NUMBER 51

Russian Industrialists During World War I. The Interaction of Economics and Politics

Ruth A. Roosa

Conference on Entrepreneurship and Economic Innovation in Russia/Soviet Union

Sponsored by

Kennan Institute for Advanced Russian Studies
American Association for the Advancement of Slavic Studies

November 16-18, 1978
Washington, D.C.

Russian Industrialists during World War I.

The Interaction of Economics and Politics.

The outbreak of the First World War came at a crucial time for the Russian industrialists. Their relations with a government that appeared to them to be singularly lacking in understanding of their problems were strained as they had not been since 1905, while long-standing tensions with the landowning and laboring classes were also rapidly increasing in severity. Partly accounting for these difficulties, but by no means explaining their source, which lay deeply imbedded in the Russian entrepreneurial past, was the nature of the new period of industrial expansion that began in 1910 - a period marked by shortages in key industrial commodities and spiraling prices. Nothing could better illustrate the interaction of economics and politics, even in such an autocratic state as was tsarist Russia, than the problems associated with this period of rapid economic growth. Charges, not totally unjustified, of speculation and monopolistic controls over output led both to an increase in the hostility toward industrial enterprise that was endemic in Russia among all other social elements and to offically enacted measures in constraint of private enterprise. Among the results of these pressures were a growing militancy of labor and an upsurge in political activity among the "trading-industrialists," who, during the last two years of peace, were becoming increasingly persuaded of the necessity for at least a modicum of political reform.

The outbreak of the war also found the industrialists intensely concerned with a complex of questions involving Russia's economic future. Keenly aware of the threat to Russia's economic, and even political, independence that was posed by her increasing dependence on Germany, the organization of "united industry," the empire-wide Association of Industry and Trade, was convinced that the answer to most of Russia's multiple problems lay in the elaboration of a program for the broad development of the national economy, which would also provide the foundation for the enhancement of the empire's position as a great world power.

Ironically, this commitment to the nation's future development provided the setting for a quandary that was to plague the Association, and to account for some of its political difficulties, until the collapse of the empire: how to reconcile the need to devote industry's primary effort to supplying the needs of a war economy with its sense of the urgent necessity to advance a program for systematic growth.

Although the Petrograd-based Association liked to think of itself as the organization of "united industry," there were many divisions within its membership, based on conflicting economic, geographic and political interests, that were to play a major part in the history of Russian entrepreneurship during World War I.[1] The scope of this paper does not permit a discussion of these interrelationships. However, no discussion of its major theme could be complete which did not include a consideration of the distinctive part played by the industrialists of Moscow, traditionally the center of the country's business class (kupechestvo). Under the tensions of wartime, and impatient with the Association's rather conservative leadership, one influential element among the Moscow industrialists - the so-called "young Muscovites" - who constituted the nucleus of the liberal Progressist Party was increasingly roused to assume leadership in the world of industry and trade. However, the Progressists did not speak for all Moscow industrialists, just as the Association did not represent all the industrial and financial interests of Petrograd.[2]

It has been customary not only for most historians but for much of the prerevolutionary intelligentsia as well, regardless of political hue, to ascribe to Russia's "bourgeiosie," and especially to its large-scale industrialists, a fatal political weakness that was largely responsible for the ultimate success of the Bolshevik revolution. The industrialists themselves have stressed, in at least partial self-exoneration, their traditional and continued dependence upon the state and the difficulties that faced them (as well as all

of Russian society) in attempting to break loose from the many constraints that limited their freedom of action. Perhaps no definitive conclusion is possible, but it is hoped that the following pages will shed a small ray of light on this much-debated question.

I

The outbreak of war was attended by an all-engulfing wave of patriotic sentiment that for the moment united government and people and gave to Russian tsardom its last great opportunity to forestall the approaching revolution. Strikes and labor unrest halted dramatically, and the burgeoning expressions of political discontent among the diverse elements in Russian society were suspended in the interest of a unified war effort. The most optimistic among the businessmen hoped that the war would spur the "authorities" to grant political reforms at once, and even the most pessimistic among them believed that a victorious war would assure the attainment of political reform after the peace.

Contrary to the usual portrayal, the Russian industrialists did not, however (with the possible exception of certain Moscow magnates), welcome the war with enthusiasm. On the contrary, they viewed the opening of hostilities with much anxiety, painfully conscious as they were of Russia's unpreparedness, and her heavy dependence on foreign imports of capital, techniques and goods. Yet the prospect of success in the war with Germany was enticing, and after the early military victories a period of enthusiasm did burst into flame and burn brightly, if briefly. It was during this wave of expansive optimism that the industrialists' visions of the glories that lay ahead for a victorious Russia were enunciated. Indeed, throughout the summer and late fall of 1914 the Association of Industry and Trade, together with the Moscow merchantry ([redacted]) and all of trading-industrial Russia, maintained that total victory

over Germany was the only alternative to national ruin. At the same time, fears that the government might be unwilling to carry the war to a successful conclusion were already a constant and continuing source of anxiety.

But even as the new year 1915 opened, the mood of jubilation, although by now tempered by the realization that the war could be of lengthy duration, still retained some of its allure. Industry and Trade, the journal of the Association, exultantly declared that in the postwar world Russia must rise to the pinnacle as the world's greatest industrial power, taking the place that Germany had occupied in world markets from Europe to the Far East. "Boundless in expanse, gifted by God with all natural riches, populated by a great people, our Fatherland will rise over the world as a giant, before which the Teutonic episode in the history of world industry will be as nothing."[3] A victorious war, moreover, was seen as but a prelude to the final attainment of the long-suppressed socio-political aspirations of the trading-industrial class: "The future is for us, for life moves forward and in place of the old there advances the new."[4]

The Association met the practical demands of the war with sober realism, however. On July 24 N. S. Avdakov, its chairman, told the exective council of the organization that its work on national economic development "must inevitably be put aside and all efforts must be directed toward the tasks of the present day...."[5] During the first weeks of the war the organization foresaw with extraordinary accuracy what were to become the principal, and ultimately fatal, problems of Russia's war economy. The prime task, it pointed out, was to assure the nation's food supply. Second was the need to maintain effective operation of the railroads. Thirdly, the government's haste in conscripting large numbers of the industrial working force into the army posed an immediately urgent problem. The needs of the army, the organization insisted, must be balanced against industry's needs for an adequate labor force with which to meet those needs.

In fact, it would seem that organized industry perceived the magnitude and

complexity of the economic problems confronting Russia and the importance of the economic rear in modern warfare more clearly and more promptly than did the government itself. Yet by the end of the year and well into the spring of 1915 private industry was widely charged in the press and among the articulate public with a "business as usual" approach to the war effort. What is the explanation for this seeming contradiction? Perhaps there were a number of explanations. Industry, despite its awareness of the country's needs, certainly did not appreciate the full magnitude of the effort that would be required to meet the demands of what was at first assumed to be a war of brief duration. This uncertainty was apparent in Avdakov's initial reaction to the outbreak of war, when he told the Association that industry "must strive with all its strength to satisfy the needs of the army and of the country" while "not halting general economic life."[6] Clearly it was assumed that the maintenance of normal economic conditions was a part of the basic duty of industry. Undoubtedly, the expection of a short war also led to a reluctance on the part of some industrialists to undertake the rapid expansion of production. Speculation and profiteering also played their part.

But perhaps a more basic explanation lies in the realm of government attitudes. Although the large Moscow textile exterprises received substantial orders, government orders for arms and munitions were heavily concentrated in state-owned plants and in a relatively small number of the largest private firms in the Petrograd area. Even more important was the failure of industry's effort to forge a cooperative relationship with the government for the promotion of the war effort. The industrialists acted quickly on the outbreak of the war to proclaim their hope of contributing "organizational and creative" work in cooperation with the government on behalf of victory. They openly welcomed the opportunity which the war seemed to offer to win recognition as an "equal" partner with the government in confronting the national emergency. In this, as they were soon to learn, they were gravely mistaken. Indeed, it was this thought and the attempted initiatives that were

inspired by it, culminating in the establishment of the war industries committees, that underlay first the governmental and then the mutual distrust that were, in both their economic and political manifestations, to bedevil the war effort until the collapse of the Empire.

The first weeks of war, however, were not only replete with such organizational endeavors but were suffused with a remarkable atmosphere of official cooperation. Frequent governmental conferences with industry's representatives were held, and committees, both joint and parallel, for the study and implementation of the economic tasks of wartime multiplied. On the Association's initiative a committee, on which industrialists were represented, was established to centralize information on fuel needs, stocks of available coal and the allocation of supplies according to "rational principles."[7] On questions of foreign trade and the financing of necessary imports, which were still thought to be feasible, the Association also made an active contribution. On its recommendation a special commission, on which industry's representatives were again included, was established under the Ministry of Trade and Industry to decide on the allocation of the 10,000,000 ruble's worth of foreign exchange that the government had made available for essential imports.[8] But according to the Association, a parallel commission formed under its own council actually had the decisive voice in deciding which goods should be imported and in allocating rights to foreign currency and the placement of orders abroad.[9] Other efforts by the industrialists were less successful. The Association's request for the organization of a Special Commission for the allocation of railroad rolling stock for the needs of industry and trade won initial acceptance, but only to be abolished in mid-autumn. An effort by the Society of Sugar Producers to centralize information on the supply of labor in central and southern Russia failed to win approval. And although the Association of Ural Mine Owners - a region that had received no orders for military production - expressed a willingness to undertake the allocation of

orders in its district, no response was forthcoming.

