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**METHODOLOGY OF CLASSICAL  
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INTERPRETATION FROM 19TH  
CENTURY RUSSIA**

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## **METHODOLOGY OF CLASSICAL POLITICAL ECONOMY: INTERPRETATION FROM 19TH CENTURY RUSSIA**

The paper discusses Yuli Zhukovsky's 1864 article "Smithian Direction and Positivism in Economics", one of the first research in methodology of political economy in Russia. Zhukovsky contrasts the abstract theorising of classical economists like Adam Smith and David Ricardo with the empiricism of his contemporaries like Henry Macleod. Zhukovsky advocates for a deductive, universal approach in economic theory, emphasising the importance of abstract models to explain economic phenomena. His interpretation of Smith aligns with modern views on classical political economy, focusing on the formation of theoretical systems from empirical facts.

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Keywords: classical political economy, economic methodology, Adam Smith, Yuli Zhukovsky, deduction, abstraction

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## I: Introduction

Despite Adam Smith's popularity and David Ricardo's positive reception, the main subject of discussions in the Russian intellectual circles was either economic policy recommendations or the development of economic theory [Anikin, 1993]. This is especially true for the 18<sup>th</sup> century authors [Zweinert, 2007, pp. 47–121; Alekseev, 2018]. “*Slovo o priamom i blizhaishem sposobe k naucheniiu iurisprudentsii*” (A Lecture on a Direct and Most Sensible Method of Studying Jurisprudence) by Semyon Desnitsky [1768] (one of Smith's first students in Russia) can be viewed as an exception, albeit with some reservations. Desnitsky's work only touches upon the methodology of political economy, instead concentrating more on jurisprudence [Marchevský, Zákutná, 2024]. The fundamental methodological analysis began to emerge in the second half of the 19<sup>th</sup> century (e.g. [Vernadsky, 1856]), despite the enduring focus on the issues of politics and economic theory in Russian scientific discourse [Zweinert, 2007, pp. 135–155]. This paper focuses on one of the earliest examples of research on methodology of economics in the 19<sup>th</sup> century Russian intellectual environment. The article “*Smitovskoe napravlenie i pozitivizm v ekonomicheskoy nauke*” (Smithian Direction and Positivism in Economics) by Yuli Zhukovsky [1864] was published in *Sovremennik*, one of the most popular literary journals of the time, edited by Nikolai Nekrasov. Zhukovsky's work can be seen as a milestone in the development of methodological research. Later, these issues were discussed by other Russian economists, including Mikhail Tugan-Baranovsky [Barnett, 2004].

Today, despite the growing interest in Zhukovsky's work (e.g. [Galeev, 2022; Markov, Melnik, 2020]), the author remains a relatively little-known figure in the history of Russian economic thought. Thus, we briefly outline his biography [Shakhmatov, 1992]. Zhukovsky was born into a noble family in St. Petersburg in 1833 and served in the Ministry of Justice after successfully graduating from the Imperial School of Law (class of 1853). By the time of the publication of “Smithian Direction” (1864), Zhukovsky was already an experienced civil servant and publicist. That year, he decided to interrupt his career as an official and devote himself to journalism entirely. However, by 1876, due to financial difficulties, Zhukovsky returned to civil service in the Ministry of Finance, where he achieved great success, serving as the head of the State Bank of the Russian Empire from 1889 to 1894. Later in his career, he joined the Minister of Finance Council and served a senator in the Heraldry Department from 1901 until his death in 1907.

Zhukovsky's bibliography covers a wide range of topics. His literary activity began with the articles on jurisprudence (e.g. [Zhukovsky, 1860]), discussions of the current challenges

facing the Russian Empire (e.g. [Zhukovsky, 1862]), and continued with theoretical and mathematical research in political economy (e.g. [Zhukovsky, 1906]).

