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Chapter 1:

PEOPLE, PLACES, AND THINGS:

The Old Regime, Economic Liberalism, and Tax Reform before 1881

The establishment of legal equality for all of the tsar's subjects was one of the main goals of the Great Reforms which lasted from 1855 to 1881. It was addressed most famously in the reform of 1864 that created elected institutions of local government (the *zemstvos*), in the juridical reform of 1866 that produced a new system of adversarial courts and jury deliberation, the military reform of 1874 that introduced male conscription, and of course the emancipation of the serfs in 1861 from the direct rule of the landed gentry.

The success of these reforms in the realm of legal equality was at best partial, since the estate system that was the basis for legal inequality continued to exist *de jure* until the end of autocracy in 1917. To be born a peasant, nobleman, burgher (*meshchanin*), or merchant, or to be born into the clergy, still mattered very much. The serfs who were emancipated in 1861 (about half of all peasants) joined peasants on crown and state lands in a coherent legal estate. In their separate estate, peasants practiced exclusive forms of government in their land communes, village societies, and counties, they used their own courts and customary law, and they underwent their own forms of punishment. Mobility was limited by the requirement that peasants accept an allotment

of land from the lord, the crown, or the state, and then pay for it over several decades. By 1886 all major categories of peasants had begun the process of redeeming the land. Before the last payment, peasants could not leave their villages without special permission from their village society, and even then they were registered in the village rather than their place of residence and they paid their taxes to their rural societies. If all went well with the payments, the last groups would redeem their land around 1950, but in fact little went well with the payments and the redemption process was prolonged almost everywhere.¹

How one owned land and other property was also an estate-related issue. Noblemen and the urban estates owned their land more-or-less as private property, but peasants possessed and used land collectively through the commune. Peasant land was inalienable: it could not be sold or mortgaged except under highly unusual circumstances, and land taken away from a peasant household reentered the communal land fund. Distinct property laws exposed peasants to different credit systems, if any at all. The weight of one's vote in public affairs in the zemstvos and the urban governments was also estate- and property-based. The vote of the propertied merchant or nobleman was cast in a separate process, was more direct, and counted for much more than the vote of a peasant or burgher. With the exception of military conscription, which theoretically applied to all men but certain categories of Muslims, there was no one

¹ Alexander Gerschenkron, "Agrarian Policies and Industrialization: Russia, 1861–1917," in M. Postan and J. Habakkuk, eds, *Cambridge Economic History of Europe* (Cambridge: 1965), Vol. 6.

institutional process in which all Russian subjects, male or female, participated; their estate and legal distinctions precluded it.²

Likewise, there was no one moment on the calendar when all Russian subjects participated in the same tax process, and no one direct tax for which all subjects were liable. Peasants and many of the non-Russian minorities were collectively accountable for lump sums to the state, while others paid individually and were individually accountable. Well into the 1880s, the gentry, the clergy, most Cossacks, and a host of special-status populations were exempt from personal taxes, and peasants were solely liable for the poll tax. When the land tax replaced the poll tax, it applied differently to peasants and nobility, and not at all to non-agricultural real estate; the latter underwent an entirely different system. Contemporaries found this remarkable because taxation was one of the ways in which the state defined its population. The perpetuation of collective taxation for some, exemption for others, and deep inequalities in general, was to perpetuate a fundamental feature of the Old Regime.

Taxation was also one of the more obscure areas of state and public discussion, with matters of potential significance buried in the numbing language of administration and fiscal expertise. The literate layman who was interested in, say, forms of direct taxation in Russia in the 1860s could go to a state library in the provincial capital and find a

² For a recent overview of the reforms see W. Bruce Lincoln, *The Great Reforms: Autocracy, Bureaucracy, and the Politics of Change in Imperial Russia* (DeKalb, Illinois: 1990). On local government, see Francis W. Wcislo, *Reforming Rural Russia: State, Local Society, and National Politics, 1855-1914* (Princeton, 1990), chs 1-2. On property forms, see Mikhail Dolbilov, "Zemel'naia sobstvennost' i osvobozhdenie krest'ian," in D.F. Aiatskov, ed., *Sobstvennost' na zemliu v Rossii: Istoriia i sovremennost'* (Moscow, 2002), pp.45-151. On credit, see Yanni Kotsonis, *Making Peasants Backward: Agricultural Cooperatives and the Agrarian Question in Russia, 1861-1914* (London, 1999), ch.1. On peasant court practices, see Jane Burbank, *Russian Peasants Go to Court*.

multi-volume set that was published by one or another commission or department of the central government – for example, the 22-volume Works of the Supremely Instituted Commission for the Improvement of Dues and Levies.³ The reader confronted an extended discussion of the Mongol *iarlyk* (the power to collect tribute) under the Muscovite Grand Princes, the accounting methods of medieval French kings, Ottoman tax-farming, British tax codes during the wars with Napoleon, and the tax systems of a dozen German states, Sardinia, and Luxemburg into the nineteenth century. A volume on inheritance taxes considered the Enlightenment treatises on whether a dead person was, legally and philosophically, dead. The excitement would grow in hundreds of pages of data and regulation that governed how poll taxes applied to different legal groups and territories in the Russian Empire, why Old Believers paid twice but some Muslims and Jews not at all, and how a decade-long attempt at a cadastral survey in one province was planned, set into motion, and – thirty footnoted pages later – abandoned. In a sea of *chinovnik* idiom made notorious by Gogol – the arcane references to *ukaz*, *nakaz*, *zakaz*, *polozhenie*, *manifest*, and *instruktsiia*, not to mention Senate opinions and State Council minority views – generalization seemed a remote possibility. Bafflement would yield to boredom and annoyance, with the larger point hardly in view.

And yet it was in this dreary realm of “the state economy” (*gosudarstvennoe khoziaistvo*) that legal equalization came closest to being achieved, though not in word. It was achieved, rather, in the realm of state tax practices, and involved a circumscribed cohort of state servitors who were in a position to make their ideas matter to most

³ *Trudy Komissii, Vysochaishe utverzhdennoi, dlia peresmotra sistemy podatei i sborov*, 22 volumes (St. Petersburg, 1861-1881).

Russian subjects. Perusing an extended discussion of the ways to assess property values, a few readers would have appreciated that the discussion of property taxes was a way *not* to talk about legal status and estate-based poll taxes. Buried in a footnote to a discussion of land taxes in Europe was a direct call to end legal distinctions in Russia by taxing land rather than persons. The protracted discussions of Belgian taxes on capital were a way to propose that anyone with capital should be taxed, noblemen and clergymen included.⁴ Hidden in a statistical memorandum on the artisans of the city of Saratov was an extended discussion not of burghers, but of peasants and gentry, a direct indictment of gentry rule over their serfs, and a call to use the tax system to bring former serfs directly under state supervision.⁵

The writers were listed as “compilers” of precedent and data, but in fact they had authored extended treatises on the practice of legal equality. The obscurity of the discussions certainly helped these writers in their delicate task of reforming the Old Regime. They could argue that taxes were a matter of “fiscal science” but not politics, even though the conversation was political from start to finish. It was political to the extent that the mass of regulation was analyzed in order to show that the system as it existed was deeply inegalitarian and unequal in its application. The premise, sometimes stated but usually assumed, was that tax systems should apply to all Russian subjects, and proportionally to the wealth of the payer. Confronted in the government conferences, the State Council, and in the press with the political implications of their

⁴ F.G. Ternier, comp., *Materialy-svedeniia o pozemel'nom naloge v inostrannykh gosudarstvakh*, in *Svedeniia o priamykh nalogakh v inostrannykh gosudarstvakh*, vol. 2 of *Trudy Komissii, Vysochashe uchrezhdennoi* (St. Petersburg, 1863), pt.1, pp. 8-9, n.1.

⁵ I.A. Gan, “Materialy o nastoiashchem byte meshchan Saratovskoi gubernii. Zapiska,” in *Trudy Komissii, Vysochaishe uchrezhdennoi*, vol.1., pp. 7-14.

proposals, fiscal experts claimed disingenuously that politics were alien to their science and taxation neutral to one's legal estate – a claim that, in Russia circa 1860, was deeply political. They then proposed how the estate system might be transcended in the tax codes. The experts also responded that state exigency trumped all claims to privilege and exemption. This was a new way to look at revenue that brought legal equality into the Old Regime through the back door of finances.

Russian financial experts were conforming to a pattern that could be observed throughout Europe since the eighteenth century. Entrenched legal difference was transcended by changing the conversation from status to wealth. Russians emulated the European example deliberately and consciously. If noblemen were exempted from taxation in seventeenth century France, their properties might be taxed along with the property of the free peasant, merchant, or artisan when it was viewed only as property.⁶ For all the privileges of the British aristocracy that would persist into the twentieth century and confound Lloyd George's Liberals as late as 1914, aristocrats had paid the income tax on capital since 1842.⁷ As the Prussian inheritance tax assessed the property of dead persons, it could ignore the fact that the deceased had been a Junker and claim a share in the interregnum between death and succession.⁸ In most of these cases, legal status was not so much rescinded as it was circumvented in order to create a new social reality.

⁶ Kwass, "A Kingdom of Taxpayers."

⁷ Daunton, "Pay and Participate."

⁸ F.G. Ternier, comp., *Materialy-svedeniia o pozemel'nom naloge v inostrannykh gosudarstvakh*, p. 9.

In the process fiscal reformers created a new autonomous realm of state finances. Here, the treasury looked dispassionately at properties and counted them as potential sources of state wealth. Here, what once looked like burghers and priests would now look like “payers” (*platel'shchiki*) and what once looked like a gentry landed estate would now look like “land,” comparable to peasant land only much larger. To distinguish between noble and peasant status, declared one fiscal expert in 1863, would be “anti-economical” (*anti-ekonomicheskoe*) – meaning a violation of the principles of political economy that looked at wealth objectively, as wealth. As the system began to move to proportionality as well, the wealthy titled magnate who was once paid nothing in tax because he was titled would now pay more because he was wealthy.⁹

This was a period of economic liberalism in Russia, when John Stuart Mill might be cited as a preface to the triennial assessment of glass producers in Tver’ district, and Adam Smith was enlisted to an argument for new fees on retail stalls.¹⁰ As the government focused on developing the “well being of the country,” it sought forms of revenue that would interfere neither with individual labor, nor with capital investments.¹¹ The treasury would pay less attention to the person as such, often as a matter of liberal principle, as it turned its attention to registering the existence of a firm and keeping track of key (taxable) indicators. The new or reformed taxes on businesses, urban real estate, and agricultural land that were adopted before 1881 were products of

⁹ Turner, comp., “Materialy-svedeniia o pozemel'nom naloge v inostrannykh gosudarstvakh,” p. 7.

¹⁰ “Po motivam na proekty 1. Polozhenie o patenta, 2. Pravo na torgovliu,” in *Trudy komissii, Vysochaishe Uchrezhdennoi*, vol. 5: *O poshlinakh za pravo torgovli i drugikh promyslov* (St. Petersburg, 186?), separate pagination, p. 38

¹¹ “Ob ustroistve pozemel'nago i podvornago nalogov s sel'skikh obivatelei,” in *Trudy Komissii, Vysochaishe Uchrezhdennoi*, vol. 3: *Doklady, Zhurnaly i zapiski v Gosudarstvennyi Sovet* (St. Petersburg, 1863), p.1.

this pattern. Indirect taxes, likewise, aimed to allow private production and trade to occur with fewer impediments and fewer regulations. The treasury assumed that production and trade would expand as a result, so that a modest tax rate would amount to larger state revenues. The treasury could monitor key indicators, which in effect meant measuring the symptoms of economic activity, revenue, and profit, rather than assessing the enterprise itself. The repeal of the salt monopoly was important in this regard, and the move from the farming-out of vodka taxes to an excise on a free (meaning non-state) trade provided a model for a new system of indirect revenues.

For the first time, the state was creating a neat separation between itself and a private sector – actually, it was helping create the private by removing itself from exchange and production.¹² The movement to “real taxes” (*real'nye* or *veshchevye*) – assessments of things rather than impositions on people – similarly established a distance between the state and the population as such. Firms were registered as private, and in the process their existence and their activities became more public and more a matter of record and documentation than in the past. Uniform tax codes were applied to whole sectors of trade and production in order to view them as a single and coherent market. The multiplicity of local agricultural practices and rural pursuits was rendered uniform in a system that measured only land; diverse businesses looked alike when expressed in money. In this new gap between state and private, the state was gathering a type of

¹² Bunge, acting as a financial advisor to the government, was explicit on the matter in the late 1850s. See Stepanov, *Bunge*, pt.1, ch.2.

information that it had never gathered before, and indeed in quantities that were unimaginable in the 1850s.¹³

As the state set about distancing itself from private property and trade, it introduced a new intimacy and interdependence with the economy. More specifically, the new tax mechanisms allowed the state to reconsider its wealth in relation to the Empire's wealth. It was in this period – from the late-1850s to the early 1880s – that the Russian state developed its first comprehensive budgets, developed the principles of balancing them, and began the process of making its budget dependent on the wealth of the Empire – or such wealth that could be readily identified and quantified. Visible (*vidnyi*) and tangible (*osiazatel'nyi*), such wealth could be taxed as well. This was the only economy that the statistician could quantify and characterize as he developed a comprehensive picture of production and trade. Here one can detect the first glimmers of what would be known by the 1890s as the “national economy” (*narodnoe khoziaistvo*), a realm that the state claimed to be observing from a distance with all objectivity and dispassion – observing what the state was defining in the law and in the tax codes.¹⁴ This economy was, from its inception, state-related, and the newly discrete sphere of the economy was entwined with the state's estimation of its own financial potential.¹⁵

“Laissez faire was planned,” Karl Polanyi famously phrased it, and it was accompanied by a host of legislation, qualification, regulation that seemed to defeat the original

¹³ The process was hardly limited to Russia: see Mitchell, *The Rule of Experts*, chs 2-3.

¹⁴ Tim Mitchell makes the case that the economy was a neologism and historically contingent in “Fixing the Economy.”

¹⁵ There is a large literature on the ways in which the state brought non-state categories, including economic ones, into existence by counting them. The broadest statements are to be found in Porter, *The Rise of Statistical Thinking*; Hacking, *Trust in Numbers*.

purpose. It was a paradox of modern fiscal systems that the less the state intervened in the economy as a producer, and the more it separated itself from production and exchange, the more it could know about the private economy – the private economy being the product, to a large extent, of the law, state practices, regulation, statistics, and subsidies.¹⁶ The principle that trade and industry should be “left alone” reached its apogee in Europe only in the 1830s and was quickly overwhelmed by a host of interventionist practices; *laissez faire* had a later and equally short lifespan in Russia, not much longer than the Great Reforms themselves. But *laissez faire* was survived by the realization that production and trade could be better viewed and measured as an economy, transcending regional and legal differences and also tracing its growth over time. On that basis, the economy could be better acted upon sooner than left alone.

The Russian State as a Budget

That the Russian state had no comprehensive figures on its revenue and expenditures before the 1860s is disappointing to the historian seeking exactitude. On the other hand, there is no good reason why the figures should have existed. Looking back from the 1880s, the Ministry of Finances estimated that in 1855, total state revenue stood at 206,860,000 rubles. But this was hindsight and guesswork, because in fact there had been no comprehensive budget, and therefore no comprehensive data, for the state’s revenues and expenditures in 1855. The state budget as a coherent view of its finances, by which all state activity was represented in the same rubles, was first introduced, imperfectly, in 1863. An incalculable share of “taxation” was not even expressed in rubles and did not enter the budget, since it was obligatory services rendered for

¹⁶ Polanyi, *The Great Transformation*, p.147.

roadwork, bridge maintenance, billeting, hauling, and security.¹⁷ Instead revenue was understood as a part of the rule and management of a series of territories or productive undertakings that satisfied the needs of one or another government department. In Muscovite times, this was called “feeding” (*kormlenie*) – a term for the territory that sustained a given official, office, or department. Territories were incorporated into early modern Muscovy along with their systems of tribute and collection, and these practices were incorporated into the chanceries in Moscow that collected their own revenue from a given village, forest, guild, mine, plant, or waterway. Satisfied with the revenue received, the collector would ignore the surrounding territories, trades, and production as irrelevant to its revenue and to its brief. Similarly, whole swaths of gentry estates and the peasants who lived on them were of no direct interest to the state at all until the 1850s; the annual delivery of the poll tax for the serfs was the full extent of the concern.