Nevertheless, in mid-September the Association took formal note of the government's more favorable attitude toward organized industry. At the same time, however, it stressed the necessity of solidifying the relationship and assuring that industry's voice would indeed be taken into account in the formulation as well as in the implementation of economic policy. It was also evident that governmental inefficiency and failure to pursue the task at hand with sufficient determination were already giving rise to disquiet within industrial circles. On September 12 the Association gave its endorsement to a statement issued by the Society of Mill and Factory Owners of the Central Industrial Region which asserted that "In general, in the opinion of trading-industrial Moscow, the government should devote much more attention to questions of industry and trade than it is doing at the present time."[9] In its own article three days later the Association, while stressing the "responsive" and "obliging" attitude of the government, pointed also to "a certain lack of resolution" and the need for a more decisive approach to Russia's many pressing economic problems. While "the government listens very willingly to the statements of the industrialists and learns much about current problems, the tangle of artifically disrupted economic relations becomes more and more confused."[10] Clearly, mid-September marked a fatal turning point in industry's relations with the government. It was at once the peak of their short-lived improvement and the beginning of an inexorable downward course. From September on their relationship was characterized by a growing mistrust and a mutual antagonism that was rooted not only in the specific problems of wartime but in the prewar years as well.

During the period between the outbreak of the war and the convening of the Ninth Congress of the Association in May, 1915 the areas of economic dispute between the government and industry multiplied. Space does not permit a discussion

of all these issues, but two perhaps, deserve special mention as examples of all these prewar problems that became magnified under wartime conditions. One involved the status of the Empire's Jewish population. From the beginning of the war the Association supported without success the initiative of N. F. fon-Ditmar, Avdakov's successor as chairman of the Association of Southern Mine Owners, to obtain the reduction or removal of the restrictions on Jewish students and businessmen. Even more important was the issue of "state socialism" and what the industrialists saw as a new official effort to expand the role of state-owned industries and monoplies at their expense. As early as September 17 Industry and Trade remarked bitterly that "there is recommended a system of state socialism and repression of private enterprise."[11]

The alarming decline in production in such key industries as coal and metallurgy that was evident by mid-November reflected a wide range of unfavorable conditions, of which the most serious were in transport services (caused not only by basic inadequacies in the railroad system but by extraordinary mismanagement) and labor shortages (attributable to the continuing conscription of skilled workers and technical personnel into the army). Late in the year, the Association reported that "the developing crisis in the metallurgical industry threatens to engulf all of Russian industry."[12] The situation was not helped by the action of the Council of Ministers in mid-October in abolishing the Committee on Railroad Orders, which had been in existence since 1902.[13] Late in December the Association organized its own Special Conference and addressed a memorandum to the Council of Ministers urging the adoption of emergency measures both to increase the supply of rolling stock and to counter the prevailing disorganization in transport service. The Special Conference recommended the creation of a Supreme Commission that would have extraordinary powers to deal with the situation.[14]

Thus by the end of the year industry's initially rosy view of Russia's postwar future had been badly eroded. Gone was the expectation of a brief war,

and although ultimate victory still seemed assured, the industrialists were now realistically beginning to consider the magnitude of the economic problems that even a successful war would bring to Russia.

II

The first five months of 1915 were a period of ever mounting embroilment, political as well as economic, between industry and the government. Added to the many causes of this situation was the growing, and ultimately critical, shortage of arms and munitions. Already of serious concern to the highest military authorities in the fall of 1914, it was nevertheless persistently denied by government officials. As late as January, despite repeated appeals from the Commander in Chief, the Grand Duke Nicholas Nicholaevich, for the expansion of military production by private industry, the War Minister, V. A. Sukhomlinov, responding to inquires by members of the Duma, again denied that any shortage existed. But on January 1 the government did form the Special Artillery Commission (Osobaia Rasporiaditel'naia Komissiia po Artilleriiskoi chasti), under the direction of the War Minister, to coordinate relations between the military and civilian organs that were responsible for the supply of war materials. The Commission was endowed with no special powers, however, and although the situation improved somewhat its impact was not substantial. And despite official denials, the state of arms and munitions supply became common knowledge in the first month of the new year, in part as a result of a visit to the front and to the Headquarters of the Chief of Staff by A. I. Guchkov[15] and M. V. Rodzianko, president of the Duma. While at Headquarters they informed the Grand Duke of the industrialists' urgent desire to undertake the mobilization of industry for the fulfillment of war orders. The Commander, despairing of action by Sukhomlinov, in turn appealed to the two to convene a congress of representatives of the unions of zemstvos and towns for the purpose of supplying the army.[16]

In January the industrialists took the initiative on the two issues that

they considered to be of primary concern - economic development and the arms supply needs of the country. On January 3 the Association appointed a special commission, headed by Vice-Chairman V. V. Zhukovskii,[17] to consider how best to foster Russia's economic growth. The commission met frequently until the convening of the Ninth Congress in May; the fruit of its labors was the monumental report On Measures for the Development of the Productive Forces of Russia.[18] Secondly, after consultation with the major metal works in the Petrograd area the Association on January 12 sent to the Council of Ministers a memorandum setting forth its suggestions for alleviating the approaching arms crisis.[19] It proposed that orders for military materiel should be sent directly from the High Command to the large producing plants, rather than through the War Ministry as was currently the practice. Those plants, the number and location of which should be expanded beyond the current narrow circle of Petrograd-based firms, must be empowered to allocate orders to smaller plants, which should be brought into the war production effort. Skilled workers, technicians and engineers should be released from military service. And, finally, it was recommended that a Special Council be established with broad supervisory powers over the allocation of orders and the entire productive process. It should be empowered to assure first priority in the supply of metals, fuel and transportation facilities to firms working under its authority. These proposals of the Association have rightly been credited by historians with being the direct inspiration for the establishment by the government in May of the Special Council for the Coordination of Measures to Guarantee the Supply of Munitions and Other Materials to the Army, itself a precursor of the Special Council on Defense that was established in August. The Association's initiative has also been attacked by historians as constituting an effort on the part of large-scale firms to bring smaller enterprises under their direct control. In any case, the effort was rejected by the Council of Ministers.[20]

Despite this rebuff, efforts on the part of the industrialists continued,

with some minor successes. In January the Association was invited to send representatives to a Special Conference which had been formed under the War Ministry to consider orders to private factories in the Urals - clearly a result of the organization's earlier initiative. In February the government gave its approval to the establishment of a conference by the Association to supervise the drawing up of lists of workers who should be freed or deferred from military service. And in March, after an acrimonious exchange between the Association and the Minister of Transportation, a committee was formed under the ministry, with industry's participation, to discuss ways and means of guaranteeing fuel supplies to the army, navy and railroads. But a February effort by a group of primarily financial leaders in Petrograd (only one of whom, the industrial magnate, A. I. Putilov, was closely identified with the Association) to rescue something from the Association's January memorandum by proposing that a special council of industrialists be formed to work directly under the war ministry also came to naught.

Its attempt to make an organizational contribution to the developing arms crisis having failed, the Association threw itself with new energy into its work on national economic development, which was increasingly coupled with the problem of how best to cope with all the major economic problems that the industrialists now saw confronting Russia in the postwar world. As Industry and Trade observed in its New Year's issue: "Let us not forget that not only must the war be won,...but it is necessary to utilize the economic results of the war."[21] In these thoughts the Association was not alone, as the connection between economic growth and military and political power became increasingly recognized by broad elements in Russian society. Particularly gratifying to the Association were the interest and concern for the nation's economic problems that were manifested by the legislature during its brief, three day session at the end of January. Industry and Trade noted approvingly the words of the chairman of the Duma Budget Commission in which he called for a completely rejuvenated Russia, in

which "there will be formed a new man, a man strong in spirit and in body, who will lead Russia along a new channel, along the channel of an independent state, a state which must remove all predominance in whatever spheres it may have found itself a nest."[22]

A further result of the session was the creation on January 30 of an Economic Conference composed of 100 or more members of the State Council for the purpose of discussing the state of the national economy. Among the twelve members of its presidium were Association members N. F. fon-Ditmar and S.P. Glezmer, a Petrograd industrialist. The former took an especially active part in the meetings of the Conference, as did also Avdakov and other representatives from trade and industry.[23] Late in March, at its last meeting, the Conference adopted a resolution"on the necessity of a planned struggle with the disorder caused by the war."[24] Earlier a Special Conference of the Association on the influence of the war on the national economy had concluded its work with the presentation of a report to the Chairman of the Council of Ministers. Its concern centered on the state budget for 1915, which reduced expenditures for railroad construction, the building of roads, the improvement of waterways and other productive purposes. Criticizing these decisions, the report contended that the task of the government at the present time should be to assist "cultural construction" and to promote national economic development.[25]

