

“Unlocking Hidden Resources: Property and Economy in Late Imperial Russia”¹

While historians differ over aspects of the history of property relations in pre-Petrine and Petrine Russia, most of them agree that the modern history of property begins with the reign of Catherine the Great, who assured the liberation of nobles from compulsory service and established the inviolability of private property as their special monopoly and privilege². Whatever the foundations of property might have been in Russia, Catherine claimed to have created property anew. Indeed, the idea of “property as freedom”, and the word “property” (*sobstvennost*) in its new meaning, made their first appearance in Russia during her “enlightened” reign³.

The extent of Russia’s intellectual openness to the European influences, especially during the first years of Catherine’s rule, makes it hard to imagine that the idea of property, so celebrated in the mid-eighteenth century Europe,⁴ would not have found some sort of response in Russia. All across Europe, philosophers and economists of every faith and political persuasion unanimously acknowledged the importance of property for the political, social, and economic wellbeing of the

¹ This text is an excerpt from my forthcoming book “A Public Empire. Property and the Quest for the Common Good in Imperial Russia”. I apologize for any inconsistencies that may have resulted from the adaptation of a book chapter to the conference paper format.

² On the ‘introduction’ of private property to Russia see: Richard Pipes, “Private Property Comes to Russia: The Reign of Catherine II”, *Cultures and nations of Central and Eastern Europe : essays in honor of Roman Szporluk*, edited by Zvi Gitelman et al. Cambridge, Mass. : Ukrainian Research Institute, Harvard University : Distributed by Harvard University Press, 2000, p.431-442.

³ The word “sobstvennost” had indeed appeared in Russian language before Catherine the Great. For instance, the Treaty of Peace between the Russian Empire and Sweden (1721) stipulated that the King of Sweden “yield” the lands conquered by Russia to the “absolute, inviolable, eternal possession and the property” [*v sovershennoe neprekoslovnoe vechnoe vladenie i sobstvennost*”] of the Russian tsar. *Ukazy blazhennyya i vechnodostoinyya pamiati Gosudaria Imperatora Petra Velikogo samoderzhtsa vserossiiskogo sostoiavshiesia c 1714 po konchinu Ego Imperatorskogo Velichestva*. St.Petersburg: Imperatorskaia Akademia Nauk, 1739, p.333

⁴ Tom Bethell, *The Noblest Triumph. Property and Prosperity through the ages*. St.Martin’s Griffin. New York, 1998, p.100.

nation. Not surprisingly, Russian intellectuals, including the empress herself, seconded this view. Among the variety of the political and social visions of property on offer from the West, the empress carefully chose a few as most suitable for Russia; these concepts of property, like other borrowings, underwent significant transformation in the process of adaptation to Russian conditions. The most distinctive feature of private property *à la russe* was its almost absolute character. Private property (originally, synonymic to noble property) implied an unwritten contract of loyalty between owners and the monarch, and hence was not subjected to any restrictions or constraints. At the same time, the façade of private property concealed the web of lord-peasants relations based on customs, traditions, and unwritten rules. The concept of property transplanted into an economic order based on hierarchical patrimonial relations, came to be closely linked to serfdom, since nobles understood their rights as both *imperium* (i.e the wielding of public power over their peasants) and *dominium* (as private owners of their peasants). Peasants were seen as being attached to land – along with rivers, forests, and whatever else this land might contain on and beneath its surface⁵.

The idea of unrestricted private property expressed in the celebrated “*Nakaz*” or, “Instruction for the Legislative Commission,” and reiterated in the work of the Commission surfaced in practice a few years after the Commission’s closure. In 1782, Catherine extended the property rights of nobles not only to the surface of their lands and their products but also to any natural objects or features found on or beneath the surface, such as rivers, lakes, minerals and forests. While in continental Europe private possession of natural resources appeared as a feature of the feudal past, in Russia the late introduction of private ownership in regard to forests, rivers and minerals was presented as the benevolent gesture of a reformist monarch, an acknowledgement of nobles’ freedoms. In continental Europe, private possession of nature was either eliminated or severely

⁵ Alexei E. Karimov, *Dokuda sokha i topor khodili*, p.218; Igor A. Khristoforov, *Sud’ba reformy*, p.54.

restricted under the influence of political reforms (France) or cameralist rationalization (Germany), while in Russia the regime of private property rights survived for decades. Russian nobles acquired property rights that were more expansive than anywhere else in Europe, with the exception of Britain.⁶ Thus, the ‘invention’ of private property in the mid-eighteenth century led to the enclosure of natural resources. The privatization of forests, rivers and subterranean riches eventually sharpened the contradiction between individual and common interests, and sharply posed the question: what brings more benefit to society - the preservation of private property or opening natural resources to common use.

On June 28, 1782, the twentieth anniversary of Catherine’s reign, the Empress signed a manifesto that proclaimed the right of private owners to dispose of waters and mineral deposits on their lands as they wished. Catherine expressed her desire to celebrate the jubilee with a benevolent act that, she claimed, was the culmination of her policy toward the liberalization of trade and industry⁷. The Manifesto prohibited “establishing [mining] plants anywhere other than on one’s own land,” thereby terminating the practice of “free mining” – one of the most colorful manifestations of Peter the Great’s pragmatic attitude to the properties of his subjects. In 1700, Peter granted the freedom to search for minerals and “ores” on both state and private lands and made concealing open deposits of minerals a crime⁸. Indeed, the “freedom to mine” [*gornaia svoboda*], i.e. the right to search and extract minerals regardless of who owned the land, was such a broad power that it could, in fact, enslave unwilling landowners to mine the riches of their lands for their own and the state’s benefit even if they themselves did not want to do so. As the law stated, landowners were to respect

⁶ Oleg Omelchenko, *Zakonnaia monarkhiia*, P. 213.

⁷ *PSZI*. Vol.XXI, June 28 1782, no.15447

⁸ *PSZI*, Vol.IV, November 2, 1700, no.1815. The law on the establishment of the College of Mines (Berg kollegiia) then further enlarged and affirmed the “freedom to mine”. *PSZI*, vol.V, December 10, 1719, no.3464

the tsar's intention that "the blessings that God has placed beneath the earth are not to remain buried away"⁹. Peter's law, along with other protectionist and yet arbitrary measures, was said to ensure the growth of industry, however it also produced discontent. Catherine decided that freedom to own would be a better incentive to economic activity than the freedom to mine on someone else's lands.

