

Making of Modern Europe: State, Economy and Empire

Module 7 Industrialization in Russia

Script

The obstacles to Russian industrialisation

The process of industrialisation began in Russia long after other European countries, and it began in a context when in all the European economies certain features of industrial civilisation had become more or less settled. Even before industrialisation began in Russia, commercial and social connections with Europe had begun to leave the imprint of industrial changes on Russian economy from the beginning of the 19th century. Nevertheless the principal drive towards industrialisation in Russia was political, not economic. For this reason, and because of some structural peculiarities of the Russian empire, the course of industrialisation in Russia followed a trajectory completely different from the rest of Europe.

The problem of market

Although the Tsarist Empire of Russia enjoyed some kind of political unity, there was not much congruence in economic character between the various component regions of the empire. The western part of the

Tsarist Empire, i.e. the Baltic regions (what is today the eastern part of Poland and the Baltic republics of Latvia, Estonia and Lithuania), St. Petersburg, and the Central Industrial Region adjacent to Moscow had long and sustained commercial ties with Europe. Being the centre of tsarist power, this region developed some industrial ventures on the basis of locally available resources to cater to the demands generated by the imperial court, the imperial capital and the adjoining regions. In the early years of the 19th century, a similar industrial region emerged in the Ural region which was the principal source for coal and iron in the Russian empire. Being commercially significant, communications too were relatively more developed in the central industrial region — a well-developed canal transportation system constituted the principal means of communication between the capital St. Petersburg with the economic nerve centre of Moscow, and the riverine network of Vistula and other rivers facilitated direct contact with various parts of eastern and central Europe. By contrast the Central Agricultural Region and the Black Sea region had relatively less commercial contacts with Europe.

The settlements adjacent to **the Black Sea** constituted Tsarist Russia's principal staging post for the agrarian commerce with **the Ottoman Empire**. The steady expansion of the empire from the 1860s into the Caucasus (Georgia, Armenia, Azerbaijan) and Central Asia (the emirates

of Khiva, Bukhara, Kokand), Russia's commercial relations with **the Ottoman and Persian empires** began to grow substantially.

But the trade in this region was not controlled by Russian merchants; this was the preserve of the Armenian bankers. In fact, long after being inducted into the Russian empire, the elites of Georgia preferred to marry into the aristocratic families of Persia. **The commerce of the southern parts of the Russian empire** was primarily southbound, their principal destinations being **India via Afghanistan and China via East Turkistan**. The vast open lands north of the Asiatic regions of the Russian empire were important for the trade in animal hide and fur. The tsarist regime was content setting up military outposts in this region which enabled it to extract revenue from the region in the form of animal hide and fur from **the Yakut and the Tungun peoples**.

Thus agricultural activity in the Tsarist Empire was confined to the lands west of the river Volga; east of the Volga as also the south, stretching between the lake Baikal and the Aral Sea the economy tended to revolve around animal husbandry. Most of the merchandise used to be transported down the rivers Volga in the west and the Amu Darya and Syr Darya to the south; to the north, the rivers Ob, Yenisei and Lena were the principal channels of transportation, and all the military outposts in the region used to be stationed along these rivers.

It was not difficult to import the ingredients required for industrial production in the western parts of the Russian empire from Europe by **the sea route via St. Petersburg**. The real problem lay in transporting such **imports from St. Petersburg to the Central Industrial Region** because for the better part of the year neither riverine nor surface transport were feasible in the region. The rivers Volga, Don and Dnieper and their tributaries and distributaries tended to remain frozen up for several months on end. Neither could surface transport provide an alternative because such extreme and long winters made maintenance of roads virtually impossible. The Central Industrial Region faced very harsh winter season between November and March when the temperature could fall as low as forty degrees below zero. Although the use **of horse-drawn sledges** on frozen up rivers made some communication possible, this mode of transport was completely unviable for carriage of heavy merchandise. In the middle of March, at the onset of spring, as the ice began to thaw (melt), chunks of ice floating on the river surface made sailing on wooden boats a very risky proposition. Thus even in spring, as St. Petersburg became free of the freeze, quite often normal **transport links** could not be revived before the end of April. On the other hand it could take northbound merchandise sent from **the Urals to St. Petersburg** over a year because even if merchandise despatched in the summer would reach Moscow by

November, it could not be despatched from Moscow before the winter came to a close in March of the next year.

Hence the market for manufactured goods remained confined to the adjoining region in which production took place. **Baron von Haxthausen** had shown that in the year 1850, the productivity of per unit of labour in most parts of Russia was a third of his west or central European counterparts. Thus the per capita earning of Russians was comparatively less, thereby constricting demand for goods. Agrarian and industrial production tended to be limited to addressing the basic requirements of daily life.

