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# SIMON KUZNETS AND RUSSIA: AN UNEASY RELATION

MOSHE SYRQUIN

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CENTER FOR THE  
HISTORY OF POLITICAL ECONOMY  
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## *Simon Kuznets and Russia: An Uneasy Relation*

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**Abstract:** Simon Kuznets was born and educated in Russia and the Soviet Ukraine. He completed his economic education and adopted his research methodology in the United States where Wesley Mitchell was a major influence during his early career. Though scarred by the trauma of displacement, eviction, and discrimination before emigration he regarded the early Soviet regime with an unbiased and mildly sympathetic scholar's eye. This changed drastically by 1930, apparently as a result of the Stalinist dictatorial regime and the hounding of kindred spirit economists. He fell silent on all things Russian for three decades. The debates on Soviet industrialization in the early 1920s influenced his major study on the economic growth of nations, and when the study was well underway he reengaged with Soviet economics with a devastating appraisal of its performance. Some of his work was influenced by his heritage, particularly his Jewish roots. Overall, his relation with Russia and the Soviet Union was truly an uneasy one.

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## **Simon Kuznets and Russia: An Uneasy Relationship**

Moshe Syrquin

Simon Kuznets, Nobel prize in economics for 1971, emigrated to the US in 1922. Some credit him with having arrived a “sophisticated and well-trained economist ...with practical statistical experience” (Maddison 2004). What was his training? How much did it influence his work in the US and to what extent can we say that his career in turn influenced back Soviet and Russian economics after 1990?

### **1. From Pinsk to Columbia**

Direct evidence about his early life and studies is scant. He did not write memoirs or record interviews with recollections other than his remarks at the celebration of his 80<sup>th</sup> birthday which Fogel rescued and published posthumously (Kuznets 1989). A real biography of Kuznets remains to be written. There are several useful essays that focus mainly on his later achievements and methods but have virtually nothing on his early life, studies, and heritage.<sup>1</sup> Arguably one of the most influential and consequential economists of the 20<sup>th</sup> century and yet almost absent from the literature other than as the prefix to the Kuznets-curve and an occasional reference to long waves. There is no repository of his papers. Scattered bits can be found at Harvard, the Rockefeller Foundation, and probably at the NBER but not digitalized and not easily available.

There is no intellectual or personal biography and as nature abhors a vacuum, many have hazarded guesses which often can not really be defended. Mistakes also abound. The little we had was substantially increased around 2010 by two serendipitous events: Glen Weyl turned an undergraduate term paper into a major work based on archival material and interviews with Kuznets’ children (2012) and, Kharkov University decided to reclaim Kuznets as her own and name the school of economics after him. For that occasion a group of scholars interviewed family members, unearthed documents and wrote various pieces for now available only in

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<sup>1</sup> See in particular Kapuria-Foreman and Perlman (1995), Easterlin (1979), Lundberg (1971), and Fogel (2001).

Russian.<sup>2</sup> Much of his young life experience and schooling are still vague even today. His birthplace was listed as Kharkov [Kharkiv in Ukrainian] by himself in official documents but after his death his widow told Abramovitz that it was actually Pinsk, then part of the Russian Empire, later Poland, today Belarus.<sup>3</sup>

A brief summary of what we know that may have some bearing on the topic at hand. Kuznets was born in Pinsk then part of the Russian Empire in 1901 into a Jewish household. In 1909 (or 1907) the family moved south to Rovno where they lived with his maternal grandparents. There he was raised in a combination of Russian from his mother and aunt and Yiddish from his grandparents (Weyl 2012). Following the start of the war in 1915 the tsarist government expelled the Jews from Rovno which was close to the front and the government feared the Jews might collaborate with enemy forces. They were given 24 hours to leave and all the family moved to Kharkov aboard trains that were picking up refugees across the Ukraine going east. In 1910, the father who had been working in a bank (or maybe as a fur merchant) left for the US. In Kharkov, the family with other refugee families lived in the building of a circus theater (Moskovkin 2011a). Simon and his brother Solomon studied in different schools because of the quota for Jews; Kuznets finished the two-year program of the 2<sup>nd</sup> scientific gymnasium in May 1917 and in May 1918 an additional higher course that allowed him to enter a university.

### *University – Commercial Institute*

Kuznets enrolled at the Kharkov Commercial Institute (not the University of Kharkov as often asserted) in the Fall of 1918 and had less than two years of studies which were chaotic. What type of institution was the Institute? The Merchant Society of Kharkov had operated since the 1890s a Higher Commercial Course for the training of personnel of commercial and industrial enterprises. In 1916, the Duma granted the Course the status of a Commercial Institute. Some saw in the commercial institutes a tool to promote Jewish dominance; a few years before

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<sup>2</sup> I cite below several by V. Moskovkin and by M. Mikhaylichenko translated with the help of Anna F. Syrquin and Google.

<sup>3</sup> Wikipedia identifies Kuznets as “an American economist.” In Belarusian this becomes “American economist from Belarus” and in Ukrainian “American economist of Jewish descent, educated in Ukraine”. An article in Time magazine calls him a “Belarusian economist.” That reminds us of Einstein’s statement: “If my theory of relativity is proven correct, Germany will claim me as a German and France will declare that I am a citizen of the world. Should my theory prove untrue, France will say that I am a German and Germany will declare that I am a Jew.” (*New York Times* 16 February 1930).

when the courses were being expanded, Kharkov's Governor expressed concerns about the role of Jews. A 5% quota for Jews remained in place up to the 1917 revolution. (Mykhailychenko 2017). Academically its standards were high and some of its staff might have also worked at the University.

Many have argued that the Institute closed in the wake of the October revolution. The Institute did not close in 1917 but only in 1920 after years of intense turmoil. Moskovkin and Mykhailychenko (2012, M&M below) deride the "stereotypical ideas about turbulent times" stressing that "Kharkov Commercial Institute continued their usual learning activities. Changes of fronts and regimes could not significantly disrupt the life of a big city." Maybe, yet Kharkov was serially occupied by Bolsheviks (November '17), Germans (April '18), troops of the Ukrainian National Republic (November '18), Red Army (January '19), Denikin's whites (June '19), and Red Army (December '19) which established Kharkov as the capital of the Ukrainian Soviet Socialist Republic. Some of the faculty at the Institute left with the retreating units of the whites and went into exile, others were put on trial or even shot (M&M). Commissars were appointed and additional social and political courses with a Marxian basis were introduced into the curricula (Mykhailychenko 2017). P. I. Fomin, who headed the Institute at the time and one of the more important professors that taught Kuznets, described the harrowing conditions under which they attempted to carry on from the end of 1919: "forced paralysis of institutional life; ... deprived of premises, library, of the possibility of organizing lecture work; without offices and laboratories, ...operating in buildings of the Jewish almshouse, .., with insufficient audience rooms, ..." (M&M: 31).

In 1921, the Institute was reorganized, partly in response to the anti-Soviet activity of members of the faculty, and became the Kharkov Institute of National Economy, the kernel of today's "Simon Kuznets Kharkiv National University of Economics." In October 1919, a large group of professors from Kharkov signed an "Appeal of Russian scientists to Europe." Compiled by N. Levitsky (another important professor of Kuznets), it contained sharp criticism of "the leaders of Bolshevism ... hiding under pseudonyms (Lenin, Trotsky), utopians and fanatics with criminal past..." Shortly thereafter Levitsky was arrested. (He returned to the University years later and rose to the status of Academician; M&M). That Kuznets managed to come out with a decent education attests more to his resilience and dedication than to the quality of the education at that time.

What exactly did he study and for how long did he attend classes is not at all clear. The available transcripts prepared (maybe) when applying to Columbia (M&M) show that he took examinations in the spring of 1919 and then just two additional exams in statistics a full two years later in July 1921. After less than two years in the Institute, he worked for 1-2 years in the Division of Statistics of the Central Soviet of Trade Unions where he published his first paper (below).

### ***Courses and teachers***

M&M found the program of studies for the first two years for the academic year 1916/1917 (a year prior to Kuznets' enrolling). It shows, as course catalogues are wont to do, an impressive array of courses and instructors. However, in Kuznets' transcript for the first year (fall '18-spring '19) there are only two substantive courses: Political Economy with P. Fomin, and History of Economics with N. Levitzky. In both courses the grade was 'Very Satisfactory'. As for the other names mentioned it is doubtful whether Kuznets took any of their courses or ever met them.

Levitsky and Fomin were probably significant influences in the economic education and subsequent career choices of Kuznets (discussed below). A third and potentially most important influence might have been Antsiferov. He and Levitsky were students of Chuprov who was influenced by the Historical School. In Kharkov, Antsiferov was the main lecturer on statistics and published books on "Elementary Statistics" and "Population Dynamics", topics that were to be of key importance to Kuznets. However, he left Kharkov with the white forces at the end of 1919, just as Kuznets was entering into his second year where he would have attended his courses. The transcript shows two grades for statistics (theory and practical) dated July 1921 and signed by I. I. Popov. By then, Antsiferov was long gone and the University had been closed for a year so it is not clear what he learned and with whom. We therefore concentrate only on the two main professors.

N. Levitsky was a former dean of the law faculty of the Kharkov Imperial University, and rector before its closure. He did postgraduate studies at Heidelberg and Berlin including classes with G. von Schmoller (M&M: 21). Levitsky was the main author of the curriculum and from him Kuznets got a thorough introduction to economic doctrines, and the thought that a critical assessment of economic schools was essential before proceeding to scientific economics.



Levitsky's path to economics came through Chernyshevsky's translation of Mill's *Principles of Political Economy*, an influence which he passed on to Kuznets in his inductive methodology and in the overall approach to the study of the national economy. There are interesting parallels between the structure of Mill's *Principles* and the order of the series of essays on "Quantitative Analysis of the Economic Growth of Nations" published by Kuznets in *Economic Development and Cultural Change* between 1955-1967. In his first book fresh out of Schmoller's seminar Levitsky did not reject Austrian ideas. He acknowledged the contribution of Menger to methodology and approved of his critique of Marxism. He advocated separating the history of the national economy into an independent discipline and subject of teaching (Maidachevsky 2011: 77). Levitsky regarded the stages approach of economic historians as unscientific and mechanical: "historical research is unable to determine when one phase of historical development ends and another begins" (ibid. 84). There will be echoes of Levitsky at the Konstanz conference where Kuznets criticized Rostow's stages approach (Kuznets 1963a).