No one institution could provide a comprehensive view of any one sector or territory, let alone the economy of the Empire, and indeed the term “economy” was not yet in use. Taken together, these items of revenue might be termed “the state economy” (*gosudarstvennoe khoziaistvo*), but even that term implied a level of aggregation and comprehensiveness that was beyond the capacity or interest of any one institution in 1855. The Ministry of Finances might concern itself with emissions and loans, but it had little idea of the revenue generated by crown serfs on crown lands, the output of bonded workers in state iron works, and the road-maintenance work of the gentry’s serfs. Even if it did, it could not express it all as money: too much of the labor was unpaid service to

¹⁷ “Kratkii obzor deiatel’nosti Ministerstva Finansov za dvadtsatipiatiletie s 1855 po 1880g.,” in *Ezhegodnik Ministerstva Finansov*, vyp. XI (1881), pp.2-3.

the gentry and labor owed to the state and the local administrators. Barter and autarky thrived when monetization was too low in too many places.¹⁸

To be sure, Peter the Great had developed an Empire-wide soul tax (*podushnaia podat'*, the poll tax), which was superimposed upon, or ran parallel to, the myriad categories of dues on bonded and obligated peasants, burghers, and tribes. The poll tax, the only uniformly assessed and administered tax in the Empire, made possible the general distinction between “taxable” and “non-taxable” estates. This inequality applied uniformly throughout the Empire, and offered coherence and legibility to an otherwise fragmented population. Catherine created the local Treasury Offices (*Kazennye palaty*) in 1775 to monitor certain aspects of revenue and expenditure in a given province, which in practice meant that one clerk oversaw the dues of all peasants in the province.¹⁹

Alexander I created a Ministry of Finances in 1802 to stabilize the currency and borrow money in Russia and abroad. And the Ministry of State Domains was created in 1837 to manage the lands and enterprises owned by the state, the peasants who worked them, and the revenues they all provided. But no one institution had full control or even an aggregate view of what money entered the state treasury; there was, after all, no one treasury.²⁰

¹⁸ D.P. Gavrillov, comp., *Svedeniia o sushchestvuiushem poriadke i sposobakh otpravleniia natural'nykh povinnostei v tsentral'nykh guberniakh Imperii. Sobrany v 1860 godu* (St. Petersburg, 1862), in *Trudy komissii, Vysochaishe uchrezhdennoi*, vol.IV, pt. I (St. Petersburg, 1863), pp.99-103; *Ministerstvo Finansov 1802-1902*, part 1 (St. Petersburg, 1902), ch. 1.

¹⁹ Crisp, “The State Peasants under Nicholas I,” in Crisp, *Studies in the Russian Economy before 1914* (London: Macmillan, 1976), p. 83.

²⁰ This was literally true, since each ministry and local institution kept its revenue in its own safes. Pogrebinskii, *Ocherki istorii*, pp.58-63.

Actual collection and enforcement were likewise fractured. Taxes in kind were collected by the institution benefiting, such as the soldiers who were billeted in the towns and villages or the postal offices in need of fodder or horses; other taxes in kind were enforced by the police or the elders of the local collective institution. Depending on the locality, one or another crown agent or elder would mobilize the nearest residents to maintain a road or repair a bridge.²¹ State peasants were taxed by the Ministry of State Domains, crown peasants by the Court Institution, serfs by the gentry, and burghers through their own collective institutions, with the army and the Ministry of Internal Affairs (the police) providing the coercion where necessary.²² Once the relevant office had sent out its aggregate tax bill to the locality, further state intervention was supposed to be rare. Instead tax farmers were assigned to, or bought, the task of collecting direct taxes on persons, like the poll tax, or paid for the privilege of monopolizing a given trade in a given territory, like alcohol and salt. Indeed, observed the Ministry of Finances, all taxes before the 1860s were indirect, so long as intermediaries like the tax farmers and the gentry were responsible for delivering lump sums to the government. Scant and indirect administration meant that the state actually could not know what it owned and what was owed to it. Aleksandr Herzen wrote of the choice files he surveyed when in government service in Viatka province, with such titles as “The Case of the disappearance without a trace of the building of the *volost*’ administration and of the eating up of its papers by mice;” “The disappearance of twenty-two rent producing assets of the state,” or 15 square *versts*; and “The case of the re-registration of the

²¹ Gavrilov, comp., *Svedeniia o sushchestvuiushchem poriadke i sposobakh otpravleniia natural'nykh zemskikh povinnostei*, pp. 99-103.

²² Pogrebinskii, *Ocherki istorii*, pp.58-63.

peasant boy Vasiliï in the female sex.”²³ Alexander Herzen wrote in that characteristic tone of condescending satire and national shame, but this state, premodern in so many ways, had no need for the sort of accuracy he expected of a great power. In this sense, the central government lacked (and also did not need) a direct relationship with its own population, either as a matter of regular personal contact, or as data and information that would have made direct administration possible.²⁴

Lacking a dynamic sense of wealth generation in Russia, or even a cadastre of land or a registry of businesses, the state’s income was rigid. Revenue comprised dues (*podati*), a word that shared its roots with the words for tribute and subjecthood, and implied a relationship of separateness and subordination. Taxes (*nalogi*) were more rare, and were considered more advanced insofar as they were assessed and required both knowledge of, and contact with, the subject of taxation – the person, the land, or the enterprise. The distinction was often notional and the terms used interchangeably, but the careful writers treated *podati* as archaic, crude, and inexact. A given department estimated its expenses, demanded sums of money, labor, or resources from a given territory, category of population, or type of production, and expected that some of that amount would arrive in its coffers in a given year, some of the labor would be performed, and some of the goods delivered. For lack of knowledge of the local population and production, the agency benefiting had no way to estimate what a given population could reasonably pay, so the levies were a combination of guesswork and adjustments made by trial and error, ultimately enforced by sheer coercion. In times of

²³ Herzen, *Byloe i dumy*, in A.I. Gertsen, *Sochineniia* (Moscow, 1956), vol. 4, p. 268.

²⁴ *Ministerstvo Finansov 1802-1902*, pt.1, pp. 1-3, 11-13, 411.

crisis – natural disaster and war – government agencies encountered sharp shortfalls, either because the population could not pay, or because the agency lacked the confidence to demand payment. Again: they had no way of knowing what was too much. Similarly, no government department was equipped to cover sudden increases in expenditure, and war in particular threw the imperial finances into disarray. Borrowing on the international bond markets was one option (the domestic one was too poor and undeveloped before the 1880s), but the instability of the ruble made for high rates of interest and onerous conditions. Few lenders trusted in a borrower that could not estimate its revenue and expenditures or provide a budget, let alone balance it.

The most useful and also destructive form of revenue was emissions, whereby the Ministry of Finances printed new notes that were not backed by gold or silver. Devaluation was the inevitable consequence. Catherine began the practice with *assignats* in 1769, which, for all the underlying theory of value, was a cheap and quick way to make money. By 1815 the *assignats* had shrunk in value by four-fifths. An effort to restore silver convertibility in the 1840s was ruined by the cost of the Crimean War. Mikhail Reutern's similar efforts of the 1860s and 1870s were wiped out in one more war with the Ottoman Empire: in 1877-8, the notes in circulation almost doubled to 958 million rubles, and the exchange value of the ruble plummeted to 63 percent of its face value. So inflexible was the revenue system that the emissions covered almost all the cost of the war. Falls in the value of the ruble ultimately harmed the state, which collected much of its revenue in those same paper notes at their face value but paid its

loan obligations in gold or silver.²⁵ The system allowed the state to get by from one “normal” year to the next, but no year was really normal. Some region would suffer a harvest failure, some armed conflict had to be paid for, and these events regularly sent the revenue and currency systems into a downward spiral.

The rigidity of the system also made it difficult to pay for the more ambitious state undertakings, when these were contemplated from 1855 onward. The Great Reforms involved considerable direct outlays: paying the gentry for the Emancipation of the serfs (which was a bond operation unprecedented in scope), outfitting a new conscript army, manning a new legal system, hiring new and professionalized personnel in almost every branch of government, and paying for their education. The sheer ambition of the Great Reforms demanded more revenue but also a different kind, and indeed finances entailed not only a means of paying for reform; finances were themselves reformed, part and parcel of the enlightened thinking that characterized other aspects of the era. The reconsideration entailed a new appreciation of coherence, unity, and rationality as an ends in themselves, expressed in the new language of “the budget for the whole Empire.” It also involved a recognition that the treasury could act more effectively if all matters of money were brought under the supervision of a single institution. A comprehensive and balanced budget would make a series of functions easier and cheaper: borrowing on the European markets, collecting tariffs and taxes, spreading expenditures evenly over time and space, predicting spending, and meeting unpredictable increases in spending with

²⁵ Olga Crisp, “Russian Financial Policy and the Gold Standard at the End of the Nineteenth Century,” in Crisp, *Studies in the Russian Economy before 1914*, pp. 96-100; Michael W. Bernatzky, *Monetary Policy during the War*, in Alexander Michelson, Paul N. Apostol, and Bernatzky, *Russian Public Finance during the War* (New Haven: Yale University Press, 1928), pp. 337-9; Pintner, *Russian Economic Policy under Nicholas I*, ch.5.

calibrated tax increases and advantageous borrowing. Tax reform would help cover new costs, but tax reform was itself a costly venture in need of costly reform. It entailed cadastral commissions, statistical bureaus, new kinds of inspection and therefore inspectors and their education, and new forms of collection. By 1885, the reformed tax system had called into existence a good 10,000 new paid positions in the bureaucracy, paid for with the new kind of tax revenue collected by the new personnel. Their job was to become more intimate with the population's activities in order to monitor them and tax them appropriately. Taxation, then, was more than just a means to pay for the reforms; taxation was emblematic of a new approach to government, one where the state and its population were mutually constitutive: the wealth of the state depended on the wealth of the population.

In 1863 all revenue and expenditure was brought under the Ministry of Finances, which meant that the Ministry would set out annual budgets for each state institution and apportion funds accordingly. Ministerial treasuries were abolished, and all revenue would flow to the same state coffers (*kaznacheistva*) at the provincial and central levels. All state institutions were required to follow the same nomenclature in itemizing their expenditures.²⁶ All revenue would henceforth be divided between two departments: the Department of Assessed Collections (*Departament Okladnykh Sborov*), meaning direct taxes on people, properties, and enterprises; and the Department of Non-Assessed Collections (*Departament Neokladnykh Sborov*), which levied excises on production

²⁶ Pogrebinskii, *Ocherki istorii*, pp. 58-63.

and trade. In 1866, the whole process of drafting the budget was consolidated under the Ministry of Finances and supervised by the State Council.²⁷

In keeping with the spirit of openness – termed at the time *glasnost*’ – Alexander II decreed that the drafting of the budget should be public and frank (*otkrovennyi*), reported in government publications and to the non-governmental press. The measure would invite scrutiny among the educated public and inspire confidence among would-be lenders on the international bond markets; hence so much of it was published in French.²⁸ And in 1869, the annual budget which had been an official secret was published in the new *Annual of the Ministry of Finances*. Editor A.B. Bushev stated the purpose of the periodical in circular terms: it reflected the belief that finances affected all persons in the Empire, but it also made the case that finances should be a matter of concern for the “public” (*publika*). The annual would expose the public to “those aspects of economic life [*khoziaistvennago byta*] which are in direct connection with it,”²⁹ which was another way of suggesting that the public should be concerned with finances and “economic life” as the Ministry understood them.

The assumption that this “economic life” was centered on the state was still evident, and it would never go away. That the Russian term “*khoziaistvo*” could cover anything from the household to the running the finances of the state is not incidental. The term always implied management (*khoziainichat*) and subordination to a higher authority (*khoziain*). Its ambiguities would be carried into the neologism of the 1890s, the

²⁷ Stepanov, *Bunge*, p. 70.

²⁸ *Ministerstvo Finansov 1802-1902*, pt.1, pp.404-7.

²⁹ *Ezhegodnik Ministerstva Fijnansov. Vypusk I na 1869 god*, pp.i-iii.

“national economy” (*narodnoe khoziaistvo*, better if awkwardly translated as “popular economy”).³⁰ Our own loose references to economics and the economy are a way to express an aggregate of trade and production, but contemporaries were only then beginning to think in these aggregate terms and they rarely used the term “economy” to express it; they usually referred to “trade and industry.” The words should be accepted with these qualifications in mind: they reflect an ambition of coherence sooner than its reality, an “ought to be” sooner than an “is.”

That the state had much to do with the emergence made it one of the unspoken subjects in the relationship: the state generated the data, and it did so for instrumental reasons. Suffice it to say that well into the twentieth century, the *Annual's* comprehensive statistics on “industry and trade” were recordings of those properties and transactions that generated tax revenue, not the actual state of trade and industry. In 1883 the supervisors of the provincial tax apparatus met to discuss tax procedure, and they admitted to no distinction between what they registered for tax purposes, on the one hand, and the aggregate of industrial and commercial activity that went largely unregistered. Both in and out of government, government tax figures were simply “trade and production.”³¹ The same would apply to the national economy at the turn of the century, which was meant to express something more encompassing than the state's revenue and expenditure but relied on the data related to revenue and expenditure. In 1907 the Ministry of Finances began publishing its annual *National Economy* (*Narodnoe Khoziaistvo*) as a way to address relations larger than the state budget, but

³⁰ Kotsonis, *Making Peasants Backward*, pp.38-9.

³¹ See the journal of the 1883 meetings in 20:4:3394, l.88ob and *passim*.

it, too, was a compilation of data generated for revenue purposes, often divided into the sections developed in the tax codes. The economy would comprise those “visible” indicators that were registered regularly over time and consistently over space, and this, in turn, concerned those items that were taxed because they were visible and quantifiable. And since the only bureaucratic mechanism for registering those indicators was, again, the tax apparatus, one could be sure that the “economy” looked very much like the state itself.

Poll Taxes and Legal Inequality before 1861

Direct taxation made up only one-fifth (22 percent) of state revenue in 1855, but fiscal experts and the Ministry of Finances gave it disproportionately great attention: it allowed them to address directly the question of legal equality before the state. For the same reason, it would remain at the forefront of the government’s reform agenda until the end of the Old Regime and it would be the main object of anti-government criticism.

Alexander II’s fiscal advisors focused on the fact that the obligation to pay taxes fell on only certain strata on the population, and exempted those who could afford to pay the most. “Inequality” (*neravnomernost*) referred, in the first instance, to the fact that some of the tsar’s subjects were not taxable. Increasing the number of tax-paying people was a financial proposition, to be sure, but recasting the entire population into a single category of taxpayers was in keeping with the universalizing thrust of the era. A second area of concern was the fact that Russian taxes were assessed per head but not proportionally to one’s wealth or income, a phenomenon that was likewise referred to as “inequality” and more accurately as “a lack of correspondence” (*nesorazmernost*). In

1855, no tax in Russia was crafted to measure the capacity of the payer to pay. Instead the system proceeded from estimates of the financial needs of the state, and these, in turn, were apportioned to the collectives of peasants and burghers who were liable in each territory. The practice of apportionment (*razverstka*) was not unique to Russia. Similar systems were to be found elsewhere into the twentieth century, including the French *impots de repartition*. The aim of reform, in Russia as elsewhere, was to create some correlation between the tax bill and the wealth of the payer.

In 1859, Alexander appointed the Supremely Instituted Commission for the Improvement of the System of Taxes and Dues (henceforth the Tax Commission). It was to operate until the early 1880s with considerable overlap with the Ministry of Finances. Its brief to create legal equality in taxation would encounter opposition in a variety of government quarters where the nobility and clergy predominated, so the Tax Commission was permitted to skip the usual consultation with the other ministries and submit legislative proposals directly to the State Council and then to the tsar.³² Since the discussions of taxes were meant to be didactic of a new approach to government, its proceedings and reports were published.³³ A small public of state administrators, academics, and jurists would be able to grasp their significance, and they were well positioned to carry the measures through the legislative process. Quietly and steadily, the Commission was able to effect the repeal of most of the taxes that discriminated by legal status. It also prepared for the abolition of the poll tax, which occurred in 1886. In the course of the 1860s and 1870s, the Tax Commission would produce the reformed

³² *Ministerstvo Finansov 1802-1902*, pt.1, pp.408-9.

³³ *Trudy kommissii, Vysochaishe uchrezhdennoi*, 22 volumes.

license tax on businesses, the new urban properties tax, the new land tax, and the expanded system of excise taxes.

The composition of the Tax Commission, and indeed of the Ministry of Finances, was relevant to its supra-estate brief. The Commission had a rotating membership of former and future finance ministers and ministerial experts. German names from the Baltic provinces abounded, as did naturalized foreigners and ennobled commoners who shared a dependence on the autocrat and an identity with the Russian state sooner than a legal estate. With training at foreign schools in jurisprudence, administration, and finances, the members were expected to view the fiscal system as a discrete state undertaking that stood apart from the interests of any one segment of the population. Selecting outsiders for high service was not a new device; it was practiced in the Ministries of External Affairs, the Army, and the Navy, and also in His majesty's Own Chanceries, with their succession of German, Greek, and other non-Russian names. Nearly all of the Finance Ministers appointed by the tsars in the nineteenth century were Lutherans, proceeding from the prejudice that Lutherans were frugal and honest with the tsar's moneys.³⁴ Removed from the population, they were poised from the 1850s to implicate the population in the state's finances, and also implicate the state in the economy as a whole.