Zhukovsky's interest in methodological issues of contemporary political economy found its reflection in several articles, including "Smithian Direction". It was published in *Sovremennik* in three parts in September, October and December 1864, respectively. In the first part, Zhukovsky outlines the methodological problems of the 19<sup>th</sup>-century political economy. In his opinion, the striving for empiricism ("positivism" in his terminology) of contemporary economists (e.g. Frederic Bastiat, Henry Charles Carey, Henry Dunning Macleod) has significant methodological shortcomings compared to abstract theorising, i.e. the methodological standard set by Smith and developed in Ricardo's works. In the second part, Zhukovsky compares the positivists' and classics' views on value theory, where he argues in favour of the labour theory. In the third part, Zhukovsky discusses the concept of rent in the works of the classics and positivists. Comparing all three parts of the "Smithian Direction", the first one presents Zhukovsky's general methodological stance, which was explained in more detail in his subsequent articles. Thus, this paper focuses on the first part of Zhukovsky's work.

Zhukovsky's article can be studied from different optics. On the one hand, the work may contribute to the analysis of Zhukovsky's ideas. What place does "Smithian Direction" occupy in the development of his theoretical views, how correct are his arguments against the positivists and in favour of classical political economy?<sup>1</sup> On the other hand, Zhukovsky's work is a peculiar example of the reception of Western economic thought in Russia. How correct was Zhukovsky's interpretation of the ideas of MacLeod, Bastiat and others, what aspects of their theories were omitted by the Russian economist, and which, on the contrary, attracted special attention? However, the goal of this paper is to fit Zhukovsky's research into a broader discussion on the formation of the methodology of economic science and the outlined issues are beyond the scope of this work.

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<sup>1</sup> Although the analysis of Zhukovsky's reasoning is not the main subject of this paper, we highlight two examples that allow the reader to question the quality of the presented arguments.

Firstly, we should pay attention to the differences between the use of labour and money as a unit of exchange [Zhukovsky, 1864, pp. 44-45]. Zhukovsky notes that if the prices are determined by the hours of labour, then essential goods will be of the greatest demand. At the same time, if money is a unit of exchange, Zhukovsky comes to the opposite conclusion and states that the demand will form in accordance with the amounts of money in individual pockets. He does not specify the reasons for such a difference in the demand formation, but they certainly require a more detailed explanation.

Secondly, the concept of "purchasing power" appears in Zhukovsky's reasoning. On the one hand, one could assume that this concept corresponds to the concept of "purchasing power" proposed by Irving Fisher [Fisher, 1911], i.e. the amount of goods and services that can be purchased for a unit of money. On the other hand, reasoning about actual demand, Zhukovsky points to the distribution of individual purchasing power as a factor of demand formation noting that "the demand grows for those things for which more purchasing power is offered on the market" [Zhukovsky, 1864, pp. 48]. In this case, the concept of "distribution of individual purchasing power" is tautological to the concept of demand as a whole (i.e. "demand will grow for those things for which demand will grow"). Also, Zhukovsky emphasises that the distribution of individual purchasing power will gravitate to such a position where it will not have a significant impact on supply and demand [Zhukovsky, 1864, pp. 50]. The examples described do not allow us to clearly correlate the concept of "purchasing power" used by the domestic economist with either Fisher's ideas; a clearer definition is required.

The paper is structured as follows. Section 2 outlines Zhukovsky's main ideas and interprets them in contemporary terms. Section 3 compares Zhukovsky's interpretation of classical political economy methodology with analysis presented in the works of other economists both Zhukovsky's contemporaries and modern academics. Section 4 concludes.

## **II: Interpretation of Smith's methodology**

First of all, the goal of Zhukovsky's article is to formulate a standard of evaluation of scientific theories that would allow separating political economy as a science from economic journalism [Zhukovsky, 1864, p. 26]. According to the author, the application of methodology first outlined in the works of Adam Smith can serve as such a criterion. Zhukovsky describes the classical methodology as deductive abstract theorising aimed at formation of a universalistic body of knowledge.<sup>2</sup>

Firstly, we briefly explain what Zhukovsky understands by the process of "abstract theorizing" [Zhukovsky, 1864, pp. 27-31]. He states that the first step in scientific research is "decomposing" observed (empirical) facts into their essential and phenomenal characteristics. Essential characteristics, according to Zhukovsky, directly relate to economics, while the phenomenal ones only distort its scientific (economic) aspect. Next, according to Zhukovsky, a certain system of concepts is created based on "decomposed facts", i.e. theoretical abstract concepts related directly to the economic characteristics of objects. Lastly, the constructed system is analysed, thus finalising the process of truly scientific research. However, in this particular article Zhukovsky focuses on the principle of formulating theoretical concepts (the first stage of theorizing), rather than on the creation and analysis of the final theoretical system.