The Association also found encouragement in the new "world outlook" (mirovozrenie) of the intelligentsia, which, under the slogan of "economism," was also calling with increasing urgency for the rejuvenation of Russia. But most important was the virtually unanimous support of the trading-industrial class of Moscow and other centers throughout the Empire. Indeed, welcome though it was, the interest of the intelligentsia and other public elements in promoting economic growth met, in its more practical aspects, with a rather scornful

reception among the industrialists. Everyone, Industry and Trade observed, thinks that he can run the country better than the industrialists, everyone was trying to advise industry. But "Industry cannot be created without the industrialists, and therefore it is also impossible to create an industrial program without their participation and support."[26] The growing confidence of the industrialists in their class mission to guide the course of Russia's economic future found repeated expression during the spring of 1915, and on the eve of the Ninth Congress Industry and Trade advanced as industry's own "ideology" the concept of national economic development.[27]

The spring of 1915 was a time of mounting trial for the industrialists, and the issues, largely connected with the spiraling fuel and transport crises, began to assume a political aspect as well. In the sudden dismissal in February of S. I. Timashev, Minister of Trade and Industry since 1909, the dwindling supplies of coal that were reaching factories and urban centers were seen as but the precipitating cause. Although his departure had long been anticipated, and was not entirely unwelcome, its timing came as a surprise to the industrialists, who waited nervously to see what the new minister, Prince V. S. Shakhovskoi, would do. His background was not such as to instill confidence in business circles. At 39 he was relatively young for the post; he had only a very limited experience in industrial affairs and his appointment was mainly welcomed in agrarian and nationalist circles. The industrialists' fears were soon justified. On February 28 he made known his intention of visiting the Donets Basin, and out of this investigatory visit came a major confrontation between the government and the industrialists. The affair came to a head at a meeting of the Economic Conference of the State Council on March 26. At the two previous meetings fon-Ditmar had presented reports which maintained that stocks of coal in the Basin were adequate for Russia's needs and that the difficulties in supply stemmed primarily from the inadequacy and disorganization of railroad services.

When Shakhovskoi took the floor he rejected the coal men's explanation, which had been received with sympathy by much of the Conference's membership, and attributed the difficulties to a genuine shortage caused by an inadequate supply of labor, which he ascribed not to military conscription but to low wages and poor living conditions at the mines. A series of sharply worded debates in the Conference concluded with the passage of a resolution fully supporting the representatives of the coal industry, fon-Ditmar and Avdakov, and, on April 1, with the abrupt closing of the Conference by Goremykin. The bitterness of this "quarrel" between the government and the industrialists attracted much attention in both the press and the bureaucracy, and made a lasting impression in trading-industrial circles. [28]

Throughout the early months of 1915 the transportation problem continued to be a growing cause for concern among the industrialists. A month after the Association's approach to the government in late December, no action having been taken, Industry and Trade printed an article chronicling industry's fruitless efforts to improve the supply and capacity of freight cars since 1906 and concluding with the observation that "the thickening, no thanks to God (ne dai Bog), of the political horizon brings in its wake a complete blow to the economic organism."[29] The article led to an unofficial reply by the ministry of transport in a polemical article published in Novoe Vremia, which denied the existence of any freight car shortage. Industry and Trade countered with its own indignant article, which ended with a plea to the minister to take action while it was still not too late.[30] There was no reply, and the urgent petitions that the Association addressed to the government later in the month and again in mid-March and in mid-April remained unanswered.

Early in April the journal angrily, but ambivalently, addressed itself to the question of Russia's economic crisis. While conceding that a measure of self-criticism was indeed justified on the part of industry, the article lamented the closing of the Economic Conference of the State Council and charged

the daily press, inspired by "political and personal motives and by demagoguery of most vicious hue," with sharing the responsibility for industry's unenviable position in the public eye. But it was the government that was found to be most responsible for the nation's now critical situation. Averring on the one hand that basically there was no economic crisis, for the manifestly specious reason that demand and supply were both at their maxim, the article nevertheless contended that there was indeed an economic crisis caused largely by mismanagement at the highest level:

> The situation is pregnant with the most unexpected developments. Our obligation as the organ of united industry is to point out this situation and to try to find a wise way out. Economic activity poses a serious problem, which can be formulated as follows: it is necessary to attain the coordination of the economic forces. 31

Yet it was precisely at this moment of crisis that the Association found itself torn between the need for directly confronting the immediate situation on the economic and war fronts and its belief in the necessity for promoting industrial development. At no time in its history was the juxtaposition of these two needs so sharply posed, or the organization's thinking so confused. Perhaps official indifference to its efforts to take an active part in the direction of the war economy left it, in its view, with no alternative but to press for economic growth. Whatever the explanation, it was at this time that Avdakov chose to advance a new, institutionally oriented proposal directed toward the promotion of a broadly conceived program of national development. In a report dated April 24, he proposed the creation of a Supreme Economic Commission, the membership of which would consist of representatives of the appropriate ministries, industry, trade, agriculture and the public, to formulate such a program for approval by the government and the legislature. Under the Commission there should be organized guberniia and district (raionnyia) committees which would work directly with "practical men" in the business

world and feed the products of their accumulated experience to the Commission.[32] This proposed structure clearly anticipated that of the war industries committees, although its functions were very different. Also included in Avdakov's report was an impassioned plea for unity between the government and the public:

> There stands before us the economic renewal of Russia, with all the reforms that are closely connected with it. Our dear, valiant army, 'after,' to quote the words of the Supreme Commander, 'demolishing the enemies of Russia, of all Slavdom, of justice and of true civilization,' must return to peaceful work for the good and might of Russia and find at home all the conditions for peaceful cultural development. The government, the legislative institutions, the public, the press - all must unite as one for the attainment of such a great purpose....
>
> The development of the productive forces of Russia! What a noble work, what a worthy work for the sake of the native land, for the sake of a rise in the material condition of the population, for the sake of the exaltation of Russia, its glory and political power. 33

Meanwhile, the defeats on the Galician front had gained for industry strongly based political cohorts on behalf of its direct participation in the direction of the war economy - Rodzianko and Guchkov. They had, moreover, the powerful support of the Commander in Chief. Even the Emperor himself and his War Minister, Sukhomlinov, had finally arrived at the conclusion that Russia's position called for drastic action and that only cooperation between the government and private industry could offer any hope of salvaging the position in arms and munitions. The result was the creation early in May of the Special Council for the Coordination of Measures on the Supply of Munitions to the Army. As has already been noted, its establishment has been traced by historians with remarkable unanimity to the Association's initiative in January.[34]

The first meetings of the Special Council were held on May 14 and 18, directly preceding the convening of the Ninth Congress of the Association. Present were representatives of the Duma and the war and navy ministries as well as three members of the Petrograd banking and industrial world- A. I. Putilov,

A. I. Vyshnegradskii and V. P. Litvinov-Falinskii (until recently a high offical in the Ministry of Trade and Industry), all of whom had played an active part in its creation. At the third meeting on May 28, perhaps in an effort to appease the Congress, its membership was expanded to include representatives from the ministries of finance and trade and industry, the State Control and the State Council. Representation of banking and industrial interests was increased to eleven, all drawn from the Petrograd area and most of whom, with the outstanding exception of Putilov, were only tangentially connected with the Association. The members from the State Council, however, included Avdakov, V. I. Timiriazov (the organization's first chairman), Litvinov-Falinskii, and G. A. Krestovnikov, chairman of the Moscow Exchange Committee and the only representative of that major industrial area.

The establishment of the Special Council has been described by Soviet historians as a great victory for the industrialists. A. L. Sidorov, in particular, observed that it gave them "the right to decide on an equal basis all questions of material provision for the army."[35] It is true, of course, that the creation of the Council represented a partial fulfillment of the hopes for an active share in the formulation of economic policies with the government that the Association had nourished since the first days of the war. But it did not represent a culmination of industry's highest hopes, and its attitude toward the Council was mixed, even within the Association. The latter's more conservative elements, most notably Avdakov, clearly hoped that the Council could be utilized as an expanded mechanism of industrial influence. But to the less optimistically or narrowly oriented the fact that the representation of business interests on the Council was all, except for the partially discredited Krestovnikov,[36] drawn primarily from the financial world of Petrograd and consisted of men who were already engaged, directly or indirectly, in supplying the army, could not but have been a source of irritation not only to industrial

Moscow and other centers but to the Association itself, which had long been preaching the need to draw all of industrial Russia into the war effort. The industrialists, moreover, as Sidorov acknowledged, "demanded a radical change in the existing relationship between the war department and private enterprise," insisting "first of all on the broad participation not only of individual mills but of the whole of industry to work for the army, as well as on the composition of a plan of 'unified work by private mills "[37] Finally, the rights and potential influence of the financial-industrialists in the Council were by no means clear, while the place of the Special Council itself within the government was still at issue, since the Council of Ministers was seeking to subordinate it to its own control.