Needless to say, neither Catherine's rejection of Peter's principle of 'mining freedom', nor the subsequent criticism of Catherine's reform was based on empirical evidence. Even now we cannot judge the economic consequences of Peter's 'freedom' and Catherine's privatization, as neither have been studied. What is true is that Catherine's Manifesto acquired new importance in the next century, when Russia began to fall behind the more technologically advanced Europeans and lost its position as Europe's leading iron producer. Although the structure of property rights was hardly among the main initial reasons of that fall, it came to be seen as such a few decades later. In the late nineteenth century, when the idea that inspired Catherine – that is, the idea that private property is the main catalyst for economic activity – was abandoned along with faith in the inherent economic rationality of human beings, the nobles' monopoly over mineral resources came in for sharp criticism as the supposed cause of the backwardness of Russian heavy industry. After the emancipation of the serfs in 1861, ownership over mineral resources was automatically extended to the new nominal owners of the land – the peasant communes, who with one stroke of the pen became the holders of hidden treasures. However, due to the communal structure of landholding and tight bureaucratic control, peasants had no real power to dispose of their lands and resources, and the subterranean riches of peasants' lands were made inaccessible. Thus, private property, when introduced into a social system based on serfdom and communal landholding, the economy of which lacked a labor market and free circulation of lands and goods, produced results quite opposite of Catherine's initial intentions.

⁹ See also in Susan McCaffray, *The Politics of Industrialization in Tsarist Russia. The Association of Southern Coal and Steel Producers, 1874-1914*. DeKalb: Northern Illinois University Press, 1996, p.10.

Catherine's law on mining was a time bomb, one that exploded only several decades later when Russia entered the period of rapid industrialization.

Peasants against industrialization?

The emancipation of peasants in 1861 was by far the greatest transformation of property rights in Russia, enabling a series of subsequent reforms. The reform deeply affected the scale of state involvement in the regulation of property rights, and left the state face to face with millions of people and new proprietors, who before the emancipation had been placed under the administration of their landlords. The state had to assume new administrative and legal responsibilities, but it lacked the administrative resources to create a new system of governance and dispute-resolution from scratch. The vacuum of power in the countryside – a perennial problem for the Russian state after the reform of 1861 – led to numerous tensions and conflicts between the old and newly-created owners. In fact, this power vacuum was to a great extent responsible for the critique that emerged against private property: private property appeared to be a defective system because Russia lacked the infrastructure and institutions that reduce the friction of property relations¹⁰.

The effects of the emancipation were most visible in the economy of the so-called “commons” – forests and water. Before the emancipation, customs and traditions, rather than special legislation, regulated peasants' access to forests on landowners' estates. Some landowners limited the use of their forests – for instance, by not letting peasants cut the most valuable kinds of timber, but in general, as I. Gershman claimed, peasants enjoyed free use of landowners' forests¹¹. The

¹⁰ On the role of state regulation see: Douglas North. *Structure and Change in Economic History*. New York : Norton, 1981.

¹¹ I. Gershman, “Ocherk istorii lesovladieniia,” *LZh*, 1911, no.3-4, p.508-509

Emancipation replaced customs and traditions with property relations¹², a substitution that produced problems on both sides: peasants lost access to forests while landowners could not enforce their ownership rights over forests that, as peasants believed, belonged to everybody¹³. The state had to step in and prescribe rules for the exploitation of forests. Similar problems arose in the use of water: digging canals for irrigation or drainage had always been a matter of negotiation between landowners and peasants. The conflicts between landowners and water-owners often had social connotations: often noble landowners had to seek consent to dig canals across the lands of their former serf peasants. But the opposite situation was also common, and the local committees “on the needs of agriculture” begged to free both peasant societies and landowners from this mutual “water” dependency¹⁴. The government, preoccupied with the issue of the rural economy’s productivity, worried that allowing water to be private property endangered the future of agriculture in Russia, and the problem of water disputes between peasant societies and landowners was cast as a clash between the “idea of the public interest” and “the rights of private individuals”¹⁵.

Even more tensions arose in the areas where peasants turned out to be the owners of mineral riches – coal, ores, clay and others (most oil fields, luckily for the state, were located on peasants’ lands in Caucasus, which the state considered its own domain). Likely due to the modest scale of coal and ore production in the 1860s, the potential value of resources hidden under the surface of peasant

¹² Stephanie Pincetl describes a similar phenomenon in France after the Revolution of 1789: Stephanie Pincetl, “Some Origins of French Environmentalism. An Exploration”, *Forest and Conservation History*, 37, April 1993. P.81. In certain areas of non-black soil provinces peasants retained the right to use wood from landowners (see “Polozhenie o krestianakh, vyshedshikh iz krepostnoi zavisimosti”, art.29-31, in *PSZII*, vol.XXXVI, part 1, February 19, 1861, no. 36657). The conditions of the emancipation in Polish provinces differed: there, peasants were allowed to cut wood for their household as part of their right of servitude.

¹³ As Brian Bonhomme points out, landowners lost their labor force to carry out “basic forest work,” which had rested on peasant obligations; this, too, contributed to the growth of wood cutting. Brian Bonhomme, *Forests, peasants, and revolutionaries: forest conservation and organization in Soviet Russia, 1917-1929*. Boulder : East European Monographs, 2005. P.19-20.

¹⁴ *Vysochaishe uchrezhdennoe Osoboe soveshchanie o nuzhdakh selskokhoziaistvennoi promyshlennosti. Vodnoe khoziaistvo. Svod trudov mestnykh komitetov po 49 guberniiam Evropeiskoi Rossii*. Sostavil D.S. Shilkin. St.Petersburg, Tirografia V.F. Kirshbauma. 1904. P.104.

¹⁵ *Istoricheskaya zapiska o sudokhodnykh i splavnykh rekakh po russkomu zakonodatel'stvu*. <b.m., 188?>, p.2.

lands was not taken into consideration during the elaboration of the emancipation laws¹⁶. The compilers of the laws on emancipation could not predict the future of the market for minerals.

The emancipation and the economic ideology surrounding the agrarian reforms of the 1860s set the pace for the development of private property rights: more and more people were supposed to become private landowners, with all the corresponding rights of property granted by Catherine the Great. In 1875 the Ministry of Interior confirmed the right of former state peasants to dispose of mineral deposits on their lands as they wished. With this ruling, the resources of 116 million *desiatinas* of land (excluding the Baltic provinces and of the lands of the Don Cossacks) were transferred into the hands of the peasant population. “This entire huge area ... [became] unavailable for the mining industry, paralyzed by unrestricted private owners and their petty land allotments,”¹⁷ wrote Victor Mylov in 1892.

