

**SUMMARIES OF LECTURES in ECO 303Y1:**  
**the Economic History of Modern Europe, to 1914**  
**for the Academic Year: 2012 - 2013**

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**Updated: Thursday, 14 March 2013**

**XXI. Week no. 21: Lecture no. 25b: on 13 March 2013**

**Section VI: Russia, The Beginnings of Industrialization, 1815 - 1914: Barriers to Economic Growth and Agrarian Changes in Russia, to 1917**

**begun on 9 March and completed on 13 March 2013.**

**Again, a common theme of all these lectures is major role of the state in Russian economic development and industrialization, with both positive and negative consequences.**

**1. The major topic of Russian agriculture: the consequences of the abolition of serfdom:**

**a) We did so by re-examining the Gerschenkron model:**

**i) in the light of the objections from its chief critics, especially Paul Gregory: with their evidence to indicate that progress in Russian agriculture after 1861 was far greater than that indicated by Gerschenkron,**

**ii) while also noting that the Gerschenkron thesis, in so far as parts of it may be valid, pertains to only a very limited portion of the vast Russian empire (up to 1914): communal peasant agriculture in parts of European Russia only.**

**2. A summary of the Gerschenkron Model on Post-Emancipation Russian Agriculture: How the Russian government bungled Land Reform (in his view):**

**a) That the fundamental flaws lay in periodic Repartitions**

**i) periodic Repartitions, or redistributions of peasant tenancy holdings -- in the form of plough strips scattered in and amongst the three Open Fields (as in pre-modern western Europe) -- according to family size,**

**ii) the state: in providing the village Mir the powers to administer the operations of the Obshchina or village commune and to collect rents, taxes, and obrok.**

**iii) The periodic Repartitions -- involving only 35% of Russian villages in 1870 and 87% in 1890 -necessarily encouraged the growth of family sizes, if only to protect family land-holdings, and led to a combination of rural overpopulation, disguised unemployment, and falling or even negative marginal productivity of labour.**

**iv) Repartition killed incentive to improve lands worked, given the likelihood that the peasant family would lose some existing lands and hold new plough strips after the next Repartition.**

**v) It also bred peasant grievances, because so many viewed the periodic Repartitions as unfair, especially**

when families lost lands.

vi) While Gerschenkron called this system irrational, the state's rational was to enhance the power of the village Mir, as the state's agent in collecting obrok and taxes.

vii) None of the critics really deals with this Repartition issue: on how taxes should have been collected.

**b) A major consequence therefore was the other problem: Peasant immobility, and hence an inelastic and thus scarce supply of labour throughout the economy**

i) that remained the central curse, even though the supposed objective of abolishing serfdom was to give peasants freedom, including the freedom to move, and land.

ii) According to Gerschenkron, peasant sons could not leave the obshchina without permission of both their fathers (family) and the Mir itself;

iii) neither the father of the peasant family nor the mire could afford their departure and loss of determinants of both land holdings (in the next Repartition) and provision of village obrok.

iv) Peasants who did manage to leave could not sell any land, which belonged to the family and to the Mir, and thus lacked the capital that emigrant German peasants enjoyed.

**c) In Gerschenkron's view, this highly adverse combination of peasant immobility and drastically falling productivity had highly predictable results that hindered industrialization and economic growth:**

i) a rigidly inelastic labour supply;

ii) a grossly inadequate supply of educated and skilled labour -- leading Gerschenkron to argue that the scarcest input or resource in highly populous Russia was labour;

iii) low incomes and thus inadequate demand for industrial goods in the domestic Russian market; iv) inadequate domestic supplies of savings and capital;

iv) inadequate supplies of inputs for industrialization: not just labour, but also foodstuffs and industrial raw materials;

v) and low levels of urbanization -- and European Russia was only 15% urbanized on the eve of World War I, in 1914 (but up from 6% in 1880). \*

**3. Criticisms of the Gerschenkron Model:** chiefly by Paul Gregory (an American historian):

**a) That Gerschenkron ignored regional variations, especially in non-Russian parts of the Empire:**

i) Gregory contends that rapid growth in the non-Russian parts of the Empire, comprising more than half, more than compensated for any losses in traditional Russia.

ii) I provided some such information on Finland, the Baltic provinces (modern day Estonia, Latvia, Lithuania) and Poland.

**b) Even within Russia and Ukraine, Gerschenkron focused exclusively on what happened in traditional villages communes (the obshchina):**

i) **he neglected to consider the significant progress achieved on estates** of many gentry and aristocratic landlords, and also even those of prosperous 'kulak' peasants.

ii) **For large estates in Russia and Ukraine, landlords benefited there as did their counterparts in eastern Germany:** from the conversion and addition of former peasant tenancy lands into enclosed market-oriented farming estates. See further remarks on enclosures below: in having their domain lands finally separated from peasant communal lands, allowing them now to enclose and then to engage in all aspect of modernized agriculture (convertible husbandry, multiple course crop rotations, chemical fertilizers, stream-powered machinery).

iii) **Furthermore, most peasants, responsible for 20% of the Emancipation costs, gained both freedom and some land only at the expense of surrendering parts of their land holdings,** from 50% to even 75%, to landlords.

iv) **Thus peasant losses, while 13% overall in the Russian Empire,** excluding Poland, the Baltic, and Finland, ranged from 23% in Ukraine to 41% in the rich Volga River Valley (Samara to Saratov).

v) **Landlords sought to reap such gains** in those areas best suited to high productivity, commercialized agriculture, and export markets.

vi) **Indeed, Tsarist Russia, from the 1880s became one of the world's largest grain exporters,** producing 70% of its export earnings, up to World War I.