The Association had always been reluctant to engage in political discussion - a product, no doubt, both of governmental restraints imposed at the time of its creation in 1906 and of its own awareness that the industrialists were not a politically united class. In mid-February growing public criticism of industry's apolitical stand extracted from Industry and Trade a haughty elucidation of the limits of the organization's political contacts:

> From the first words that emerged from its walls the Association has disavowed and consciously avoided any kind of political activity. But we have not closed our doors to any political figure who wished to talk about his attitude toward the fate of domestic industry. In our midst there have appeared representatives all shades of sober political thought....We have not heard the representatives of the extreme left and the extreme right, Social Democrats and members of the Union of the Russian People - but, honestly speaking, what could they say to us apart from certain expressions that are rarely used in everyday conversation?38

Shortly afterward, however, carefully guarded statements with political implications began to appear with increasing frequency. Perhaps this reflected in some measure the influence of the Moscow Progressists, P. P. Riabushinskii and A. I. Konovalov, in particular. The latter especially, was a member of the

Duma and an active and influential member of the Association.

Quite obviously, disillusionment with the political leadership of the country was also causing the industrialists to turn in increasing desperation to the Commander in Chief, who had long supported their aspirations for an active role in the war effort, as a potential national leader and champion of the cause of national self-fulfillment. Even Avdakov was moved by the dismissal of Timashev and the appointment of Prince Shakhovskoi to observe that, in contrast with the economic "war" where confidence in victory was low, the military effort "is led by a man of unshakable will, who possesses all the capacities of genius, in whom and in the success of whose work all Russia has faith."[39] The capture of Peremyshl' early in March was seized upon as an opportunity to send a telegram of congratulations to the Grand Duke in which the Association also expressed its pleasure that His Highness "values the work of industry, which is ready to work like a fiend (rabotat ne pokladnaia ruk) for the sake of the defender-heroes of the native land. We firmly believe that our industry is in a position... to justify Your high confidence in it and we hope for a possible weakening of the causes that are slowing industry down."[40] Much blunter were the words of Baron G. Kh. Maidel', the director of the Association's secretariat, in which he called for a change in political leadership as a necessary postwar goal. Proclaiming the need for confidence in "the great Russian people" and its future destiny, he declared: "Let us have confidence that when the military threat is over, when the tasks of peaceful prosperity have come to the fore, there will be at the helm of the state new and strong men who will be capable of resolving the powerful demands of life."[41]

Strong as the political feelings of the industrialists might have been, however, they did not go beyond a desire for a change in the personnel of the government and a number of modest reforms, including recognition of the principle

of "legality" and abolition of restrictions based on religion and nationality, which had long been demands of the Association. Unmentioned was any thought of expanding the powers of the legislature or even of abolishing the notorious Article 87, which permitted the government to evade the legislature altogether. Indeed, the Association's assessment of the relative merits of administrative and legislative action would seem to have been based solely on considerations of practical expediency. Thus in the case of measures for which quick action was sought, the use of Article 87 was readily recommended. Conversely, in matters where the organization hoped for a postponement of action, legislative action was strongly supported.[42]

What is abundantly clear is the Association's scorn for the economic capacities of other elements in Russian society[43] and its conviction that the future of Russia lay in the hands of its own class. But even its dedication to its own class rule was not without qualification. Industry and Trade put it succinctly: "There stands before business Russia, when it is able to organize and understand itself, a great future."[44]

III

The Ninth Congress of the Association of Industry and Trade, held in Petrograd on May 26-28, not only gave rise to the War Industries Committees but saw the emergence of an active movement of political protest. Although the center of the latter was among those industrialists of Moscow who formed the nucleus of the Progressist Party, the spirit of protest was now virtually unanimous throughout the industrial and business world. The congress also saw the beginning of what was to become a major shift in the center of gravity from the Petrograd-based Association to Moscow, always acknowledged as the heartland of mercantile and industrial Russia. It was no accident that this shift was attended by a change in the leadership of the Moscow Exchange Committee from the conservative Krestovnikov to the Progressist leader, P. P. Riabushinskii. But the congress also made abundantly clear the waning leadership of its own conservative chairman, the "petitioning" Avdakov, and the de facto leadership of the energetic and liberally inclined member of the Third Duma, V. V. Zhukovskii. Zhukovskii's Polish background and perhaps his political activism as well were against him, however, and dedicated friend of Russia though he was, he could not succeed to the chairmanship after Avdakov's death in September. Although he continued to be recognized by his fellow industrialists as the actual head of the Association until his own death a year later, no formal successor to Avdakov was chosen until after the collapse of the Empire.

The congress opened in an atmosphere tense with potential conflict and against a background of continuing military defeat on the Galician front. Recrimination was rife throughout the industrial world, while the press in general charged the Association with indifference to Russia's plight and with unwillingness to exert itself on behalf of the war effort -- charges which were

seemingly supported by the nature of the agenda for the congress, which focused heavily on postwar economic development. But while much has been made by historians of the confrontation between Progressist Moscow and the Association's leadership, the record of the congress suggests that the areas of agreement and cooperation between the two centers greatly outweighed their differences. The diversity in outlook that characterized both the Petrograd and the Moscow elements also served to modify potential conflicts. On the basic issue of support for the war effort, the Association as well as Moscow had been propounding the need for the "mobilization" of industry throughout the Empire since the beginning of the year. And while on the eve of the congress Utro Rossii, the organ of the Progressists, called for the mobilization of industry and labor and the creation of a "government of national defense" on a broad scale, the Association, for its part, despatched a message to all trading-industrial organizations in the country, including those that were not members, urging them to respond to a questionnaire on the causes and possible solutions for Russia's economic difficulties and inviting them to send representatives to the congress "for the sake of a very broad illumination" of the problem.[45]

Although Moscow unquestionably was the center of nationalist and liberal sentiment in industrial Russia, a report of the secret police on the congress significantly makes no mention of political divisions between the industrialists but, rather, stresses their common belief in the necessity of cooperation with the government through the joint endeavors of a closely united industry and trade. Yet Moscow did have genuine grievances with its rival capital. One basic cause of outrage was the fact that Moscow industry, with the exception of the large textile firms, had not shared in the war order largesse, and that Petrograd had allegedly been favored in the shipment of fuel and raw materials. More immediately, it was angered by the creation of the Special Council, with

its heavy representation of Petrograd and the apparent willingness of most of the Association's leadership to work through it for the achievement of industry's goals. The latter suggests differences in tactics rather than in basic goals.

In his opening remarks as chairman of the congress, Avdakov said that they were gathered together for the purpose of helping the state, the populace and the army by mobilizing the industrial strength of the country. This theme was taken up by the second speaker, Deputy Minister of Trade and Industry, Veselyi, who in an obvious call for support for the Special Council, declared: "I know that our industry has already for a long time acted in this direction, but it is apparent to all that further efforts must be advanced with greater urgency, in a more organized way and more energetically."[46] In the course of the subsequent discussions, the Moscow delegation was headed in the absence of Riabushinskii, who had been delayed at the front, by Iu. I. Poplavskii, vice-chairman of the Society of Factory and Mill Owners. Together, he and M.M. Fedorov, a former government official and the representative of the Ural Mine Owners, both of whom were closely associated with the Association, raised the slogan: "All for the War."[47] The first day closed with the adoption of a resolution which not only called upon industry to devote itself to supplying the military needs of the army and for increased representation on the Special Council, but also declared that "the adoption and carrying into effect of exceptional measures and the general position of the country require the immediate convening of the legislative institutions." [48]

Riabushinskii's speech on the following day was, however, the turning point in the congress, which thus far had seemed to be satisfied with the

attainment of a larger and broader representation for industry in the Special Council. Although Riabushinskii did not outline a plan for the creation of the war industries committees, as he is often credited with doing, he did declare his confidence that "the need will be proclaimed ... to create some kind of committee," [49] which would presumably be independent of governmental control. His speech was also a passionate and moving appeal for unity and action in the face of a desperate national crisis. Coming directly from the front, he drew a vivid picture of the privations that the men were suffering, the lack of essential equipment and the dangers of declining morale among both officers and men. The danger of defeat was real, he told the Congress, and with it the liklihood that "we shall be enslaved for a hundred years." The prime need was to organize the rear and to draw into the effort "strong, knowledgeable, experienced persons" both from the government and from every stratum of the population, without regard for political differences. Confidence in the country's leadership, he asserted, was essential. [50] But Riabushinskii did not call for an effort that was totally apart from the government; rather he appealed for greater official understanding of the country's needs, which he said were understood by the populace:

> And we would like to say to our government with a pure heart: it is already late, but listen to us at last, try now to learn a little in order to draw closer to the people, in order to give yourself the possibility even at this moment, a dangerous moment, to help us emerge with honor from the immediate situation that has been created. 51

His final words were an emotional and colorful appeal for national unity:

> ...let us hold out firmly in our places, let us forget our personal affairs, let us concentrate on helping the state in this difficult time. And may the many-headed German snake, which is winding around us..., feeding on our vitals, be destroyed. [52]

The further proceedings of the congress were largely dominated by three men: Zhukovskii, Fedorov, and Poplavskii. The principal issue was how best to organize industry's war effort. Fedorov proposed that the Council of the Association, augmented by an unspecified number of "worthy" persons, itself undertake to carry out the task of supplying the army. Poplavskii did not endorse these proposals but instead suggested rather ambivalently that "we must strengthen those to whom power is entrusted by inviting into the higher organs of government those people who would actually be worthy conveyors of the real work of the trading-industrial class."[53] Against these remarks, which seemed to suggest support for the Special Council, Fedorov later changed his position, drawing closer to Riabushinskii. "It is our task, he declared, "to put together a suitable committee, chosen from among the best people of the trading-industrial class, who would be in a position to devise an organization necessary for the creation of the means of defense, for their delivery to the front...."[54] Zhukovskii was chosen to head this committee, that would prepare a resolution for presentation to the Emperor. It was made up of some forty persons, representing all the major commercial and industrial centers of the Empire as well as those members of the legislature who represented trade and industry.