P. I. Fomin was among the founders of the Commercial Institute and dean of its Faculty of Economics during the turbulent years. His course on Political Economy was the most substantive course of the program. He called for replacing the outdated methods of Schmoller historicism with the study of the "real conditions of modern industrial reality" (M&M: 27) advocating the use of methods of mathematical statistics. The methodological empiricism learned at Fomin's course must have come handy when meeting Mitchell at Columbia. Fomin might have also influenced in one more way: he was the originator and founder of the "Institute for the Economic Study of Russia" (usually referred to as the "Cabinet of Economic Study of Russia") in 1914, probably inspired in the similar institute founded at Kiel on the same year. The aim of the institute was the collection and systematization of statistical and economic information of the industrial, commercial and financial life of Russia. It published a *Bulletin* with statistics on the main indicators of the national economy and carried out research for private firms and government departments (ibid.; 27-8). This was the first economic research institution in Russia which might have later influenced the conjuncture institutes in Moscow and Kiev. (Moskovkin 2011b)

### ***Statistical office and first paper***

Much has been made of Kuznets' first job and of his first published paper, (Kuznets 1921), that he became head of the statistical office or of "a section of the bureau of labor statistics of the Ukraine" (Kuznets 1989), and that this bureau was similar to the National Bureau for Economic Research (NBER). What seems clear is that this was not an embryonic NBER and that he was not a senior associate. It was an opportunity to supplement the family income, and maybe acquire some experience of a very practical type. It was never intended to be a stepping stone but a holding place before the family could rejoin the father in the US.

Kuznets published a paper in Russian in July 1921 on "Money Wages of Factory Employees in Kharkov in 1920." Some have argued (almost certainly without having seen it, let alone read it) that it hints already to later work on fluctuations etc., and see it as the start of an academic career. Thanks to Moskovkin who dug out the paper and made it available (Moskovkin 2002) we can now read it ourselves. The paper is a detailed compilation and presentation of data on the remuneration of workers classified by trade unions in several industries, type of pay, hours worked, etc., over some months in 1921. It was written right after the establishment of the Ukrainian SSR and is of obvious interest but far from being a precursor to his work on time series, fluctuations, or any other analytical work. One element discussed is the system, or mode, of pay (time worked, output, premium, or other). This "mode mindedness" was to recur later as an impediment to the inclusion of communist countries in his comparative analysis.<sup>4</sup>

What type of articles were published in that journal, *Materials on Labor Statistics in Ukraine*?

The preface to the 2<sup>nd</sup> issue where Kuznets' paper appeared (only four issues were published) states that it comes out with great delay because of "incredibly difficult conditions of life and work in Ukraine during the winter of 1920-21" and that in the future it will endeavor to publish papers of not just numbers but of methodological aspects. The editor of the journal N. Dubinskaya may have been a significant influence on Kuznets as argued by Filatov (2002). Dubinskaya was the head of the Department of Statistics (and not Kuznets) and as editor wrote a paper in each of the four issues. A Kharkov professor of renown, I. A. Trachtenberg was a

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<sup>4</sup> "Acute 'mode-mindedness' among the leadership was revealed in intense concern with whether or not goods were produced and sold under 'capitalist conditions.' The journals and statistics of the NEP and the first Five Year Plans were careful to spell out the different ownership structures of each industry. Concern with changes in 'mode' was placed on a par with the recovery of output itself" (Boss 1986: 247).

consultant to the Statistical Office. Did they meet? Did Kuznets even know him? Fun to speculate but not likely.

### ***Exit – leaving Russia***

In March 1921, the Peace of Riga, was signed ending the war between Soviet Russia and Poland. Pinsk and Rovno were now in Poland and refugees were required to return to their former lands (Moskovkin 2011b). Refugees, mostly Jewish, started heading west including the Kuznets family. Here the story becomes even more cloudy. Kuznets had a permit (as a worker of a soviet office?) to travel in the Dnieper vicinity close to the border and tried to prepare the return of the family but without success. A variant tells of him being briefly arrested as they crossed into Poland and charged with espionage (as a soviet bureaucrat?), but soon released. Since emigrating from Poland was not an option, Simon and his older brother Solomon left for the US through the free city of Danzig, probably with false documents.<sup>5</sup> The ailing mother, younger brother George, and the rest of the family moved to Warsaw.<sup>6</sup>

### ***Columbia***

Kuznets arrived in the US in 1922 and immediately entered Columbia University where in very short order he got all his degrees: BA in 1923, MA in 1924, and the PhD in 1926 but probably completed in 1925.<sup>7</sup> Economics at Columbia at the time was ranked just after Harvard at the top.<sup>8</sup> It is remarkable that it accepted two Jewish immigrant brothers at the time, and no less remarkable the speed of Kuznets' accomplishments.<sup>9</sup> We have no information on what he studied there. He met Mitchell in graduate school and caught his eye fast, especially with his erudite and impressive master thesis on Professor Schumpeter.<sup>10</sup> Mitchell was the main influence on Kuznets as a teacher, researcher, and mentor. "Wesley Mitchell, ... had a

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<sup>5</sup> False documents for moving freely or perhaps to avoid being drafted. This may explain Kuznets sticking with the story of Kharkov as the place of birth.

<sup>6</sup> Moskovkin (2010) based on correspondence with Judith Stein (daughter) and Ruth Kuznets-Hauptman (niece).

<sup>7</sup> "The degree requirements also stipulated that [it would be] conferred only after a publisher's contract had been signed." (Ginzberg 1987).

<sup>8</sup> Raymond M. Hughes, *A Study of the Graduate Schools of America*, (January 1925), cited in Irwin Collier, *Economics in the Rear-View Mirror*, <http://www.irwincollier.com/economics-graduate-programs-ranked-in-1925/>

<sup>9</sup> Academic antisemitism was rife in major eastern universities in the 1920s including Columbia even if it was not the worst offender (McCaughey 2003).

<sup>10</sup> The master thesis is extensively discussed in Perlman (2001) and M&M (2012).

tremendous influence on me” said Kuznets in his “Brief Talk” (1989); the only person so recognized here or anywhere else. The influence came through example, through their personal relation, and the courses: “Business Cycles” and “Current Types of Economic Theory.” The courses of Mitchell and his research methodology were a natural continuation of his studies with his two professors at Kharkov. Difficult to disentangle where Kharkov gives way to Columbia; I’m inclined to think that Mitchell was the main forming influence on Kuznets while recognizing that some of the groundwork had already been laid.

Before discussing the relation of Kuznets to Russian economics I briefly note some of his main contributions emphasizing details that may have some bearing on the Russian connection.

## **2. Some contributions**

### *Cycles*

Kuznets began his academic career with his PhD dissertation on *Cyclical Fluctuations* published in 1926. He came under the umbrella of Mitchell publishing two more books on the other commonly identified components of the cycle: secular trends (1930b), and seasonal variations (1933a). In 1929 he published a major article with an exposition of the work of Slutsky on the summation of random factors as a source of cycles which had been published in Russian with only an English summary (1929c). An English translation was published in *Econometrica* in 1937.

After Columbia he worked for almost two years as a SSRC fellow on what became his book on *Secular movements in production and prices* (1930b), his only major work for more than two decades, not under the aegis of the Bureau and Mitchell. The 1930 book on in six countries was truly the beginning of his interest in growth and comparative analysis. He presents there his thesis on retardation [below] and his influential finding about the existence of 15-20 year cycles in output and prices in the United States which he labeled “secondary secular movements” later to be known as “Kuznets cycles.” An implication of this work was that the study of long-term growth required observations over periods that extend well beyond the duration of the cycle itself; half a century or more as a minimum. The 1933 book presents novel methods for measuring *Seasonal Variations* and emphasizes the burdens that such variations impose on the productive factors and society as a whole.

In the late 1920s he applies his solid statistical background to explore various issues of time-series analysis (taken to mean business cycles analysis) publishing the results primarily in the *Journal of the American Statistical Association*. He also begins writing entries for successive volumes of the *Encyclopaedia of the Social Sciences* being coedited by Columbia Professor Edwin Seligman (with Alvin Johnson) and where his older brother Solomon was among the assistant editors. The entry on *Time Series* is a compendium on business cycles with an up to date bibliography on the statistical analysis of cycles with prominence given to Mitchell, and also a generous listing of German sources but none in Russian. In the entry on *Conjuncture* Kuznets traces its origins to the German literature where it moved from astrology to “the totality of uncontrollable and variable market conditions.” It was widely used in German countries, Scandinavia and Russia, while English speaking countries preferred the term cycle. Thus the proliferation of *Conjuncture* institutes in Europe at the time. Years earlier, Kuznets translated a summary of Pervushin 1925 book into English and still used “conjuncture” in the title – “an irksome cognate” to Owen (2009: 223).

He wrote three major papers in 1930 mostly on methodology, criticizing static equilibrium analysis and arguing for the necessity of an inductive approach for a general theory of change. He appears a bit extreme and uncompromising at this stage defending Mitchell and attacking others. The ‘mathematical school’ is criticized for simplifying too much and thus unable to explain development, while Schumpeter's *Theory of Economic Development* is hailed as a significant milestone. “Whatever the interpretation of the equilibrium approach, it seems to be a blind alley from the point of view of business-cycle theory” (1930a: 399).

### ***National Income and Capital Formation***

The very first publication of the NBER in 1921 was on National Income with a focus on personal income and its distribution, but by 1930 it had run into difficulties. In 1931 Kuznets was asked to make a survey to consider renewing the project at the Bureau “under the special supervision of Dr. Mitchell” (NBER 1933: 14). “He spent six months or a year going through the foreign as well as domestic literature, ... to organize the field. ... when Mitchell first asked him to work on national income he was not too keen; only when he got in to the literature did he begin to see the structural and conceptual problems that made the subject far more interesting than mere accounting” (Carson 1971; 81). The enterprise achieved national prominence when in 1932

Senator La Follette introduced a resolution instructing the Secretary of Commerce to prepare a report on the National Income of the US for each of the years 1929, 1930, 1931. The report written by Kuznets was published in 1934. After that he became the key player in an active field of research. He published various reports in the *NBER Bulletin*, and books on national income, capital formation, and commodity flows. Kuznets's effort at estimating national income, while not the first, was so distinctive that it became the benchmark in the field.