In this background, the principal demand for industrial production within the parameters of proto-industrial system was generated by the state. Thus, the coal and metallurgical industry of the Ural regions was geared almost exclusively to address the military requirements of the Russian state; the civilian industrial production in **the Urals**, and the associated development of canal transportation were meant to satisfy the needs of those who were engaged in military production. But despite generating such secondary industrial activity in the peripheral regions of the empire, no general industrial development appeared possible in the region till the middle of the 19th century owing to the Russian state's approach to the issue of labour – to guarantee supply of labour in the

manufacturing sector of the inhospitable region of **the Urals**, **the Tsarist** regime resorted to the policy of serfdom, a dispensation prevalent in large parts of the empire.

Serfdom and the problem of labour

In Russia as in West and Central Europe, serfdom developed primarily around the agricultural sector. The defining feature of the system was the total control over property enjoyed by the overlord, and **the peasant** was a serf who had no freedom of mobility that the lord was not willing to accord him. The serf lived on a holding that belonged to the lord, cultivated lands that were under the charge of the lord, and handed over almost the entire surplus he could generate to the lord. The rights of a serf were minimal, and unlike his counterpart in the western part of Europe, a Russian serf could not even resort to royal intervention on his behalf. At best, a Russian serf could beg for the mercy of his own lord. For all practical purposes, the entire agricultural sector in Russia operated within the apparatus of serfdom. Within the same apparatus, there was room for manufacturing and commercial exchanges, especially if the agricultural surplus generated turned out to be inadequate. If agricultural surplus proved inadequate, the lord stood to lose out if the entire tribute was paid to him in the form of agricultural surplus, hence quite often the lord tended to demand rent in cash so that the serf was compelled to resort **to artisanal production** to generate the amount.

Indeed, once proto-industrial production began in any estate, it also tended to develop in a natural trajectory. If serfs engaged in artisanal production sought to leave the estate for some time in order to either

improve the quality of production or sell the produce in other better-paying markets, the lords were generally willing enough to give them a pass according temporary relief against a payment. It was such **artisanal serfs** leaving with short-term leave that provided Russia its first exposure to western industrial technology. Use of improved technology of production occasionally enabled even the serf to save some money for himself, allowing him sometimes to buy his freedom from the lord. Two major entrepreneurs dominating the textile industry in 19th century **Russia, Morozov and Riabushinskii**, came from such servile origins. Even **Putilov, the biggest steel producer in 19th century** was a serf in his early life. This was because, contrary to popular impression, there was considerable room for flexibility in Russian serfdom. If a serf were owned by the state, he could purchase property in his own name as early as 1840; if was privately owned, he could buy it in the name of his lord. It was even possible to lease in land for cultivation by a serf.

But there also used to be many serfs outside the agricultural sector who were forced to engage in industrial production. These industrial serfs were generally attached to factories or workshops. For instance, in the Ural region, the mines used to be a part of the lord's estate, and it was illegal for the serfs to leave the estate. Feudal lords-cum-entrepreneurs like Davidov and Stroganov were compelled to start the practice of industrial serfdom because the inhospitable climate of the region made

labourers unwilling to move into the region voluntarily. Such special measures could be taken because these industries were considered to be indispensable to the needs of the state. Also because the state made some capital available for such industries, it was possible to introduce technological innovations. For instance by **1850, the mines in Urals** had seen the introduction of **steam technology**. Hence, even though Russian industry was not advanced enough to compete with its West European counterpart, there had been some technological innovations (**albeit limited**) in the Urals and the Central Industrial Region between St. Petersburg and Nizhnii Novgorod.

Even then, some problems continued to persist with relation to industrial serfs. The feudal lords tended to impose a lot of demands on their serfs. A serf did not normally have too many rights, and even the few he had were not generally enforceable. If the serf sought exemption from agriculture or even total release from serfdom, he had to **pay an obrok** or **quit-rent** by way of compensation which had no fixed upper limit. Neither was there any lower limit on much wages could a serf be paid. So the material condition of the serf was determined essentially by the extent of the goodwill of **the feudal lord**. The lord could extort of the serf as much as he chose because if the serfs failed to meet their rental obligations to the estate, the estate would nevertheless have to fulfil its revenue obligations to the state, and that meant the lord had to pay the

difference. Since the responsibility for production was borne fully by the landlord, the power of the lord had to be kept absolute in the very interest of production. The revenue burden on the landlord in turn depended on the number of serfs he employed, and there used to be a census of the serfs very ten or fifteen years which helped settle the revenue claims of the state on the lords. However, if serfs were to run away between two such censuses the difference between the revenue obligation and the surplus generated by the estate had to be met by the lord himself. Hence it made better sense for the landlord to ensure a basic minimum production by every single serf, instead of bothering about increasing the productivity of the estate or per capita production.

Another attendant problem of this system was that while it was not impossible to mobilise capital for industrial production in this system, it certainly was quite difficult. In Western Europe, the structure of the agrarian system made it possible for the West European peasantry to accumulate capital. **Purchase and sale of land, dowry etc** created avenues for generation and circulation of capital in West and Central European agrarian society. However, the context of serfdom in Russia being considerably different from others, there was no such dynamism in the economy of the agrarian sector.