Zhukovsky also elaborates on how the phenomenal characteristics distort the essential ones based on the deviation of the real price from the theoretical one due to phenomenal conditions [Zhukovsky, 1864, pp. 50-51]. His reasoning may seem fairly confusing. Thus, we present a more formal interpretation of his ideas. Zhukovsky's idea can be reformulated as follows: the degree of influence of phenomenal conditions on the theoretical price changes depending on the time period (i.e. short-run or long-run). Consider two radical cases: a situation where phenomenal conditions have no effect (i.e. a theoretical price) and a situation where phenomenal conditions have the maximum effect (i.e. the real observable price). Following the approach of classical school, Zhukovsky uses the term "theoretical price" to denote the natural

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<sup>2</sup> Zhukovsky, like many other economists, characterises Smith as the first scientist-economist to apply abstract theorising in economics. However, modern historians of thought emphasise the impact of Richard Cantillon's *Essay on the Nature of Trade in General* [2015] in the process of formation and development of economic science. Published 20 years before *The Wealth of Nations*, Cantillon's work represents the first systematic treatise on economic theory. This allows us to challenge the title of the first scientist-economist traditionally awarded to Smith [Ananyin, 2023a].

price. Based on modern interpretations of classical political economy the natural price corresponds to the long-run. Thus, the real observable price corresponds to the immediate moment, i.e. short-run. He suggests that the gradual introduction of the phenomenal conditions can move from the natural price analysis to the analysis of real prices. We suggest a graphical illustration of the described dependence (Fig. 1).

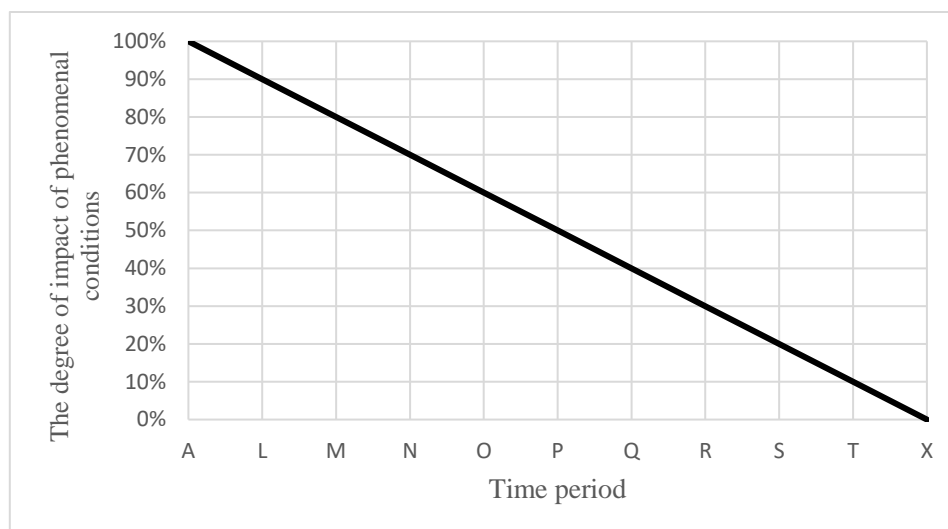


Fig. 1. The impact of phenomenal conditions on the price of goods

The vertical axis depicts the degree of influence of phenomenal conditions, expressed as a relative value (in percent), where 0% is a situation when phenomenal conditions have no effect. The horizontal axis reflects the time period where a specific degree of influence of phenomenal conditions on the price of a product can be observed. As Zhukovsky notes, at point *X*, phenomenal conditions will not affect the price of the product, thus point *X* constitutes the long-run natural price, while point *A* corresponds to the moment (point) in reality. Zhukovsky does not specify the exact relationship in the text, so we depict the dependence as the simplest linear graph.