For Kuznets, national income estimates were indicators of economic welfare and less so measures of short-run productive capacity. In the postwar period, the short-run perspective of the Keynesian approach and the related requirements of the political system for a more active macroeconomic policy to maintain full employment with price stability lead to the development of systems of national income and product accounts that Kuznets considered inadequate as gauges of economic growth and welfare (1972a). The short-run approach, focusing more on production than on consumption, prevailed in part because of the spread of Keynesian theory but also, paradoxically, because of the application of the Kuznets system of national income accounts to the war effort (below).

### ***The Economic Growth of Nations Project***

Kuznets doggedly pursued his idea of a comparative long-term study of economic growth for several decades. The work in the late 1920s that resulted in his 1930 book was the first substantive foray of Kuznets into growth and development. The national income project then fell into his lap, and this brought about a useful hiatus in the preoccupation with growth. The analysis of growth had to wait for the development of national income measures as he acknowledged in a retrospective account in 1983

“As I look back on the sequence of studies that I was instrumental in completing, they began with a group of related studies of factors—cyclical fluctuations, secular movements, seasonal variations—that affected the development of the American economy. Then they shifted to national income for a single country, the United States. Then they shifted to a wider view, using national income estimates and their components to compare the performance of different countries in many parts of the world on an international scale. That sequence of studies would not have been feasible between 1900

and 1920 or even between 1910 and 1930. It was feasible only between 1930 and 1970” (Kuznets 1989: 434–36).

By the early 1940s Kuznets felt ready to finally embark on the study of economic growth. In a remarkable letter to Mitchell in 1943 while still at the WPB, he writes about his plans for a longer range study “related to a project which I discussed with you before Pearl Harbor and concerned a comprehensive analysis of the longer term economic trends in the industrial countries of the world. ... I would now like to return to this broad area; and spend in the work on it whatever long years it requires and are within my capacity to give.” He concludes by apologizing for writing about such issues “at a time that objective conditions in the civilized world are in such a state of turmoil and human lives are wasted in such cruel fashion.”

Upon his return to the NBER in 1945, he drafted a fifteen-page document, “Preliminary Notes on the Study of Comparative Economic Growth,” circulated at the NBER. The proposal was discussed, received favorable reviews from Mitchell and others but with the selection of Burns to replace Mitchell as research director it seems to have been shelved. The missed opportunity was taken up by the Social Science Research Council (SSRC), under whose aegis most of the growth study was done. The SSRC in 1949 established a Committee on Economic Growth with Kuznets as chairman, and this enabled him to sponsor, with Ford Foundation funding, a score of studies on comparative long-term economic growth in advanced countries. Results from the various pioneering country studies were presented at the biennial conferences of the International Association for Research in Income and Wealth (IARIW) founded in 1947 with Kuznets as its first chairman (see below for a sample of papers). These studies formed the backbone of the ten long articles on the quantitative aspects of the economic growth of nations published in *Economic Development and Cultural Change* between 1956 and 1967. Growth was conceived not just as the increase in income per capita but was extended to encompass the most important changes in structure, distribution, and international trade. More elaborate and succinct summaries of the project appeared in *Modern Economic Growth* (1966) and *Economic Growth of Nations* (1971).

*Modern economic growth* (MEG) is Kuznets’s term to describe the economic epoch of the last 250 years, distinguished by the pervasive application of science-based technology to production. The principal quantitative characteristics observed during the process of MEG are

high rates of growth of per capita product, of population, and of factor productivity, and a high rate of structural transformation (Kuznets 1973). For Kuznets, “advancing technology is the *permissive* source of economic growth, but it is only a potential, a necessary condition, in itself not sufficient” (247). Its realization requires institutional and ideological adjustments. Keynesian analysis elevated aggregate measures to the center stage, which may have been appropriate for short-run stabilization but less so for long-term growth and development. One effect was the disappearance for decades of any analysis of industrial structure and structural change.

### 3. Acquaintance with Russian economists

In Kuznets work there is very little reference to Russia, her economy, or direct reference to economic ideas originating there. It seems that he did follow and read on Russian affairs and literature but was reticent to even speak Russian and refrained from visiting the Soviet Union even when invited.<sup>11</sup> This had to do more with the Soviet regime than with things Russian. We will therefore explore indirectly the influence of his Russian background on his work and observe his changing attitude towards Russia as it evolves from his emigration up to the award of the Nobel Prize. There is not much information but what there is, is powerful. We try to learn from a) acquaintance with Russian economists in Russia, b) interest as shown by reviews, citations, and dealing with Russian economics and affairs, c) choice of research topics and approach and, d) any evidence of having absorbed some of the Slavophile ethos about a distinct Russian economics.

#### *Acquaintance travels and contacts*

From his studies and early career interest it is clear that he was well acquainted with the main works on business cycles and statistics. In the late 20s, his linguistic skills are put to use and he serves as a conduit for introducing Russian work on cycles to English speakers, particularly Mitchell. He translated a summary from Pervushin’s book *The Business Conjuncture*

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<sup>11</sup> Paul Kuznets, personal communication, January 30, 2021



for publication in the *Quarterly Journal of Economics* (Pervushin 1928).<sup>12</sup> Earlier, he had prepared a synopsis of Pervushin for Mitchell who referred to it in his 1927 book as a source for the relations between business cycles in Russia and in Western Europe. In 1929 Kuznets published the first paper in English on the “remarkable memoir by Professor Eugen Slutsky” on the summation of random causes as a source of fluctuations. Mitchell has a very brief mention of Slutsky at the end of his “Addenda” (1927: 478), referring to the “English summary” published with the original Russian article. It was most likely Kuznets who brought this to his attention.

Mitchell met Kondratiev during the latter’s visit to the US in December 1924 yet it is likely that for the discussion of Kondratiev in his 1927 book he again relied on Kuznets good offices. Kuznets (1930b) was the first to study Kondratiev’s work in depth (Louca 1999), including his original 1925 study in Russian (and not just the abridged version in German), and the debate, also in Russian, with Oparin. In 1930 Kuznets gave an extensive summary of previous (and untranslated) work on long waves including van Gelderen (using the pen-name J. Fedder) in Dutch, de Wolff in German, and Trotsky in Russian. Kondratiev’s 1926 German paper translated only in 1935 states at the end that only in 1926 did he become acquainted with de Wolff’s article which “in many points reaches the same result as I do. The works of J. van Gelderen, which de Wolff cites and which have evidently been published only in Dutch, are unknown to me” (1935: 115). Kuznets may have been the source of this acquaintance of Kondratiev. Frisch also benefited from Kuznets’ erudition and linguistic skills; in the spring of 1927 Kuznets lent him the draft of the book published in 1930 which, as seen above, included an account of the Kondratiev-Oparin debate (Louca 1999: 192).

Mitchell’s addenda also mentions a Russian paper by Albert Vainshtein (spelled Wainstein there) on *Harvests, Meteorological and Economic Cycles* (1926), that reviews the recent literature on weather theories of business cycles. Vainshtein was a member of Kondratiev’s Institute, one of the lucky few that survived (see below for Kuznets review in 1962 of a book by Vainshtein). Mitchell mentions “the synopsis of Wainstein’s paper, supplemented by notes which Dr. Kuznets has made” (1927: 475). Weather is a major factor in seasonal variations in agriculture, an important topic at the Conjunction Institute at the time and also one that should have interested Kuznets who was starting his own research that lead to *Seasonal Variations* in 1933.

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<sup>12</sup> But he did not translate Kondratiev, Slutsky, or Vainshtein as claimed by Filatov (2002)

### *Did he know any of them?*

Contrary to some claims, during his brief university studies in Kharkov Kuznets most likely did not meet its two stars on cycles: Tugan-Baranovsky and Slutsky. They were not in Kharkov during the period that Kuznets was there and they probably did not lecture at the Institute. But he did meet Kondratiev when the latter came to the US (Makasheva 2021) and remained in contact with him including the time Kondratiev was imprisoned at Suzdal.

It is not clear when Kuznets might have been in Europe in the decade following his arrival in the US. His passport showed visits of about two months to Danzig (Gdansk) in 1923 and 1927.<sup>13</sup> A niece (daughter of younger brother George) wrote that both brothers visited the ailing mother in 1925 or 1926 but met in Danzig not wanting to cross the border to Poland. As recounted in Barnett (1998: 92-3), Mitchell wrote Kondratiev after they met in December 1924 that one of his students working on cycles had told him that he had met him “in the old days in Petrograd”, and that Mitchell had given him Kondratiev’s address. Kondratiev did not remember meeting Kuznets. Could Kuznets have been in Petrograd in 1923 (in 1924 it became Leningrad) and met Kondratiev? Was he able to travel from Danzig to Germany and perhaps meet economists working at various Conjecture Institutes there?

In 1930 he published a booklet in German (never translated) on *Nature and meaning of the trend: On the theory of the secular movement* (1930c). It was published by the Frankfurt Society for Business Cycle Research where Eugen Altschul was the Director. Altschul had earlier edited the German version of Mitchell’s *Business Cycles* and when he emigrated to the US he worked at the NBER. Other works in the Frankfurt series mention their origin in “the seminar of Dr. Altschul”. Though Kuznets does not, he may have visited Altschul’s institute and perhaps also the one in Kiel where Marschak and Leontief worked before leaving the continent, Marschak for England and Leontief for the US where he was greeted at Ellis Island by Kuznets.<sup>14</sup>

The relation with Kondratiev goes further. In a 2004 interview Angus Maddison “recalled that Kuznets told him Kondratieff was a ‘family friend’ and that the Kuznets family had tried to bring the great Russian economist to the U.S.” (De Rouvray 2005: 9). I considered this unlikely

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<sup>13</sup> Judith Stein, personal communication, May 10, 2021.

<sup>14</sup> Kuznets not only greeted Leontief at the port but probably was instrumental in his getting the NBER research associate position. Leontief omits mentioning their exchanges; they appear in Bjerkholt (2016).

until I came across a paper on Kondratiev's Suzdal letters written between 1932-1936 to his wife and daughter while detained there in political isolation.<sup>15</sup> Klyukin and Yakovets (2006: 129-30) write that the Suzdal letters of 1932-1936 include dozens of references to Kuznets and that Kondratiev thanks him for books sent to Suzdal. They add that: "Kuznets is supposed to be the main Western informant for Kondratieff-prisoner." Makasheva (2021) also reports of extensive interaction between the two.