³⁴ Among them were Egor Frantsevich Kankrin (Minister from 1823 to 1844), born in Hessen-Darmstadt; Petr (Felix) Brok (1852-1858), a Prussian Junker; Mikhail Khristoforovich Reutern (1862-1978), from Riga; Nikolai Khristianovich Bunge (1881-1888), the Lutheran son a Lutheran minister; and Eduard Pleske (1904-1905), Russianized but still Lutheran. Sergei Witte's ancestors had converted from Lutheranism, and he trumpeted his Dutch ancestry as one of his qualifications for the post. (The very last Minister, Petr L'vovich Bark (1914-1917), was from a German family and married into another, though as a wartime minister and later an émigré in England he rarely publicized his pedigree.) Other ministers were, if not Lutheran, then outsiders to the Russian Orthodox landed gentry: the Serbian Aleksandr Kniazhevich (1858-1862), the Moldovan Aleksandr Abaza (1880-1881), and the Scott Samuil Alekseevich Greig (1878-1880). Only Vyshnegradskii (1888-1893) was Russian, but he was born into the clergy.

With their focus on universal duty to the tsar and the state, it was fitting that the Tax Commission's report on the poll tax was the first to be published, in 1862.³⁵ The poll tax was, after all, the largest single source of direct tax revenue: at 46.7 million in 1855, it accounted for 89.8 percent of all direct taxes and 22.5 percent of total state revenue.³⁶ But its political significance was the overriding concern of the members. This tax, in its conception and its implementation, was the most egregious to the Tax Commission because it was applied only to peasants, burghers, and certain non-Russian speaking legal categories of the population. It was also the principal marker of social status in the Empire. "Taxable" and "non-taxable" estate referred to one's liability to the poll tax. It had been conceived in the reign of Peter the Great as a crude mechanism that would levy a sum from a given region commensurate to the cost of maintaining a regiment. Peter tried and failed to conduct a census (*reviziia*) of the population in order to spread the burden equally, but he went ahead anyway in 1724 by dividing periodic sums that were needed for the army among five million male souls, all peasants and burghers (*posadskie*, later *meshchane*).³⁷ The government did not concern itself with the method of collection, as this was left to the army, the special commissioners, and the tax farmers, who in turn dealt with the local elders of villages, urban neighborhoods, and craft guilds. The elders, in turn, were responsible for the members of their collective. The army was an intermittent presence in the process of collection, either to help the collectors or to punish them. The army was periodically withdrawn in the eighteenth

³⁵ I.P. Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia o podushnykh podatakh*, in *Trudy Komissii, Vysochaishe uchrezhdennaia...*, vol. 1: *Priamyie nalogi. Istoriko-statisticheskiiia svedeniia o priamykh nalogakh v Rossii* (St. Petersburg, 1862).

³⁶ "Kratkii obzor deiatel'nosti Ministerstva Finansov" (1881), p.6.

³⁷ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.1-3.

century because, according to a contemporary report, it caused “arguments and brawls” (*ssory i draki*), only to be brought back when arrears mounted, as they inevitably did.³⁸

The censuses would become more regular, Catherine’s Treasury Offices would be extended to almost all provinces, and the poll tax receipts would be delivered to the local state coffers (*kaznacheistvo*) rather than as cash and grain to feed the troops directly, but the basic principles of the system as it existed in 1860 were as old as Peter the Great. The tax would measure the needs of the state, without regard to the paying power of the population; these sums would be distributed by a process of territorial apportionment according to the number of male souls in a province; and collections would be left to designated collectors and the elders of a given local estate institution, backed or cajoled when necessary by the army and police. The gentry would be responsible for the poll taxes of their serfs. These same practices would apply to the host of other taxes that were introduced in newly conquered territories in the eighteenth and nineteenth centuries, with some sense of local practice overlaid with the Russian standard. Greeks in Ekaterinoslav province would pay a flat household tax, their Armenian neighbors a flat head tax, and Greeks in Taganrog a flat tax on land. The Orthodox of Kiev province would pay the poll tax but anyone who was Catholic and Polish-speaking would be classified as *shliachta* and exempted. Cossacks around Kiev would pay the poll tax, but not Cossacks in other regions. Peasants on state lands would pay an additional *obrok*, or a fee for the use of the land but distributed per head, but serfs owned by the gentry would pay the poll tax through their masters. Old Believers would pay a double head tax as “a fine for the schism” (*shtraf za raskol*) alongside Jews, but Old Believers in Alaska

³⁸ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp. 165-166.

were exempted. The Kirghiz in Siberia came close to a proportional tax, the *iasak* that claimed one head per one hundred in their herd, with reductions applied to the direct heirs of Genghis Khan; orchards in Georgia came even closer, with a tax assessed on land and the number of trees. But for lack of real accounting these, too, were apportioned in practice and responsibility shifted to the local collectives. Whatever the nominal principle of the taxes (per head, per household, on land, on herds, on crops), they were rendered uniform from the government's perspective because they involved apportioning a fixed sum to a given local territory; because the census data was almost always used in setting the amount, making any tax de facto a poll tax; and because collective responsibility allowed the local community to apportion the bill among the members according to its own practices.³⁹ As the Ministry of Finances would later comment, the very collection of the tax was part of the tax burden (*tiaglo*), devolved onto local communities as part of their obligation.⁴⁰

All told, the 1859 census counted 53,945,497 persons – males and their families – who owed the poll tax or the equivalent taxes in kind.⁴¹ The issue was discrimination in the obligations, but any discussion of taxing the landed nobility was complicated by the expected opposition of the nobility, and by the ambiguity of the nobility's status. Even the legal codes and charters were not uniform in declaring whether the nobility was exempt because it already shared its exactions from the serfs with the state, by way of the poll tax; because it already served the state, forcibly until 1762 and as a corporate ethos and *noblesse oblige* thereafter; or because taxation was a mark of low status that

³⁹ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp. 15-18, 48-53, 61-62, 69, 71-73.

⁴⁰ *Ministerstvo Finansov 1802-1902*, pt.1, pp. 2-3.

⁴¹ They owed on average 1.85 rubles per male soul, 2.13 rubles per male head of household, or 3.23 per household. Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp. 106-107, 108.

was incompatible with nobility. All or some of these reasons were cited in official documents. Emperor Paul did attempt to impose a very modest poll tax on noblemen in 1797, reasoning that they received many privileges but carried no inescapable obligation. Paul's tax was symbolic sooner than substantive, as low as one kopeck in some provinces; but it was objectionable enough to cause uproar in the provincial capitals and was ended soon after Paul was deposed.⁴²

The approach of the Tax Commission was to uncouple rights and exemption, privilege and exemption, and status and exemption. Paying taxes was the normal condition of the tsar's subjects, while exemption could apply to anyone the tsar chose. To wit, drawing on the census of 1859, the Commission estimated that 326,092 hereditary male nobles (plus their families) were exempt from taxation, but the total number of exempted males was 3,072,328. With their families, 10.5 percent of the inhabitants of the Russian Empire were exempt from the poll tax. The Commission noted, pointedly, that noblemen enjoyed exemptions alongside 27,676 Siberian exiles; 12,487 sailors in the merchant marine; 232,836 retired soldiers; 435,764 Bashkirs, Tatars, and Meshcheriaki; 239,883 merchants and 9,630 honored citizens; 141 Jewish and Muslim converts to Orthodoxy, and another 494,043 Muslims and Jews who had migrated recently to Russian territory; 4,775 household tutors; 24 gardeners in Tauride province; 98 descendants of Ivan Susanin, the hero of Glinka's "Life for the Tsar;" workers in protected industries, such as 21 Armenian sheep herders; and almost 300,000 clergy and 500,648 Cossacks. It could also apply to anyone not already exempted who acquired

⁴² Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.12-14.

higher education (1,816).⁴³ This hardly put noblemen in exalted company, and this was the point: exemption expressed the tsar's will, not a hereditary privilege and certainly not a right. Exemption could be rescinded to restore the regime of universal obligation, which was disrupted by the repeal of obligatory gentry service to the state in 1762.

Nikolai Bunge, writing as a government financial advisor in 1859, noted that extending taxation to noblemen would be for their own good: exemptions "inevitably give rise to popular hatred toward those who enjoy the privileges."⁴⁴

If universality was one of the thrusts of tax reform, the proportionality of the tax to the income of the payer was the other. Proportionality could be construed as a commonsensical matter of fairness, which was how it was presented in the fiscal literature of the period. But one's ability to pay meant assessing items of wealth, thereby circumventing status. The earliest record of this principle in Russian rule is from 1810, in the midst of the European wars, when Alexander I announced in the Manifesto of 2 February that "equalization" (*uravnenie*) – understood as proportionality – should be one of the goals of taxation. For the nobility, this meant a wartime income tax, modeled on the British tax of 1799, which for lack of data and enforcement was a voluntary contribution that was rescinded after the war.⁴⁵

Real proportionality would have required knowledge of what a person earned, and in Russian conditions this meant a cadastre of lands and related pursuits. Gentry lands were de facto off limits, which left state lands and the one-half of the peasantry that

⁴³ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp.84-92, 105.

⁴⁴ Bunge, "O podushnoi podati," cited in Stepanov, Bunge, p.75.

⁴⁵ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, p.15.

lived on them. In 1837, when Nicholas I created the Ministry of State Domains, he decreed that “the dues collected from state peasants should be brought into correspondence with the benefits received from land and crafts.” This meant, in substance, translating the poll tax on state peasants into a tax on production.⁴⁶ This led to the first attempt at a cadastre (of state lands) begun in 1842 in 19 provinces from different regions of European Russia. Olga Crisp rightly points out that the cadastre was a part of the reform of the management of state domains, and a paternal desire to guarantee the subsistence of state peasants. This, in turn, meant a better distribution of resources among state peasants and a proportional distribution of the tax burden. Finances were a sub-part of a larger approach termed “guardianship” (*popechitel'stvo*), a largely Cameralist effort to better manage state resources and care for the people who inhabited state lands. Fiscal considerations, social order, and popular welfare were wrapped into a single package.⁴⁷

The cadastral surveys lasted into 1858, when the initial effort to compare these provinces was abandoned and the initial intention of mapping all state lands had been compromised. Personnel was the predictable problem, not only their quantity but their quality as well. They were “in all ways unfamiliar with this task and the peasant way of life; most of them had never seen a field.” Setting out to survey parcels of land, they found open village fields with no obvious markers. When they attempted to set markers,

⁴⁶ “Poiasnitel'naia zapiska o rabotakh po soglasheniiu otsenok gosudarstvennykh imushchestv mezhdub guberniiami” (1860) in *Trudy komissii, Vysochaishe Uchrezhdennoi.*, vol. 1 (St. Petersburg, 1862), p.1; E.N. Kolotinskaia, *Pravovye osnovy zemel'nogo kadastra v Rossii* (Moscow, 1868), pp. 84-85.

⁴⁷ Crisp, “The State Peasants under Nicholas I,” pp.88-89; Pintner, *Russian Economic Policy under Nicholas I*, pp.170ff; N.M. Druzhinin, *Gosudarstvennye krest'iane reforma P.D. Kiseleva* (Moscow, 1958), with attention to the cadastres on pp. 25-33; and Kolotinskaia, *Pravovye osnovy zemel'nogo kadastra*, pp.86-93.

they found that strips were scattered and intermingled with those of another household, and these were intermingled with the holdings of another village; the lands worked by serfs were mingled with the lands worked by state peasants. Unable to count all village lands, they counted a few and then multiplied them by the number of villages in the province, which allowed the commission to make the incredible claim that it had surveyed 53 million desiatinas by 1856. Moreover, it took the provincial commissions years to overcome their assumption that all peasants farmed. Whole villages and districts used the land to support their industrial crafts and husbandry.⁴⁸

But the decisive impediment to the process was one of equivalencies: the cadastral commissions lacked any one standard that would allow the same measure to be applied to different kinds of wealth, and then applied to different localities. Few peasants conducted their transactions in money alone, and when they did it was in specific production conditions. The cadastral commissions found it impossible to compare, say, the value of a birch-bark shoe produced in Tambov province with a load of hay in Penza. The commissions could conclude that 59.65 percent of a peasant's survival depended on the land in Tver' province and 99.6 percent in Ekaterinoslav, but they could not express either of those values in money.⁴⁹ It also emerged that the cadastral commissions had used different methods of evaluation in each province, so the figures from different provinces could not be compared. A detailed local case study estimated that, if the cadastral data were used in setting new rates within each province, the rates would vary

⁴⁸ "Poiasnitel'naia zapiska o rabotakh po soglasheniiu," pp. 7-9, 11-14; Druzhinin, *Gosudarstvennye krest'iane*, vol.2, pp.171-172; Pintner, *Russian Economic Policy under Nicholas I*, pp.164-165.

⁴⁹ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, p.146.

wildly and irregularly as a proportion of household income: 31 percent of peasant household income in Kursk province and 11 percent in Pskov.⁵⁰

“The more true means to judge the well-being of peasants,” reflected a member of the Tax Commission, “would have been an exact definition of their income from all sources, as well as their expenditures on all their needs.” But this was a description of an income tax which existed in no country of the world, and “it would be to demand the impossible, since no one [in Russia] is capable of offering useful data in this matter.” Even Britain’s income tax, the most advanced and intrusive when it was introduced in 1842, levied flat rates on certain visible capital transactions and incomes, but it did not investigate other incomes and did not ask about expenses. It left agriculture untouched.⁵¹ As was the case with so many other intractable problems in Russia, the cadastral commissions concluded that Russia was “too big” to be surveyed. Cadastres that examined the income from land could only be conducted in small states, like Saxony, Westphalia, and Milan. By contrast, it took Austria almost sixty years to survey half of its provinces, and the effort was ongoing in 1860.⁵²

Abandoning the general cadastre, the last *reviziia*, that of 1859, was again a counting of heads and an apportionment of the bill among the provinces. But within each of the 19 surveyed provinces, the government used the cadastral data to set differential rates. The example was set in St. Petersburg province, which was the first province to undergo a cadastral survey in the 1840s because of the proximity of the Imperial personnel and the

⁵⁰ “Poiasnitel’naia zapiska o rabotakh po soglasheniiu,” pp.2-3, 16-17.

⁵¹ “Poiasnitel’naia zapiska o rabotakh po soglasheniiu,” pp.13-15 and n.1, 88. The income tax did involve declarations for limited categories of payers.

⁵² “Poiasnitel’naia zapiska o rabotakh po soglasheniiu,” pp. 5-7.

university, and its relatively high rates of money exchange. Here, the cadastral commission sought one stable standard for all districts, and chose land: a peasant household might not farm the family allotment, but it did produce, say, wooden spoons for the St. Petersburg market. The task of the commission was to posit that a given unit of land was associated with a certain level of income, no matter what the nature of that income, and establish coefficients. In predominantly agricultural areas the commission estimated average harvest yields, in non-agricultural areas it set (rather arbitrary) equivalencies of crafts produced per area of land possessed. It also recorded rates for the land rented out by the gentry to peasants as a way of estimating what the land was worth to the tiller. On that basis, the commission set variable rates between districts (on average 5.5 rubles per head in one district and 70 kopecks in another) and within them (31 rubles per head in one village and 2.40 in another). These were not quite assessments, in the sense that they proceeded from knowledge of what a given household earned in a given year. Having decided how much money it would demand from a province, it could reasonably expect more from one district than from another.⁵³

The Commission was forthright about the arbitrariness of its methods. Land was chosen because it was consistent, but a measurement of the extent of land was a poor indicator of the income of the person who possessed it. By making land its tax unit, it did not measure income but only an expectation of what a given type of land produced on average, it guessed even more about those incomes that were not agricultural, and it completely ignored other sources of income, like wages, rents, and trade. The guesswork

⁵³ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp.143, 147-9; "Poiashnitel'naia zapiska o rabotakh po soglasheniiu," pp.17-18.

continued as the estimates of income were divided among the inhabitants and translated into a per head levy. How a village might then distribute that burden among its members was anybody's guess and not at all the concern of the government.⁵⁴

The Tax Commission instead declared disarmingly that “we cannot even ask that the incomes calculated in a cadastre reflect the level of well being of peasants.” Its purpose was more modest: “The cadastre distributes dues evenly among those things that the government has recognized as liable to assessment.” What seemed like circular reasoning (the government would tax what it decided to tax) or capriciousness (the government would evenly tax what it arbitrarily chose to tax) was in fact a simple statement that the government would tax what it could see and measure over space. And politically, it was a linear argument that led to the landed nobility. The equivalencies meant that the same standards of measurement could be applied to any owner or user of property, and that money and land would transcend legal differences. The taxes would be “objective” in multiple senses: they would be levied on things rather than people, they would ignore legal differences in their exclusive focus on things, and they would make comparisons across estates and territories and also over time by a single focus on things. For the same reasons – equality and proportionality – a suggestion to use labor days as a basis for taxing persons, as was practiced in France in the *impot personnel et mobilier*, was dismissed because the wealthiest potential payers, the gentry, would pay the same as the peasant; if only manual labor were counted, the gentry would again be tax-

⁵⁴ “Poiashnitel’naia zapiska o rabotakh po soglasheniiu,” pp.7 and passim; “Ob ustroistve pozemel’nago i podvornago nalogov s sel’skikh obivatelei,” pp.12-14; Druzhinin, *Gosudarstvennye krest’iane*, p.31.

exempt.⁵⁵ On the other hand, the Tax Commission recognized that a real assessed tax, graduated and proportional to income, was logistically impossible. It studied and then rejected the Prussian “class and classification” system of 1851, which imposed a flat tax for incomes under 1,000 talents and ascending scales for incomes above it. Russia had few incomes so large and no information on who earned them. “There is absolutely no data for distributing inhabitants into classes.”⁵⁶ Gathering that information would be politically unpopular and potentially intrusive. It would require “an extreme constraint on each person’s freedom... It would be necessary to investigate each taxable person, and this would strengthen the police or fiscal surveillance of individual persons.”⁵⁷

Instead the Tax Commission concluded that only universality was an attainable goal. Poll and *obrok* dues would be transferred to the land and away from the person. Land would be the standard of assessment; money would be the ultimate expression of wealth and the solvent that dissolved the members of estates into the same pool of payers. It would be applied to the landed nobility in the land tax that was implemented in the 1870s, modestly and haltingly given the gentry’s uneasy adjustment to the Emancipation.⁵⁸ It also entailed an effort, from 1860, to convert all services owed in kind into an annual monetary payment.⁵⁹ And the underlying pragmatism, of taxing things because they could be found, quantified, and compared, was a precedent that

⁵⁵ *Domovaia i kvartirnaia podat’ vo Frantsiii i v Avstrii* (1862), in *Trudy komissii, Vysochaishe uchrezhdennoi*, vol. 2, pp. 1-3.

