his disciple Demostenov, whose textbook on political economy, as well as his publications on the theory of money, on history of monetary theories, and on banking, are still popular. During communism, Demostenov became the main target of attacks by Marxists in Bulgaria. Interestingly, some of Struve's Bulgarian students lived to see the fall of communism and shared recollections of him. Followers of Struve can be found in other countries, especially Yugoslavia; e.g. the prominent Russian economist A. Bilimovic, who worked in Ljubljana and who, notwithstanding his disputes with Struve, shared a number of his ideas.

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²⁰ Among Bulgarian followers stands out the prominent philosopher Dimitar Mihalchev (1880–1967), who actively communicated with Struve since 1911. In the *Festschrift* (1925), Mihalchev published an article entitled “*Social reality as a starting point and subject of historical science*”, in which he applied Struve's methodology of realism and dualism. Mihalchev's correspondence, as well as his autobiographical notes “*My Philosophical Development*”, reveal Struve's influence (Mihalchev, 1996).

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