#### **4. Interest in Russian economics**

There is no indication of an interest in Russia and its economy during his studies in 1922-1926.

His first book in 1926 on *Cyclical Fluctuations* has no Russian references and nothing that would make us think of Tugan-Baranovsky or Slutsky.

##### ***Statistics and revealing early book reviews***

Kuznets engagement with Russia begins with book reviews and statistics. Russia, not least Kharkov, contributed to the development of statistics in the early 20<sup>th</sup> century. The turmoil during 1919-1920 may have prevented Kuznets from benefiting more from the resources at Kharkov but he probably arrived in the US with a solid base. He continued following developments particularly about time series analysis and its application to business cycles. In the 1920s, he made repeated reference to methods devised by Russian statisticians for the computation of moving correlation which he regards as superior to current practice. In particular he refers to S. P. Bobrov's Russian "translation and adaptation for the Soviet reader" of the *Handbook of Mathematical Statistics*, edited by H. L. Rietz, and to the entry there by Bobrov himself on "Changing Correlation" (Kuznets 1928). Other prominent Russian statisticians mentioned are N. S. Chetverikov and B. S. Yastremski.<sup>16</sup> In an article on measuring the seasonal

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<sup>15</sup> Kondratiev was dismissed from the Institute in 1928, sentenced to eight years in a prison camp near Suzdal. In 1930, tried again in 1938 during Stalin's Great Purge, condemned to ten years without the right to correspond with the outside world and executed on the same day the sentence was issued.

<sup>16</sup> Bobrov and Slutsky are thanked by Pervushin in the article translated by Kuznets in the QJE. Bobrov was a most picturesque character known mostly as a "writer, poet, literary critic, and translator" but also as an "economist, statistician, chess theorist and author of mathematical works."

[http://archivsf.narod.ru/persona/bobrov/bobrov\\_s.htm](http://archivsf.narod.ru/persona/bobrov/bobrov_s.htm)

amplitude of fluctuations (Kuznets 1932), Kuznets refers to “suggestion made some years ago by the Russian statisticians, Bobrov and Tschetverikov to use the coefficient of regression” citing now a book by Bobrov on *Economic Statistics*.<sup>17</sup>

The book reviews are particularly of interest for this paper, especially two reviews of 12 books on Russia in 1929 in the same issue of the *Political Science Quarterly*. The first, reviews five studies (published in three books) of Russian finances during the Great War and the second, reviews nine books on various current issues of Russia in the mid 1920s. All in English. After 1929 Kuznets falls silent on almost anything Russian for three decades.

The nine books, all part of the *Vanguard Studies of Soviet Russia*, were written by American and British communist writers or at least extreme sympathizers of the Russian experience “who since 1918 have visited the country and liked it” (Kuznets 1929b: 272). They are mostly apologetic tracts at a time when the young Soviet regime was being scrutinized and criticized in the West. Kuznets, with an open mind, takes these pamphlets seriously and tries to winnow what’s of value: “Sympathy and critical awareness, are both necessary if an honest study of such a live and controversial subject is to be made” (ibid). These reviews are of particular interest for assessing the early attitude of Kuznets to Russia and the USSR. First time that Kuznets expresses himself and quite freely on Russian affairs. It will also be the last time for many decades. In the reviews he evinces already a very critical approach to loose use of data and to unsupported theories but also shows that at that time he was somewhat sympathetic to the Russian experiment without overlooking the many clouds there and those approaching. Soon thereafter he became much less sympathetic arguably because of the violation of rights and freedom that were there for anyone willing to see. The firing, trumped up charges, and jailing of Kondratiev and other economists were among the triggers for his recoiling. In the review article he writes, for the first and perhaps last time in his academic output, of himself in the third person revealing some of his Russian background and continuing interest in Russian affairs: “The paragraphs that follow present the opinion of a layman, who has spent most of his life in Russia and who maintains a lively interest in current Russian history” (1929b: 273). The lively interest was soon to be extinguished.

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<sup>17</sup> A recent study on the “Ukrainian Educational Literature On Statistics” discusses methods in the analysis of seasonality and mentions Bobrov and Chetverikov but not Kuznets (Kaplenko 2014).

A few additional revealing quotations from the review:

“... the positive bias of some of the less critical authors has found too much play”; “The opening volume ... *How the Soviets Work*, ... indicates, if somewhat too briefly, the spots on the Soviet sun: the problem of democracy, the treatment of the intellectuals, and the troublesome economic question of capital accumulation”; “In *The Economic Organization of the Soviet Union* ... too much insistence upon achievements, and too little attention paid to the formidable problems to be solved.”

Kuznets sympathizes with the dire international situation of Russia. Given the “attitude of the foreign powers towards Soviet Russia... One begins to understand the causes of the suspicions which present-day Russia entertains towards her powerful neighbors, and which may disappear only as years of peace roll by.” He refers to the plight of women in Russia who “do not yet have opportunities equal to those of men, may never have them, and in the hardships of current Russian life they may be bearing the heaviest load.” But, he adds with evenhandedness, “a number of purely medieval restrictions have been lifted and family life is on a healthier basis.” “The two books on health and on education lack interest because there does not seem to be a clear distinction between programs and achievements.” In conclusion: “in the ever increasing flood of journalistic literature about Soviet Russia, these books are among the best for the average uninformed reader. They do indicate, however, a need for a more thorough investigation of Russia by impartial foreign scholars” (276). Paul Douglas wrote a less even handed review of five of the books displaying an affinity with the socialist cause and a preference of it over capitalism (Douglas 1928).

In the companion review article the three books reviewed were part of the Russian series of Carnegie’s *Economic and Social History of the World War*. These were written mostly by emigres some with government experience before leaving Russia. It is one of the few places where Kuznets presents a diagnosis of the ills of Russia’s economics before and after the Revolution. He inserts his own succinct summary of the economy of Russia before and in the aftermath of the war:

“Russia, a country which depended so much upon imports of raw materials and of machinery, a country in which there has been both too much and too little alliance between the government and the significant industrial groups, a country in which the crucially important basic industries were a recent growth fostered to a very large extent

by foreign capital and handicapped by an inadequate railroad net -- this Russia became almost completely isolated at the outbreak of the war and had to defend a frontier much larger than any other frontier in the world struggle. Add to that a lack of foresight and of statesmanship, a chauvinistic confidence based upon a history of conquests in wars essentially different in type from the industrial warfare of modern times, and one begins to understand the debacle that followed" (Kuznets 1929a: 267-68).

Kuznets addresses issues of continuity and change between the Tsarist and Soviet regimes. "From the point of view of historical succession, and in spite of the different social basis of the governing groups, the peculiar system of economic organization which is now characterized as Military Communism was largely a direct continuation of the regulative organization which had its small beginnings during the first years of the war. And the essential economic problems of present-day Russia are mainly the same that were the source of trouble before 1917" (268).

A theme that figures prominently in his own work on cycles, the distribution of the burden, appears in recounting "the inadequacy of government regulation in Russia during the years 1914-1917" Even though the regulation extended "toward a complete monopoly, yet at no time under the Tsarist rule was the regulative pressure effective enough to distribute the war burdens differently from the way in which the untrammelled contest of the social groups had put it. There was little effective attempt to change the social consequences of a war subsidized largely through inflation" (269).

He ends with his characteristic mix of praise and detailed criticism:

"One leaves the volumes with the impression that here is a rich treasury of material, and that when completed it will be unmatched by books in any other language for its wealth of data. Defects in presentation, interpretation and omission there are, to be sure. One does not find sufficient indication that the economic prosperity of Russia after 1905 and prior to the war was not sound all the way through. ... Nor is it emphasized that in the pampered conditions in which the large-scale Russian industry grew, the large size of its units was not at all a sign of technical efficiency. One might also object to the constant use of money terms, and to comparisons carried through without deflating money volumes to purchasing power" (271).

Kuznets fell silent afterwards. Kondratiev's arrest and the various Stalinist purges are probably a main reason. Vainshtein, a survivor from the Conjuncture Institute who spent many years in jail, told Alec Nove that the change in attitude towards such 'specialists' as Chayanov, Kondratiev, and other Bolsheviks took place "By December 1927, before that, they listened to us as specialists. After that, we were enemies" (1993). The next encounter of Kuznets with Russian economics is precisely linked to Vainshtein. In 1962 he reviewed, for the first and only time a book in Russian: Vainshtein's book on *National Wealth and Accumulation in Prerevolutionary Russia*. He wrote no more reviews after that. Vainshtein was best known for his work on national income and wealth. His lifetime work, published in 1960 and submitted as a doctoral dissertation, was started in the 1920s when he was deputy director of the Conjuncture Institute under Kondratiev and was completed only after his rehabilitation in 1956. The work was repeatedly interrupted during Vainshtein's some 18 years in prison, concentration camps, and exile (Campbell 2012: 425). It was fitting for Kuznets to review this book as if closing a circle and signaling that bringing attention to the work of the old colleague of Kondratiev was good reason to return to Russian writings if only for this one time. Reviewing or noting the work of associates of the Conjuncture Institute after 1930 might have put them in harm's way especially if done by an émigré like Kuznets.

Vainshtein's 1960 book dealt with historical data and with the methodology for calculating national wealth and accumulation. It was followed by a second book in 1969: *National income of Russia and the U.S.S.R.* (reviewed by Nove in 1970) where Vainshtein criticized official Soviet definitions of productive and unproductive services but also the Western definitions in use about the inclusion of civil service and the army and cited Kuznets in support. As typical of Kuznets' reviews this too points to limitations but no less to what Kuznets sees as the merits of the work. Thus he writes that the "lengthy review of conceptual and methodological questions ... fails to cover many of the recent writings" but still is of value "for the references to the Soviet literature and to earlier estimates of wealth in pre-revolutionary Russia. The presentation is sufficiently detailed so that the user can omit or include various components" (1962: 235). Then comes a disclaimer followed by praise "This reviewer, not being familiar with the primary statistics for pre-revolutionary Russia, is not capable of judging how fully the available data were exploited and how judiciously the material was used. But, on the evidence in

the book, a long and consistent effort appears to have been made to use a wide variety of data and to cover explicitly all significant components of material reproducible wealth within the country” (236).