⁵⁶ S.I. L’vovskii, comp., *Klassnaia i klassifitsionnaia podat’ v Prussii* (1861), in *Trudy komissii, Vysochaishe uchrezhdennoi*, vol. 2, pp. 3-4, 29-30; “Ob ustroistve pozemel’nago i podvornago nalogov s sel’skikh obivatelei,” in *Trudy Komissii, Vysochaishe Uchrezhdenoi*, vol. 3: *Doklady, Zhurnaly i zapiski v Gosudarstvennyi Sovet* (St. Petersburg, 1863), p.7.

⁵⁷ “Ob ustroistve pozemel’nago i podvornago nalogov s sel’skikh obivatelei,” p.7.

⁵⁸ A concern expressed by Reiter in 1866, and a reason for the delay in implementing the land tax. Gindin, *Gosudarstvennyi Bank*, pp.33-35.

⁵⁹ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, p.109.

would be generalized in the decades to come: the government would focus on those things that are “easily brought to light” (*udobno privedeny v izvestnost*) and subject to “objective” evaluation.⁶⁰

The Problem of Accountability

By correlating the poll tax with the paying power of the household, however indirectly and arbitrarily, the government hoped to reduce the tax arrears that were a regular feature of the tax system. Arrears were registered with the very first poll taxes in the 1720s. In the 1730s, every assessment of 70 kopecks per person in practice yielded 3 kopecks.⁶¹ The government explained the arrears in a manner that would remain remarkably stable over the next century and a half: poverty and the role of the intermediaries. The latter – the collectors – were the only people with whom the government interacted directly. It was easy to not only focus on them but also to assume that they were causal factors in the arrears; any other causes were invisible. The collectors in each region and estate were regularly accused of corruption, and then arrested, flogged, and exiled. This could apply as much to the tax farmers (the *komissary* and *voevody* of the eighteenth century, noblemen and military men responsible to the governors and the Senate) as to peasant and burgher elders who were responsible for their peers.⁶² The Empress Anna was especially fond of blaming the collectors, and large punitive detachments rounded up the tax farmers, the bailiffs on state lands, the gentry’s managers, and the peasant elders and beat them with whips and birch rods. Some were executed. Even noblemen who withheld their serfs’ taxes were

⁶⁰ “Poiashitel’naia zapiska o rabotakh po soglasheniiu, p.88, 91-92.

⁶¹ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp. 6.

⁶² Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.162-164.

arrested, but the practice was discontinued because noblemen tended to die in prison at a high rate.

In villages where arrears surpassed 500 rubles, the government automatically sent a detachment (*ekzekutsiia*) of nine soldiers, who would be paid by the villagers at a daily rate of 15 kopecks for the officer, 5 for the NCO, and 3 for the soldier, plus 3 *funty* each of bread and one of meat. Horses would get hay. The longer it took the village to deliver the arrears, the longer the army would stay. The collectors could also sell off the properties of individual delinquents, send them or their children to the army, or, if they were too deviant even for the army, to Siberia. Among burghers and state peasants, the arrears could be forcibly re-divided among the other members of the community – a mechanism of collective responsibility that would be generalized to all peasants after 1861. Why villagers unable or unwilling to pay their bill were more likely to pay a new and larger one was unclear, but the entire system, if viewed as a mechanism of collection, was counterintuitive: under Anna, in villages where the tax bill was determined to have been divided unfairly or corruptly, the army was instructed to “carry out stern tortures and destruction.”⁶³

“The strong measures,” the Tax Commission would summarize in 1862, “taken under the Empress Anna Ivanovna for the collection of arrears filled all Russia with terror. And yet the arrears were never collected.”⁶⁴ Indeed, tax arrears had been written off in the late 1720s, and Anna in 1730 found that they had grown again: all Russian towns

⁶³ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.162-185, 190, 191-2, 206.

⁶⁴ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, p.192.

without exception were in arrears, serfs owed 1.6 million rubles, and state peasants owed another 800,000. By the end of her reign, arrears had risen to a cumulative 5 million rubles. If Peter the Great collected 3 kopecks per head on a 70-kopeck assessment, Anna increased it to 8 kopecks. The arrears were written off in 1752, only to climb steadily over the next decades.⁶⁵

In hindsight, it is clear that arrests, exiles, tortures, beatings, and wholesale reprisals avoided the point, if the point was the collection of the taxes. These measures were either unrelated to increasing revenue, or they removed the delinquents from production and ensured that the tax would not be paid at all, or they punished the wrong people. But taxes were as much a matter of rule and spectacle. They were meant to instill in the population a fear and respect of power, and they inscribed legal distinctions in status by dividing the population into taxable and non-taxable estates.⁶⁶ The benevolent forgiving of tax debts was part and parcel of the same approach to rule. The ruler was distant, fierce, and paternal, but not at all familiar with the local conditions; the punishments were as arbitrary as the forgiveness. Blanket write-offs of debts followed Anna's reign with increased regularity. One or another Imperial milestone provided the occasion for benevolence, and the arrears provided the mechanism for its expression: 1787 (Catherine's Jubilee), 1797 (Paul's accession), 1814 (victory over Napoleon), 1826 (Nicholas I's accession) and 1855 (Alexander II's accession).⁶⁷ In the last case, 1855, a sum of 54.2 million was forgiven, against a total

⁶⁵ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.6, 187-190, 210-213

⁶⁶ Abby Schrader's study of corporal punishment captures these dimensions of rule: *Languages of the Lash: Corporal Punishment and Identity in Imperial Russia*. (DeKalb, Illinois, 2002).

⁶⁷ Rukovskii, comp., *Istoriko-statisticheskiiia svedeniia*, pp.198-200.

annual assessment of 45.4 million in soul and *obrok* taxes.⁶⁸ The wise peasant would wait for the death of the tsar before paying too much of the tax bill, or prey for tsar's long life and another jubilee.

Since the taxes were never meant to represent a realistic appraisal of the paying power of a peasant or burgher, taxation was instead a satisfactory mechanism of levying gross sums from a territory and an occasion to express and reaffirm a whole style of rule. By the 1860s, however, the scale of government programs and a new awareness of the population as a dynamic source of wealth meant that the Tax Commission was genuinely interested in investigating why peasants would not or could not pay taxes. The members never seemed sure which it was. The very character of the data, which was province-wide, offered them few clues. The increase in population between the censuses should have meant that the burden was being spread among more people and was, per capita, smaller, but still the arrears went up. Arrears increased during destructive wars and harvest failures, but also in times of good harvests and domestic peace. Arrears rose when the tax bill was increased, and also when the bill was reduced. Arrears could be found on gentry estates among serfs, but also among peasants on crown and state lands. They might be found in one village, district, or province but not the neighboring one.⁶⁹ In Saratov province, the relationship between the tax bills and the arrears was inverse: peasants who owed 5.79 rubles per capita had negligible arrears in the late 1850s, while neighboring villages that owed 1.86 per capita had accumulated arrears of 7.3 percent of

⁶⁸ *Ezhgodnik Ministerstva Finansov, XI*, appendix, pp.86-8. For the local case study of Saratov, see Gan, *Materialy o nastoiashchem byte*, p.3

⁶⁹ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp.193-195, 198-200.

the annual assessment – even though all arrears had been written off in 1855.⁷⁰ There was no discernible connection between government practices and policies, on the one hand, and the arrears, on the other. And in ways that would become more pronounced at the end of the century, the lack of knowledge and the disconnect between government action and peasant reaction would ensure that the government would not act with confidence: it could never be sure if peasants were not paying because they could not or because they were tacitly refusing.

In the meantime there was something of a consensus in the government that the lack of correspondence between income and taxation was at the root of the debacle, but there was little agreement on how to redress it. As one member of the Tax Commission concluded in 1860, the “equality” of the poll tax was “arithmetical, but not qualitative or proportional” to the payer’s income or wealth. And it would remain so as long as Russia lacked the professional administrative apparatus to better investigate local conditions.⁷¹ The use of the cadastral data in the 1859 census was supposed to make each tax bill somewhat relative to the wealth of the payer, at least for the 19 provinces concerned. And yet the arrears began a new climb in these provinces too, despite the cadastres, despite the blanket write-offs of 1855, and despite the larger “gift” of personal freedom from the gentry in the Emancipation of 1861.⁷² Arrears approached 38 million rubles in 1880, when the government again wrote-off a sizable portion; even so, the arrears on the poll tax reached 19 percent of the annual assessment by 1881, with highs of 114 percent

⁷⁰ Gan, *Materialy o nastoiashchem byte*, pp.3-5; Adams, “The Reforms of P.D. Kiselev and the History of N.M. Druzhinin,” *Canadian-American Slavic Studies*, 19:1 (Spring 1985), pp. 38-39.

⁷¹ Gan, *Materialy o nastoiashchem byte*, pp. 5-6.

⁷² *Ezhegodnik XI*, appendix, pp.86-8; and in Vol. 1: 210-216; “Poiashnitel’naia zapiska o rabotakh po soglasheniiu,” p.107.

in some provinces and lows of 10 percent in others. All provinces without exception had arrears.⁷³

It was as if, the Tax Commission observed, the Great Reforms had never occurred. In some ways, this was true. Collective responsibility (*krugovaia poruka* or *krugovoe ruchatel'stvo*), which made collections and accountability a purely peasant affair, remained unreformed, and indeed was generalized to all categories of peasants. And apportionment, which treated taxes as a state need but not a matter of paying capacity, remained the standard practice. This meant that the government agencies neither had nor sought information about the internal condition of any *volost'* or village society, and did not participate in the collection of the tax. According to the practice outlined at Emancipation, the Ministry of State Domains (and later also of Finances) compiled their annual tax assessments and distributed them to the provinces. The cadastral data notwithstanding, these sums were calculated as fractions or multiples of the old soul tax.⁷⁴ The governors distributed them to the district coffers (*uezdnoe kaznacheistvo*), which then divided them among the *volost'* boards of elected peasant elders. The *volost'* boards sent the final assessment document (*okladnoi list*) to the village elders.⁷⁵ The whole process was observed but not managed by a single clerk of the provincial Treasury Office. Elders were given very detailed instructions about the types of compulsion they could use and the methods of assessment at their disposal, but the representatives of the

⁷³ Anan'ich, "K istorii otmeny," p.190.

⁷⁴ Anan'ich, "K istorii otmeny," p.185.

⁷⁵ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp.172-175.

central government were specifically banned from interfering with how the local collective gathered its taxes, so long as the bill was paid.⁷⁶

Non-interference had been one of the founding principles of the poll tax in the 1720s, an expedient that released the government from a costly direct involvement in collections. The expedient was turned into the principle of communal self-rule in the 1840s, when the peasant land commune was “rediscovered” as the pillar of Russian peasant society – by a German traveler, no less.⁷⁷ At Emancipation, communal property was officialized for much of central Russia, while state non-interference in peasant government was universalized and valorized as “the principle of peasant self-administration” (*nachalo krest'ianskago samoupravleniia*). Even in villages where property and heredity were individualized by household (*podvornoe vledenie*), tax collection still operated by the collective responsibility of the rural community (*sel'skoe obshchestvo*).⁷⁸ The police would join the process if arrears became unusually high.

How the local collectives of villagers apportioned the tax among their members was well beyond the concern or competence of government agencies. The accounting was purely the internal affair of the village society and the *volost'*. Episodic and anecdotal evidence indicated that peasant systems of distributing the tax bill could range from a “burden” (*tiaglo*, a unit of land that bore a certain share of dues), to the number of male laborers in a household, to the number of consumers, to the whims of the local elders – fleeing

⁷⁶ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp.132, 203-5.

⁷⁷ Haxthausen's observations on the innate collectivism of Russian peasants are of course questionable, and they are also open to empirical scrutiny: T. K. Dennison and A.W. Carus, “The Invention of the Russian Rural Commune: Haxthausen and the Evidence,” *The Historical Journal* (2003), 46, pp.561-582.

⁷⁸ *Ministerstvo Finansov 1802-1902*, pt.1, pp.423-4. For more on the collections process, see Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, p.161, 178.

the first passer-by met on the village street.⁷⁹ Only in the 1890s would the government undertake a systematic investigation of the way peasants taxed themselves.

With collective responsibility came the entire ethos of the autocratic rule of collectives. As often as the intermediaries were punished for arrears, peasants were forgiven for their native poverty – native because the poverty seemed obvious but was not demonstrable or quantifiable. Or more accurately: it was impossible to relate the arrears in any given *volost'* or village with the economic conditions that obtained, because those conditions were unknown to the officials who compiled the tax bills. Some generalization had always been possible, but it tended to be global information that did not relate to the arrears of a given territory. Periodic investigations found that rebellion, famine, and epidemic might reduce the paying power along the central Volga (the Bashkir Wars of the mid-eighteenth century), that the movement of the front in one or another Turkish or Napoleonic war might sharply reduce the number of payers and replace them with refugees, and that a harvest failure produced famine in large areas of Belorussia. But it should be clear by now that government agencies could not move beyond global generalization, lacking as they did the more detailed knowledge of localities, villages, and households, the more penetrating mechanisms of assessment and investigation, the dynamic sense of change in any one place, and the tactile administration that could manage the entire affair. An increase in the tax yield might indicate that peasants were being squeezed and better coerced, or it might indicate that

⁷⁹ Rukovskii, comp., *Istoriko-statisticheskiia svedeniia*, pp. 132-139.

peasants were better off. Both claims were made regularly because both were plausible but neither was verifiable.⁸⁰

More important than the fact of poverty, then, was the entire ethos of paternal Christian rule that animated autocracy, by which peasants were held to be globally defenseless, poor, dependent, and (as individuals, households, or even villages) invisible. This ethos made possible the global forgiving of tax debt by “The Most Kind of Manifestos” (*Vsemilostiveishii manifest*) and collective punishments of a delinquent territory. This attitude would remain remarkably stable into the twentieth century, partly because of the depth of the ideological conviction about autocracy and about peasants, and also because of the material limits on Russian rule that made the ideology reasonable.

Ignoring the Person: Direct Taxes after 1855

There was to be no immediate and direct assault on gentry privilege, at least not in name, and the poll tax from which so many privileged groups were exempted would remain in effect until 1886. Rather, the Russian fiscal system adopted a different approach, borrowing heavily from the French example of the seventeenth and eighteenth centuries, which circumvented the question of legal status by shifting its focus away from the person to the person’s property. In France under the Old Regime, this process was connected with the fiscal effort to collect revenue from the otherwise exempt gentry. After 1789, this was translated into the positive principle of the universal obligation of citizens, coupled with an equally strong drive to keep the treasury out of

⁸⁰ Hence the ability of historians to make opposite guesses based on the same evidence: Adams, “The Reforms of P.D. Kiselev,” p.39, which takes issue with Druzhinin, *Gosudarstvennye krest’iane*.

the private lives and businesses of those same citizens. In order to avoid a direct encounter with individual payers, the practice of apportionment in France – the *impôts de repartition* rather than *impôts de quotité* – distributed lump sums among the *departements*, and these were redistributed among property owners according to local values and local cadastres. Apportionment in France developed as a philosophy as well as an expedient. It was a recognition of the political and administrative difficulty of peering regularly into the minutiae of everyday life – flat rates were much simpler to collect and less open to negotiation – and also an affirmation of the immunity of the person from investigation.