On the political issue which also was highlighted in the congress' discussions there was no real disagreement among the great majority of its membership. Initially it was Fedorov who suggested that a delegation be sent to the Emperor to acquaint him with the full magnitude of Russia's problem. The suggestion apparently met with unanimous approval, and was further valued not so much for any political overtones that might be conveyed as for its merit as a reflection of the class pride of the industrialists. Riabushinskii had touched only lightly on this question, but its elements were clearly present when he refered to the limitations that had thus far prevailed upon society's right to

organize and the importance and capacities of "the most important sector" of Russia's population. It was Poplavskii, however, who made clear the importance that was attached to sending a delegation to the Emperor. Asserting that only one thing ~~is~~ was essential, "to the Tsar," he assured his listeners that by taking "such an extraordinarily audacious step" they would simultaneously be taking action that would have great and lasting importance for the future of their class. For "at this moment we shall come forward as a completely independent class in the political life of the country." [55]

It remained for the maverick, Prince S. P. Mansyrev, a Kadet soon to join the Progressists, to introduce a note of political discord. To applause from back-benchers he bitterly accused the government not only of indifference to Russia's fate but of wholesale corruption as well, and invited the assembled industrialists to take "the path of struggle,... whatever this may cost us." [56] The succeeding disarray was finally silenced by Zhukovskii, who as chairman declared that this was not the time for "echoes of internal revolution and all kinds of internal political movements." To cries of "Correct, Correct," he asserted that "It is impossible to conceive of ourselves here as both a congress and a national assembly which chooses a government"; rather, "we can only talk about a struggle with a common enemy.... We must in solidarity with all our strength go to the aid of the government, our native land and the TSAR (sic)."[57] Zhukovskii's intervention was perhaps made easier since his own political views had already been set forth in the report on economic development: But such a [economically-RAR] reforming role will be within the strength not of a police state, not of a bureaucratic state, not of a class (sòslovnymu) state, but of a economic state, a state which not only bases its work upon the public but works through the public, a state that would know how to unite all the vital forces of the people, that would not oppress but would base its work on the free individuality.[58]

On the final day the congress heard Rodzianko's long awaited speech in which he reiterated the slogan "All for the Army" and appealed to industry in guarded language to unite in work with the Special Council. The address ended with his appeal to the industrial class as a whole to take an active part in the leadership of the country and to lend its support to a broad program of reform (still largely undefined) in the composition and procedures of the government.[59] His words came too late, however, for it was clear by this time that the members of the congress had no intention of subordinating their own war effort to any government-controlled agency. When, immediately following, Zhukovskii suggested that the resolution proposed by the drafting committee be adopted unanimously and without debate the proposal was received with loud cries of "Bravo, Bravo." The chairman thereupon announced that the Association would name the date for a special congress to further the work that had been decided upon, to which Zhukovskii added, again to loud applause, that the place of meeting should be "Moscow, since that is the heart of Russia."[60]

The resolution of the congress was clearly a compromise between the various points of view expressed at its meetings. It proposed the establishment in Petrograd of a Central War Industries Committee, which should coordinate the work of district committees in adapting enterprises to production for defense, elaborating plans for the delivery of output according to a regular schedule and determining needs for raw materials, transportation and labor. The Association was instructed to organize this Central Committee, with the proviso that it should include representatives of trading-industrial organizations, the railroads and shipping lines, the scientific and technical professions and the All-Russian Unions of Zemstvos and Towns. The Association for its part agreed to assign 25,000 rubles from its own funds to meet the initial organizing expenses.[61]

Although the congress' "Address to the Emperor" proclaimed its "unity with the government," it also contained a pointed avowal that "all the industrialists and commercial people of Your Great Empire, without distinction as to nationality or religion, are inspired by confidence in the high court of Providence and in the final triumph over the audacious enemies."[62] Finally, an additional resolution bluntly declared the congress' belief "that the application and carrying into effect of exceptional measures and the general position of the country require the calling without delay of the Legislative Institutions."[63]

In the aftermath of the congress, Industry and Trade, with unaccustomed humility, warned that "the Russian trading-industrial class will cover itself with everlasting disgrace if it does not justify these hopes" which have been placed in it by all of Russia.[64] But, as the journal pointed out, "even mobilized industry cannot work if it is not told precisely and definitely what it must produce":

> The fulfillment of the task of the War Industries Committee requires not only initiative on the part of industry, but also the active cooperation of the organs of government power. We are confident that this cooperation will be shown, since awareness of the importance of the historical moment must, at last, have penetrated into all departments; we cannot imagine that petty departmental interests can stand in the way.[65]

That, indeed, was the big question confronting the industrialists in the late spring of 1915.

The events of the congress produced a brief period of exhilaration and self-confidence among the industrialists. Despite its hopes for unity and cooperation with the government, the Association lost no time in proclaiming with unprecedented forthrightness its political ideals. The legislature now seemed to hold the key to Russia's future, and the organization joined its voice to those of political leaders and the Unions of the Zemstvos and Towns

who were now insistently demanding that the Duma be recalled. In mid-June Industry and Trade wrote:

> Under the blows of the mailed German fist the new Russia of the future is being forged. We are fighting for a new civil state (grazhdanstvennost'), for the broad rights of the people's representatives to participate in state life. The people, bearing on their shoulders the weight of the gigantic struggle, cannot fail to be called to [participate in] the broadest state construction, the reconstruction of the entire obsolete state system. We are awaiting the calling of the Legislative Chambers without delay in order that the entire country in the person of its elected representatives may bear witness to the great words of the Rescript of the Gosudar: "The enemy must be demolished Until then there can be no peace."[66]

But industry's interest in the convening of the legislature was not entirely selfless. Out of the congress the industrialists had emerged with a new sense of their own importance to the state, a consciousness of their maturity as a class and a conviction of their mission to serve the state in "a great historical moment." In the surge of public approval that followed the congress, a meeting of the Duma was seen as a means of finally confirming their new unity with society as a whole:

> The imminent calling of the legislative institutions can, no doubt, play a decisive role in the process of the spiritual rapprochement of society with the trading-industrial class. The legislature should fix the shift in the public temper, the psychological upheaval with respect to industry.[67]

In the same spirit of enthusiasm the Association energetically began the work of organizing the war industries committees. In an ill-considered action that could not but have been considered provocative by its Moscow membership and that certainly was contrary to the spirit of unity proclaimed at the congress, the Association on May 30 decided "to recognize the Committee of the Council of the Association as the core of the Central Committee."[68] As a result of this decision,

the distinction between the two organizations during the weeks preceding the holding of the First Congress of the War Industries Committees at the end of July - a period during which the Association spent some 100,000 rubles in its organizing efforts - remained virtually a formality. The action of the Association set the stage for an active confrontation between itself and Moscow at the First Congress. Meanwhile, the Moscow District Committee, created on June 2 under the chairmanship of Riabushinskii, which was to become virtually independent of the Central Committee, served as the vehicle for Moscow's own ambitions.

No less inimical from Moscow's perspective during these months of June and July was the clear intent of the Association to establish a close working relationship with the government organ that controlled the issuance of war orders - the Special Council, now reorganized as the Special Council for the Coordination of War Supplies and headed by the newly appointed War Minister, the more acceptable General A. A. Polivanov. The Special Council had also been expanded to include additional representatives from government departments and the legislature as well as from trading-industrial and various "public" organizations. Avdakov sat on the Special Council as a member from the State Council, while Guchkov served as the representative of the Central Committee. After receiving assurances from both Goremykin and Prince Shakhovskoi of their own intent to cooperate with the Central Committee, the latter invited the membership of the Special Council to participate in its own meetings. The Central Committee became during its first month the authorized agent of the War Ministry in the allocation of orders for projectiles among munitions manufacturers. Thus the initial prospects for a cooperative working relationship between the Central Committee and the Special Council appeared promising.

Meanwhile, however, there was trouble brewing within the top leadership of the Association regarding the proper role of the Central Committee. While

Avdakov argued that its functions should be limited to measures designed to increase productivity and should not include the fulfillment of orders, Zhukovskii insisted that it concentrate directly on the latter activity. After Avdakov conceded defeat, the Committee, under Zhukovskii's direction, began to adapt smaller factories to war production and to press the Special Council for assurances that the materials and other conditions necessary for successful operation would indeed be made available. There was also disagreement among the leadership as to whether a congress of representatives of local and district committees should actually be held. Again, against Avdakov's opposition, Zhukovskii won out and the congress was called for the end of July.