Industrialization in the 1880s and 1890s ensured an ever-growing demand for coal and ore in European Russia, while access to new fields and deposits depended on the whims of a handful of fortunate owners. The structure of land ownership in Russia - large territories concentrated in the hands of a few rich landowners, alongside millions of small peasant allotments grouped in peasant communes - made it even more difficult to overcome legal obstacles. The future of Russia's richest ore deposit in Krivoi Rog (modern Ukraine) depended on the willingness of 2-3 peasant societies and 7-8 individual landowners to renew short-term rent agreements (12 years was the maximum term

¹⁶ Nevertheless, in 1866 a special commission charged with the preparation of the new mining code (which was never produced) suggested separating the two objects of property – the surface of the land and what lie beneath. The same question was raised by a group of officials discussing the new tax laws two years later. While the majority of the commission on taxes and duties did not dare “to discuss the fundamental civil law on ownership rights of land and minerals”, a minority spoke in favor of reconsidering the relation between private interests and public goals. The minority report set the tone for the discussion: it stressed the present dependence of the state economy and the wealth of society upon the wishes of a handful of private proprietors. The report argued that if private interests impeded the development of national production then the state had to limit property rights. In other words, the authors called on the state to use its mechanisms of expropriation in those cases where both state and public economic interests were concerned. Alexei A. Keppen, *O vzaimnykh otnosheniakh zheleznnykh dorog i gornopromyshlennykh predpriatii*. St.Petersburg: Tipografiia Transhelia, 1881. p. 27

¹⁷ Victor Mylov, “K voprosu o prave sobstvennosti na nedra zemnye”, *Gornyi Zhurnal*. 1892. Vol.1.n.3. p.500.

allowed by Russian legislation). This group of landowners dictated ore prices for the whole region. In the 1890s, during the period of the so-called « ore-rush », prices nearly doubled, and rents consumed from thirty to fifty percents of the final cost of the product. The situation was all the more frustrating because the future of the mining industry depended on the « dark peasant masses »¹⁸. The industrialists complained that it was especially difficult to negotiate with peasants who insisted on absurd conditions and then violated them. For instance, one peasant society in Krivoi Rog prohibited building a railway for the delivery of coal and demanded that people use instead their cartage services at unbelievably high prices¹⁹. The “Company for the production of mercury, A.Auerbach and Ko” purchased 500 desiatinas of land in Ekaterinoslav province from the peasant society of village Zaitsevo, for 350,000 rubles; paying 700 rubles for one desiatina of land, while the normal price in the area did not exceed 60 rubles²⁰. Extortions, combined with the «unlimited dissoluteness » of the peasantry, the arbitrariness of rural authorities, and the negligence of the local administration created insurmountable roadblocks to the development of mining, complained engineers and entrepreneurs.

Many producers saw only one means of resolving this dilemma: the return to Peter the Great’s principles of “free mining”. No one even tried to figure out why the negotiations with the peasants devolved into such an impossible enterprise. The government, however, approached the problem from another point of view. In 1890 and 1891 the governor of the Ekaterinoslav province Vladimir Karlovich von Shlippe, providing evidence of the peasants’ inability to dispose of the mineral riches hidden in their lands, suggested introducing strict “surveillance” over the peasant economy. Peasants, testified von Shlippe, spoiled earth deposits by their barbarian methods of exploitation: digging small “holes” (iamki) that made impossible further use of proper mechanisms

¹⁸ Nikolai A. Sokolovskii. *K voprosu ob iziatiu glavneishikh poleznykh iskopaemykh iz rasporyazhenia chastnykh vladel'tsev zemel*. Kharkov: Tipografia “Iuzhnogo kraia”, 1900. p. 18

¹⁹ Iliador Urbanovich, “K voprosu o vladenii nedrami,” *Russkoe ekonomicheskoe obozrenie*. 1898. No.9. pp. 64-65.

²⁰ Ministry of State Domains. 23 November 1894, Ob ustanovlenii pravitel'stvennogo nadzora za pravilnostiu razrabotki iskopaemykh bogatstv. *RGIA*, f.1152, op.1, tom 12, 1895 g., d.91. l.7

and methods, they “disfigured the land surface turning arable land into useless desert”²¹. Peasants often had to sell coal or ore to speculators who credited them in the spring, when they needed money so badly, for the obligation to deliver coal and ore that they would dig in the fall or winter. Neither could peasants lease their lands on normal conditions due to limited period of rent allowed; drunkenness and arrears evidenced their inability to manage the money they earned on renting lands to entrepreneurs. Ergo: peasants must not be allowed to dispose of the mineral deposits on their own lands as they wished. While considering the problem of peasant ownership of minerals, the central government put the issue more generally. To support the limitation of property rights over mineral deposits, the Ministry of State Domains provided a detailed analysis of the state’s “duty” in regard to private property: it mentioned the government’s obligation to control hunting in private woods, and regulate wood cutting in order to preserve resources for future generations. Both wild animals and forests are “renewable resources” while minerals are not, said the Ministry’s report. Hence, the state’s prior duty was to protect mineral deposits from “barbarian exploitation”.²²

How could the government apply this strategy to the use of mineral resources? While it was relatively easy give a more or less precise definition of “poaching” or “forest vandalism”, the “barbarian exploitation” of minerals, or, as the government put it once, “Asiatic methods to use the gifts of nature” deposited in land, was almost impossible to define. Nevertheless, the government decided to intervene and elaborate different methods of control over the use of minerals, depending on the social status of land owners. Private owners, under threat of fines, were obliged to follow “the rules of the art of mining” and present plans for mines to the local offices of the Department of

²¹ *Ibid.*, 1.3-4.

²² Compare to the arguments against private ownership of oil in Austrian Galicia: Alison Fleig Frank. *Oil Empire, Visions of Prosperity in Austrian Galicia*. Cambridge, Ms., London, England: Harvard University Press, 2005, p.66, 71. Alison Frank has described strikingly similar debates on mineral rights. The opponents to the private ownership of oil lamented that precious commodity was being wasted by unskillful peasants and petty landowners. They opposed state regalia as synonymous to the professional management of oil resources by trained engineers, to the unprofessional, irrational and speculative treatment by private owners.

Mining. The rules for peasant societies (even for those who had already redeemed their lands and become full owners of their allotments) differed substantially. In addition to the general rules of exploitation that subjected their economy to the control of local offices of the Department of Mining, peasants were restricted in their rights to lease lands for mining²³. Most importantly, peasants could not receive the rent for their lands entirely: only one third of the money could go to the “society’s treasury” (*mirskoi kapital*) while two thirds had to be deposited in state bonds to the State Bank, with the provision that the peasant society could use this money only for the purchase of immovable common property (real estate), having received special permission from the Ministers of both the Interior and Finances.²⁴ This is how the government perceived its task of taking care of peasants’ wellbeing: the new order of mining on peasants’ land corresponded to the policy of preserving peasants’ social isolation and was a logical continuation of the law of 1893 prohibiting the sale of peasant lands.