Zhukovsky emphasises the gradual development of scientific knowledge [Zhukovsky, 1864, pp. 35-37]. He allows for reliance primarily on observable facts and the abstaining from formulating abstract theoretical concepts in those scientific fields where the decomposition of facts is complicated by their complexity and difficulty of observation. However, Zhukovsky notes that it is mathematically impossible to preserve all facts in their empirical integrity containing both essential and phenomenal characteristics along the development of science. Thus, Zhukovsky believes that political economy must rely on abstract theoretical concepts in the analysis of economic phenomena.

Based on the described principle of formulating abstract theoretical concepts, Zhukovsky concludes that all knowledge starts from observing specific facts (i.e. from induction) and ends with abstract theorising (i.e. deduction) [Zhukovsky, 1864, p. 36]. According to Zhukovsky, this is also true for Smith, who at first relied on the observation of empirical facts and subsequently formulated an abstract system of political economy through deduction. The formulation of universal laws must be the result of deductive abstract theorising. Zhukovsky contrasts universalism with the study of specific aspects of real economic activity. He suggests that political economy should follow the example of natural sciences and mathematics, noting that medicine first studies the physiological process and then the pathological one. Thus, after discovering normal economic laws albeit in their theoretical form, the next step is to introduce phenomenal conditions observing changes in the normal process. Despite his critical attitude towards classical political economy, MacLeod, according to Zhukovsky, adheres to a similar point of view that a theory is only true when it resolves the entire series of particular cases and not just one. However, MacLeod's theory, according to Zhukovsky, focuses on monetary and trade relations while Smith's theory explains the nature of production and exchange as a whole.<sup>3</sup> Thus, according to Zhukovsky's views, the universalism of knowledge is a key result of scientific economic analysis.

### **III: Comparison of interpretations**

Before comparing Zhukovsky's interpretation of the methodology of classical political economy with the views of his contemporaries and current works in the history of economic thought, we should highlight the parallels between the methodology of the natural sciences and political economy as described by the Russian economist.<sup>4</sup> He argues in favour of deductive reasoning, drawing attention to its widespread use in the natural sciences: "all celestial mechanics is explained by such a theory <deduction>, steam is applied to motion by the same deduction" [Zhukovsky, 1864, p. 36]. Modern literature points to the influence of the Enlightenment ideas, the scientific revolution and the development of the natural sciences on the formation of economics as a science [Ananyin, 2023b]. In fact, Smith himself considered Isaac

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<sup>3</sup> Despite the criticism of Macleod's ideas presented by his contemporaries [White, 2010], his theory of credit has been praised by modern historians of science [Skaggs, 1997].

<sup>4</sup> We would like to note the similarity between economics and natural sciences in the approach to the analysis of empirical facts, emphasised by both Zhukovsky and modern economists. Indeed, for Zhukovsky himself, natural sciences became the reference point for constructing methodological recommendations in contemporary political economy [Galeev, Melnik, 2022]. However, the issue of the relations between natural sciences and economics (namely, "should natural sciences be considered as a model for economic theory?") is one of the fundamental questions of the methodology of economics and remains relevant [Polterovich, 1998]. In this sense, the popularisation of randomised controlled trials in recent years (in particular, supported by the Nobel Memorial Prize "for an experimental approach to combating global poverty" to Abhijit Banerjee, Esther Duflo and Michael Kremer) is another attempt to bring natural sciences and economics closer together. The experimental component is one of the fundamental aspects of natural sciences and the use of similar (empirical) methodology in economic research can serve as a striking example of the influence of the natural sciences methodology in economics [Kapelyushnikov, 2023].

Newton as a model in scientific and philosophical aspects [Montes, 2013, p. 34]. The available literature emphasises the succession of the Newtonian method in Smith's works: both his and Newton's methodological approach combined the Cartesian rationalist tradition and observation of reality [Montes, 2013, p. 48].