From these twin principles of simplicity and privacy emerged the very complicated and well-developed systems of French external assessment. A body of inspectors and assessors produced not only numbers and invoices but also voluminous writings where they carefully considered the political and philosophical implications of any new tax and any new form of assessment. These assessments could rely on the observation of a business or a home from the street, and could draw on indirect indicators of wealth. But the assessments almost never entailed a direct confrontation with the payer, rarely required tax declarations, and rarely involved a visit to the home or business in question. Some of these taxes levied flat sums on persons that were scarcely different from a poll tax, only they were universal; others were taxes on windows and doors that were associated with income or wealth; and others were based on the rental values of apartments, gleaned from local data. They were acceptable to taxpayers because the final sums were modest if inflexible, and also guarded the payer's privacy. The same

considerations – privacy and expedience – ensured that France would not implement the income tax in the nineteenth century, and only a feeble one in the early twentieth.⁸¹

The French example was very much on the mind of Russian fiscal experts, in a way that it had not been under the previous reign. In the 1820s, the State Council dismissed recommendations for a reform of direct taxation because it was beneath the dignity of the Empire to ape foreign, Asian, or ancient states. “What existed in primitive and unenlightened times, and what the Turks are doing to collect the people’s money, cannot be an example... Russia does not slavishly imitate any other people, but instead we can say that Russia herself reigns over all others.” The prodigious reference in these proposals to French political economy in the eighteenth century was hardly comforting, considering its outcome in 1789.⁸² By the 1860s, it was precisely France in the eighteenth century that offered fiscal experts the best precedent, because it cast equality as universal liability before an absolute ruler. An added liberal sensibility that granted the person some immunity was discussed explicitly, as a matter of economic theory and fiscal expedience. From a distance, the treasury could claim moderate and predictable amounts of visible wealth and income; and even the moderate sums would amount to much more if private trade and production were allowed to develop with less government interference. Many, to be sure, doubted the principle of individual immunity, but virtually all experts could agree that a more detailed assessment of business and households was practically impossible and politically undesirable.

⁸¹ Contemporary Russian overviews are F.G. Ternier, comp., “Svedeniia o pozemel’nom naloge v inostrannykh gosudarstvakh,” pp.160-161, and “Domovaia i kvartirnaia podat’ vo Frantsii i v Avstrii” (St. Petersburg, 1862), pp. 1-8. A French historical overview is Ardant, *Histoire d’impôts*. A pan-European overview that makes similar points is Schremmer.

⁸² RGIA, 1149:9 (1882): 64, ll.5ob-6

Surveying this mix of ideology and expedience, a member of the Tax Commission told the State Council in 1861: “Of course, the division of inhabitants into taxable and non-taxable estates should have been repealed as incompatible with the creation of a rational tax system, but this goal can be reached much more conveniently and comfortably by repealing all personal taxes.”⁸³ Quietly and almost imperceptibly, the assessment moved from a flat rate on the person to a rate (often also flat) on the property. The treasury became more concerned with items of wealth than with the person as such. In fiscal parlance, the “object of assessment” would no longer be the person, but the things the person owned or possessed; the owner would be “the payer,” a commonsensical term that was in fact a neologism that skirted the person’s legal status. Instead of the person, who was liable for an absolute sum, the fiscal apparatus was redirected to the things that generated revenue.

The simplest place to begin the new approach was in the towns, where a larger concentration of officials and relatively extensive practices of documented transactions and property evaluations were in existence. As early as 1855 Alexander II ordered the Ministry of Finances to develop alternatives to the poll tax on burghers, and the legislation was proposed to the State Council in the years 1862-1863.⁸⁴ The poll tax of 4 million rubles was repealed for 1864, and replaced by a revamped license tax on businesses and an entirely new urban properties tax. Each tax was to yield about 2

⁸³ “Ob ustroistve pozemel’nago i podvornago nalogov s sel’skikh obivatelei.”

⁸⁴ *Trudy Komissii, Vysochaishe Uchrezhdenoi*, vol. 3: *Doklady, Zhurnaly i zapiski v Gosudarstvennyi Sovet* (St. Petersburg, 1863).

million rubles, and together they came suspiciously close to the sum of the old poll tax; it hovered around 4.1 million rubles.⁸⁵

What seemed like a mere change in name, however, had been developed by the Tax Commission to promote a series of new principles in the system of direct taxation. The tax on businesses was a license fee (*patent*) on any business in a town. This had been in existence since 1824, when Kankrin introduced it as simple if regressive way to tax non-agricultural businesses. At that time, the tax was intimately tied with one's estate status. A license allowed one to trade, and a separate fee (*svidetel'stvo*) allowed one to enter the merchant guilds and participate in production and trade. Non-merchants had difficulty gaining admission to the merchantry or to the guilds, and non-merchants did not necessarily pay the license tax. The revised laws of 1865 maintained the license – it was simple and allowed the government to register all businesses – but changed the relationship between trade and status. Anyone with sufficient capital could enter the merchantry and thence the guilds, and the fees for entering the guild were cut in half. And anyone who liked could buy a license, regardless of legal status.⁸⁶

Trade and manufacture, from the government's point of view, would be an occupation rather than a title, and status money-based rather than a birthright. The system would deliberately erode the "estate element" in the economy. The license fee began with rough scales of the expected revenue of certain types of businesses in certain regions, so it was higher on, say, a tannery in Moscow than a tannery in Pskov, and higher for a copper

⁸⁵ *Ezhegodnik Ministerstvo Finansov*, Vyp. IX, p. 7.

⁸⁶ RGIA, 23:9:366, l.3. This is DOS to State Duma, 1909, history of industrial taxes.

mine than for a tannery anywhere. Highly regressive though it was – it could barely distinguish between a Moscow tinker and a Moscow iron works – it was useful to the treasury for its capacity to simply register all businesses, which had hitherto not been registered with the treasury at all, and guarantee a steady flow of revenue.⁸⁷

That the new tax was based on “tangible external indicators” (*osiazatel'nye vneshnie priznaki*) would seem retrograde in later decades. It involved no component of reporting or declaration, no verification by the treasury, and no provisions for the disclosure of the actual income of a firm.⁸⁸ The treasury could only consider the symptoms of income rather than the income itself: buildings, doors, loading gates, and workers. But one should recall that this tax was modified in order to replace a poll tax that required no information whatsoever, save a counting of heads. Even the “external indicators” would provide the treasury with troves of information that had never been the treasury’s concern: the very existence of a firm, its location, and some sense of its size and activity. For this reason the Tax Commission insisted that this tax, unlike all others, not be apportioned: when registering their activities and paying the fee, the payer entered into a direct and individual relationship with the state. The modesty of the business tax was also deliberate. As the Ministry of Finances explained in 1863, the state could approach trade and production less coercively but more effectively, registering

⁸⁷ *Ezhгодnik MF*, Vyp. XI (1881), appendix: “Kratkii obzor deiatel'nosti MF za dvadtsatiletie s 1855 po 1880 gg,” p.7; Anan'ich, “K istorii podatnykh reform,” p.160.

⁸⁸ As the Ministry of Finances candidly admitted: RGIA, 23:9:366, l. 3.

more firms, taxing them at a nominal rate, and extracting more income for the treasury “thanks to ... the natural, free development of trade and industrial enterprises.”⁸⁹

Alongside the revised license fee came a new urban properties tax (*Nalog s nedvizhimykh imushchestv v gorodakh, posadakh i mestechkakh*), also in 1863, on land and buildings that produced or could produce some kind of revenue. The contrast to the poll tax it replaced was remarkable. The pool of potential payers expanded when the subject of taxation was a property rather than a person, and it now included honored citizens, merchants, and noblemen who had been exempt from the poll tax. In theory, it assessed all properties at 0.2% of their value. Billeting taxes in kind were converted in 1875 to a lump sum of two million rubles, and added to the property tax of 2.1 million. It remained at 4.1-4.2 million rubles into the 1880s.⁹⁰ The tax removed from the tax rolls burghers who did not own property, thereby introducing ability to pay as a new criterion to replace legal status. The old poll tax rolls for burgers, it will be recalled, included not only traders and craftsmen, but also wealthy plant owners and wholesalers who obviously paid too little. Others paid too much, including church psalters, ballet dancers and orchestral musicians, clerks, scribes, dockworkers, footmen, dishwashers, and cooks. The new focus on property removed most of these groups from the tax rolls. It replaced it with a new category altogether, that of “the possessing” or “the propertied” (*imushchestvennye* or *sobstvenniki*) – a term that would become commonplace as a sociopolitical designation of status.⁹¹ The Department of Direct Taxation would later

⁸⁹ RGIA, 23:9:366, l.3; A. Leongardt, “Zapiska o gil’deiskom voprose,” (1861); “Po motyvam na proekty 1. Polozhenii o patenta, 2. Pravo na trgovliu” (1861) in *Trudy komissii*, vol. 5: *O poshlinakh za pravo trgovlii drugikh promyslov* (St. Petersburg, 1861).

⁹⁰ Stepanov, *Bunge*, p.137

⁹¹ “O podatnom ustroistve meshchanskikh obshchestv,” pp.9-10.

mark the urban properties tax as “The first attempt in our tax system to transfer direct taxes from personal labor” – meaning the estates most associated with manual labor – “and spread direct assessment on all estates without exception, not only on taxable classes.”⁹² More fundamentally, it eroded the very idea of a taxable estate.

To be sure, the ambition to assess the properties left unaddressed the problem of personnel and data. There was no body of state employees to calculate direct taxes, so in practice the aggregate sum of the urban properties tax was derived from the sum of the old poll tax and apportioned to the provinces. But now the distribution from the provinces to the towns was conducted by the new *zemstvo* institutions and within the towns by the reformed municipal administrations (*dumas* and *ratushas*). These formed local commissions (*prisutstviia*) that were supplemented by invited property owners (*eksperty*) who could comment on incomes and property values in a given neighborhood. Taxpayers would assess other taxpayers in order to derive averages for a given industry and region, and the averages would then apply to everyone. At the same time, the franchise for the election of town government was changed in 1870 to include all owners of properties rather than merchants and burghers by estate, so that the franchise began to square with the tax liability. The payment of any tax, duty, or license fee made one eligible to vote, though the highest tax bracket (meaning the largest property owners) dominated the town administration.⁹³

⁹² *DOS*, 1913, pp.30-31.

⁹³ *Pravila o vzimanii v 1863 godu naloga s nedvizhimykh imushchestv v gorodakh, posadakh i mestechkakh* (St. Petersburg, 1863), pp.3-9; *Instruktsiia raskladochnym komissiiam i Gorodskim Dumam, ili zameniaiushchim ikh uchrezhdeniiam, o raskladke naloga s nedvizhimykh umushchestv v gorodakh, posadakh i mestechkakh, na vtoruiu polovinu 1863 goda* (S.L., n.d), p. 5; Thurston, *Liberal City*, pp.35-36; *MF 1802-1902*, pt.1 (SPb, 1902), pp. 414, 424-5.

There was, potentially, a political tension in the system, because it linked taxation with representation in the context of an autocracy. *Izbitatelnyi tsenz* (electoral census) referred to the amount of tax paid that made one eligible to vote and stand for office; *tsenzovoe obshchestvo* soon entered the vernacular to designate that group of the population that was propertied and qualified to vote. Bunge, for one, was aware of the tension, and he qualified the relationship between taxation and the franchise. True, he wrote, advanced forms of taxation that included taxpayer participation – England was the prime example – tended to emerge in countries with representative government. Russia, however, was an “unlimited monarchy,” which meant that property could not be a basis for rights and consent; rather, property selected a small stratum for “participation” and “consultation” but not “representation.”⁹⁴ Likewise, the commission charged with drafting the municipal reforms linked taxation with participation (*uchastie*): taxation suggested the degree of one’s commitment to local affairs. On the Prussian model, the higher the rate of taxation, the greater the representation in urban government. Small property owners were marginalized and the propertiless were excluded.⁹⁵ Municipal reform never implied popular consent, but the local administration of the central state’s laws and policies.

Tension was also evident in the fact that the franchise commission had borrowed some of its practices from the English system of local Tax Commissions, which functioned autonomously and constituted an explicit devolution of authority to local society. The Russian government presented taxpayer participation in their own assessment as an

⁹⁴ Stepanov, *Bunge*, p.74.

⁹⁵ V.A. Nardova, *Gorodskoe samoupravlenie v Rossii v 60-kh – nachale 90-kh godov XIX v.* (Leningrad, 1984), pp.36-44.

enrichment of the state itself. Rather than devolving authority to a separate social group, the Russian legislators declared that the state's right to tax was not in need of justification; the state would enhance its effectiveness by drawing the local population into the process.⁹⁶ Despite the inclusion of taxpayers in the assessment commissions, this was still administrative justice – a system contained within the state bureaucracy rather than outside it, even as it coopted some of the local population.⁹⁷

Rural taxation remained largely unreformed by 1881. The poll tax remained in effect until 1886, assessed and distributed according to the census of 1859. At 55 million rubles in 1881, the poll tax remained the largest single direct tax. The *obrok* – the payments of peasants who lived on state lands, which varied by region according to rudimentary regional observation – was assessed at another 31 million, more if one counts the surcharges for the use of state forests. Together, peasants as an estate provided 70 percent of all direct tax revenue in the early 1880s.⁹⁸ The system as it evolved in the 1860s allowed for some differentiation between provinces, since the provinces were broken down into eight regions: the highest rates were in provinces with large cities and ports and therefore markets for rural production and high rates of money exchange, the lowest in the Far North of European Russia and Siberia. For some groups, like Siberian herders, there was no pretense of differentiation, only a flat rate based on historical precedent. The smallest unit of state scrutiny would be the district (*uezd*). This meant that, if a peasant lived at the southern tip of Archangel district, his

⁹⁶ *MF 1802-1902*, pt.1, pp. 414, 424-5; A. Kulomzin, *Pozemel'naia podat' v Anglii* (St. Petersburg, 1861), in *Trudy Komissii, Vysochaishe uchrezhdennoi*, vol. 2: *Priamye nalogi v inostrannykh godidarstvakh* (St. Petersburg, 1863).

⁹⁷ E. Pravilova, *Zakonnost' i prava lichnosti: Administrativnaia iustitsiia v Rossii (vtoraia polovina XIX v. – oktiabr' 1917g)* (SPb, 2000), pp.107-8

⁹⁸ Anan'ich, 184; Anfimov, 65-66; RGIA, 1152, 10, 235, ll. 25-30.

rate would be high because the district also contained the port of Archangel; but a few feet across the border in Shenkursk district, the rate would be a small fraction. Real income and well-being never entered the picture.⁹⁹

The main change in rural taxation was the introduction of the modest state land tax (*Gosudarstvennyi pozemel'nyi nalog*), adopted in 1870 and implemented in 1875. It was set periodically by the State Council and then apportioned to the provinces. Some cadastral and general economic information was brought to bear, and land values were supposed to be the one constant in the whole system. The system was crude, because the government had not developed a consistent way to compare values and well-being between the provinces. Instead the 52 provinces of European Russia were grouped into 11 regions, and the aggregate figures were apportioned accordingly. The provincial Treasury Offices were responsible for distributing the bill among districts, using whatever information was available to them. Scratching the surface of a new "land assessment," one inevitably found the 1859 census for the poll tax. Statistics on land values and incomes could be used where they existed, and the Ministry of Finances invited the zemstvos to gather and share their data in 1867. Their mandate to assess their own taxes on real estate, especially agricultural land, made them the obvious institution to conduct local cadastres; and the state land tax was meant to fall on the same lands that the zemstvos were taxing themselves. But this cadastral work had barely begun, and the localism of the zemstvos made the data scant and idiosyncratic, unsuited to regional comparison even within a province. Zemstvo cadastral and assessment

⁹⁹ *Zapiska o raskladke dopolnitel'nago podushnago naloga, s sel'skikh obivatelei po stepeni blagosostoianii gubernii i uezdov* (S.l., n.d [no later than 1863]).

methods ranged from the rare, full-scale evaluations of the quality and revenue of land, to the more common flat rates on a *desiatina* of any land, to the use of indirect indicators like rental rates, and, ironically for a land tax, the number of inhabitants in a region.¹⁰⁰ So poor was the state of statistical work that there was no regular counting of the statisticians; only in 1882 did the Ministry of Internal Affairs request that the governors count the statisticians, this as part of a crackdown on subversives. The total of 227 statisticians in that year included casual correspondents of the zemstvos rather than actual statisticians, and they were concentrated in a few wealthy provinces: 153 of the 227 worked in just five provinces.¹⁰¹ In the same year that the government requested the data from the zemstvos, it decided not to use it, and by 1870 no such data had been used by the Ministry of Finances in apportioning the land tax.¹⁰²

Apportionment and repartition was unavoidable, but the real departure was that the land tax fell on all land without exception. This was the first tax that would apply to the agricultural land of the gentry, offsetting the fact that “the weight of direct taxation falls as always on peasants, thereby retarding the correct development of their well being.”¹⁰³ The initial sum for the tax was set at 4.5 million rubles, of which 3 million was imposed on non-peasants, mainly the gentry.¹⁰⁴ In the early 1880s, as the government began to phase out the poll tax and replace it with the land tax, gentry lands comprised 42.5

¹⁰⁰ Kolotinskaia, *Pravovye osnovy zemel'nogo kadastra*, ch.4, pp. 99-102, 108-109.