The First Congress of the War Industries Committees, which met from July 25 to 27, marked a major victory for Moscow over Petrograd and the Association. Clearly, this was a victory for those who wished to create an industrial organization independent of the Special Council, although the Moscow leaders, perhaps rather inconsistently, were no less vociferous than their colleagues in the Association in stressing the necessity for governmental cooperation. To a remarkable degree, the success of Moscow over distinctively Petrograd interests (as distinct from those of the Association) reflected the basic indifference of the leading financial-industrial circles in the capital, which had long been engaged in war production and apparently had no interest in extending those privileges to smaller enterprises or to outlying areas of the country.[69] The congress also represented a victory for public interests (obshchestvennost') over control by large-scale enterprise centered in the Association. None of these lines was severely drawn, however, for Guchkov and Konovalov, who replaced Avdakov and Zhukovskii as chairman and vice-chairman of the Central Committee, while both Muscovites and political activists, had intimate ties with the world of large-scale industry. Moreover, Petrograd was retained as the headquarters of the

Committee. Finally the largest single blocs of members on the reorganized Committee, ten each, went to the Association and to labor - the latter the joint work of Konovalov and Zhukovskii. These results were received with at least outward goodwill. Avdakov declared that he welcomed the formal separation of the Central Committee from the Association since it recognized the differences in their functions and freed the latter to turn once again to planning for the country's future economic growth. Zhukovskii, however, announced that he personally considered it his duty, both as a businessman and "in the interest of our Polish people,"[70] to continue his work with the Committee.

It was the relationship with the government that was the principal cause for worry. In fact, industry's initial hopes for cooperation had not been borne out and the situation already gave grounds for serious doubts as whether the war industries committees would be able to carry out their self-appointed task of supplying the army and organizing the rear. Avdakov and Baron Maidel' made clear early in the first session the depth of industry's concern. Although the Central Committee's statement on the need for a definite program in the supply of raw materials had been approved in principle by the Special Council, no additional materials had been forthcoming. There had been no improvement in supplies of fuel or labor; nor had industry's request for samples and models on which to base its work on the few orders that had been received produced any satisfactory reply. Finally, not a single financial advance had been received from the Special Council by any enterprise or local or district war industry committee. In fact, Maidel' reported, the entire project was sunk in a morass of "bureaucratic indecision."[71] The problem of relations with the government was all the more threatening since the Special Council was once again in the process of reorganization, this time into its final form as the Special Council on Defense, with enhanced powers over industry and the national economy in general.

Even more disillusioning was the decision of the Duma majority to exclude industry's representatives from membership on the Council, although the representation of the Central War Industries Committee was retained. As A. A. Bublikov, a Progressist member of the Duma and influential member of the Association, bitterly declared, the action demonstrated once again the innate hostility of the Duma toward industry - an observation that Litvinov-Faliinkii expanded to include the enmity of the press and the public in general.[72]

The congress disbanded in anything but a mood of optimism or confidence; on the contrary, it saw only trouble ahead. Not only did prospects for cooperation with the government - the necessity of which was constantly reiterated - appear to be slim; the need, as Riabushinskii affirmed during the course of the debates, was for a strong government. But "Who governs Russia at the present time? ... we do not know."[73] Thus organized industry had gone full circle during the course of the first year of war. After a brief period of elation, followed by months of growing discouragement when hope was nevertheless kept alive, it was back again to the mood of gloom with which it had initially received the outbreak of hostilities.

IV

The last year and a half before the collapse of the Empire saw not only the steady decline of any semblance of governmental cooperation with industry but also, under mounting governmental and social pressures, the progressive decline of the class unity that the industrialists had worked so hard to achieve. Before the year 1916 had come to an end the Association had decided to withdraw from active participation in the Central War Industries Committee, and Riabushinskii had been forced from his post as chairman of the Moscow Exchange Society by a combination of forces headed by Krestovnikov and his former ally, S. N. Tretiakov. But for the moment, during the summer of 1915, the measure of solidarity attained was without precedent.

Despite the ending of the Association's domination of the Central War Industries Committee, the relationship between the two organizations continued to be close. Zhukovskii, as head of the Association's delegation, played a prominent part in the Committee's affairs, while Maidel' continued to serve as director of both. Many of the specialized sections of the Committee were also headed by staff members or close associates of the Association. Regarding the Committee's relationship to the Special Council, however, the Association's attitude continued to reveal much of its former ambiguity. On the one hand, averring that "while preserving formal separation, they must in essence merge into a single institution for the supply of the army,"[74] the organization also demanded that the war industries committees be recognized as autonomous organizations endowed with a measure of power commensurate with their responsibilities. "Responsibility and power are indivisible,"[74] it maintained, and both should be vested in industry alone, unconstrained even by the voices of the public elements on the committees.

In August came the formation of the Progressive Boc and an impressive display of unity among the industrialists. Resolutions adopted by the Moscow City Duma and the Moscow Exchange Society, and endorsed by the City Duma and Exchange Society of Petrograd as well as by numerous trading-industrial organizations, called for a shift in ministerial personnel and the formation of a government that would have the confidence of the country. The Association itself sponsored a large assembly attended by such prominent political figures as Riabushinskii, fon-Ditmar and Bublikov, where the need was stressed for it, "as the organization responsible before the trading-industrial circles of all of Russia," to "come forward in such a critical moment with its own authoritative word...." The assembly unanimously decided to send a telegram to the Emperor, pointing out

"that the war must be waged to a victorious end, that for this purpose unity is required between the authorities and the country, that no such unity exists at the present time, and, in order that it should exist it is necessary ... to change the composition of the government at once and to call to power persons who enjoy the confidence of the public."[75]

The failure of the Association-and, indeed, of industry as a whole-to pursue vigorously the political course that had been so forthrightly laid out remains a subject for speculation. The question is particularly intriguing in view of the predominant influence exercised by Zhukovskii, whom Utro Rossii later described as one of the few men in the trading-industrial world who had correctly understood the role of the bourgeoisie in the state and had worked all his life for the solidarity of the class and for its entrance into the political life of the country.[76] The answer, it would seem, must lie in two circumstances: increasing governmental pressures and, in response, growing differences among the industrialists themselves as to how best to cope with the emerging situation.

Although the Association under Zhukovskii"s leadership turned once again to active sponsorship of a program for postwar development and reconstruction, current and ever mounting problems in the economic conduct of the war effort continued to be of acute concern. This concern was replete with references to the underlying political motivation of the government as its suspicion and hostility toward organized industry became more and more patent. Increasing intervention in business affairs by non-economic ministries, particularly the MVD, and hints that the government was considering the subjection of industry to direct state control led one contributor to Industry and Trade to the bitter observation that Russia constituted a living refutation of the Marxist thesis that everything springs from economic factors. In an outraged, if confused, mélange of tongues he declared: "U nas la politique c'est tout" ("Among us politics

is everything").[77]

Assessing Russia's position at the end of 1915 Industry and Trade found that about one third of all industry was under enemy occupation, that a chronic shortage in supply prevailed, that railroad transport continued to be seriously disorganized, that currency inflation was an ominous problem and that the deficit in the state budget was approaching alarming proportions. Nevertheless, the journal concluded that the question of how much longer the economy could sustain the war presented "no serious basis for pessimism."[78] Seven months later, however, on the second anniversary of the outbreak of the war, the Association viewed the national scene with notably less equanimity. The economy, its journal noted, showed "elements of decline and of threatening catastrophe," while "as before, the leaders of our economic policy have neither an awareness of the necessity nor a readiness to embark upon a decisive reform of our obsolete economic way of life."[79]

The most serious concern centered upon the government's obstructive approach to the war industries committees. The convening of their Second Congress in February, 1916 was the occasion for an assessment of their contribution to the war effort. While crediting the committees with "hard and persistent work," the Association found much to criticize not only in the lack of government cooperation but in their own activity as well. While lamenting their failure to obtain a substantial number of war orders, their slowness in filling the orders that were received was also noted. Although difficulties in obtaining raw materials, fuel and transport facilities were largely responsible, the delays also owed much to the committees' own inefficiency and their tendency to substitute talk for action.[80] The anniversary of the Ninth Congress produced a clear admission that the earlier hopes for a transformation of the war economy had disappeared. The words of the organization were a confession of hopelessness founded upon an unprecedented acknowledgement of the inadequacy of Russian industry itself:

And it must be recognized, the fault does not lie only with the disorgani-

> zation of our transport and our general economic disorder. The mobilization of industry could not attain a broad scope among us because the very cadres of industrial enterprises are too few and scattered, because we have no industry in the European sense of the word.[81]

The increasingly strained relations which followed the Association's brief intrusion into the world of politics were perhaps most obviously revealed in increasing censorship of Industry and Trade and in the arrest on charges of "illegal activities" of several industrial leaders in the winter of 1915 and again in the fall of 1916. "Seeing in these events a systematicness of action, directed with sufficiently clear purpose against the industrialists," the organization undertook to defend their legal rights "and succeeded, for the present, in having these cases transferred for trial under the regular procedure...."[82] At the same time, the organization's inability to agree on a successor to Avdakov and its failure to convene a Tenth Congress were indicative of the growing tensions among the industrialists themselves.[83]