A mild rebuke on the lack of international comparisons: “nor does he examine the level of the implied net capital formation proportion with that in other countries and consider the questions that would have arisen as a result of such comparisons.” and the concluding endorsement “But these strictures, relating to the estimates of capital accumulation, ... should not lead to a neglect of the significant contribution made by the volume. It is clearly of wide reference value to readers interested in the economic history of Russia and of the USSR, and in the magnitude of national wealth, in its relation to national income and its components, in the process of economic growth” (237). Two years after the review Vainshtein published a paper on “Problems of International Comparison of National Wealth” where he laments the “insufficient attention ... given to ... international comparison of national wealth indices” (1964, abstract). Possibly prodded by Kuznets’ review.

### ***Conferences***

There were various NBER and SSRC conferences, including one organized by Bergson in 1952, where soviet issues related to income and growth were discussed. Kuznets did not participate or hardly commented on any of those before the 1961 conference that he organized with Bergson. By the mid 1940s Kuznets was the undisputed authority on National Income. At that time Sovietologists (and the OSS) started to construct estimates for the Soviet economy during the war and intensified the effort during the Cold War. Bergson was a key player; his 1961 book on *The real national income of Soviet Russia* lists western scholars on the topic and their arguments for not relying on the Soviet estimates. Leontief and Gerschenkron appear in the acknowledgments, but not Kuznets. The text does include several references to “Professor Kuznets and the Department of Commerce” but none of those is related to the USSR.

Bergson’s conference in 1952 on Russia’s economic growth (published in 1953) was in response to concerns by social scientists about “the implications regarding Russia’s military potential, [and] ... because of their interest in the recurring question of the comparative economic efficiency of different social systems, and in the problems of industrializing backward areas.” (Bergson 1952: 29) All of the mentioned topics were of eminently current interest to Kuznets



who was pursuing his project on comparative economic growth largely under the aegis of the Committee on Economic Growth of the SSRC of which he was chairman since its establishment in 1949. Bergson's Conference was organized by the joint Committee on Slavic Studies of the same SSRC and yet, Kuznets avoided any link with it. I was not able to find even an oblique mention to it in the minutes of the Committee on Economic Growth for those years. The lead paper on National Income in the volume is by Gregory Grossman followed by comments by Gerschenkron, Leontief, and Bergson. No mention of Kuznets.

It was only in the late 1950s that the committee on economic growth started discussing the sponsoring of a conference project which eventually was held in 1961 and led to a volume edited by Bergson and Kuznets and published by the NBER in 1963. This conference came just a few years after the Nixon-Khrushchev kitchen debate of 1959, a time when US-USSR comparisons were being pursued assiduously in government and academia. The Joint Economic Committee of the US Congress held hearings on the same topic in 1959. The 1961 conference differed from the one in 1952 in that this time rather than speculate on prospects they were asked to do comparisons with other countries, especially the US.

The volume with the papers from the conference has seven studies by distinguished students of Soviet economics (Bergson, Kaplan, Holzman and others) and an appraisal of comparative performance by Kuznets. The appraisal sheds light on his general attitude towards the Soviet Union and may explain why he had been reticent to include it among the countries studied in his large project on the economic growth of nations (below). The increased availability of data and the apparent success of the Soviet economy in the postwar period plus the cold war may have made it difficult for Kuznets to continue to refuse to participate in such conferences and studies. His not engaging with the Soviet case in his comparisons was not just the result of his recoil at the events there. It was mostly due to his assessment that the usual measures of growth and structure may have been inadequate for such comparisons – their meaning may have been so different as to vitiate any such attempt. Here he addressed the issue head on.

The concluding chapter compares the USSR and a number of other countries, for rates of growth, industrial structure, capital formation proportions, consumption expenditures, and foreign trade proportions. The list reflects the contents of the preceding chapters. At the end of the thorough quantitative comparison, described as a “sketchy review”, Kuznets concludes by describing the distinctive characteristics of the economic growth of the USSR:

“It is a case of high rates of growth, with large inputs of resources and heavy human costs; of rapid shifts in industrial structure, away from agriculture and with emphasis on the industrial sector - both in terms of shares and relative product per worker - that differed in its speed and concentration from other countries; of limiting consumption and maximizing capital investment, achieved in combination with relatively moderate capital-output ratios to permit rapid aggregate growth; and of deliberate isolation from the rest of the world, so that the selective borrowing of production devices and the very limited exposure to the example of high and free consumption levels in other countries could be assured” (Kuznets 1963b: 367-68).

The last section of the paper offers some “Concluding Comments.” After 30 years of intense work on the theory, conceptualization, and empirical estimation of national income, capital formation, and growth, Kuznets sits back and reflects on what it all means when applied to a system like the Soviet Union. He is willing to regard the estimates for the USSR by Western scholars as broadly comparable with the measures for other countries and proceeds to questions relating to the institutional peculiarities of the USSR experience.

“There were clearly costs and returns in the economic growth that occurred in the USSR ... absent or of much smaller relative magnitude in the experience of other countries. Thus, there was a substantial loss of human life in the 1930's, occasioned by the violence of collectivization and experiences in labor camps that greatly reduced the life expectancy of their inmates-all in order to force the kind of economic growth that occurred. In our accounts the consumption of material capital is included as a cost but the extra consumption of human capital that may be induced by means aimed directly at economic goals is excluded”

“ ...what about the cost of repression of freedom, the losses in human creativeness and welfare, that result from the forceful replacement of the judgment of the members of the community by the judgment of the dictatorial "planners"? The losses that resulted from the dead hand of control, from the conversion of literature, theatre, painting, and all the arts into production-propaganda devices, from the ruthless breaking of family and other group loyalties in service to the state, and from persistent isolation of the community from the rest of the world have been far-reaching indeed - as anyone comparing these

fields of human life in the USSR and other countries (including pre-Communist Russia) can see” (368-69).

But, typically, Kuznets adds that there are also returns that have escaped account:

“The removal of inequalities based on inherited wealth and private monopolies, with the distortions in the consumption and the whole pattern of life that such inequalities introduce, ... The greater possibility of employment in productive work, and of a rise in the economic and social scale commensurate with ability, in the service of what appeared to be a social ideal, ...[and the] removal of much *economic* if not political, uncertainty [were] positive elements in the economic growth of the USSR not fully matched in other countries” (369).

Kuznets then returns to a point made repeatedly in his work but that seems even more relevant in the present context, the fact that at times, the economic calculus is not sufficient or even appropriate.

“Some of the costs and returns could be estimated by dint of statistical ingenuity: ... But even for some of these the economic price tag may seem rather irrelevant. For some others, such as restraint of freedom, the curbing of creative arts, and the like, no economic calculus is appropriate” (369-70).

And ...

“Of course, one can define economic growth in terms of the measures that we in fact employ; and if this is done, these questions are ruled out of account. But since the study of a defined process pursues some rational goal, one may ask what that goal is, if the study of economic growth, as gauged by standard methods, may be so overshadowed by ignored important costs and returns as to dwindle into insignificance. I assume that the measurement and analysis of economic growth along what might be called traditional lines is justified in the belief that noneconomic costs and returns are not so large and different as to spell misery and failure despite relative success with respect to

traditionally measured economic growth. Indeed, an implication of such consonance between economic and other values is woven into the very fabric of economic definitions and measurements, geared as they are to the framework of a libertarian, nonslave society. It is therefore better to raise some of these questions relating to noneconomic costs and returns, rather than dismiss them implicitly as noneconomic.

Whether these missing, and economically unmeasurable, aspects of the economic growth of the USSR are really so large as to overshadow the economically measurable results, is a judgment that must be faced..." (370).

But then maybe in this case the objective is different:

"The preceding paragraphs were written with a national product concept in mind that has marked welfare implications, if only in the sense that consumption outlay is considered a final product ... In the case of the USSR, we could perhaps abandon that concept entirely, and shift to the notion of increase in national power as the only substance of final product" (370-71).

Finally, given the idiosyncrasy of the Soviet case and the vagueness about the objective pursued, the question arises of what countries to select for a meaningful comparison:

"If, for example, the interest stems from an assumption of latent conflict between the USSR and the United States, the economic growth of the two will be compared in terms that bear most directly upon that interest (with perhaps a shift toward a concept of national power). If we are interested in comparing the economic growth of the United States and the USSR as typical examples of free and forced growth, respectively, our choice of aspects and periods will be different. Or we may want to compare the economic growth of the USSR and Japan, because they are the two latecomers among the major countries that have entered upon the phase of industrialization and modern economic growth.

Finally, we may be quite catholic in our approach, and assume that all countries entering modern economic growth-early or late, large or small, libertarian or authoritarian--display some significant common characteristics of growth; and that deviations from them, within limits, are reflections of the historical and locational peculiarities of

individual countries. In this case we would compare the economic growth of the USSR with that of every other country in which modern economic growth has occurred” (371).

## **5. Russian influence on the Growth Study**

Unlike the earlier period of research on business cycles where Mitchell’s presence is paramount, for the growth project it is more difficult to identify sources of influence. The beginnings in the 1940s were a break with Mitchell’s and NBER thinking at the time. There is a strong emphasis now on comparative analysis and on the necessity of long-term records not obscured by cycles: “it may be urged that adequacy of data must be judged in terms of the uses of results: the detail needed for the study of annual fluctuations may be superfluous in a study of long-term changes” (Kuznets 1952: 17).

The Soviet case Kuznets saw (initially) as an interesting experiment to be observed and studied. But as we just saw, by 1963 his assessment is quite negative. His critique is not just about the trampling of human rights but also of the dubious economic achievements. Even if the official data were not suspect it still forced us to rethink what growth is for. Here he finds the Soviet experience wanting unlike many of his contemporaries in the West blinded by the sun.

Some of the approaches and concepts in the study of growth may draw on the Historical School or on Marx (the nation as the unit, aggregate growth, stages, structural changes, interdisciplinary) but then we find him reflecting in 1952, a time of “rekindled interest in the subject of economic growth,” on the inadequacy of all of the extant approaches:

“Professional economists have long since abandoned the theories of economic growth of their Classical ancestors, [which] were naive, unhistorical, and were proved invalid by subsequent events; have rejected, largely for the same reasons, the Marxian doctrine of the growth and decay of industrial capitalism; have found little constructive promise in the methodological polemics and empirical studies of the Historical school and its successors” (10-11).