In these circumstances peasants were, of course, tempted to request even higher rents and, since they would not get access to 2/3 of the sum, to introduce additional requirements. Not the rent, but the opportunity to earn on the construction of mines often was the main point of negotiations between producers and peasants. The copies of agreements found in the archival papers of the Mining Department prove this convincingly: the renters were to pay, along with rent for lands, a certain amount for every “pood” (16.38 kg) or “voz” (a cart) of the product (iron ore, clay, etc); they were obliged to hire only peasants from that village for the mining works, loading, hauling, carting or, if their labor force did not suffice, the wages for “locals” must always exceed the wages for outsiders²⁵.

²³ The decision of the assembly of a peasant society to rent a mine had to be considered by the local land captain (*zemskii nachalnik*) and submitted for the approval of the local body dealing with the administration of “peasant affairs” (*prisutstvie po krestianskim delam*) and a mining engineer. These bodies could turn down the application if the price of rent was too low (the law did not mention anything about high prices).

²⁴ *PSZ III*, Vol.XV, 2 May 1895, no.11626

²⁵ See various agreements concluded by the peasants of Olonetskaia, Nizhegorodskaia, and Moskovskaia provinces in *RGIA*, f. 37, op.65, d.1593, pp.21-22, 23-24, 25-26, 27-28, 30-31, 34-37. More agreements in f. 37, op.72, d.71.

Therefore, the above-mentioned case of the peasant society prohibiting the building of a railway for the delivery of coal and foisting their cartage service on the entrepreneur was quite common and very understandable. The burdensome conditions of renting lands with minerals resulted from restricting rules of mining on peasants' land that made peasants resort to various roundabout ways to extract revenues from their proprietary rights.

The government's policy of preserving the special status of peasants' lands and saving mineral riches from "barbarous exploitation" turned out to be bad for industrialists, too. The government based its claims not only on its right to "take measures against the abuses of underground property", but on the specific status of peasant land "granted (by the state) for the provision of their (peasants') existence"²⁶. In 1904 the minister of interior Viacheslav Plehve offered to extend the rules constraining the renting of peasant lands not only to the communal fields, but also to lands in the individual use of peasant families (*nadelnye zemli*)²⁷. Although this measure was approved, the course of the government's policy toward peasantry very soon began to change, and these changes brought new challenges for the mining industry.

The revolution of 1905 laid bare the urgency of the land question in Russia's countryside: to cure the land hunger and avoid the expropriation of nobles' lands for the needs of peasants, the government forced the privatization of communal lands and peasants' resettlement to the underpopulated areas of the Empire. The promulgation of Stolypin's celebrated agrarian laws in 1906, which forced the separation of communal lands and rearrangement of land use, further underscored the tension between the government's policies, aimed at the consolidation of private land ownership, and the aspirations of the industrial community to free lands for geological exploration. Stolypin's

²⁶ RGIA. F.37, op.65, d.1240, l.23ob.-24.

²⁷ "Po voprosu ob izmenenii i dopolnenii zakona 2 maia 1895 goda o poriadke otdachi krestianskikh nadelnykh zemel v arendu dlia razrabotki iskopaemykh", *Ibid.*, 1.1-3

fixation on promoting peasant landownership and breaking apart the peasant commune blinded him to several important side effects of his reform. For mining industrialists, Stolypin's law was a catastrophe: before the reform they had dealt with a handful of peasant society patriarchs, some compliant, some stubborn; after the communes were disassembled they would have to conclude agreements with millions of individual peasants. The strategy of satisfying land hunger included furnishing peasants with state lands: a huge portion of state lands, once open for free mining, were supposed to pass into the hands of new individual landholders (via Peasant Land Banks), which would automatically mean the peasant privatization of state mineral deposits. As Vladimir Strukgov pointed out, the more productive the activity of the Peasant Land Bank, the worse off mining industrialists would be²⁸.

The Russian business community immediately reacted to the threats created by the new agrarian order. The Congresses of the mining industry in the South of Russia (Kharkov) solicited the government's attention to its industrial needs and asked that the new agrarian laws be reconsidered, and that property rights to the surface and deposits of land be separated. They asked the state to retain its ownership of minerals when distributing state lands to the peasants and to retain peasant communes as the owners of minerals, regardless of the privatization of individual land allotments²⁹. After long consultations, the government allowed this reconfiguration: ownership of land was split into two parts – subterranean property and the ownership of land surface. The law of 14 June 1910 clarified that peasants were to receive ownership only of the surface of their lands, while the “*peasant society*” retained the rights to minerals. If a mineral deposit was discovered, each member of the community would receive an equal monetary share of the compensation for the alienation or the use

²⁸ Vladimir Strukgov, *Obschii obzor materiala imeiushchegosia po voprosu o tak nazyvaemoi “gornoi svobode”*, St.Petersburg: Yakor', 1909.

²⁹ *Sovet s'ezda gornopromyshlennikov Iuga Rossii. 31 s'ezd. Doklad sovetu s'ezda po 8-mu punktu programmy. Obsuzhdenie voprosa o nedrakh v sviazi s agrarnym voprosom i razvitiem gornogo dela voobshche*. Kharkov. 1907; *K voprosu o gornoi svobode*. Kharkov: Tipografiia Bengiz, 1907. See also the materials of 32nd and 38th congresses.

of lands in the community, while the owner of that particular parcel of land (in addition to his share) would be compensated for any losses caused by the mining operations³⁰. This decision seemed fair because many peasant communes, before Stolypin's reform, periodically reapportioned their lands in the interests of equalizing the opportunities and burdens of their members. The reform ended this practice; henceforth, all members of a commune had an equal right to benefit from what was recently a common resource. At the same time, after the elimination of the peasant commune as a juridical person and landowner, the "peasant society" became the new administrative unit for a given locality. The peasant society retained the commune's multiple administrative and judicial functions, including its role as local representative in negotiations with industrialists. This outcome, surely, was little more than palliative, since it did not resolve the conflict between the landowners and the capitalists; it was also hard to imagine how the rule of equal compensation for individual parcels of land would work in practice.

Unlocking hidden resources: minerals as "public property".

Both the government and the industrial community found the property regime of mineral resources awkward and harmful to national economic development. Russia kept falling behind European countries in the production of iron, and this lag was often attributed to the inappropriate regime of property rights³¹. Even the boom of railway construction did not stimulate production, as happened in other countries: quite the contrary, to the great shame of Russian producers, at the foot of

³⁰ Zakon ob izmenenii i dopolnenii nekotorykh postanovlenii o krestianskom zemlevladienii, 14 Iunia 1910, Art.20. - *Debaty o zemle v Gosudarstvennoi Dume (1906-1917 gg.)*. Dokumenty i materialy. Pod red.V.I.Chernoivanova i V.V.Shelokhaeva. (Moscow, 1995). P.352.