From the fall of 1915 into the late spring of 1916 the question of the political role of organized industry and trade, and particularly whether business interests should give their support to one of the established political parties or create their own political party, stirred a lively debate in the contemporary press. Although many prominent members of the Association shared in this discussion, and despite the efforts of such respected Progressist leaders as Konovalov to draw the organization into political activity, it remained largely silent on this compelling issue. Evidently, the leadership had concluded that business and politics under prevailing conditions were incompatible. The decision to concentrate on business probably reflected the growing conviction of substantial elements in the business community, the influence of which became solidly entrenched during the summer of 1916.[84] Yet the position of the Association was never entirely clear. In a footnote to an article in the fall of 1915 urging the creation of an industrial party, the editors of Industry and Trade, while rejecting the proposal, nevertheless bluntly declared that "to

create industry in the absence of political influence on the part of the trading-industrial class is impossible." At the same time they observed that "the question of the means by which to attain this influence is an acute question."[85]

Industry's reluctance to form its own political party was founded both on an awareness of its own numerical weakness and lack of broad popular appeal and on the belief that the industrialists themselves were not a politically homogeneous group. The evidence suggests, however, that despite its refusal to take a clear political stand, the Association in fact continued to exercise an influence in political affairs that was largely in support of the Progressist leadership. Fon-Ditmar, while declaring early in 1916 that "our industrialists... react differently to political parties, but a large proportion of them, and probably a majority, does not belong to any party," nevertheless conceded that the Association had in the past exerted political pressure and would undoubtedly continue to do so in the future. "Industrial organizations," he noted, "will always be on the side of those parties which stand for progressive measures and reforms for the good of the population and for the prosperity of the fatherland common to all our nationalities."[86] At the same time, the Financial Gazette, decrying the backwardness of the trading-industrial class "in the fulfillment of its political mission" and its failure to become, as in the West, "the bearer of political liberalism," nevertheless remarked that "it must be clear that the gravitation of the Council of the Association toward a certain sector of benches in the Tauride Palace is as natural as it is necessary."[87] Nine months later, another organ of the business world declared:

> The time has passed when Russian industry and trade approached the ministerial chancelleries, bowing and begging. Now they have grown up, and rightly they no longer beg but demand for themselves a real place in the state life of the country and in its administration. And this fact must be declared with authority.[88]

A memorandum to the government, issued jointly by the Association and the Association of Exchange Trade and Agriculture, warned that the war "has created such a sharp demand for a new order and a new way of life that the most rapid satisfaction of this demand on the part of the state authority is necessary in order to avoid very serious complications."[89] Obviously, growing strikes and the political resurgence of labor also now ranked among the major concerns of the industrialists.

V

The last weeks of the Empire were a time of weariness and discouragement for industry, as they were for all of Russia, and it was the government that was largely responsible. At the beginning of 1917 Industry and Trade, declaring that "our native land is in the position of one who is seriously ill," wrote:

> The causes of this illness are too well known to dwell on them here. It is our duty to state that in the economic field the results of the collapse of governmental authority that we have undergone tell with quiet force. In the greatest, most responsible moment of our history, we have not utilized all the economic strength of the country and there are absolutely no bases of any kind for hoping that in the future, after the war, we shall be able to win for ourselves a position in the world economy that corresponds to our natural forces.... The power of the nation remains unmanifested. The public forces that burst forth in time of war are unable to tear away the tight bonds that prevent the Russian people from building its own future in accordance with merit and national resources.../sic/."[90]

Russia's economic problems were still soluble, but "their solution presupposes the presence of conditions which as yet we do not have: an organized govermental authority which enjoys the confidence of the people."[91] In its absence, the organization turned once again in desperation to the State Duma as Russia's last hope. Sharing in the wave of outraged patriotic feeling which burst forth in the wake of the notorious Markov the 2nd's insulting remarks to Rodzianko late in November, the Association dispatched a telegram to the chairman declaring that "the Council of the Association greets in Your person the whole State Duma in its stoic struggle with dark, irresponsible influences."[92]

At the turn of the year the Moscow Progressist leaders, Konovalov and

Riabushinskii, were desperately trying to build the framework for an effective legislative role in the emergency that all saw approaching. Their efforts included a better organization of commercial and industrial elements in the country. Late in January, however, an attempt of the stock exchange committees and other broadly based trading-industrial organizations to hold a congress in Moscow for the purpose of creating a union of all trade and industry, middle and small as well as large-scale, were thwarted by the government, which forbade not only the convening of the congress but the holding of any private conference in its place. Despite this prohibition, a private conference was held on the appointed day, January 25, at the home of Riabushinskii. The Association's eight delegates were presumably present, although the organization had decided on the preceding day to leave the decision on whether to attend to "the free discretion" of each delegate and to permit freedom of action to any who might choose to go to Moscow.[93] In view of the ban on the congress, however, the Association also decided, in apparently open defiance of the government, to call its Council together immediately for the purpose of convening the Tenth Congress of the organization. The agenda, it was indicated, would be essentially the same as that of the congress that had been banned, and it was provided that, if a Tenth Congress were also forbidden, the Council of the Association would meet "with the broadest participation of the representatives of industry and trade."[94] Only a few days later Industry and Trade, for the last time before the revolution, with unconcealed impatience renewed its demand for a government with the confidence of the people:

> Exceptional measures are necessary, and above all it is necessary to create a state of affairs under which confidence in the sincerity and soundness of the measures taken will prevail. For this, there must stand at the head of the departments regulating national labor and the economy persons who are capable of a firm and open policy, free of intrigues and 'clever games' directed to the advantage of particular social classes, persons who are capable of winning the confidence of the people.[95] And it is necessary to make haste with this.

Prince Mansyrev, who had momentarily disrupted the proceedings of the Ninth Congress, had, it would seem, been right after all in his charges of official depravity and corruption!

Thus, as the revolutionary storm approached, it had at its disposal not only a hungry and rebellious working class, a land-starved peasantry and a disaffected intelligentsia but also a trading-industrial class that was closer to open rebellion that it had ever been before. The Association was not in the vanguard of this movement, but it seemed fully prepared to move with it. Committed as it was to stability and order as well as to limited political reform, it had been driven to this position not so much by the deplorable state of Russia's wartime economy as by the inefficiency and resistance to change of the entrenched "authorities." In their reluctance to assume political leadership in a time of national and social upheaval, the industrialists must bear their share of responsibility for the ultimate course of events, even though the collapse of the Empire was most clearly attributable to the Tsarist government itself.

Ruth A. Roosa

Manhattanville College
Purchase, New York

NOTES

1. The membership of the Association was composed of the many smaller organizations of large-scale trading-industrial interests, formed along geographic or specialized economic lines Those most influential in its affairs were the mine-owners of the South, the oil industrialists of Baku and the sugar producers, as well as the industrialists of Petrograd and Moscow.
2. It is important to note the distinction, often not understood, between the Association, whose leadership was drawn from all parts of the Empire, and specifically Petrograd industrial and banking interests, organized in the Society of Mill and Factory Owners. Moscow industrial interests were divided between the powerful Exchange Society and the Society of Mill and Factory Owners of the Central Industrial Region. Between the latter two there was, however, much over-lapping in both membership and interests.
3. "Likvidatsiia nemetskikh predpriiatii," Promyshlennost' i Torgovlia (hereafter cited as P. i T.), 2(170) January 15, 1915, 71-72.
4. "Staroe i novoe," P i T, 24(168) December 15, 1914, 575.
5. "Dnevnik Soveta," P i T, 15(159) August 1, 1914, 132-133.
6. Ibid.
7. TsGIA, f. 32, op. 1, d. 23, ll. 29-36.
8. Ibid., ll. 72-73.
9. Ibid., l. 114.
10. "Ekonomicheskiia zadachi mirovoi voiny i russkaia promyshlennost'," P i T, 18(162) September 15, 1914, 259.
11. TsGIA, op. cit., ll. 117-122.
12. "Dnevnik Soveta," P i T, 1(169) January 1, 1915, 54.

13. Cf. A. P. Pogrebinskii, "Komitet po zheleznodorozhnym zakazam i ego likvidatsiia v 1914 g.," Istorichekskie zapiski, vol 83 (1969), 233-243.

14. "Dnevnik Soveta," P i T, 1(169) January 1, 1915, 54.

15. Guchkov was the head of the Octobrist Party, a former president of the Duma and the scion of a prominent Moscow family of merchant-industrialists. He occasionally represented the Moscow Exchange Committe at meetings of the Association.

16. T. D. Krupina, "Politicheskii krizis 1915 g. i sozdanie osobago soveshchaniia po oborone," Istoricheskie Zapiski, vol. 83 (1969), 59.

17. Zhukovskii was closely associated with Polish mining interests. He had served in the Third Duma where he had headed the Trading-Industrial Group.

18. Sovet S'ezdov Predstavitelei Promyshlennosti i Torgovli, Doklad Soveta o merakh k razvitiiu proizvoditel'nykh sil Rossii (Petrograd: 1915).

19. Sovet S'ezdov, O merakh po obespecheniiu svoevremennogo vypolneniia zakazov na oboronu i obespecheniiu armii boevymi snariadami. According to A. L. Sidorov (Ekonomicheskoe polozhenie Rossii v gody pervoi mirovoi voiny [Moscow: 1973], 36), the memorandum was sent on January 13.