For good measure he also takes a swipe at Adam Smith:

“Adam Smith's contemptuous reference to the limited service that political arithmetic could render stemmed partly from the conviction that his basic theory of social organization- liberty as the condition of full application of self-interest and hence of vigorous economic progress -was the key to the understanding of the basic economic problems of his age - and perhaps of ages to come. To him the empirical diversities of the past that could be revealed by political arithmetic, even disregarding its cavalier treatment of standards of empirical evidence, were largely irrelevant, .... And what was true of Adam Smith was equally true of his successors in the nineteenth and twentieth centuries since their firm convictions about the dominance of one or another factor, derived from a limited range of empirical reference, precluded the need or desire to record the evidence so that the full variety of experience could emerge” (11-12).

Finally, he is also not much impressed by the early theories of development economics and simplistic models of the Harrod-Domar type:

“The wider circles, ... have had the impression, ... that the factors making for economic growth of nations are well-known; that the pattern of growth is well charted; and that any country that wanted to could follow the path of economic progress by adopting well-established remedies.”

More the pragmatism of Hume and Mitchell than the lessons of Marx or Keynes.

### ***Industrialization Debate***

So maybe the Soviet experience after all? Of the experience itself as we have seen, he was critical, rejecting the Soviet reliance on heavy industry and planning as panaceas. His emphasis on the importance of technology (the mainspring of Modern Economic Growth) made him less than enthusiastic about the Soviet case of high rates of growth, with large inputs of resources and heavy human costs. Any influence would have come from the “Industrialization Debate” that took place in the early 1920s primarily within Gosplan and the Conjunction Institute.

The industrialization debate, up to the point where holding the ‘wrong’ view would get you cancelled, was the first thorough discussion of strategies of growth. Even if it differed from

the careful documentation and distillation of common trends and factors that was to characterize Kuznets' work,

the conceptual framework of long-run growth and change probably influenced him.

In a nutshell, the debate centered on the speed at which industrialization could proceed. Related issues were the role of agriculture (balanced growth?), heavy industry, and overall balance between resource availability and plan requirements. Two of the key participants were V. G. Groman and V. A. Bazarov. For Groman, "Equilibrium, be it a dynamic one, of the economic body of a country is the highest requirement, each violation of which at once leads to a crisis" (Jasny 1972: 110). The Bolshevik left wing wanted industrialization at all costs and at maximum speed. In the second half of the 1920s this was endorsed by Stalin and soon thereafter dissent became tantamount to sabotage.

The research of Groman on the planned economy was, according to Bazarov, "inspired by a single guiding idea of 'the national economy as a whole', ... In this respect he is to some extent a pioneer."

This idea appears already in the title of the 1927 article: "Economic planning and the Groman conception of the national economy as a whole" (Jasny: 117). Bazarov in turn, according to Groman, offered the following as the criteria for an objective appraisal of the situation:

"... the optimum combination of the development of productive forces, growth of well-being of the working masses, and the development of socialist forms of the economy. I used always to add: concern for the maintenance of a dynamic equilibrium in the national economy, which requires a balanced development of its components" (Jasny: 110).

Balance, welfare, and socialism (in that order) are the desiderata.

Kuznets must have followed with interest some of the debates about planning and industrialization. He probably would have not supported comprehensive planning and would have favored a more cautious approach – more emphasis on agriculture, less on heavy industry and more attention to the welfare of the individuals. More like Bazarov and Kondratiev than the Bolsheviks.

S. G. Strumilin, a well known economist, statistician and future academician, also advocated overly ambitious targets and strongly criticized those that called for cautious attention to resource constraints. Years later, Strumilin mocked Pervushin, Kondratiev, and colleagues "calling them 'zealous devotees of the conjuncture' (*userdnye kon'iunkturshchiki*); ... a savage

pun, as the word has another negative meaning: a person who, lacking moral principles, seeks immediate advantage under shifting circumstances.” (Owen 2006: 236). Years earlier, Strumilin had written a book that became the Soviet standard book on planning. It was to a large extent a polemic against Bazarov’s 1927 book on *Capitalistic Cycles and the Rehabilitation Process in the U.S.S.R.* (Zauberman 1949). This is the book that Kuznets cited in his 1930 book after presenting the symmetrical logistic curve as best suited for his statistical investigation of the growth and decline of industries. In a footnote with references to the biology studies of Lotka and Pearl he adds: “Some interesting implications are discussed in T. B. Robertson, *The Chemical Basis of Senescence and Growth*. See also an interesting recent book in Russian, *The Cycles of Capitalism and the Economic Reconstruction of the U.S.S.R.*, by V. Bazarov, Moscow. 1927 (especially chap. v).” (1930b: 64). The Robertson source also appears in Bazarov as does Bobrov and his method of sliding correlation (Bazarov 1927: 142) later strongly advocated by Kuznets in his *JASA* papers (1928 and 1932). The book also has references to Chetverikov, Chuprov and various other statisticians. These coincidences may suggest that they were aware of each other’s work or at least one of them had seen the others drafts. It is possible that Kondratiev was the link since Kuznets had met him shortly before and may have shared with him a copy of his draft manuscript or heard from him about Bazarov’s work. Worth pursuing.

In the preface Bazarov states that the book originated in a study published in *Planned economy*, 1926, Nos. 4, 5, 6, on “‘Curves of development’ of the capitalist and Soviet economy.” This was probably the most significant influence on Kuznets from early Soviet economics. When Gosplan initiated the planning of the national economy they faced the question of whether the very high rates of recovery with the initiation of NEP could be maintained (Jasny: 126). Bazarov expected the fast growth during reconstruction to slacken and wrote of a “declining curve of growth” (sometimes referred to as ‘extinguishing’ or ‘diminishing’ curve). In his book he illustrated it with a logistic curve that showed first accelerating then decelerating growth with an upper asymptote. Dangerous concepts as they turned out to be. Sustained attacks on Bazarov and Groman followed and became virulent after 1928 when they raised objections to the directives for drafting the first Five-Year Plan (Jasny: 132). An article in *Planned economy* (one of many)



in 1930 by A. Boyarsky<sup>18</sup> focused specifically on Bazarov and Groman in order to “refute the conclusions of the ‘learned’ saboteurs.”<sup>19</sup>

I single out two charges relevant for this paper: “the total absence of differentiation in his approach to our economy under capitalism and under the Soviet system” and that Bazarov’s theory is just “a repetition of Groman’s theory about the constant proportion between agriculture and industry”. Any consideration of balance that may hinder the drive to industrialization at full speed is seen as subversive. The first point implies that no comparative analysis is or will be possible given the sui generis nature of the Soviet experience. The article reiterates this point when it presents the use of the logistic curve by Bazarov only to state that it “does not apply at all to the growth of the Soviet economy”. Finally: “our plan is not to attempt to adapt ourselves to the free market, but ... to drive it out of existence; our plan is ... a leap from the domain of necessity into the domain of liberty. All this the members of the Kondrat’ev- Bazarov-Groman group of saboteurs cannot, or rather refuse to, understand” (Boyarsky 1930: 296).

*Retardation*, was one of the key findings of Kuznets in his 1930 book analyzed with logistic and Gompertz curves. At the national or sectoral level we observe shifts in leadership among nations and shifts among branches as retardation inevitably sets in. Within a nation the progress of technique makes new goods available (tea cotton, radios,..) but eventually demand reaches saturation, the pace of technical change slackens, new goods emerge, and possibly also competition from younger nations. With general retardation come shifts in the relation between capital and labor, in the distributive process, in the character of the market, in the type of business organization, and in the roles of industry and agriculture.

A main theme in Bazarov’s book was business cycles and specifically secular trends and long waves. Mitchell in the same year (1927: 212) in a section on “The Problem of Secular Trends” writes: “Secular trends of time series have been computed mainly by men who were concerned to get rid of them. ... the economic statisticians have paid slight attention to their trends beyond converting them into horizontal lines” and then adds in a footnote: “So far as I

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<sup>18</sup> A. Y. Boyarsky - Soviet economist-statistician, demographer, Doctor of Economics (1940), professor (1934), Honored Scientist of the RSFSR (1967).

<sup>19</sup> “On the theory of the diminishing growth rates of the Soviet economy” translated in the essential Spulber (1964). The article formed part of a special section on “Planned sabotage and statistical theory” from the transcript of the meeting of the Society of Marxist Statisticians of November 12, 1930. Three months later the Menshevik Trial began.

know, the only one working upon secular trends as a problem in its own right is Dr. Simon S. Kuznets, one of the Research Fellows of the Social Science Research Council.” Bazarov writes similarly that with very few exceptions economists have not considered secular trends an independent problem of research. He mentions Warren Persons as “the only American economist who gave a rather deep and comprehensive *explanation* of the trends of the cycle” (80) but criticizes him for being overly preoccupied with short cycles and not very careful with terminology. He adds that Crum and Patton in their recently published textbook on economic statistics are even less careful and even negligent in their formulation (85). Interestingly, among the textbooks referred by Mitchell for computation of secular trends he lists Crum and Patton. Kuznets in his book on the subject just a few years later omits this and all other works in Mitchell’s reference.

### ***Déjà vu at the War Production Board?***

Kuznets work during the war at the War Production Board (WPB) is not well known. In 1942 he went to Washington at the invitation of his former pupil Robert Nathan who was the head of the Planning Committee of the WPB. Their task was to estimate the impact of the victory program on the economy. Nathan went further and asked Kuznets to analyze whether the munitions production programs for 1942-43 could stay on schedule without a catastrophic impact on the economy or on other military objectives. The invasion of Europe was contemplated for 1943.

As was his wont, Kuznets immersed himself into the minutiae of the information and came up with a series of studies involving

“the analysis of trends of civilian production in relation to national income, studies of national income and gross national product, and the examination of industrial capacity, materials, labor supply, and all other resource factors that operated as limiting elements on production. These studies, largely the work of Simon Kuznets, were directed to bringing production objectives into line with the ability to produce and they led to specific recommendations that had far reaching - effects on the magnitude and composition of the Nation's production program” (US 1947: 240).