¹⁰¹ Moscow, St. Petersburg, Kursk, Chernigov, and Perm'. My thanks to David Darrow for sharing with me his archival data from GARF, f.102 3-oe dp, p. 78 (1882), d. 625, ll. 183-189.

¹⁰² *Doklad oboi komissii ob izmenenii podushnoi sistemy sborov* (St. Petersburg, 1869), p.17; and letter of 9 July 1869, Minister of Internal Affairs to Minister of Finances, in *Trudy komissii, Vysochaishe uchrezhdennoi*, vol. 3, pt. 2, no pagination.

¹⁰³ *Ezhegodnik MF*, Vyp XI (1881), appendix: “Kratkii obzor deiatel'nosti MF za dvadtsatiletie s 1855 po 1880 gg,” p.9; *Doklad oboi komissii ob izmenenii podushnoi sistemy*, pp.32-33.

¹⁰⁴ “Kratkii obzor deiatel'nosti MF,” p.8.

percent of the lands assessed, peasant communal land made up 53 percent, and crown lands 4 percent. But as a share of the overall direct tax bill, the gentry still paid very little: in 1881, the gentry land tax comprised four percent of direct taxes, while peasant taxation (redemptions, land taxes, and the poll taxes) comprised 89 percent.¹⁰⁵

The system remained deeply arbitrary. Despite the letter of the law, local practice might assess the tax on land values, on expected incomes from lands, or (inasmuch as the poll tax data was still in wide use) on male laborers or all consumers (all people). Once again a full cadastre was considered and dismissed because “Russia is too big,” so local practice would determine how the bill was repartitioned inside a province. The provincial political realities made for some remarkable inequalities. Gentry land should have been taxed at a higher rate. It was more valuable because it was alienable, mortgageable, extensive, and consolidated, and was more likely to produce marketable surpluses. But given the gentry’s predominance in the zemstvo institutions, their lands were assessed slightly lower (3.23 rubles per *desiatina*) than peasant lands (3.84). In some cases, the tax was set at a purely nominal 50 kopecks per *desiatina*.¹⁰⁶

Even the overarching goal of transcending estate was realized unevenly. To be sure, peasant lands and gentry lands were both assessed as “land,” but peasant land was controlled by the land commune, and there was no operative principle in the regulations of an individual peasant payer, an individual peasant household, or even an individual plot of land. That is to say, the tax code treated every rural society as a tax unit

¹⁰⁵Gindin, *Gosudarstvennyi Bank*, pp.34-35.

¹⁰⁶Stepanov, *Bunge*, p.136.

(*podatnaia edinitsa*), alongside every gentry landed estate. The peasant township, meaning its elders, encountered state agents to deliver the tax, while gentry owners personally interacted with those agents. Even in those regions where peasant land was possessed individually, by household (*podvorno*), and where there was no redistributive land commune, the tax unit was still the rural society and the rural society was responsible for the taxes. And down to 1917, the official statistics entered gentry land assessments and peasant land assessments under separate columns, reflecting the different ways that the law and the practice construed its separate subjects.

The land tax was overwhelmed by the size, controversy, and symbolism of the redemption payments (*vykupnye platezhi*). In the wake of the Emancipation of 1861, a series of regulations determined that almost all serfs would receive land when they were freed from the gentry. The state would compensate the gentry for the lost land, and the peasantry would pay back the state in the form of annual redemption payments. These were to last for about 50 years. Different groups of peasants entered the redemption process until 1886, when state peasants had their *obrok* payments to the state converted into redemption payments (in this case, buying out the *obrok* liability that was capitalized over 49 years). For our purposes, it is important that the redemption payments were treated as taxes. Theoretically they were a banking operation, but the drafters of the emancipation settlement considered that they had no way to make peasants accountable through conventional mortgage mechanisms; inalienable and communal land could not be used as security. Bunge (one of the drafters) recommended that the redemption payments be added to the list of taxes that were collected by the

state.¹⁰⁷ They resembled taxes in another way, too: they did not reflect the value or the income of the land. Part of the problem was that there was no market in inalienable peasant communal land, and therefore no ready standard for determining its value. Instead broad regional averages were derived from the open market in *gentry* land. At the same time, the government asked the gentry to offer estimates of the value of the land they would give to their former serfs, but the gentry returned with estimates of the labor days that would be lost by freeing the serf. On these bases, the state allowed the peasants to negotiate with the lords in order to reach a price. The prices of the land, the compensation of the lord, and redemption payments to the state were the product of unequal negotiation by peasants with their lords in each village.¹⁰⁸ Once these rates had been set, redemptions were billed globally for the village in question, and collected by the collective responsibility of the peasants before the state.

In conception and implementation, then, the redemption payments were treated as one more tax, which were added to the assessment for the poll tax and land tax of a given rural society each year, along with land taxes payable to the zemstvos and to the peasant administration itself. Rural societies returned the bills with sums that only sometimes covered the full amount, and these sums were applied to cover the different taxes in sequence. That sequence was determined in the law as (1) peasant administration (*mirskie*) taxes, (2) zemstvo taxes, and (3) state taxes. Redemption payments, when they were introduced, came last. Peasants did not choose to pay one tax but not another, but paid a sum toward the total bill; later investigations would reveal that they neither knew

¹⁰⁷ Stepanov, *Bunge*, p. 65

¹⁰⁸ Gerschenkron, "Agrarian Policies," 727-743.

nor cared which taxes they were paying. Since redemption payments were the last to be satisfied, they were the first to be registered in arrears. Contemporaries concluded, mistakenly, that peasants were refusing to pay redemption payments because they objected to the requirement that they pay for land that they thought was their own. But the problem of redemption payments was, in fact, part of the problem of the rural tax system, and the growing arrears reflected the continuing problem of assessment and collection.

If one were to add the taxes in kind (*zemskaia povinnost* or *natural'nyiia zemskaia povinnost*) that only peasants owed, then one can better appreciate the discriminatory and archaic character of the tax system as a whole. Finance officials readily admitted that it constituted “an enormous injustice.”¹⁰⁹ Only peasants were called upon, through their rural societies, to provide road, bridge, and waterway maintenance, firefighting, postal delivery and support, and security along the main roads. Arbitrariness abounded as the taxes fell on those who lived closest to the job in question. One step removed from forced labor, the value of these services was, literally, incalculable. Labor markets were too poorly developed so soon after the end of serfdom, and anyway the central and local governments were in no position to pay for the labor.

Efforts to convert these dues into monetary taxes would have paved the way for claiming a commensurate monetary share from other estates: once it was monetary, it was universally applicable. To that end, the Tax Commission attempted to arrive at an

¹⁰⁹ F.G. Ternier, “Ob obshchikh osnovaniakh preobrazovaniia nashei podatnoi sistemy,” in *Trudy komissii, Vysochaishe uchrezhdennoi*, vol. 3: *Doklady, Zhurnaly i zapiski v Gosudarstvennyi sovet* (St. Petersburg, 1863), p.8.

aggregate monetary figure for all taxes in kind, and concluded that each peasant in 1863 owed 87.5 kopecks, a sum that it hoped to one day redistribute among all Russian subjects as a money tax. This was achieved in the towns, when the billeting obligations of the burghers were added to the urban properties tax.¹¹⁰ As labor it would apply only to peasants into the twentieth century.

Indirect Taxation, Laissez Faire, and Public Welfare

Indirect taxes on production and trade were the most equal of all taxes, if by “equal” one means universal liability and non-discrimination. As excise taxes charged at the point of production or wholesale distribution, they were paid by anyone who bought the goods in question: alcohol, tobacco, sugar, and until 1880 salt. The advantage of indirect taxes was that they offered no exemptions, at a time when direct taxes still divided the population into taxable and non-taxable estates. Taxpayer and consumer became synonymous. These taxes involved no direct encounter with the payers, save the producers or the wholesalers, which was both politically expedient and a cheap form of administration. As the Tax Commission reported to the State Council, indirect taxes “weigh on the people much less, they spread themselves more evenly, and generally they are paid as if imperceptibly by taxable persons at the very moment of demand and thus seem less burdensome.”¹¹¹ Excise taxes also achieved with great simplicity what required great labor when the taxes were direct: they monitored production and exchange in the economy, suggested patterns of consumption, and connected state revenue with economic activity and popular well-being.

¹¹⁰ Gavrilov, comp., *Svedeniia o sushchestvuiushchem poriadke i sposobakh otpravleniia natural'nykh zemskikh povinnostei*, pp.7, 13, 17-18, 34-35.

¹¹¹ Terner, “Ob obshchikh osnovaniiax preobrazovaniia nashei podatnoi sistemy,” pp. 5-6, 31-33.

Their great disadvantage was that they were regressive, since they took no direct account of the person's paying-power. As a rule, their relationship to a person's income was inverse, i.e., they weighed more heavily on a person with a low income. Mass taxes depended on mass consumption, and the masses in this case were the aggregate of lower-income populations who, individually, would consume as much alcohol, tobacco, or salt as the wealthy and pay just as much in tax. Cumulatively – as estates or as laboring classes – these consumers would account for the overwhelming share of the revenue. It was common practice even in the government to treat excise taxes as one more burden on the lower classes of the population and to add them to the total tax liability of peasants.¹¹²

It took a good deal of dissembling on the part of financial experts to argue that the system was anything but unfair. One might argue, for example, that one would pay only to the extent that one chose to consume the article in question: with the exception of salt, which was taxed until 1880, these items were not necessities. But more seriously, given official attitudes toward collective ascription, finance officials took issue with the social categories that were in use: the masses, the peasantry, and the laboring classes, and their juxtaposition to the “possessing” classes, the nobility, and the well-off. They could look at the matter as individual accountability and ignore the collective sums. Whereas the gross amounts contributed through peasant consumption looked enormous, the impact on any one person was minimal. If the matter were viewed as

¹¹² For example, one high-level government official added the entire vodka revenue for 1859 to the poll tax: Terner, “Ob obshchikh osnovaniikh preobrazovaniia nashei podatnoi sistemy,” pp.7-8.

individual contributions to a larger state economy, individual accountability, and near-universal payment to the treasury, then excise taxes did achieve their objectives.

Obsessed as they were with the legacies of exemption, fiscal experts were satisfied that non-peasants would pay as well. As was the case with direct taxes, the Tax Commission concluded early in its deliberations that equality rather than proportionality was the goal that was immediately achievable. The disproportion of that contribution to the incomes of the wealthy and the poor was a price to be paid for equality and simplicity, and also for being left alone.¹¹³

On these bases, the Russian system of revenue began its 40-year transition to a dependence on indirect taxation, and by the turn of the century it relied on excises more heavily than any other Great Power. To be sure, it was widely recognized that direct taxes would have been the optimal form of revenue. As the Tax Commission reported to the State Council in 1863, the issue of direct taxes was cultural: “The ideal [form] of a normal tax system is ... a uniform income tax. In practice, the question can be viewed as follows: the more developed a certain country is in the economic sense, the more a system of direct taxes acquires a dominant significance over indirect taxes.” Here England was the prime example, where a ratio of direct to indirect taxes of 2:3 was unique. Russia, with a ratio of 3:7 in 1880, was the extreme case but also closer to the pattern of continental Europe. For lack of a business culture of openness, for lack of a tradition of disclosure to the treasury, and for lack of dense network of tax inspection,

¹¹³ Turner, “Ob obshchikh osnovaniakh preobrazovaniia nashei podatnoi sistemy,” pp. 1, 3-4.

the system would continue to rely heavily on indirect taxation, and the ratio would increase steadily to 1:5 in 1901.¹¹⁴

Modern taxation is “indissolubly linked to an exchange economy,” Gabriel Ardant writes, and excise taxation could not exist without it.¹¹⁵ The trade in vodka was the first to be reformed in this period because it was already monetized to an unusual extent; in many localities, indeed, vodka was used as currency. The system of vodka revenue had been established in 1827 as a mixture of tax farming (*otkup*) in Great Russia, a monopoly of the nobility in Ukraine, a purely Cossack matter in the Don Region, and a private industry with excise taxation in the Baltic provinces. The existence of fundamentally different systems was itself an object of official criticism: it disrupted the “unity of the market” and of the “state economy” at a time when uniformity, legibility, and standards of comparison were ends in themselves. That one of those systems, the gentry’s monopoly in Ukraine, reinforced estate privilege, and rewarded the Polish gentry then engaged in another rebellion, was damning on its own.

But it was the tax farming in Great Russia that captured the imagination of tax reformers, because it allowed for the greatest abuses, ran so contrary to the principles of free trade, and shielded the population of consumers so completely from the state. As the system existed until 1863, Great Russia was divided onto “drinking regions” (*piteinye okruga*), within which an entrepreneur acquired the right to sell alcohol and

¹¹⁴ The figures are relative and notional, because certain taxes could be classified as either direct or indirect, and the figures did not always account for local taxes. Turner, “Ob obshchikh osnovaniakh preobrazovaniia nashei podatnoi sistemy,” p. 5; Shvanebakh, *Nashe podatnoe delo*, p.32.

¹¹⁵ Ardant, “Financial Policy and the Economic Infrastructure of Modern States and Nations,” in Charles Tilly, ed., *The Formation of National States in Western Europe* (Princeton, 1975), p.166.

collect an excise tax on the state's behalf. The distillate was produced in 723 state plants. Nominally an excise system, in fact it was simple tax farming by which the commissioner was expected to pay an annual sum to the state, while the farmer's practices within a district was beyond the state's concern. The farmers established their own regulations for the distribution of alcohol, they used legal and illegal methods to enforce their local monopoly, and they often banned the distribution of the state-produced alcohols that yielded lower profit margins.¹¹⁶ Riots erupted in Archangel and Penza provinces in 1850, when tax farmers withheld the cheaper alcohols at Shrove Tide. Crowds broke into the warehouses to take it, and stores went up in flames. If more reason was needed to repeal tax farming, the specter of drunken public disorder that could be blamed on the tax farmers was a highly effective one.¹¹⁷

In reforming the vodka trade, fiscal experts concentrated on both finances and popular welfare. Vodka revenues accounted for half of all state revenue, but it was common knowledge that the tax farmers used bribery and false reporting to keep the lion's share of the profits – estimated at 781 million rubles rather than the 128 million that the system actually delivered to the state. In 1859 tax farming was dominated by 149 persons, the wealthiest ones Greeks who did indeed deliver the promised revenue. D.I. Benardaki delivered 19 million rubles annually and punctually; but his ostentatious lifestyle, his large art collection, and his work for the Greek parish in St. Petersburg spoke of the many millions he kept for himself. That 149 individuals controlled half of Imperial revenue, and interacted on the state's behalf with the population of alcohol

¹¹⁶ *Kratkii ocherk 50-letii*, pp.4-5.

¹¹⁷ Fridman, *Vinnaia monopolii*, vol. 2, pp. 20-21. On tax farming and vodka revenue before 1863, see David Christian, *Living Water: Vodka and Russian Society on the Eve of Emancipation* (Oxford: Oxford University Press, 1990), chs 6-7.

consumers, was “beneath the dignity” of the state and “humiliating.” The tax farmers were aware of their own importance, and acted with impunity. As the government moved toward abolishing the farming system, the tax farmers offered to guarantee the state’s revenue over 11 years, to build a railroad of 225 versts (with revenue generated by a monopoly of alcohol sales in its zone), and a bribe of 1 million rubles to K.K. Grot, the person charged by the tsar with the reform. Grot turned it down, and Alexander II, commenting on the honesty of yet another of his Lutheran finance officials, awarded him the same amount.¹¹⁸ The system was also inefficient. The tax farmers employed some 280,000 persons throughout the empire in a cumbersome network of transportation, retailing, shop keeping, and enforcement. State production was so inefficient that most of the distilled alcohol sold in the Great Russian provinces was bought in the Baltic provinces, which had private distilleries and an excise system, while distilleries in Russia produced at only one-sixth of their capacity.¹¹⁹

Secondly, the government focused on “the economic condition of the lower classes of the population,” since overindulgence was generally associated with the poor. Adulteration made for uncounted deaths (literally uncounted, since there was no one to record the aggregate deaths or list their causes as alcohol-related), and taverns became local centers of prostitution, crime, and mass drunkenness. Elaborate systems of semi-bonded labor and extortionate credit arose around the trade, as regular drinkers mortgaged their harvests and household goods, their labor, and their family’s labor. Even the occasional wedding feast required borrowing from the tax farmers. The

¹¹⁸ Which he also turned down. *Kratkii ocherk 50-letii*, p.20.