³¹ In 1877 Russia's largest Donetsk coalfield produced only 49 billion poods of coal while the Liege mines in Belgium with an area of mining 36 times smaller than the Donbass produced 200 billion poods of coal (in 1875). *Ocherk mestorozhdenii poleznykh iskopaemykh v Evropeiskoi Rossii i na Urale*. St.Petersburg: Izdanie Gornogo Departamenta, 1881, p.87

an ore-bearing mountain with the characteristic name “Grace” (*Blagodat*) in the Urals laid imported railroad ties³².

The issue of restoring “mining freedom” was raised as early as in the mid-1860s. One of the first arguments in favor of the reform of property rights came from the Russian part of Poland, which had a similar regime of access to minerals, and after the emancipation of peasants in 1864 encountered the same problems in settling disputes between the industrialists and the owners of land, whose number increased from ten to five hundred thousand. In 1867, the prominent Russian geologist Alexei Antipov submitted a report that compared the production of coal in Prussia and Poland. Both Prussian and Polish mines extracted coal from the same geological bed, with identical conditions. However, the level of production differed drastically: the bed appeared to have “a randomly drawn line on the surface of land – the border” that “cut the mineral riches altogether”, - wrote the geologist. In Poland, “the layers of coal ... come out on the surface of land, so that the railroad line that brings up to 10 billion *poods* of Prussian coal yearly for the needs of the Polish economy lay precisely on these layers”³³. This picture of the Polish economy thrown into decay by improper legal conditions appeared very convincing, and in 1868 Alexander II approved a memorandum allowing free mining in the Polish provinces.³⁴ The introduction of a new law on Polish mining in 1870 based on European (German and French) models sparked a movement to limit the property rights of Russian noble and peasant landowners - which gained strength at the end of the nineteenth century, when the Polish coal industry began to surpass Russian coal production. In 1870, the Polish coal industry produced around

³² *Obozrenie deiatelnosti Ministerstva gosudarstvennykh imushchestv po gornoi chasti v 1881 godu*. St.Petersburg. 1882, p.4.

³³ Ob otvode ploshchadei na chuzhikh zemliakh dlia gornykh rabot v Tsarstve Polskom, 1903. RGIA. Fond 37, op.65, d. 3057, l.41.

³⁴ Alexei P. Keppen, *O neobkhodimosti korennoi reformy zakonodatel'stva na nedra zemli*. St.Petersburg: Tipografiia S.Kornatovskogo, 1894.

20 billion *poods* of coal, in 1878 it produced 55 billion poods; the production of cast iron, iron and zinc also increased immensely³⁵.

For its part, the government demonstrated its decisiveness to open state resources for private exploitation: in 1887 it introduced free mining on unoccupied state land. Anyone who discovered a natural mineral deposit on treasury lands could claim the right to its exploitation. The new order facilitated access to mineral riches, and during its first years, produced great enthusiasm³⁶. Nevertheless, unencumbered mining on treasury lands did little to change the situation dramatically—except to further spur debates about private property.

The rhetoric of a public good more important than private concerns came to dominate discussion about mining and property rights at the fin-de-siècle, spurred on by dissatisfaction with Russia's economic position in the burgeoning world economy and the example of new legislation in other industries. In spite of the high customs duties imposed in the 1890s, the Russian iron industry could neither satisfy the needs of the domestic economy nor compete on the world market. American cans filled with meat cost far less in London stores, wrote the Russian economist Anton Radzig, than did Russian cans that were empty³⁷. Meanwhile the law on forestry issued in 1888 (the law restricted the rights of private landowners to cut woods in certain 'protected' areas and obliged them to invest into the preservation of forests) gave further encouragement to those who sought to limit the privileges of landowners in favor of the public good. Instead of caving to the complaints of the nobility, the government pressed forward with its program to limit the freedoms of private property owners, signifying an important first step in the reconsideration of the balance between public and

³⁵ *Ocherk mestorozhdenii poleznykh iskopaemykh*, p.189-190.

³⁶ Skeptics called this new wave of the mining industry the "post-industry" since many businessmen could do nothing more than stake a pole with their name and date. — Semen S. Abamelek-Lazarev, *Vopros o nedrakh i razvitiie gornoï promyshlennosti s 1808 po 1908 g.* St.Petersburg: "Slovo", 1910. p.63

³⁷ Quote from: Ivan Sigov, "O gornoï svobode", *Russkoe bogatstvo*, 1900, September. P.11.

private interests. Experts on the mining industry considered the state's recognition of the public importance of forestry as a turning point, the beginning of a new stage in state policy³⁸.

Those in favor of limiting private property strengthened their arguments by contextualizing mineral deposits as one in a broader array of natural resources, supported by the legislation on forestry, railway construction, and other similar issues³⁹. Defending Russia's natural riches from destructive exploitation by unprofessional and unregulated property owners was one of the main arguments for the reconsideration of property rights. Metaphorically, mineral resources were often compared to other exhaustible and explicitly national fruits of nature: expendable coal or ore deposits acquired the same public value as vanishing forests; underground reservoirs of oil were compared to water streams.

Additional arguments for the limitation of property rights were based on the idea of the «national economy» [*narodnoe khoziaistvo*]⁴⁰. The concept of the national economy, which became the cornerstone of economic policy in the 1890s, justified the increase in state regulation of the market economy. As one official paper on mining law pointed out in the late 1890s, the time of the free trade economy, with its emphasis on the protection of private property, had passed. The social and economic policy of the 1880s and 1890s – characterized by protectionism, the expropriation of private property for railway construction, forestry laws, laws on hunting, fishing, and labor policy – had formed a new system of relationships between the state and society. The state «could not afford anymore to stop at the inviolability of property rights» when public interests were concerned⁴¹. Thus, the state was supposed to interfere in relations between coal producers and landowners and to resolve the knotty question of «to whom natural riches belonged». Conflicts around property issues

³⁸ Petr Saladilov, *Vopros o nedrakh v russkom zakonodatel'stve*. St.Petersburg: Senatskaia tipografiia, 1904. p.24.

³⁹ See: Petr N. Gussakovskii, "Pravo na nedra zemli," *ZhMlu*. 1903, no.3, p.170-171

⁴⁰ Gussakovskii interpreted the limitation of private property rights in Europe as a "protection of national economic interests" [*narodno-khoziaistvennye interesy*]. Petr Gussakovskii, *Pravo na nedra zemli*, p.168.

⁴¹ *Ob izdanii novogo polozhenia o gornom promysle*. (b.m., b.g.). p.20.

eventually called into question the long-established vision of the Russian state; paradoxically, it was Russian industrialists - the proponents of « free mining » - who asked the state to interfere. Even so, there was no unified vision of the state's role in property relations.