In brief, the appraisal exposed the infeasibility of much of the war program in terms of resources and planning capabilities (see Kapuria-Foreman and Perlman 1995 and US 1947 for details). The generals were not amused. Nathan, a sharp and well-trained economist, was a big man with a kettledrum voice; Kuznets was a scholarly archetype: low-key, thoughtful, deliberate, balanced, and soft-spoken (Wolf 2011). They now took on the generals and an acerbic exchange followed. Brig. Gen. Brehon Somervell considered the findings about production goals and capacities and was "not impressed with either the character or basis of the judgments expressed in the reports and [he recommended] they be carefully hidden from the eyes of thoughtful men." As for the judgments concerning the mechanism necessary for the formulation of the production program these were just "an inchoate mass of words" (ibid.: 287). The Chief of Staff, General George C. Marshall later added his stamp of disapproval. They were not alone.

There is a remarkable similarity to the industrialization debate. Luckily, there was no Stalin, Kuznets was not cancelled, his views prevailed, and the US went on to win the war.

A final note, highlighting again the similarity to the debates in the USSR in the 1920s. Nathan and Kuznets had been willing to entertain the notion of "having a program sufficiently above the levels of feasibility to constitute the maximum inducement to an all-out effort" (285) but this only if there had been effective scheduling and production control permitting sensitive adjustments. In their absence the only choice left was the overall size of the program. Nathan expanded on this in October 1942 in a presentation that strongly evokes Groman on equilibrium and balance. A large program, he argued, although acting as an incentive to total production, had several disadvantages:

"The creation of a lack of balance in end items, complementary items, and components; the creation of excess fabricating capacity, which resulted in wastage of materials; failure to meet the objectives of the most important segments of the program while meeting less urgently needed items relatively easy to produce; ... increased difficulty in effectively controlling the flow and distribution of materials because of demands far exceeding supply ..." (286).

The dramatic demonstration of the feasibility of applying the national income framework for measuring economic potential was an important factor in determining the direction of the postwar development of systems of national accounts. Kuznets continued to argue for a

“peacetime concept” of GNP as opposed to the practice during the World War II when “success in war and preservation of a country’s social framework [were] a purpose at least equal in importance to welfare of individuals” (Kuznets 1951: 184-85). Years later when Kuznets came to appraise Soviet performance in 1963 (discussed above), he reiterated his position that the definition of National Income depends on the objectives pursued, consumer’s welfare or national survival in time of war. But in the postwar period with the ascendancy of Keynesian economics, his “peacetime concept” did not stand a chance.

### ***Russia in (or is it out?) the Modern Economic Growth Study***

Why was Russia not part of the sample in the study on Modern Economic Growth (MEG)? In the many publications on MEG by Kuznets beginning with the 10 essays (1955-1967) on “Quantitative Analysis on the Economic Growth of Nations” and all through his volumes in 1966 and 1971 Russia or the USSR are almost never mentioned. Russia had been mentioned as a possible country in the various proposals and outlines that Kuznets produced since the early 1940s. The change in emphasis is revealing.

In the 1943 letter to Mitchell mentioned above he writes that so far his work and reading have been related to the advanced industrial countries of Western Europe and North America “But I suspect that a great deal can be learned from countries that have been relatively backward and have gone recently through rather surprising secular movements (such as the **USSR** and Japan) or countries for which the period of rapid industrialization is still to come (such as China).” In 1945, he writes in the proposal for the NBER Board that in selecting units for study “... priority ...is to be given to the major national units, as measured by their present size.” Namely “the United States, the United Kingdom, Germany, France, **Russia**, Japan, China, and India.”

In 1948, Kuznets was invited to write a proposal for a study on industrialization by the sub-commission on economic development of the UN Economic and Social Council {ECOSOC}. In the “Outline of the Study of Patterns of Industrialization” the long list of countries suggested included the advanced ones and “China; India; Netherlands East Indies; one or two Latin-American countries; and, **separately, Imperial Russia and the Union of Soviet Socialist Republics.**” (Kuznets 1948). The proposal was discussed in several meetings of the sub-commission before it was turned down. One non enthusiastic representative was Mr.

Morozov of the Soviet Union. In one of his interventions: “Mr. MOROZOV wished to limit himself, for the present, to one general observation, namely, on the basic distinction to be drawn between industrialization on a capitalist and on a socialist foundation, that is, in the Soviet Union and in other countries” (UN 1948). No basis for comparative analysis but rather: “Oh, East is East and West is West, and never the twain shall meet” (Rudyard Kipling, *The Ballad of East and West*, 1889).

As mentioned above, Kuznets, through the Committee on Economic Growth recruited leading economists in various advanced countries to study long-term growth. Availability of long-term records of income and growth and competent researchers were the basic requirements. Neither Imperial Russia nor the USSR were part of the study. Results for other countries were presented at the biennial conferences of the IARIW. Between 1951 and 1963 there were no less than five sessions on growth (four of them organized alone or jointly by Kuznets): 1951, 1953, 1955, 1959, and 1963. A sample of the country studies and authors (see the site of the IARIW for full details):

1951: Germany - Paul Jostock, US - Simon Kuznets, Japan - Shigeto Tsuru;

1955: Italy - Benedetto Barberi;

1959: Netherlands - H. B. Bos, Norway - Juul Bjerke, France - J. Marczewski, Sweden - Osten Johansson.

In 1963 the session was devoted to developing countries including Israel, Yugoslavia, Taiwan, UAR.

Russia's absence becomes now very visible.<sup>20</sup>

Even in 1955 Kuznets still entertains the possibility that “current work on **Russia** should eventually permit addition of that country as well.” It did not come to pass (Kuznets 1955a). Then comes the 1961 conference where Kuznets does present a comparison between the USSR and other countries followed by a devastating appraisal. In 1963, his growth committee

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<sup>20</sup> There was one curious exception. In 1955 Raymond Goldsmith presented a paper at an IARIW conference on “The Economic Growth of Tsarist Russia 1860-1913.” The long essay was prepared as an introduction to a study of the growth of the Soviet economy at the NBER under a grant from the Rockefeller Foundation. Several NBER books were eventually published by the director of the project, G. Warren Nutter and by others but Goldsmith's contribution disappeared. A much reduced version came out in a volume in honor of Kuznets' 60<sup>th</sup> birthday in *Economic Development and Cultural Change* where Goldsmith explains that “a change in the orientation of this whole study led to an exclusion of this paper from final publication by the National Bureau” (Goldsmith 1961; 441). A Kuznets was supposed to be the author of the chapter/book on agriculture, but because of problems raised by gaps and changes in the Soviet statistics George Kuznets was unable to deliver.

undertook a study on Postwar Economic Growth in Europe, Japan, and the US directed jointly with Moses Abramovitz. The USSR was not even considered.

Finally, in his summary treatise on MEG (1966) he addresses the issue again but now the tone is sharper; less “should we include the USSR?” than “why we should not.” In the opening chapter Kuznets wonders “whether the social structure and price system of the **USSR** (and even more, of Communist China) are sufficiently similar to those in the free countries to give meaning to quantitative comparisons of economic growth except for such inadequate indexes as steel production, etc.” (1966; 24) By the concluding chapter he is more categorical:

“The Communist countries, however, have shown the following characteristics: rejection of the "capitalist" forms of economic growth and the treatment of these other developed countries as the "enemy"; authoritarian management by a minority party of forced economic growth, with primary emphasis on producers' goods; sharp restriction of individual producers' and consumers' freedom and of the supply of consumer goods; and autarky that has erected iron curtains partly to foster the image of a fortress besieged by enemies and partly to isolate the population from free discussion and possibly unfavorable comparisons of their social and economic attainments with those under a more liberal type of social organization. In all these respects, the Communist countries represent a major ... deviation from the traditional social and institutional structures within which modern economic growth was accommodated” (347).

## **6. Heritage**

Did Kuznets adapt the lessons from his Kharkov professors and from Mitchell and others at Columbia to the “specific Russian political, ideological, cultural circumstances”? If those circumstances are taken to reflect some of the mystical, patristic, Russian Orthodox approaches of Slavophiles then no. But his early exposure to Russian economics and statistics during the most turbulent period around the October Revolution and his particular heritage as a wandering, evicted, and displaced Jew must have contributed to shape his approach and outlook in his professional endeavors. Many menshevik economists in the US probably did have a strong identification and affinity with Slavophile ideas or sided with westernizers focusing on the reforms needed for Russia. During Communism they recoiled and withdrew but remained

wedded to the Russian fate and future, if only as a chosen subject in their academic pursuits. Kuznets by background, heritage, and worldview was probably less identified with such groups and did not see himself as part of the socialist vanguard that hoped the Soviet revolution was to be the harbinger of world brotherhood and freedom of want. Richard Easterlin, who was his student, collaborator, and friend writes “the one thing that I remember is his saying that the foremost thought ... at the time of the Revolution was ‘Survival’.”<sup>21</sup> He followed the events and the literature but was keen to become American, and horrified by Stalinism.

He moved from Pinsk to Rovno after the father had left for the US, was evicted from Rovno, witnessed various occupations of Kharkov, and finally was expelled again after the Riga peace. Virulent antisemitism was rife in that part of the Pale of Settlement and especially in the Ukraine where, as he was growing up, pogroms and blood libels were not uncommon. Notable gruesome events like the Kishinev pogrom and the Beilis affair must certainly have left their mark.<sup>22</sup> We may try to relate some of his work to that heritage but must keep in mind, as Kuznets himself no doubt would have insisted, that simple association without exposing a clear mechanism and providing empirical verification, proves nothing.

### ***Jewish Heritage***

His Jewish heritage may show up, as Perlman argues, in his lifelong interest in income distribution. Well before his famous presidential address that gave rise to the Kuznets-curve he assiduously considered the burden of cycles and policies on immigrants and other vulnerable groups. More directly we find this facet in work where Russia appears only as a source of migrants into the US without singling out Jews (Kuznets and Rubin 1954) and, decades later with a focus on Jewish immigration (Kuznets 1975). Studies directly related to Jews other than as an important source of migrants into the US are discussed in the next section.

According to Perlman, Weyl, and family members, Kuznets aimed to become and American and emphasized, in his life and in the upbringing of his children, a liberal and secular

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<sup>21</sup> Personal communication, January 14, 2021.

<sup>22</sup> On the Kishinev pogrom see [https://en.wikipedia.org/wiki/Kishinev\\_pogrom](https://en.wikipedia.org/wiki/Kishinev_pogrom) and on the Beilis affair <http://www.encyclopediaofukraine.com/display.asp?linkpath=pages%5CB%5CE%5CBeilisaffair.htm>

(in the other meaning of the word) way of life, but he never reneged his Jewish roots or tried to uproot them.