¹¹⁹ *Kratkii ocherk 50-letii*, pp. 4-5, 7, 9-13.

government's objection was paternal, a concern for a largely defenseless peasantry and workforce that the tsar was sworn to defend. But creeping into the conversation about vodka was a correlation between state revenue and the health and welfare of the population. Labor power was reduced by drinking and onerous terms of credit, and the health of the state's finances was harmed insofar as it depended on the health of the population as a whole. Capital that might be employed productively in new industries (which in turn would represent tax revenue) was squandered on the quick profits of the farming system. Railway construction, for example, should have been thriving as a sector in its own right, rather than as a by-product of vodka sales.¹²⁰

A state monopoly on production and trade was discussed but rejected. The Tax Commission was aware that the state had retained the right to a monopoly since the seventeenth century, and Ivan the Terrible had practiced a version of it in the crown's network of *kabaki* (the Tatar word for a drinking den, in old Russian a *korchma*). But in keeping with the free-trade ethos of the time, a state committee concluded that "there is not even one example in Russia where state management [*khoziaistvo*] was more advantageous than the comparable private enterprises."¹²¹ The State Council dismissed a series of other proposed regulations on the trade on similar grounds: limits on the number of drinking establishments (de facto local monopolies that would create "dens of degeneration" and price fixing), price limits ("the price of alcohol, under conditions of free competition, will set itself, and the government has no ability to set [prices]

¹²⁰Fridman, *Vinnaia monopoliia*, vol. 2, ch.1, pts 1-2; Christian, *Living Water*, chs 6-7.

¹²¹ Osipov, "Istoricheskii ocherk vzimaniia," pp. 45-49; Fridman, *Vinnaia monopoliia*, vol. 2, ch.1, pt.1, and pp.47, 54; *Kratkii ocherk 50-letii*, pp.2-5.

properly”), and limits on the strength of the alcohol (consumers would make their preferences known, which to some was a threat rather than a promise).

In the final report approved by Alexander II, the State Council concluded: “The excise system will eliminate all encumbering measures and all useless formalities, and will require no limits on the rights of the owners of the properties for the maintenance of plants and pubs [*shinki*], and it will not interfere with popular [i.e., non-state] production.” According to the new law, distilleries and points of sale would pay a flat license fee (*patent*), as did all businesses, and the treasury would claim a flat 4 rubles on a bucket (*vedro*) of pure alcohol at the distillery.¹²²

Alcohol was to be a free trade, both its production and its sale. Or so it seemed at first. As the State Council worked with the Ministry of Finances to determine the details of the tax, and with the Ministries of Internal Affairs and State Domains to consider the welfare of Russia’s drinkers, the initial legislation was drafted and later amended to include a host of regulations and caveats. In the first instance, vodka offered an opportunity to intervene in matters of production, so that large tax discounts were offered to plants that distilled potatoes rather than grain. This was a way to diversify the crop cycle and use the pulp from the distilling process to produce fertilizer. In the great rush to receive the tax reduction, the amount of potatoes purchased for distillation rose from under 500,000 puds in 1870 to 28.8 million puds at the end of the 1890s. Plants that adopted advanced technology would be rewarded by removing all taxes above a certain level of output, while antiquated plants would still pay tax. The measure worked

¹²² Fridman, *Vinnaia monopoliia*, vol.2, pp.62-63; *Kratkii ocherk 50-letii*, pp.15-17, 30.

too well. The concentration of production in fewer capital-rich plants that could produce more tax-exempt alcohol had the effect of marginalizing smaller rural plants; the total number of distilleries in the Empire fell from 4,624 in 1863 to 4,019 a year later, and the average production per plant rose from 42,700 buckets to 60,500. By the 1890s, the number of plants had been cut in half, while bottling plants became heavily concentrated in St. Petersburg – some 80 percent. To compensate for its success, and since the failing plants tended to be rural distilleries, the government reverted to a different regulation: banning new distilleries in the cities.¹²³

The excise tax required the Department of Indirect Taxes to measure the output and production methods of the distilleries. A new group of inspectors monitored plants to ensure that their technologies were updated and efficient, and they installed in every plant meters and gauges to measure the output that was taxed and determine when the taxable limit had been surpassed. Some of the inspectors lived near the premises to provide round-the-clock surveillance and prevent secret production. All cartloads were counted and their loads recorded. Inspectors had to watch for the secret loading docks from which the producers carried out untaxed output and the secret pipes that filled hidden barrels with distillate. And they had to verify the excise documents of every load and keep an eye out for forgeries.¹²⁴

Alcohol was also an opportunity for a larger debate about popular welfare and an occasion to act on it, though in no consistent way. Questions of welfare crept into the

¹²³ RGIA, 20:4:3394, l.35ob; *Kratkii ocherk 50-letii*, pp. 23-24, 31-34, 48; Fridman, *Vinnaia monopoliia*, vol.2, ch.2, pt. 5, esp. pp.54-76.

¹²⁴ Fridman, *Vinnaia monopoliia*, vol. 2, pp.64-65.

initial legislation of 1863, and this legislation was revisited within a year of its promulgation and regularly thereafter. By the 1880s, as Daniel Beer shows, fears of degeneration and physical debilitation made for the mutual shaping of science and political discourse – it was not clear which was the metaphor¹²⁵ – and science and politics met in the realm of state tax policy. Mead and beers would be taxed at a lower rate in order to encourage moderate habits (steadier drinking of a lower alcohol content). Villages were given the right to approve or close shops in their territory, and towns could ban sales in certain (working-class) neighborhoods. Sales were banned near churches, barracks, monasteries, and railways lines, or during the meetings of the village assemblies and on Sundays. Jews were banned from opening retail shops in villages in the Pale of Settlement, except in their own homes. Fears that alcohol was too readily available on the streets or near places of work led to a ban on sales from fruit and produce stands. When all these measures seemed to encourage more hidden consumption at small *kabaki* and taverns (*traktiry*), the fees on open-air stalls were removed and the fees on taverns raised, while *kabaki* (where one could drink but not eat) were banned. Drinking, it was hoped, would lose some of its stigma if it was made more public and woven into other everyday practices. When this seemed to work too well, manifest in openly drunk factory workers, the government sought to encourage drinking at home: stalls were reintroduced with a ban on seating, eating, and prostitution, so as to encourage carry-out and home consumption by drinkers “with their families.” When it was reported that this, too, worked too well, and whole families were found drunk, the alarm was sounded over the apparent poisoning of the family unit and the possible effects on child-bearing women.

¹²⁵ Beer, *Renovating Russia*, p.15 on metaphor in science; on alcohol per se, pp. 35-6, 40, 73-4.

The list of regulations and counter-measures went on. The owners of taverns were made responsible for any deaths from overdrinking or allowing their customers to “drink themselves to amnesia” (*napivat’sia do bezpamiatstva*). Minimum distances were set between places of sale. When these limits again had the effect of sending the sales and consumption underground, the bans were relaxed in a series of new regulations, and the power to regulate the retail trade was handed to new local committees of gentry and bureaucratic overseers, the Commissions on Drinking Matters (*Prisutstviia po piteinym delam*) in 1885. The policies fluctuated wildly, and policies were regularly reversed to encourage one or another outcome – so much so that the effects of any one policy were impossible to measure.¹²⁶

The point, though, is that free trade was subverted as soon as it was entered into the law books. “Free” though the trade was, it provided the government with the irresistible opportunity to act on large segments of the population and, directly or indirectly, on whole sectors of the economy. And from the outset, the government “freed” the trade in order to better tax it, introduce better production, and encourage different patterns of consumption, investment, and labor. For physicians, economists, and journalists, too, the tax system was an occasion to gather a plethora of data on the inputs, outputs, and efficiencies of production and the health of the population, and it produced the only large body of data on alcohol consumption in Russia over time. After all, the figures from before 1863 had been provided mainly by the tax farmers, who were prone to vast underreporting in their areas of operation: by those statistics, the Great Russian

¹²⁶ Fridman, *Vinnaia monopoliia*, vol. 2, pp.39-40, 47-76; *Kratkii ocherk 50-letii*, pp. 15, 34-38.

provinces, where the tax farmers did the reporting and delivered taxes to the state, consumed less than half per capita than the Ukrainian provinces where the nobility did the reporting but did not pay tax (0.23 versus 0.60 buckets per person). By the new system, the government could offer a coherent picture of the official sales of alcohol, and these figures, in turn, fueled the public debate over alcoholism and state revenues.¹²⁷

The only safe conclusion to be drawn from those figures was that state revenue was vastly improved under the excise system. State vodka income jumped from 121 million in 1862 (the last year of tax farming) to 139 million rubles in 1863 (the first year of the excise tax and license fees) and 222.3 million in 1880. The revenue reached almost 300 million in 1894. In any given year, vodka revenue accounted for some 30 percent of all state revenue.¹²⁸ But otherwise the data, which was produced with revenue in mind, allowed for a wide variety of contradictory conclusions and fueled a seemingly endless debate about the economy and popular welfare. Consumption per capita, according to some adjusted calculations, fell from 1.23 buckets per person in Great Russia to an annualized 0.9 for the rest of the 1860s and 0.62 in 1886-1887. It even seemed as if Russians consumed less alcohol per capita than the population of any other Great Power: the French drank almost ten times as much, the British and Germans three or four times as much, and the Americans two or three times as much. But it quickly emerged that in Russia almost all the consumption was of distilled alcohol (93.2 percent), while other countries consumed mainly wine and beer (80-85 percent in

¹²⁷ *Kratkii ocherk 50-letii*, appendix IX.

¹²⁸ *Kratkii ocherk*, p. 40, and appendix XII; Osipov, "Istoricheskii ocherk vzimaniia," pp.74-77.

Britain and France).¹²⁹ Nor did the figures address the issue of binge drinking: Russians tended to drink higher-grade alcohol in short spurts, such as weddings, funerals, holidays, and Sundays, and a binge (*zapo!*) easily spilled into the workweek. The perennial question was how to generalize and therefore act more effectively on popular habits. Again class was the starting point of the analyses, as the economist M.I. Fridman would later put it: “which classes of the population drink, and how do they drink?” It was a question that invited greater scrutiny and more focused studies, and the answers would require more calibrated policies.¹³⁰

In fact the figures reflected officially registered sales at the point of production, and the more the sales were registered (“brought to light”), the higher consumption seemed to be. This could mean that there was not a sharp increase in consumption, only an increase in registered sales; or that much more had yet to be registered. If one accepted the figures from before 1863, then per capita consumption (meaning sales) in Great Russia tripled with the excise system. And there is no doubt that illegal production and sales, mainly in rural areas, would make the figures much higher: in some provinces, the number of illegal drinking establishments was triple the number of registered ones. The actual rates of consumption were anyone’s guess. The certainty that the official figures were too low allowed critics to claim that the excise system made alcohol too readily available and too cheap. A.E. Reinbot would point out that the falling prices of alcohol led directly to a sharp increase in consumption in other cases in Europe, and that Russia probably conformed to the same pattern. Lacking good data, he gauged the pattern from

¹²⁹ *Kratkii ocherk 50-letii*, pp.8-9, 42-43, and appendix IX.

¹³⁰ Fridman, *Vinnaia monopolii*, vol. 2, pp.444-446 and ch.2, pts 3-4.

the rise in the death rate from alcohol poisoning – in St. Petersburg province, an increase of 656 percent in the years 1858-1874, and across the Empire from an annual average of 1,614 in 1858-1862 to 4,506 in 1870-1874.¹³¹ Yet it was no accident that the sharp increases were registered by the new zemstvo institutions which gathered data on death rates in the provinces, and also listed the causes of death. There was no real way to compare the pre- and post-1864 of death rates (the year zemstvos were introduced), just as there was no real way to compare the pre- and post-1863 sales (the year the monopoly was introduced).

And yet, the standardization of the trade and the revenue was a moment to realize a coherent vision – at least, one particular view – of the economy and the population. It also allowed for a debate over the best ways to act on the population and the economy, both viewed as a consistent whole through a newly uniform system of production, trade, and taxation. This is not to say that the debate was particularly accurate on any side, and it is better to appreciate the issue of vodka as a tableau on which any number of anxieties, concerns, and ambitions could be projected. The quality of the data (again, it was gathered only with revenue in mind) made it possible to claim any number of mutually exclusive certainties: that Russians drank more or less under the excise system; that they drank more or less than their European counterparts, and did so with more or less moderation; that they drank a better worse quality of alcohol; and, more generally, that the excise system and free trade were good for “the people” or harmed them.¹³² In this contestable body of evidence, the *Herald of Europe* would begin a

¹³¹ A.E. Reinbot, “Alkogolizm za granitse i u nas,” *Russkoe bogatstvo*, 1884, no. 11, and 1885, nos 3-6.

¹³² Fridman, *Vinnaia monopolii*, vol. 2, pp.77-84.

sustained criticism of the free trade in alcohol, one of the early voices in a campaign against free trade economics in general. The problem, the journal opined in 1862 as the excise system was being introduced, was Russia's "simple people" (*prostoliud'e*), its "undevelopment, absence of mental life and absolute lack of a feeling of personal adequacy," all of which required more rather than less government involvement.¹³³ By the 1880s, even the government was convinced by its own poor statistics that consumption was rising, at least in Great Russia, and the Ministry of Finances increased restrictions on retail sales and raised the excise tax from 4 to 11 rubles per bucket.¹³⁴ It helped that the science concerning alcohol and alcoholism was inconclusive, with guesswork and stereotype standing in for fact and method: "The consumption of alcohol in the existing conditions of life and nourishment of the Russian people represents a requirement of the peasant's organism," wrote the *Herald* in one of its more reaching (but in the scheme of things, hardly exceptional) interventions. Alcohol was a source of nutrients and body heat, and a biological necessity for the overworked peasant. As a necessity, it could not be left to the market, but required a state monopoly.¹³⁵

The salt industry followed a similar process of privatization, and it was again wrapped in questions of economics and popular welfare. That the salt trade was largely monetized made it an easy object of reform, and its symbolic power was increased by its association with Old Regime France and the *gabelle*. When Bunge was asked by the Tax Commission to report on it, he noted that salt was a human necessity, closely linked with larger questions of "popular prosperity." It was also used in food processing, the

¹³³ *Vestnik Evropy*, November 1862, p.450.

¹³⁴ *Kratkii ocherk 50-desiatiletii*, pp.34-8

¹³⁵ *Vestnik Evropy*, July 1876, p.68.

fishing industry, and animal husbandry. Prices were inflated by a complicated system of state monopolies on production and retail through state stores, tax farming, and excise taxation. Its supply and price in any region was uncertain. The government could stimulate a private sector in salt, and this in turn would stimulate other private industries – a private sector being “one of the conditions for the well-being of any country.”¹³⁶ As was the case with alcohol, the myriad local arrangements were abolished in 1861. Salt mining and trade were privatized, and the state imposed a single excise tax of 30 kopecks per pud. With the tax farmers gone, the state acquired its first overall view of the trade, including retail prices (which fell steadily) and consumption (which increased). Revenue from the excise tax stood at 10-12 million rubles annually. At Bunge’s urging, the excise tax was repealed as well, in 1880, as a calculated measure to stimulate the private economy, following explicitly the model of other European countries. Thereafter extraction went from 48 to 85 million pud in 1893, exports from 27 to 482 thousand pud, per capita consumption from 24 to 30 funt, and prices fell 3-5 times, depending on the region.¹³⁷

The salt trade was exceptional because the state removed itself as a tax-collector. The petroleum industry represented the rule: deregulation made for better regulation, and tax relief for better taxation. In the fields around Baku, a new demand for kerosene in the 1860s transformed the ancient use of petroleum for heating and lighting into a boom industry concentrated in Cherny Gorodok (Black Town). Hundreds of small firms bought plots from the state and paid the state per day of extraction. Prices were inflated

¹³⁶ *MF 1802-1902*, pt.1 (SPb, 1902), pp.520-1.