The position of producers in the debate on subterranean property largely depended on their origins, the character of their business and their political affiliation. While the Union of the Southern coal producers argued for limiting property rights, the representative of the Ural industry vigorously defended private property⁴². The structure of land property in the Ural region differed from that of the Donbass region: Ural ore deposits were located on the vast lands of Bashkir peasant societies, Cossack and treasury lands, and the abundant estates of a few mining magnates, whose holdings dated back to gifts from Peter the Great. By the end of the 19th century a few aristocrats (the Stroganovs, Abamelek-Lazarevs, and Sheremetevs) owned estates of a size comparable to the total territories of some European states; they fiercely opposed changes to the current property regime and did not want to share their monopoly with a new bourgeoisie, or engage with its presumably very different political agenda. The industrious aristocrats spoke against any changes in the regime of property rights to minerals. Politically and socially, they imagined themselves to be English landlords and frequently referred to England, where « free mining » did not exist and private property remained untouchable.

At the heart of the debate about the ownership of minerals lay a question - who would own natural resources once they had been de-privatized? While some industrialists argued that mineral deposits, once expropriated, would pass directly into the hands of the government, others claimed that no one, not even the government as a private owner, could possess the treasures of nature. In this reading, minerals were by definition public, and as such, they seemed to require the invention of a

⁴² On their critique of the property rights regime see also: Susan McCaffray, *The Politics of Industrialization in Tsarist Russia. The Association of Southern Coal and Steel Producers, 1874-1914*. DeKalb: Northern Illinois University Press, 1996, p.10-11.

new kind of property - *public* property. Some experts thought that in the near future all minerals would be transferred into the category of state (government) property⁴³. But the experience of oil industrialists demonstrated that the «governmentalization» of resources in fact meant their privatization by the treasury, as the state did not distinguish between the public domain and possessions of the treasury⁴⁴. The state as an entrepreneur lost its credentials in the eyes of Russian industrialists: the difficulties associated with the access to state-owned oilfields and impudent corruption damaged the relationship between industrial community and the state. Thus, producers argued for the change in the state's role – from the state as a proprietor and a householder to the state as an external mediator and distributor of the *public wealth*, which was to legally belong to the “nation”. They argued in favor of depriving landowners of their ownership rights and recognizing minerals as national (public) property⁴⁵. Minerals, as well as air and water, - wrote a lawyer Abel Yanovskii, «are the gifts of nature»⁴⁶. The disposal of these gifts of nature had to be transferred to the hands of the state, as the nation's representative; «this does not mean, however, that they should belong to the treasury, but under no circumstances should they belong to the owner of the surface of land» - concluded Yanovskii⁴⁷.

Indeed, the concept of «public property» offered as an alternative to private property, raised many doubts in terms of practical implementation, not to mention the political consequences of expropriation. First of all, the mechanism of «compulsory alienation» assumed «just» compensation of the costs of expropriated property. In the case of minerals it was hardly possible to

⁴³ Victor Mylov, “K voprosu o prave sobstvennosti na nedra zemnye,” *Gornyi Zhurnal*. 1892. vol.1. N3. pp.183

⁴⁴ Gukasov's speech in the Oil committee of the Council of congresses of the representatives of industry and trade, *Promyshlennost' i trgovlia*, 1908. No.6, P.351

⁴⁵ For instance, Stepan Gulishambarov argued that minerals, oil and water were all similar objects of public property, «not belonging to anyone particularly» - Stepan I. Gulishambarov, *Zakony, kasaiushchiesia dobychi, khranenia, pererabotki i transportirovki nefi*. Tiflis: Tipografiia Mikhelsona, 1884. p.35

⁴⁶ Abel Ye. Yanovskii, *Osnovnye nachala gornogo zakonodatelstva i peresmotr ego v Rossii*. St.Petersburg: Tipografiia V.Kirshbauma, 1900. p.161

⁴⁷ *Ibid.*

compensate owners for the cost of both their land and all of its deposits, since the greater part of lands had never been geologically explored. « What will the nation possess and what possession will it be defending if we don't even know the content of our land deposits »? - asked Vsevolod Udintsev in his book on the new field of legal studies, "mining law"⁴⁸. Despite the fast advancement of the earth sciences in Russia, its mineral riches still remained largely unexplored. Only in the 1880s did the government begin its work on the drawing the Empire's first geological map, and the process of mapping mineral resources in the immense territory of the country was far from being complete⁴⁹. Udintsev's question drew near to the opinion expressed by some proponents of free mining: minerals do not belong to anyone, as it is impossible to possess something invisible and indefinable (in size, price, etc).

Thus, « free mining » need not mean expropriation – rather, it assumed the limitation of property rights to the surface of land, with the attendant obligation to open that surface up for geological exploration. When deposits were found during the exploration, a landowner should receive privileges in the exploitation of fields or deposits. In order to make the scheme workable, some experts suggested separating property rights to the surface of land from the right to exploit its deposits. This solution appeared very convenient, all the more so when in 1902 the Senate decided to allow the selling of mining rights, separate from the surface of land.

In 1902 the Ruling Senate considered the case of landowner Kozhin, who sold the right to extract iron ores and other minerals from his land to a group of Belgian entrepreneurs. The Senate approved the deal as legal and classified the transfer of the right to extract minerals as the sale of movable property. For many entrepreneurs, this decision opened "a new era" in the development of the mining industry by removing many restrictions to the access to mineral deposits: for instance,

⁴⁸ Vsevolod Udintsev, *Russkoe gorozemelnoe pravo*, Kiev: Tipografiia Chokolova, 1909, p.72-73

⁴⁹ *Obzor deiatelnosti Ministerstva gosudarstvennykh imushchestv v tsarstvovanie Aleksandra III. 1881-1894*, P.9, 25, 165.

joint stock companies and Jews who were not allowed to buy land now could buy “minerals” (i.e. the right of exploitation), qualified as movable property⁵⁰. This rule did not work for peasant societies whose contracts were carefully reviewed by local administration; however, almost 200 companies used a new loophole in the legislation opened by the Senate’s decision and concluded contracts for the exploitation of their land’s deposits⁵¹. The separation of the ownership of minerals from the ownership of land exemplified the strategy of making private property flexible and compliant to the changes in the economic environment without subjecting property rights to any restriction. This model had precedents in European law: the Mineral Petroleum Law issued in Austria in 1884, which resulted from long debates on the issue of private or state ownership of minerals, introduced a special, as Alison Frank has called it, ‘intermediate’ status for mineral rights ‘between the poles of landowners’ absolute sovereignty and outright Crown control’.⁵² This law established new units of ownership – ‘oil fields’, separated from the ownership of land. In essence, Kozhin’s ownership of underground minerals represented exactly the same category of property.