The Course of Russian Industrialisation and the Role of the Russian State

After their defeat at the Crimean War (1854-56), the ruling elite of Russia realised that the industrial revolution had introduced a major gulf between the military might of the West European powers and the Russian military machine. Especially the ease with which British and French troops could be transported into the region stood in stark contrast with the extremely cumbersome movements of the Russian military.

Hence, despite its colossal empire and a huge army, the Russians were defeated quite decisively. Learning their lesson right, the Russian ruling elite resolved fairly quickly that in order to retain great power status and remain relevant in European politics, Russia had to modernise her industry and would have to initiate rapid railroad development. There was however very little scope of organic growth in the empire, given the fact that it was split into a number of regional economies. A still greater problem was the fact that one of the most common factors in the modern industrial system that was developing, free and mobile source of labour, was not available in Russia owing to the practice of serfdom. Nor was adequate investible capital available. In order to remove all these factors of backwardness, the Russian state became particularly active during the second half of the 19th century, and according to **Gerschenkron**, functioned as the 'substitute' for market in the rise of industrial society.

The Abolition of Serfdom

The course of **abolition of serfdom in Russia** was begun in **1861** with the emancipation of privately owned serfs. Thereafter, state-owned serfs were emancipated in 1864. Serfdom in the Urals and the south-western region of Russia came still later. Nor did the ‘emancipation’ take place everywhere on the same terms: the terms on which privately owned serfs received their emancipation was different from those offered the state serfs; similarly terms on which serfs owned directly by **the Tsar** were considerably different from both. But the thing all of these categories of serfs had in common was their new status in the eyes of the law: they were no longer tied to their place of work, and they no longer required the license of the owner to move from one place to another.

Serfdom was phased out by means of the Emancipation Edicts of 1861, 1864 and 1866. It said that a part of the land cultivated by a family of serfs on the landlord’s estate would have to be made over to them, to hold and cultivate freely. The loss incurred by the landlord would be compensated by the state. In return the representative body of the emancipated serfs in every village settlement, **the Mir**, would have to pay revenue at a stipulated for a period of 49 years.

But alongside Emancipation, a number of other changes also followed quite naturally all of which were contrary to the interests of **the peasantry**. The most important change lay in the redefinition of **the connotation of property** in the countryside. As a serf, a **Russian peasant** tended to have a natural right of access to **the meadows, rivers and woods** within the perimeters of the estate.

After the emancipation, some lands were made over to the peasantry and the rest remained with the landlord – that is to say all the lands became the private property of someone or the other and the flexibility that characterised the previous system began to disappear. Besides, the landlords tended to transfer only inferior quality lands to the emancipated serfs, thus even after being legally emancipated the peasantry did not benefit economically in any good measure. Thus quite often, the peasant would return to cultivating the land of his erstwhile landlord in return for wages which became his stable source of income.

The landlords were particularly successful in commercialising agriculture using cheap labour provided by such emancipated serfs.

Besides, it is worth remembering that land was never quite transferred to the individual peasant at this stage. The Emancipation edicts of **1861, 1864 and 1866** transferred lands to the village collectives of *mir* or

obschina. The revenue payable to the state for the lands was settled collectively upon these communities, and no default on revenue payment was permissible for the state, given the precarious condition of the budget in the wake of **the Crimean War**. Thus, while the landlord was compensated by the state for the loss of his land, the state was relentless in being repaid the amount eventually, even though it was split into instalments over 49 years. The consequence was that in the period following the emancipation there was no enhancement of labour mobility because every individual family had its share of revenue obligation to meet, and if anyone was to fail the result had to make up the shortfall. Accordingly, **the mir** found it convenient to restrict the mobility of its constituents. Nevertheless, the immobility was less pronounced than under the period of serfdom, because the *mir* was willing to let individuals go out of the village if the rest of his family was willing to accept the family's revenue obligations.

It had been anticipated that the abolition of serfdom would be able to generate a lot of synergies in the economy of imperial Russia. But owing to the character of the transformation ushered in 1861 this was not immediately realised. The emancipation of **serfdom in European, Russia and the Caucasus regions in course of the 1860s and 1870s**, and the reforms of land rights carried out in **the Kyrgyz steppes** ended up consolidating the control of a small number of landlords over a huge

swathe of land, without the earlier commitment to the structures of agrarian life or its attendant responsibilities. By contrast a far greater range of obligations for the agrarian society, both towards the community and the state, created new complications instead of resolving old ones. This very nearly defeated the basic purpose of the Russian state for undertaking the reforms, because the state thought that once emancipated the peasantry would become eager and enterprising, and would resort to commercialisation of agriculture in order to meet the revenue demands of the state. They believed that once land became a form of property that could actually be transferred the peasantry would endeavour to increase production and productivity with an aim towards making money and accumulation of capital. But mindful of its harsh revenue commitments, **the *mirs*** ended up so many restrictions on the movement of its constituent people that there was not much encouragement for innovative practices either.

Consequently, neither was there much growth in the Russian agrarian sector in the four decades after the emancipation, nor was there any indigenous demand that could support the growth of proto-industry.