¹³⁷ Bunge in *Severnyi vestnik*, 1893, no.7, p.54; Shvebenakh, *Nashe podatnoe delo*, pp. 2-3; *Kratkii ocherk 50-letii*, pp.241-243.

by high production costs. It was well-nigh impossible to regulate and tax so many small firms, and tax evasion through secret extraction abounded. Here the state removed itself completely from the sector and left it to the market to sort itself: in 1877, it abolished all taxes and freed the market in drilling plots. Of the 140 firms counted in Chernyi gorodok in 1875, only 9 were left in 1886. These, the treasury reasoned, would be easier to register, regulate, and tax, and in 1888 the treasury returned to the industry with new excise taxes on mazut (cheap heating oil) and kerosene. In a pattern that was to be repeated in a variety of sectors, state taxes began with a small excise that had little effect on the budget, but did have the effect of registering production. As more production was registered, the tax revenue rose from 6.6 million in 1888 to 41.6 million by 1908.¹³⁸

Again, the paradox of free trade – what Polanyi calls the “dual movement” – was suggestive of a larger pattern of modern economies: deregulation and the abolition of taxes were but a first step in better regulating and taxing. Hence the explosion in the number of state tax employees, and their professionalization, at the very moment of free-trade ascendancy. Across Europe “the introduction of free markets, far from doing away with the need for control, regulation, and intervention, enormously increased their range,”¹³⁹ and in Russia the oversight was carried out by a revamped fiscal administration. Before the creation of the Department of Indirect Taxes in 1863, the state’s tax employees were financial observers at the provincial level, renowned as “blind executors of the law” or “worshippers of bureaucratic and often self-interested arbitrariness.” All of them were corruptible. “Sellability [*prodazhnost*] was a normal

¹³⁸ *Kratkii ocherk 50-letii*, pp.225-232

¹³⁹ Polanyi, *The Great Transformation*, p.140.

phenomenon in the old *chinovnik* midst,” observed Grot when he became the first Director of Indirect Taxation in 1863, and certain *chinovniki* “were distinguished, in this regard, by an especial shamelessness.” Minister of Finances Kniazhevich despaired that he “found it impossible to locate honest people in Russia,” and doubted that he would ever be able to reform the system as a whole. The State Council pushed ahead, reasoning that the personnel would be corrupt no matter what the measure.¹⁴⁰

Grot inherited 4,109 inspectors who oversaw the systems of tax farming and excise through the old Department of Various Levies, and even de jure it was not clear whether they worked for the government or for the tax farmers; in practice they were paid by both. Grot promptly fired most of them, and then created positions for 5,359 overseers (*nadzirateli*) and observers (*nadsmorshchiki*). They would oversee the indirect taxes on vodka, petroleum, tobacco, and matches. A few worked at the provincial level, but 94 percent worked in smaller tax districts (*okruga*), sometimes living at the plants in question. To avoid the culture of corruption, Grot went directly to the secondary and tertiary schools to recruit them, interviewed them personally, and hired them regardless of estate or rank. Good remuneration would bolster their professional esteem and make bribes less tempting. Their average pay of 1,400 rubles per year was unusually high, and as an added incentive they were allowed to keep a percentage of the excise taxes they collected. As new excise taxes and new forms of assessment were added over the next three decades, their numbers increased by 40 percent, reaching 7,529 in 1893.¹⁴¹ Bribery

¹⁴⁰ *Kratkii ocherk 50-letii*, pp.11-14.

¹⁴¹ *Kratkii ocherk 50-letii*, pp.21-23, 253-268.

was not unknown among the new employees, but the unchecked corruption of earlier years seems to have been overwhelmed by a more solid corporate ethos.¹⁴²

The character and ethos of the tax inspectorate paralleled the general direction of fiscal policy from the 1860s: separate from the culture and the practices of Russian business, steadfastly immune to the corrupting influences of Russian culture in general, they were suggestive of the separateness and newfound autonomy of both the state and the private economy. Paid by the state exclusively, and responsible only to the Ministry of Finances, well-educated and well-trained, they were to arrive in the localities as the representatives of a discrete state interest. Separate though they were, the information they gathered on production, trade, and consumption in the private sector was meant to make the state more synchronized with the economy, intimate with the private sector, and with a budget more dependent on “popular wealth” and “popular production.” Taxation bridged the gap between the state and the private sector at the very moment the gap was being created.

The End of Laissez-Faire and the Liberal Legacy in Russia

By the 1880s, Russia joined almost all European states in a retreat from free-market economics and from a strict respect of the autonomous rights of private enterprise. Later Russian economists would look back on the 1860s and 1870s as an “episode” of free-market dogma.¹⁴³ The change was not entirely abrupt or unexpected. Economic liberalism, never a simplistic creed, had allowed for state involvement in moderating the

¹⁴² Fridman, *Vinnaia monopoliia*, vol. 2, pp.65-76.

¹⁴³ P. Migulin, *Nasha bankovaia politika (1729-1903)* (Khar'kov, 1904); Crisp, “The Pattern of Industrialization in Russia,” p. 23.

excesses of the market. As John Maynard Keynes would later point out with regard to Britain and France, *laissez faire* was at first a matter of journalistic promotion and political philosophy, not economics; political economists wrote more subtly of the “harmony” of the public and the private.¹⁴⁴ In Russia, Bunge had argued in the late-1850s that the state might stand above private interests, but that it nevertheless regulated the economy in order to tame the otherwise “unlimited freedom of interests.” He cited as his authority J.S. Mill.¹⁴⁵ To be sure, the reaction took a specific historical form in Russia. *Laissez faire* would be added to the list of currents that had, it seemed, unhinged the person from the collective (be it the state or the legal estate) and alienated the person from hierarchical authority. This was a more general diagnosis that followed the assassination of Alexander II in 1881 and was labeled retrospectively the Counterreforms. A new tsar would arrest and reverse aspects of the Great Reforms by retrenching unlimited autocratic authority and reinforcing estate differences.¹⁴⁶

In the economy, the failure of certain sectors to sustain themselves added a layer of economic necessity to the ideological mood. The government at first encouraged private capital to invest in railways with targeted subsidies and guaranteed bonds, but the risks were so great that the government guaranteed the bonds and sometimes the shares; by the 1880s the government was floating the bonds itself, building its own railways, and

¹⁴⁴ John Maynard Keynes, *The End of Laissez Faire. The Economic Consequences of the Peace* (Amherst, NY, 2004), pp.22-28.

¹⁴⁵ Stepanov, *Bunge*, pt.1, ch.1.

¹⁴⁶ Wcislo, *Reforming Rural Russia*, ch.3, is the most sophisticated exploration of the ethos of the period. For a wider overview, see P.A. Zaionchkovskii, *Krizis samoderzhavii na rubezhe 1870-1880-ikh godov* (Moscow, 1964).

buying out the private firms.¹⁴⁷ Private banks proliferated but entered into filial relations with the State Bank, and the State Bank never ceased to be an extension of government policy. Reduced import tariffs in the 1860s stimulated foreign trade, but imports overwhelmed domestic industries; more targeted and punitive protective tariffs were introduced in the 1880s and 1890s. This pattern of free-market economics followed by state intervention would become familiar and regular over the next century of European history. On the eve of yet another free-market catastrophe Keynes would make the case for a permanent state role, and Polanyi would reinforce this argument in the catastrophe's wake. Too many areas of legitimate social concern were neglected in pure competition, too many vast inequalities were countenanced, and a sense of collective good could not be pursued in a thinking that privileged individual interest. At the very least, laissez faire was an action that brought on an opposite reaction: more complicated and encompassing layers of intervention stimulated by society's self-defense. Since Keynes, it has been easy, and sometimes useful, to narrate modern economies as a pendular movement between extreme deregulation and extreme state intervention, with the immoderation of the one inviting the return of the other.¹⁴⁸

But the relationship between private and state was not merely the interplay of opposites. It was epistemologically ambiguous, as Polanyi was well aware. Liberalism in the nineteenth century served to bring into being a conception of the economy that was discrete and observable; the state was active in creating that economic space, and indeed placed itself within it rather than outside it. To a certain extent, this meant extracting

¹⁴⁷ Aida Solov'eva, "Iz istorii vykupa chastnykh zheleznykh dorog v Rossii v kontse XIX veka," *Istoricheskie zapiski*, 82 (1968), pp.89-119; J.N. Westwood, *A History of Russian railways* (London, 1964), pp. 64-70, 142-145.

¹⁴⁸ Keynes, *The End of Laissez Faire*, pp.36-42.

the state from production and trade in order to better visualize it. As David Christian argues with regard to the vodka trade, this entailed a movement from a premodern understanding of revenue (as monarchical right, as estate privilege) to a neat, modern separation of the private and state sectors. The state assumed exclusive control over revenue, and it made production and trade the exclusive concern of the private sector.¹⁴⁹ This was part of a deliberate goal, Bunge wrote in the 1850s, since private property and industry were the “cornerstone of a civic order and civilization”¹⁵⁰ – so much so that they needed the state to be delineated. The state would recognize and help create a private sector, it would give it statistical representation and legal coherence, and it would point the way toward better practices. From the statistics on output and exchange, the cadastre of all enterprises, the figures on consumption, and the surveys of land, all the way to the direct requirements of certain kinds of production and trade that were meant to encourage certain types of consumption and discourage others, the state was ubiquitous in the private sector it claimed to be leaving alone. Paradoxical though it now seems, the private sphere of production, trade, and wealth was a state undertaking from the outset, a public view of the private.¹⁵¹ The paradox did not escape Bunge, who argued that the state should fortify and nurture the private economy, and if need be force the private sector to remain private over its own objections; buy-outs and subsidies were too lucrative to resist.¹⁵² The state claimed to be examining and taxing

¹⁴⁹ Christian, *Living Water*, pp. 371-372, 374

¹⁵⁰ Stepanov, *Bunge*, p.84

¹⁵¹ Mitchell, *The Rule of Experts*, makes this case for Egypt, as surveyors delineated and thus created a particular kind of private property, one that was especially visible and calculable. The idea that the private is necessarily a public undertaking has been explored effectively by cultural historians in particular. See Leonore Davidoff and Catherine Hall, *Family Fortunes: Men and Women of the English Middle Class, 1780-1850* (London, 1987); Lauren Berlant, ed., *Intimacy*; John Brewer, “This, That and the Other: Public, Social, and Private in the Seventeenth and Eighteenth Centuries, in Dario Castiglione and Leslie Sharpe, eds, *Shifting Boundaries* (Exeter, 1995).

¹⁵² Stepanov, *Bunge*, pt.1, ch.1.

what already existed, but this was accompanied by an unselfconscious recognition that the state was bringing new realities into being. There was an easy movement between the “is” and the “ought to,” between existing social reality and the reality that was being willed and practiced into being.¹⁵³

The very concept of state “intervention,” then, assumes the interaction of two distinct realms, the one intruding into the other, the one guarding its autonomies from the other, but in fact the two were mutually constituting on the larger plain of the emerging national economy. The private sector was defined against the state, often by the state, while the state’s wealth became a function of the wealth generated in the economy. The private-public separation was ambiguous in another way: it created a field for a new kind of action, arguably one more profound and thorough-going than the Cameralism it replaced – a Cameralism that fractured the economy by state function, with an instrumentalism that left most trade and production invisible. In this regard the image of a pendulum moving from free trade to state control and then back is misleading: economics in Russia had changed for good, as it had across Europe in the nineteenth century. The establishment of an area between the state and the economy has been termed aptly a “space of calculability” – the creation of a distance necessary for objective observation and intervention.¹⁵⁴ The delimitation created a coherent field of conversation – as was intended, which is why so much of this material was published for the benefit of a reading public.¹⁵⁵ In the great debates that ensued over the next decades over tax policy, and through the tax data a larger debate over social welfare, poverty, and

¹⁵³ Polanyi, *The Great Transformation*, summarized in ch.12.

¹⁵⁴ Mitchell, *The Rule of Experts*, p. 101 and ch. 3.

¹⁵⁵ Mitchell, *Rule of Experts*, pp. 102-3.

inequality, all sides were in fact looking at the same economy expressed in the same state-generated data and state-created categories.

Each new tax offered a lateral view of the Empire, understood as a particular sector of the economy (“agriculture,” “trade,” and “industry”) or as universal practices (drinking vodka, eating salt, and smoking cigarettes). The Ministry of Finances cast each of them as an Empire-wide activity, and it deliberately rejected policies that might apply to only one place for fear of disrupting “the unity of the market.” Hence the merger of peasant legal categories (state, court, or former serf) into a single peasant tax system in the 1880s, and that peasantry could be visualized and acted upon globally. Hence the insistence that the regional exceptions that had applied to vodka and salt revenues be reduced to uniform systems of excise on a uniformly private production and trade, also to be located across the Empire; each new tax measure was meant to affect growers, producers, consumers, and labor across the Empire. A modification of the tax on businesses opened the merchantry to almost anyone who wanted to join and could put up the capital, and began to reconfigure the estate as an occupation, potentially even a class. The separateness of estates was undermined by an urban property tax that counted all owners in a *tsenz* (a census) of real estate, and that same census shaped the municipal electoral law; by the turn of the century, “census society” (*tsenzovoe obshchestvo*) had entered the vernacular to designate a privileged and propertied elite that defied estate categorization. And hence, more generally, the tendency to ignore the legal estates in tax policy and look instead at property and income, abstracted and

expressed in the same terms: money.¹⁵⁶ Equality here was understood as equivalences and comparability, not sameness.¹⁵⁷ Having broken down the estates into properties and occupations, taxes served to re-aggregate them in a coherent economy, a comprehensive view of the whole people; across Europe from mid-century, and in Russia since the 1890s, this would become the “popular” or “national” economy that we now take for granted.¹⁵⁸ The state was intrinsic to that aggregate, not outside it.¹⁵⁹

The liberal legacy was unmistakable, even as *laissez faire* receded into the past. As Daniel Beer argues, liberalism in Russia took the form of a new and intensified concern with the population and its welfare and health, coupled with new social techniques that were meant to effect specific outcomes.¹⁶⁰ For the purposes at hand, this was a liberalism that aggregated the population in a coherent economy, and allowed for new kinds of generalization and global action. And just as the economy occupied that liminal space between achieved reality and a work in progress, so taxation functioned as both a means (a way of visualizing the economy and the people) and an end in itself (revenue). Popular welfare was being considered in a host of direct regulations that governed how people consumed, labored, and sustained themselves, be it the more careful attention to

¹⁵⁶ *Kratkii ocherk 50-letii*, pp.5-6, 11-14, and *passim*

¹⁵⁷ On equivalences, or their absence under old regimes in Europe, see Peter Holquist, “‘Information is the Alpha and the Omega of Our Work’: Bolshevik Surveillance in Its Pan-European Context,” *The Journal of Modern History*, 69:3 (September 1997), esp. 419-21; Bruce Curtis, “Foucault on Governmentality and Population: The Impossible Discovery,” *Canadian Journal of Sociology*, 27:4 (Autumn 2002), pp.507-511; Kenneth Pinnow, *Making Suicide Soviet* (Ithaca, forthcoming), ch.1.

¹⁵⁸ Johannes Burkhardt, “Wirtschaft,” in Otto Bruner, Werner Conze, and Reinhart Koselleck, eds, *Geschichtliche Grundbegriffe: Historisches Lexikon zur Politisch-Sozialen Sprache in Deutschland*, band 7 (Stuttgart, 1988), ch. 9.

¹⁵⁹ As it had been in England for some time: John Brewer, *The Sinews of Power: War, Money and the English State, 1688-1783* (Cambridge, MA, 1988).

¹⁶⁰ Beer, *Renovating Russia*, introduction and ch. 1.

paying power in the tax system or the belief that a better shepherded economy might produce better revenue.

Liberalism would also survive in an incipient concern with the individual as such. This too may seem paradoxical, for in the 1860s and 1870s the fiscal apparatus was directed away from the person and toward wealth (land, industry, and trade). Witness the fact that an ever-growing share of the state budget was made up of indirect taxes. State revenue tripled between 1855 and 1878, growing from 206.9 million rubles in 1855, to 457.5 in 1869, to 629 million in 1878. All categories of revenue grew, but direct taxation grew slower: as a share of total state revenue it fell from 22 percent in 1855, to 18 percent in 1869, and 15.7 percent in 1878.¹⁶¹ Even direct taxes were becoming levies on things but not people: with the repeal of the poll tax in 1886, Russia had no taxes that were levied directly on persons.

But individuals received ample recognition in the negative: they were defined by the extent to which the state left them alone, which was a matter of administrative expedience, a momentary respect for individual autonomy, and a short-lived belief that the economy would thrive without state patronage. But the more systematic registration of properties, production, and exchange had the potential to do the opposite: locate the person through the wealth that was being documented so prodigiously. This was not as sharp a break from the past as may seem. The problem with “personal” direct taxes like the poll tax had not been that they were personal, but that they were estate-based, they

¹⁶¹ *Ezhegodnik Ministerstva Finansov*, Vyp. XI, (1881), pp. 5-7, 37-38, 94, and appendix: “Kratkii obzor deiatel’nosti MF za dvadtsatiletie s 1855 po 1880 gg.” pp. 3, 6-8.

discriminated by legal status, and they were flat (arithmetically equal but not proportional to one's wealth).¹⁶² The new kinds of assessments would be personal, but also universal and proportional, and they depended for their effectiveness on a much more detailed body of data about personal economic output and exchange. That data was being produced by the reformed system of the 1860s and 1870s. In ways that were only then becoming apparent in Europe, measures aimed at equalization – the avoidance of the individual in order to avoid his or her status – had the effect of better exposing the population as individuals. The end of tax farming, the removal of collective buffers in the cities, the transcendence of estate status, and the focus on the properties as individual units – all of these established a terrain where the individual economic actor was more easily located and measured. The specter of Old Regime France's (legally) equalizing absolutism and Tocqueville's diagnosis of atomization are appropriate comparisons, not least because Russian experts deliberately looked to the example of the French *ancien regime*.¹⁶³ To put it another way: in the new space that was being opened between the private sector and the state stood the people who owned the property, received and spent the wealth, and paid the taxes, and they were more exposed and legible than ever in the past.

¹⁶² Ternier, comp., "Svedeniia o pozemel'nom naloge v inostrannykh gosudarstvakh," pp.8-9.

¹⁶³ Alexis de Tocqueville, *The Old Regime and the French Revolution*; as recounted with a Russian inflection in Martin Malia, *The Soviet Tragedy* (New York, 1994), pp.30-33.