While continuing the struggle for “the freedom of mining”, Russian industrialists also worked to adapt private property to the needs of industry: they urged the government to extend the time limits of lease agreements to ninety years⁵³, to secure the rights of leasers and legislatively

⁵⁰ Serguei Witte, Minister of Finance and the ideologue of industrialization in Russia, vigorously welcomed the Senate’s decision as an important shift in the regime of ownership of minerals. Witte claimed that Catherine the Great, while granting property rights to the land’s deposits, did not mean that minerals could not be sold without lands; the “attachment” of minerals to the surface of land was unnatural, illogical and not known in any other country except Russia. (*Ministertso Zemledelia i Gosudarstvennykh Imushchestv. Po projektu raz’iasneniia deistvuiushchego zakona ob otdache chstvnymi sobstvennikami svoikh zemel’ pod razrabotku nedr.* [1903]). Later, in 1910, the Kozhin case was used as the precedent for the solution to the problem that originated from Stolypin’s reform: the separation of peasants’ rights to land and the commune’s right to the mineral deposits was based on the Senate’s decision of 1902.

⁵¹ This practice was, however, terminated by another Senate decision that qualified the right of the exploitation of minerals as a property right to immovable things. That decision threatened the businesses of 186 joint stock companies and firms owned by Jews and led the Union of the Southern Coal producers to petition the government. – Sovet s’ezda gornopromyshlennikov Iuga Rossii. O priniatii mer dlia ustraneniia vrednykh posledstviu neopredelennosti pravovykh osnovanii gornozemelnykh otnoshenii. – *RGIA*, f.37, op.65, d.1939, p. 2-3

⁵² Alison Frank, *Oil Empire*, p.72.

⁵³ Susan MacCaffray. *The Politics of Industrialization*, p.11.

confirm the permission to buy below-ground property without land. The short terms of leases (12 years) and the lack of guarantees led industrialists to use the cheapest tools and methods of exploitation, which often left mines in a condition that did not allow further exploitation, - argued the Union of the Southern Coal and Steel Producers⁵⁴. Entrepreneurs did not take the risk of investing money in building concrete constructions and used timber instead, they did not dig deep mines because it was costly, and the effectiveness of their production often did not exceed 30%⁵⁵. While the government expressed its firm disapproval of the “freedom of mining” on private lands, the strategy of changing the rules for the access to subterranean property was the only realistic path to reform. The government discussed new rules regulating the access to the land deposits between 1911 and 1915, until the deficit of fuel exacerbated by the war forced it to take a few steps in the direction of greater control over the use and distribution of minerals. However, the issues of property rights and mechanisms facilitating the exploitation of resources remained unresolved.

Property and economy.

The development of a rational timber industry, and the production of coal and steel were all held back by similar problems in the regulation of property rights. This was not a coincidence: these areas of production were strongly connected to each other. The abundance of forests accounted for Russia’s brief industrial triumph in the 18th century; but when other countries switched from timber to coal, Russian heavy industry revealed its technological backwardness and proved unable to catch up to the innovations of other countries. Although the ore-bearing lands of Krivoi Rog were felicitously

⁵⁴ see memos and resolutions of the Union of the Southern Coal and Steel Producers in *RGIA*, f.37, op.72, d.71. ll. 2,19-24, 293-293ob.

⁵⁵ Ministerstvo trgovli i promyshlennosti. Ob obnavlenii mestorozhdenii iskopaemykh imeiushchimi osoboe gosudartvennoe znachenii. *RGIA*, f.37, op.65, d.1848, l. 8ob.

located close to the coalfields of Donetsk, their production could not satisfy the needs of the enormous Empire. Locomotives on Russian railways continued to burn timber (in 1880, timber amounted to 49% of train fuel⁵⁶), thus contributing to deforestation. Similarly, metalworking plants in the Urals represented a unique example of heavy industry based exclusively on the consumption of timber⁵⁷. The coal mines of the Russian South and West (Poland) were located fairly close to big cities, but even there, the lack of a transportation network made delivery unbelievably expensive. The government accounted for its inability to build waterways connecting the areas of energy production to the main areas of consumption by pointing to the inviolability of ownership rights around rivers, while industrialists failed to negotiate with water-owners and construct hydropower stations to replace expensive coal. Indeed, the production of mineral fuel and steel grew very fast, especially in 1910-1913, but the needs of industry and cities grew at an even greater rate. Even before the beginning of the First World War Russia suffered from a chronic “fuel hunger”: in 1913 the government was forced to cancel duties on the import of foreign coal⁵⁸. After 1914, the fuel deficit reached such unprecedented levels that in 1916 the government approved a law on the requisition of coal.

Was private property to blame for hampering industrialization in Russia or not? Certainly, the structure of property rights was only one of many factors for the delay; the technological lag was perhaps the most important among them. Moreover, this analysis of the debates about property and the practice of settling disputes has proved that the form of property – private, state or communal – was far from the only or even primary condition of economic productivity. Nor was the dilemma of rational property and economic progress unique to Russia: Max Weber was puzzled by the question

⁵⁶ *LZh*, 1883, no.4, p.312-314

⁵⁷ Lev B. Kafengauz, *Snabzhenie strany mineralnym toplivom vo vremia voiny (ottisk iz Trudov Komissii po izucheniiu dorogovizny pri obshchestve im.A.I. Chuprova)*, Moscow: Gorodskaya tipografia, 1915, p.231.

⁵⁸ *Ibid.*, 234, 274.

of how England, notorious for the clumsiness and uncertainty of its laws on property, became the leader of industrialization while Germany with its perfectly rational, Roman-law based system of law, did not demonstrate similar achievements.⁵⁹ Joshua Getzler, in his analysis of the dependency between property and development, has proved that Weber, while focusing on the institutional structures of property rights, overlooked many additional factors that helped the English legal system adjust to new economic needs, whereas the German model of “absolute property often impeded the swift movement and deployment of resources and responsibilities necessary for development and modernization”. Getzler suggests that Weber’s rationalism (in relation to property) “was a conservative force” in comparison to the “relativist system such as England’s”⁶⁰. The case of England often came up in the debates on property in Russia: in England, as in Russia, private owners held absolute rights to minerals and other natural resources. However, the Russian economy depended on coal imports from England, while at the same time coal producers blamed the system of property rights for industrial underdevelopment.⁶¹ Therefore, Getzler’s argument appears plausible: not the form of property, but rather the constellation of subtle mechanisms that govern property relations, and the social and cultural conditions in which property is nested can turn a property system into either a brake or an engine of industrial development.

The Russian system of property was inflexible and clumsy: it did not allow for the easy and cheap transfer of property. This awkwardness of laws was not compensated for by the flexibility of legal and administrative practice. It suffices to mention the underdevelopment of the institution of rent. As we already know, land property could be leased for a term of 12 years or less, with a few

⁵⁹ Joshua Getzler, “Theories of Property and Economic Development,” *Journal of Interdisciplinary History*, vol.26, no.4 (Spring, 1996), p.645-650

⁶⁰ *Ibid.*, p.648.