20. Cf. Krupina, op. cit., 59; Sidorov, Ekonomicheskoe polozhenie, 60; K. N. Tarnovskii, Formirovanie gosudarstvenno-monopolisticheskogo kapitalizma v Rossii v gody mirovoi voiny (Moscow: 1958), 42; and Lewis Siegelbaum, "The War Industries Committees and the Politics of Industrial Mobilization in Russia, 1915-1917" (Doctoral dissertation, Oxford University, 1975), 31-32.

21. "Blizhaishiia perspektivy i polozhenie promyshlennosti v 1914 godu," P i T, 1(169) January 1, 1915, 5.

22. "Nekotorye itogi Chrezvychainoi sessii Zakonodatel'nykh Uchrezhdeniiakh," P i T, 3(171) February 1, 1915, 145.

39. "Predsedatel' Soveta S'ezdov N. S. Avdakov ob ukhode S. I. Timasheva," P i T, 5(173) March 1, 1915, 230-231.

40. TsGIA, f. 32, op. 1, d. 145, l. 1-(incomplete).

41. Baron G. Kh. Maidel', "Graf S. Iu. Vitte, kak zheleznodorozhnykh (sic) deiatel'," P i T, 6(174) March 15, 1915, 302.

42. There may have been differences within the leadership on this question. B. A. Efron, for example, proposed that the Council include on the agenda for the Ninth Congress a report explaining its attitude toward the nature of law bills enacted under Article 87 since the beginning of the war. Although a report on this subject was presented to the congress it was limited to a listing of the measures approved under Article 87.

43. Regarding the working class, Industry and Trade observed that any attempt to bring "complex economic questions" to their attention "must inevitably end in sensationalism and a search for a scapegoat, since everything else is beyond their comprehension" ("Krizis' ekonomicheskoi politiki," 340).

44. "Graf Sergei Iulevich Vitte," P i T, 5(173) March 1, 1915, 233.

45. TsGIA, f. 32, op. 2, d. 76, l. 1.

46. TsGIA, f. 32, op. 1, d. 61, l. 5.

47. Rodzianko's account of what went on at the congress ("Krushenie Imperii," op. cit., 95) is highly suspect. Not only does he claim to have been the originator of the slogan "All for the War"; he also claims to have addressed the congress on its first day with the purpose of deflecting "radical" political demands planned by the Moscow industrialists. Actually, he was present at the congress only at its final session on May 28.

48. P i T, 11, 1915, 542. Cited in V. S. Diakin, Russkaia burzhuaziia i tsarizm v gody mirovoi voiny (Leningrad, 1917), 75.

49. TsGIA, f. 32, op. 1, d. 61, l. 9.

50. Ibid., ll. 9-10.

51. Ibid., l. 11.

52. Ibid. A slightly different version of the speech is to be found in TsGIA, f. 32, op. 1, d. 34, ll. 116-119.

53. Ibid., ll. 25-26.

54. Ibid., l. 30.

55. Ibid., l. 25.

56. Ibid., l. 29.

57. Ibid., ll. 29, 32-33.

58. Soveta S'ezdov, O merakh k razvitiiu, 7-8. See also: I. Glivits, "Politiko-ekonomicheskie vzgliady V. V. Zhukovskago," P i T, 42(235) October 22, 1916, 308.

59. Glivits, 308.

60. TsGIA, f. 32, op. l. d. 61, l. 17.

61. "Rezoliutsiia, priniataia IX Ocherednym S'ezdom po voprosu ob udovletvorenii nuzhd gosudarstvennoi oborony," P i T, 11(179) June 1, 1915, 544.

62. Ibid., 540.

63. Ibid., 542.

64. "Reshenie IX Ocherednogo S'ezda Predstavitelei Provyshlennosti i Torgovli," P i T, 11(179) June 1, 1915, 545.

65. Ibid., 546.

66. "Griadushchaia pobeda," P i T, 12(180) June 15, 1915, 604.

67. "Obshchestvennoe mnenie i promyshlennost'," P i T, 13-14(181) July 1-15, 1915, 3.

68. "Dnevnik Soveta," P i T, 12(180) June 15, 1915, 629.

69. All of these issues and their outcome were reflected in the membership of the congress. Of the approximately 230 members listed (the listing was incomplete), 23 represented Moscow while only 11, apart from representatives of the Association, came from Petrograd. Of the latter, only three were delegates of the Petrograd War Industries Committee, and of the three, one, E. L. Nobel, spoke not a word during the entire proceedings of the Congress.

Large-scale industrialists were mostly conspicuous by their absence, the bulk of the membership being drawn from small and medium-sized business from the provinces and from various public groups.

70. Tsentral'nyi Voenno-Promyshlennyi Komitet, Trudy S'ezda Predstavitelei Voenno-Promyshlennykh Komitetov 25-27-go iiulia 1915 goda (Petrograd: 1915),

71. Ibid., 29.

72. Ibid., 13.

73. "Osoboe Soveshchanie po oborone gosudarstva i Tsentral'nyi voenno-Promyshlennyi Komitet," P i T, 17(184) August 15, 1915, 141.

74. "Itogi Voenno-Promyshlennogo S'ezda," P i T, 15(182) August 1, 1915, 63-64.

75. "Dnevnik Soveta," P i T, 19(186) August 29, 1915, 222-223.

76. "Obzor pechati," P i T, 36-37(231) September 17, 1916, 207.

77. Gr. Kvasha, "Ekonomicheskaia politika novago Ministra Vnutrennykh Del," P i T, 26(193) October 17, 1915, 451-454.

78. "1915 god," P i T, 1(203) January 2, 1916, 3.

79. "Dva goda voiny," P i T, 28-29(227) July 23, 1916, 45 and 48.

80. "Vtoroi S'ezd voenno-promyshlennykh komitetov," P i T, 10(212) March 5, 1916, 263-266.

81. "Nashi budushchiia ekonomicheskiia zadachi," P i T, 20(222) May 21, 1916, 563.

82. "Deiatel'nost' Soveta S'ezdov Predstavitelei Promyshlennosti i Torgovli v 1916 godu," P i T, 1(254) January 7, 1917, 9.

83. In the fall of 1915 three men, Zhukovskii, Konovalov and Guchkov were under consideration but for unexplained reasons, perhaps governmental pressures, each withdrew his candidacy. Cf. Diakin, 149. Later, V. N. Kokovtsev, the retired Finance Minister, a bureaucrat and a conservative, was briefly considered.

84. Cf. Diakin, especially 176-178, 187-90.

85. Sh., "Politicheskoi obedinenie torgovo-promyshlennago klassa," P i T, 26(193) October 17, 1915, 448-450.

52. Ibid. A slightly different version of the speech is to be found in TsGIA, f. 32, op. 1, d. 34, ll. 116-119.

53. Ibid., ll. 25-26.

54. Ibid., l. 30.

55. Ibid., l. 25.

56. Ibid., l. 29.

57. Ibid., ll. 29, 32-33.

58. Soveta S'ezdov, O merakh k razvitiiu, 7-8. See also: I. Glivits, "Politiko-ekonomicheskie vzgliady V. V. Zhukovskago," P i T, 42(235) October 22, 1916, 308.

59. Glivits, 308.

60. TsGIA, f. 32, op. 1. d. 61, l. 17.

61. "Rezoliutsiia, priniataia IX Ocherednym S'ezdom po voprosu ob udovletvorenii nuzhd gosudarstvennoi oborony," P i T, 11(179) June 1, 1915, 544.

62. Ibid., 540.

63. Ibid., 542.

64. "Reshenie IX Ocherednogo S'ezda Predstavitelei Provyshlennosti i Torgovli," P i T, 11(179) June 1, 1915, 545.

65. Ibid., 546.

66. "Griadushchaia pobeda," P i T, 12(180) June 15, 1915, 604.

67. "Obshchestvennoe mnenie i promyshlennost'," P i T, 13-14(181) July 1-15, 1915, 3.

68. "Dnevnik Soveta," P i T, 12(180) June 15, 1915, 629.

69. All of these issues and their outcome were reflected in the membership of the congress. Of the approximately 230 members listed (the listing was incomplete), 23 represented Moscow while only 11, apart from representatives of the Association, came from Petrograd. Of the latter, only three were delegates of the Petrograd War Industries Committee, and of the three, one, E. L. Nobel, spoke not a word during the entire proceedings of the Congress.

86. "Obzor pechati," P i T, 5(207) January 30, 1916, 131.

87. "Obzor pechati," P i T, 1(203) January 2, 1916, 14.

88. "Obzor pechati," P i T, 36-37(231) September 17, 1916, 207. Quoted from Den'.

89. "Deiatel'nost' Soveta S'ezdov ... v 1916 godu," 6.

90. "1916 god," P i T, 1(245) January 7, 1917, 1.

91. Ibid., 5.

92. "Iz deiatel'nosti Soveta nashikh S'ezdov," P i T, 49(242) December 10, 1915 491. Markov accused Rodzianko of being a blockhead and a scoundrel.

93. "Dnevnik Soveta," P i T: 4(248) January 28, 1917, 94-96; and 5(249) February 4, 1917, 118-119. Cf. also Diakin, 292.

94. "Dnevnik Soveta," P i T, 5(249) February 4, 1917, 118-119.

95. "Oshibki vlasti v prodovolstvennom dele," P i T, 6(250) February 11, 1917, 129.