c) **Gerschenkron called these 'hunger exports':** grain exports at the expense of the Russian peasantry: attributing these grain exports to high taxation and indeed expropriations: for which there is no proof, according to Gregory.

d) **Gerschenkron ignored the positive evidence of a far more active land market (so did Gregory to some extent):**

i) while landlords gained much land from former serf peasants,

ii) other less enterprising landlords, of the spendthrift aristocracy and gentry, ultimately sold 27% of their landholdings to richer peasants (kulaks) and bourgeois merchants by 1914.

d) **Gerschenkron vastly exaggerated the plight of post-Emancipation Russian peasants:** even within the obshchina system, and ignored evidence of their mobility and even prosperity.

e) **Gerschenkron had contended that productivity and thus rural incomes fell:**

i) for which Gregory supplies much contrary statistical evidence (and note that Gerschenkron provided very little such evidence.

ii) I had presented earlier some seeming support from previous independent evidence: that suggested an increase in grain production of only 43%, while population grew by 117%, from 1860 to 1910).

iii) But Paul Gregory's statistics show the exact opposite: in terms of 1913 gold rubles (real values), grain production grew by 124% from 1885 to 1911-13 (1,183 million rubles to 2,654 million rubles)

iv) and total agricultural output grew by 96.7% (from 3,025 million to 5,948 million rubles);

v) personal consumption (all Russia) grew by 129% (from 6,661 million to 15,273 million rubles), while population, as noted, grew 117%.

vi) Thus in per capital terms, consumption rose from about 61.33 rubles in 1890 to 95.04 rubles in 1913.

**f) Rising land prices:**

i) viewed by Gerschenkron as another negative indicator of the plight of the peasantry, also contradicted by Gregory:

ii) Gregory contends, instead, that rising agricultural and land prices provides an indication of both increased total factor productivity and of prosperity: i.e., an enhanced demand for land, especially from property owning free peasants and small estate owners

**g) Did the state promote and protect communal agriculture?:**

i) this issue is, in fact, not really discussed by Gregory or other critics

ii) **but I presented arguments (based on scattered evidence and logical deduction) to the contrary:** that the process of peasant emancipation, requiring the serfs to pay 20% of the costs, actually led to significant land transfers to landlords (as noted above), and

ii) **allowed landlords to separate their demesne lands from peasant communal lands:** and thus to engage in enclosures and thereby to adopt convertible husbandry, multi-course crop rotations with nitrogen-fixing legumes, chemical fertilizers, machinery, and other techniques of modernized agriculture

iii) read the lecture notes in full on these issues.

**(21) XXI. Week no. 21: Lecture no. 26: also given on 13 March 2013**

**A very brief lecture on Russian Railways and Industrialization, from ca. 1850 to 1914**

**1) The Russian railway structure, from the 1850s:**

a) **There were five fundamentally important railway systems** that permitted Russian industrialization and much more rapid economic growth from the 1850s,

i) but the most important were from the mid 1880s to 1914:

ii) so important when vast distances and previously very primitive transport facilities had prevented the utilization of much of Russia's rich land and mineral resources:

**b) The major Russian railways:**

**i) The Great Russian Railway Company:**

(1) begun in 1857 as a private joint-stock company, and nationalized in 1882:

(2) running from Warsaw (Poland) north-east to St. Petersburg, south-east to Moscow and Tula, south to Kharkov and then Kiev, in Ukraine, and then north-west to Warsaw: the world's largest railway company.  
ii)

**ii) The Trans-Caucasian Railway, founded in 1883:**

(1) running from Baku on the Caspian Sea, linking its oil fields to Batum on the Black Sea, for ocean transport:  
(2) Russia was briefly the world's largest oil producer and exporter, in the late 1890s

**iii) The Trans Caspian Railway, also founded in 1883:**

(1) linking Astrakhan, where the Volga flows into the Caspian, to the Aral Sea, and beyond, to the east:  
(2) opening up vast new cotton plantations in Turkish Central Asia (Kazakhstan, Uzbekistan, Tadjikistan)

**iv) the St. Catherine's Railway (Ekaterinoslav), founded in 1886:**

(1) linking up the vast coal deposits on Lugansk, on the Donets, which flows into the Don and the Sea of Azov (Black Sea) with the even more immense deposits of iron ore at Krivoi Rog, on the Dnieper, north of Crimea, and with also vast iron fields in the Crimean peninsula itself.  
(2) This railway made the southern Ukraine the Russian equivalent of Germany's Ruhr-Rhine industrial complex.

**v) the Trans-Siberian Railroad, constructed from 1891 to 1900:**

(1) running some 6800 km, from Moscow to Vladivostok on the Pacific:  
(2) built for political reasons: to unite European Russia (from the Baltic, via St. Petersburg) across the Urals into and across Asia to the Pacific Ocean  
(3) its real importance lay in the 20th & 21st centuries.

**2. The role of the state in Russian railways:**

a) the role of the Count Sergei Witte: Minister of Finance (1892-1903) and Prime Minister (1903-06)

i) **chiefly responsible for the rapid expansion of the Russian railway system, from 1891** (having sponsored the construction of the Trans-Siberian Railroad, before becoming Finance Minister)

**ii) role of the state similar to that found in Germany and France:**

(1) state subsidized railway finances (borrowing): by providing state guarantees for railway bonds  
(2) sponsored state ownership, so that Russian gov't owned 2/3 of railways by 1913  
(3) governed the railway fare structure, again in a 'mercantilist' fashion: subsidizing transport of raw materials and finished manufactures to ports for export.

iii) **importance will be seen in the next lecture on Russian industrialization;** but also for agriculture (grain and cotton) and the export trades.