Comparing the views of Zhukovsky and his contemporaries, note that the discussion of the subject and method of political economy began with the works of William Nassau Senior [Senior, 1827] and John Stuart Mill [1967, pp. 309–340]. According to Senior, who was the first to formulate the methodological foundations of scientific knowledge in political economy, “scientific economics rests essentially on a very few general propositions, which are the result of observation, or consciousness <...> from which conclusions are then drawn that hold true only in the absence of “particular disturbing causes” [Blaug, 1992, p. 54]. This interpretation is consistent with the one proposed in Zhukovsky's work. Mill significantly developed and formalised Senior's ideas. Firstly, both British economists paid special attention to the difference between positive and normative knowledge, i.e. economics as a science and the art of economic policy [Blaug, 1992, p. 112]. This distinction poses one of the fundamental questions of the methodology of economics [Ananyin, 2007], but is completely absent from Zhukovsky's work. Secondly, discussing positive economics (i.e. economic theory), Mill notes the need to abstract from all non-economic aspects of human behaviour in order to conduct a scientific analysis. The existence of these non-economic, “distorting” factors prevents the straightforward application of economic theory in practice, thereby emphasising the difference between the positive and normative side of economics [Blaug, 1992, pp. 57–58]. A similar distinction between economic (essential) and distorting (phenomenal) factors is present in Zhukovsky's work. However, the Russian economist does not elaborate on the issues of economic policy, referring to them as “interests of the party”, implying that those issues are of political rather than scientific nature. Nevertheless, Zhukovsky emphasises the need for abstract methodological foundation for the development of practical solutions [Zhukovsky, 1864, p. 51].

On the one hand, the works of Senior and Mill were published 30 years prior to the “*Smithian Direction*”, while Zhukovsky himself was familiar with Mill's works and even wrote an introduction to the Russian translation of *The Principles of Political Economy* [Zhukovsky, 1874]. However, there are no direct references to the methodological works of British economists either in “*Smithian Direction*” or in publications about Mill, or in other Zhukovsky's methodological works. On the other hand, responding to a critical article about Mill by Nikolai Sokolov,<sup>5</sup> published in the journal *Russkoye Slovo* [Berest, 2021, 74–75], Zhukovsky

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<sup>5</sup> Nikolai Vasilyevich Sokolov (1835–1889) was a Russian revolutionary and publicist.



characterises Mill as a supporter of the deductive method [Zhukovsky, 1865, p. 224], but does not directly cite the latter's methodological essay. Thus, we cannot unequivocally state whether Zhukovsky was familiar with the works of Senior and Mill on the methodology of political economy.

At the same time, Zhukovsky's interpretation of Smith's methodology is similar to the one presented by Karl Marx.<sup>6</sup> The latter emphasises Smith's desire to "traces the intrinsic connection existing between economic categories or the obscure structure of the bourgeois economic system" contrasting it with "the external phenomena of life process as they seem" [Marx, Engels, 2010, p. 390]. Indeed, Marx's "external phenomena" correspond to the empirical facts and phenomenal characteristics described in Zhukovsky's work, while the formulation of abstract theoretical (essential) concepts allows us to get closer to the analysis of the "obscure structure". The modern history of science emphasises the methodological succession between Smith and Marx; the German economist believed that his work was not simply a continuation of Smith's ideas, but "the culmination" of political economy [Pack, 2013, pp. 524–525].

Zhukovsky's scheme of development of science coincides with the William Whewell's<sup>7</sup> ideas on the principles of scientific knowledge formation. Whewell believed that, before moving on to abstract theorising, political economy should accumulate a sufficient empirical basis [Cochrane, 1970, p. 420]. However, he was convinced that the political economy of the early 19<sup>th</sup> century was still in its infant stages, therefore advocating the use of the inductive rather than deductive method. This thesis formed the basis of Whewell's critique of David Ricardo. Whewell argued that Ricardo's ideas were not sufficiently supported by empirical data [Gehrke, 2015]. Zhukovsky, in turn, did not share Whewell's views. According to the Russian economist, the political economy has already accumulated an acceptable empirical core and should move on to deductive abstract theorising.<sup>8</sup>

Henry Buckle's<sup>9</sup> works present an interpretation of Smith's methodology similar to Zhukovsky's. Buckle emphasised the fundamental role of empirical analysis. According to his theory, the laws regulating the progress of society cannot be discovered by introspection, but

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<sup>6</sup> The agreement between Zhukovsky and Marx is quite unusual. Zhukovsky was one of the first Marx's critics in Russia [Zhukovsky, 1877]. Zhukovsky's review provoked a controversy around *Capital* in Russian intellectual circles, which is widely covered in Soviet [Reuel, 1956, p. 256], modern Russian [Shirokorad, 2018, pp. 97–101], and international literature [White, 2019, pp. 27–34].