⁶¹ Similarly, Alison Frank compares the private ownership of mineral rights in the United States that symbolized freedom and the entrepreneurial spirit of American economy, with the private ownership of oil in Austrian Galicia evoking criticism for provincialism and backwardness. Alison Frank, *Oil Empire*, P.53

exceptions allowing longer leasing terms⁶². The reconsideration of the laws on land rent was raised a few times: in 1835 the Minister of Finance, Georg Kankrin, suggested extending the term up to 50 years (his suggestion was rejected); the question of rent came up again during the preparation of the emancipation, which required opening new possibilities for land transfers⁶³. Finally, in the late 1890s, Anatolii Kulomzin, the head of the committees on the Siberian railroad and land reform in the Far East once again - without success - suggested extending the terms of rent as a means of fostering the colonization of Siberia. The state did not allow landowners and renters to settle leasing conditions independently mostly because it favored the surveillance and tutelage that control offered: the government explained the short term of rent by citing the need to protect the interests of contractors, their potential creditors or heirs⁶⁴. Allowing longer terms of private land lease could have resolved multiple financial, social and economic problems; however, nothing was done to ease the access to state and private land resources.

Along with the social and economic development of the country inevitably grew a tension between the desire to safeguard private property rights and the need to free natural resources from the strictures of these rights. It might seem natural that the producers argued for reform; what remains unclear, however, is why many of them chose such a radical route for reform, favoring the limitation of private property, expropriation or nationalization. For the adherents of “free mining”, political and economic “freedom” meant opening private lands for business initiative. The rhetoric of economic

⁶² In 1835, the State Council approved longer terms of lease (up to 30 years) for the building of industrial enterprises. *PSZII*, vol.10, 14 October, 1835, no.8476.

⁶³ As a result, the laws on emancipation allowed nobles to lease their lands for 36 years. – Anatolii N. Kulomzin, *Ob izmenenii predelnykh srokov naima chastnykh nedvizhimykh imushchestv* [B.m., b.g.] p.12

⁶⁴ *Ibid.*, p.13. It is also possible that the government tried to prevent fraudulent rent agreements that would have arranged for the purchase of land: moreover, fees for the registration of deeds constituted an important source of income. In fact, not only contractors, but the state itself suffered from the complexity of the rules of rent: for instance, it circumscribed the rent of state lands by peasants with almost insurmountable conditions and, as a result, peasants suffered from land hunger while state lands remained empty. Only in the mid-1880s did the government reconsider the terms of renting land to peasants. *Obzor deiatelnosti Ministerstva Gosudarstvennykh Imushchestv v tsarstvovanie Alexandra III, 1881-1894*. St.Petersburg, Tipografia V.F. Kirshbauma, 1901, p. 200-203

freedom (which also meant the growth of state intrusion) in the mouths of the leaders of Russian industry, sounded more like the language of socialists: “Mineral riches,” wrote the head of Moscow society of manufacturers and plants’ owners (1907-1917) Iury Guzhon, “have to be excluded from use by private persons and moved under state control, for more appropriate and expedient use in the interests of all the popular masses (*v interesakh vsei narodnoi massy*)”⁶⁵. “In a free country, the free access to minerals (*svoboda na nedra zemli*) has to triumph” [over private interests], providing all interested parties with the right to “explore, mine and use mineral riches, without asking the landowner’s permission”⁶⁶. To distance his plans from radical land expropriation and nationalization programs, Guzhon pointed out that while the constitutional democrats and socialists advocated the expropriation of lands from one social class for the benefit of another (the peasantry), his program of free mining established minerals as the property “of the state and the whole nation”⁶⁷.

The rhetoric of free and open access to public/national goods dominated propaganda for the “freedom of mining”. “Unsympathetic at first sight, the seizure (of property) leads to unexpectedly salutary consequences,” wrote the law professor Vladimir Strukgov. The “strong and powerful” voice of the state would restrain the “private arbitrariness of certain landowners, with their principle of ‘I do whatever I want’”. In the future, state ownership of minerals would even encourage the development of private initiative because the state, having charted a path toward the application of new knowledge, techniques and capital, would ultimately transfer the task of mining to private concessions. “Free mining ... is the noble child of the likely ugly idea, the initial usurpation of power” - concluded Strukgov, calling his compatriots to endorse expropriation⁶⁸.

⁶⁵ Yurii Guzhon. “*K voprosu o nedrakh zemli*,” *Obmen myslei po voprosu o nedrakh zemli v sviazi s zakonom 9 noiabria 1906 goda*. Moscow: Tipografiia Mamontova, 1907,p.9

⁶⁶ *Ibid.* p.11

⁶⁷ *Ibid.* p.12

⁶⁸ Vladimir Strukgov, *O znachenii i razvitii idei gornoj svobody kak normy, stesniaiushchei chastnyi proizvod v interesakh narodnogo bogatstva. Doklad prepodavatelia gornogo prava v Gornom Institute 22 fevralia 1907 g.* St.Petersburg: Tipografiia Alexandrova, 1907. pp.3,6

It might seem paradoxical that the coal and steel producers, whom Susan MacCaffray has portrayed as people “aspiring to create an industrial Russia with a liberal face”⁶⁹, called for the dismantling of private property – a symbol of classical liberalism. It is also surprising to see them criticizing “state socialism” – the governmental policy based on the surveillance and distrust of private business, while at the same time advocating state regulation of property relations. Ruth Roosa has explained this contradiction as resulting from the theoretical belief in the importance of centralized planning for the industrial development and the dissatisfaction and fear of administrative tutelage and abusive state intervention: this inconsistency eventually gave “rise to protestations among academic economists against 'the manifest illogic' of its position”⁷⁰.

At the same time, the discrepancy between the strive for independence from bureaucratic tutelage and the aspiration for a stronger state will not appear so dramatic if we take into account the transformation of liberal ideology and the new vision of the state that emerged in the result of this transformation. The ‘idea’ of the state, cherished by experts and businessmen, was quite distant from the existing bureaucratic structures of tsarist administration. The reform of property rights was both a trigger and a means for the large-scale state reform.

⁶⁹ Susan P. McCaffray, “The Association of Southern Coal and Steel Producers and the Problems of Industrial Progress in Tsarist Russia”, *Slavic Review*, Vol. 47, No. 3, (Autumn, 1988), p.464

⁷⁰ Ruth Amende Roosa, “Russian Industrialists and 'State Socialism', 1906-17”, *Soviet Studies*, Vol. 23, No. 3. (Jan., 1972), p.414