There is no evidence of any activity in Jewish or Zionist affairs before the 1940s when the news from the Holocaust must have shaken him. The first evidence of any involvement (even if minor) is his membership together with Mitchell, Burns, and others, in the Editorial and Advisory Board of the American Palestine Institute, a Zionist non-partisan research organization founded by Maurice H. Blikken.<sup>23</sup> In 1945 the Institute sponsored a major research project to fill the need for an authoritative and objective appraisal of the economic potentialities of Palestine and the economic viability of establishing an independent Jewish state. The report authored by Robert Nathan (recently from the WPB and former student of Kuznets), Oscar Gass, and Daniel Creamer was reviewed by the Board and published as *Palestine: Problem and Promise*. (Nathan, Gass and Creamer 1946). The heavy presence of the NBER in the Board was to ensure that this would be an impartial, factual economic investigation.

Kuznets had been teaching at Philadelphia but only after the war did the family move there and into a predominantly Jewish suburb. A few years later he began to make regular trips to Israel and was instrumental in the founding of the Falk Institute for Economic Research in Israel. Daniel Creamer helped in this endeavor and served as Director during 1954-55. Don Patinkin became its director in late 1956 but only after spending a sabbatical year with Kuznets at Johns Hopkins to learn from him about empirical research.

### ***Research on Jewish economics***

Until recently this facet of Kuznets' work was almost unknown. A decade ago, Weyl with the assistance of Lo did yeoman work and put together some major works of Kuznets on the topic written between mid-1950s and mid-1970s (Lo and Weyl 2012). These studies, they write, "reveal a lesser known side of Kuznets: the Eastern European Jewish immigrant, who persistently pursued the topic of Jewish history, yet hesitated to make his work more generally known due to his personal interest in the subject and therefore, by his reasoning, his bias" (ix).

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<sup>23</sup> Grandfather of Anthony Blinken, the current Secretary of State of the US. See Wisse, 2021



Kuznets first substantive work on the topic began around 1955 when the Chancellor of the Jewish Theological Seminary of America, Louis Finkelstein, approached him to undertake the section on economics for a major compendium on *The Jews* he was editing. Busy as he was with his growth project he still found the time and interest to quickly sift through masses of historical information and prepare a 150 page draft on the *Economic Structure and Life of the Jews* published five years later as a 'slim' 69 page article (Kuznets 1960). It spurred a cottage industry on the Economic Structure of Minorities, especially Jewish ones. In the early 1970s he returned to the topic with a focus on US Jewry. He delivered a brief presentation at the home of the President of Israel (1972b), based on a 150 page long manuscript available now in the Lo and Weyl collection. In 1973 Martin Feldstein wanted to include the long manuscript in the working paper series of the economics department at Harvard. Kuznets response, in a remarkable letter (he wrote a couple that merit the label) reveals his motivation for writing the paper and his unwillingness to have it published in the series. He writes: "I did this paper (and other in the series) because of my interests and associations as a Jew (I frankly doubt that were it not for these interests and associations, I would have, as a general economist, devoted much thought or effort to this topic)." but "I would deem it inappropriate to (publish the paper in the series) . . . the very choice of topic reveals a concern with, and interest in, a highly specialized aspects (sic). I would feel differently if this were a paper on trends in the structure of several ethnic minorities in the United States." (the letter is printed in Lo and Weyl 2012). The last work on the topic, which he did publish in an issue of *Perspectives in American History*, was on the mass immigration of Jews from Tsarist Russia to the US. Russia is in the title but the focus is on Jews and the US. One illustrative quote about Tsarist Russia in the "long century after the partition of Poland":

"Russia was largely a pre-industrial Christian state, with a record of intolerance of Jews for centuries before the nineteenth and with an economic structure that left little room for the more advanced economic activities in which the Jewish minority had a comparative advantage. This was particularly true since the government was unwilling to grant the newly acquired population sufficient freedom of residence, choice of occupations, and free economic intercourse with the Christian majority to permit the minority to profit from access to a much larger population and potentially wider market than was available earlier" (Kuznets 1975: 60)

Though he does not refer here or elsewhere to personal or family experiences, the feelings must have been close to him. Years earlier in a comment on the large borrowing in international markets by Russia before World War I he writes:

“... the Russian government may actually have spent a good part of this borrowed money on police, on the organization of pogroms, and on the state church; ... The assignment of capital funds imports to capital formation within the country is thus arbitrary” (Kuznets 1955b: 34).

## **7. Reciprocal influence?**

Some final observations on the reciprocal influence between Kuznets and Russian economics.

As argued above, the notion that Kuznets arrived as a formed economist with a baggage of ideas and approach can not be sustained. Kuznets developed his theories after he completed his studies in the US. The influence of Western economic theories would have come through his teachers at Kharkov, his voracious reading, and then, and predominantly, through Mitchell's influence who in turn was much influenced by the Historical school, by the Social Gospel of the founders of the AEA and by American pragmatism (Veblen, Dewey, Peirce). What he does after completion of his studies at Columbia will reflect what he brought with him in his toolbox but probably more important, how this was sifted through the Mitchell sieve. His admiration for Mitchell ensured that the latter's views would prevail at least in the early phases.

Various authors, especially Barnett and many citing him, have held that mainstream economics in the US was a significant beneficiary of work undertaken in Russia/USSR by emigres such as Marschak, Leontief, and Kuznets. Maybe for the first two but not proven for Kuznets. Barnett (2004: 33) has also argued that “The works of Tugan-Baranovsky, Pervushin and Dmitriev all had significant influence on Western accounts of cycles such as that developed contemporaneously by Wesley Mitchell, Simon Kuznets and J. M. Keynes.” Again, perhaps correct for the other two but less so for Kuznets. Pervushin may have influenced him and he certainly was aware of Tugan-Baranovsky but what he did in his three books on cycles was not close to Tugan and less so to Dmitriev. Barnett and others try a bit too hard to find links. That

someone in Russia mentioned “amplitude” which figures also in Kuznets’ *Seasonal* book does not imply a link. Not “everything is in Smith”.

One final example again due to Barnett (an indispensable source on early Russian economics to be sure), relates to National Income. Kuznets’ work was pathbreaking and became the gold standard for many years but, it was obviously not the first study on the subject, not even within the US. After all he started where King and others had left off. Prokopovich estimated national income in 1906 Barnett tells us. Fine, but so did many others. Barnett argues that in Kuznets’ 1941 book on *National Income*, “the concept of national income itself owe a clear debt to his pre-NBER Russian context” and offers as proof page 8 where Kuznets refers to the market “as a complex of social relations of a certain type, and marketability as the characteristic of goods involved in them.” “Marketability” Barnett tells us was frequently employed in Soviet debates in the 1920s and “the idea of the market as a set of social relations had obvious Marxian paternity.” Perhaps, but one can also find similar use in Commons which probably was a closer source through Mitchell. As for “marketability” here is what Kuznets writes in the preceding paragraph: “Unless an object is a source of satisfaction, relatively scarce, and disposable, it is not bought or sold. Marketability implies these three attributes...” In his work on National Income, beginning with the Senate report of 1934, Kuznets emphasizes utility and not cost but ends up looking at both, yet the end result is welfare. More like Bohm Bawerk (or perhaps Mill) than Marx.

We come now to the final question: to what extent did Kuznets’ writings in economics influence back Russian and Soviet economics? A preliminary answer pending a more thorough examination of Russian sources suggests that the reciprocal influence was almost nil. I am aware of only two reviews of Kuznets’ books in the Soviet Union: one of the 1926 book on *Cyclical* in 1927 in the journal *Planning economy* by a cycles specialist that finds it a useful reference but is quite critical of the procedures. The second is mentioned in a memoir by A. V. Anikin (1995) that recounts befriending Kuznets in Thailand and that after receiving from Kuznets a preliminary version of *Capital in the American Economy*, Anikin together with S. M. Nikitin reviewed it in a Soviet magazine [no source]. Anikin also writes that “neither Mitchell nor Kuznets were nor aspired to be ideologists, and that was their great advantage” a necessary clarification at the time, just in case....

It appears that Kuznets' main areas of interest – time series analysis, business cycles, income, and growth -- were problematic in the Soviet Union. A few examples: On statistics, while Kuznets initially cites approvingly theoretical advances in Russia, statistical analysis (as distinct from data collection) became suspect or irrelevant since under socialism statistics as a science based on stochastic assumptions, was going to wither away (Holubnychy, 1958). For Maslov (influential statistician, wrote textbooks and later tried to introduce econometrics) a random sample study of collective farms used to compute the average income of their members amounted to "bourgeois methodology." The same applies more generally to business cycles. Zauberman (1949: 189) cites the "well-known economist Aizenshtat ...summary review of American economic writing" based on the *Readings in Business Cycle Theory* (1946)<sup>24</sup> where he writes about

"the bourgeois apologetic business-cycle theory of long waves ... a notorious attempt by fierce defenders of capitalism to contest the uncontested fact of capitalism's cyclical development through over-production crises which repeat themselves every seven to ten years."

Aizenshtat criticizes specifically Schumpeter and Neisser and, by implication, Kondratiev. Kuznets who had done much on long waves is not even mentioned. Better to ignore emigres. The MPS system of Soviet national income accounting was significantly different from the Western definitions (see Boss 1986). Modern Economic Growth was regarded as a study of the spread of capitalism and comparative analysis was frowned upon given the uniqueness of socialist development.

We might have expected this to change after 1990. However, developments in Russia have proceeded primarily along two roads, both orthogonal to Kuznets. Schematically we can identify the two as the NES (New Economic School) and the HSE (Higher School of Economics) approaches. The first is overly mathematical and individualistic while the second gives preference to Ricardian and neo-Ricardian themes. A perusal of several years of issues of *Problems of Economic Transition* reveals that except for E. Gaidar (1997 and 2004) there is no

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<sup>24</sup> Published in *Planned Economy* in 1947 with the title: "Scholarly Minions of American Capital". Zauberman gives a gentler translation "Learned Attendants on American Capitalism"

trace of Kuznets, certainly not of his growth studies - the project singled for the award of the Nobel.

It is only because of the fortuitous fact that Kharkov decided to reclaim Kuznets as their own Nobelist that there has been some renewed interest in the man if not in his work.

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