<sup>7</sup> William Whewell (1794–1866) was an English clergyman and polymath known for his work on ethics and the theory of induction.

<sup>8</sup> Both Zhukovsky and Whewell presented mathematical interpretations of Ricardo's theory [Zhukovsky, 1871; Whewell, 1831]. The Russian economist was familiar not only with the works of Mill, who in turn actively debated with Whewell about the scientific method [Strong, 1955], but was also generally aware of the frontier of Western political economy. However, there are no direct references to Whewell in Zhukovsky's works, which means it is impossible to assert whether Zhukovsky was familiar with his works.

<sup>9</sup> Henry Thomas Buckle (1821–1862) was an English historian and sociologist.

only by a comprehensive review of facts [“Buckle, Henry Thomas”, 1911]. Buckle also characterised Smith’s method as deductive [Leslie, 1870, p. 550] and was convinced that all sciences (including political economy) should follow mathematics and apply deductive reasoning [Benn, 1881 pp. 249–250]. The English thinker sought to follow Smith’s deductive method in his research [Benn, 1881 p. 234] and, along with Zhukovsky, emphasised the universality of the obtained results. In his magnum opus on intellectual history *The History of Civilization in England*, Buckle advocates controversial theses, which at the same time fully correspond to the principles of universalism. Buckle defines the objective of his work as “the discovery of the principles that govern the characters and destinies of nations”. Main conclusions of *The History of Civilization in England* suggest that climate, soil, food and other natural conditions are the causes of intellectual progress, and the significant development of European civilization is explained by the fact that only in Europe did man subjugate nature to his service [“Buckle, Henry Thomas”, 1911].

However, there was no consensus among 19th-century economists on the methodology of classical political economy. In one of his key works, Thomas Edward Cliff Leslie<sup>10</sup> criticises the deductive methodology of contemporary political economy, accusing it of being too abstract, rejecting inductive analysis, and ignoring empirical facts [Leslie, 1870].<sup>11</sup> Leslie considers *The Wealth of Nations* as an example of inductive analysis as it was based on historical events and empirical facts. Leslie points out that Smith combined the inductive method and a priori deduction [Leslie, 1870, p. 560]. On the one hand, such an interpretation of Smith’s methodology coincides with Zhukovsky’s view that the Scottish economist based his theory on the observable facts [Zhukovsky, 1864, p. 39]. On the other hand, Leslie criticises Ricardo and other representatives of later classical political economy for their “betrayal” of Smith’s legacy. He reproaches Ricardo for excessive “reliance on hypothetical laws or principles of nature and the rejection of induction not only to establish his premises but even to verify his deductive conclusions” [Leslie, 1870, p. 551]. However, according to Zhukovsky, Ricardo not only continues Smith’s work, but also significantly develops the methodology of political economy [Zhukovsky, 1864, p. 34]. In turn, Leslie, being a representative of the historical school and a critic of deductivism rejected the universalism of contemporary political economy, which significantly distinguishes him from Zhukovsky: “I dare to assert, on the contrary, that political economy is not a set of natural laws in the true sense or universal and immutable truths, but a set

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<sup>10</sup> Thomas Edward Cliff Leslie (1825–1882) was a Northern Irish lawyer and economist, a representative of the English historical school.

<sup>11</sup> The history of economic science distinguishes the English “battle of methods” (by analogy with the continental *Methodenstreit*). These debates evolved as the confrontation between orthodox classical economists (e.g. John Elliott Cairns) and representatives of the English historical school (e.g., Leslie) [Moore, 1995]. Despite the fierce criticism of his opponents, current research notes that Leslie’s views complemented the neoclassical approach rather than contradicted it [Collison Black, 2002].

of speculations and doctrines that are the result of specific historical events, coloured even by both the biography and the character of its main writers” [Leslie, 1870, p. 549].

At the same time, a less radical position is present in the literature. Wilhelm Hasbach, the author of several well-known works on Adam Smith, argues that Smith used both the inductive and deductive methods: “Even in the youth of our science in France, two methods opposed each other: abstract-deductive and concrete-descriptive. Something similar applies to Adam Smith. He undoubtedly widely applies the abstract-deductive approach, for example, in the doctrine of prices and wages, interest, taxation. <...> However, he did not exclusively use the mathematical <deductive> method. The entire fourth book, the most important of all, is an inductive proof of the harmfulness of the mercantilist system. At the end of the book, on the basis of the facts he had collected in large quantities, he concludes that the state should refrain from economic intervention” [Hasbach, 1890, p. 139]. Such a compromise interpretation partly coincides with the vision of Smith’s methodology, as set out in Zhukovsky’s article.

Modern literature includes the following assessments of Smith’s methodology. Mark Blaug notes that in the view typical of the mid-19<sup>th</sup> century, political and economic research had to “begin in the free and unprejudiced observation of facts, proceed by inductive inference to the formulation of universal laws about these facts, and finally arrive by further induction at statements of still wider generality known as theories” [Blaug, 1992, p. 4]. This idea coincides with the interpretation of the methodology of classical political economy put forward by Zhukovsky. Blaug points out that the described methodology was formalised in *System of Logic* by Mill [1843]. Joseph Schumpeter, in turn, emphasises that the abundance of factual information and historical examples in *The Wealth of Nations* only masks the abstractness of the theory of the Scottish economist, which is no less abstract than, say, Ricardo’s reasoning [Schumpeter, 2006, p. 513].

Milton Myers defines Smith’s method as hypothetico-deductive [Myers, 1975, p. 288]. This model of scientific reasoning originated in the second half of the nineteenth century and was formalised in the work of Carl Hempel and Peter Oppenheim [Hempel, Oppenheim, 1948]. It implied that “all truly scientific explanations have a common logical structure: they involve at least one universal law plus a statement of relevant initial or boundary conditions that together constitute the explanans or premises from which an *explanandum*, a statement about some event whose explanation we are seeking, is deduced with the aid of the rules of deductive logic. By a *universal law*, we mean some such proposition as ‘in all cases where events A occur, events B also occur’” [Blaug, 1992, p. 4]. Indeed, the importance of universal laws and deduction as the main scientific method, allows us to characterise Smith’s methodology as hypothetico-deductive

and point out the similarity between the description of Zhukovsky's interpretation and the hypothetico-deductive approach. However, unlike Zhukovsky, Myers characterises Smith's method as empirical, emphasising the importance of fact and experience and criticism of overly abstract approaches to analysis, set out in the works of the Scottish economist [Myers, 1975, p. 281]. Henry Bittermann shares this opinion, noting that Smith's methodology was in fact empirical, but stressing that the opposition "empiricism" – "rationalism" (in the sense of deductivism) is inappropriate in the context of discussing the authors of the 18th century [Bittermann, 1940, p. 497].

Thus, the characterisation of Adam Smith's methodology proposed by Zhukovsky essentially corresponds more to modern ideas about the methodology of classical political economy, despite some discrepancies in the terminology used.

## **IV: Conclusion**

In conclusion, the relationship between empirical facts and abstract theorising described by Zhukovsky is not a direct opposition between the "positivist" and "theoretical" directions (which is a rather simplified view of the economic methodology), but a complex process of forming abstract concepts based on empirical facts. The positivist methodology itself remains an important part of economic knowledge, but not in the narrow and "limiting" sense that the scholars of the past put into this approach, but on the contrary, allowing the modern economist to expand his toolkit [Caldwell, 1980, p. 71] At the same time, behind Zhukovsky's archaic language lies an idea that is still relevant today. Indeed, when discussing the simplification of "real facts" for conducting scientific research and building an abstract system from theoretical concepts, the Russian economist essentially implies contemporary economic modelling and characterises it as a fundamental component of the entire scientific method. The modern economic methodology completely coincides with Zhukovsky's vision in this idea as modelling is the most important analytical tool of modern economics [Morgan, Knuuttila, 2012]. What Zhukovsky called "the dissection of essential characteristics from phenomenal ones" is described in modern economic science as the creation of "approximations" or "caricatures" of the economic behaviour of individuals in real life [Gibbard, Varian, 1978].

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