

GREGORY GUROFF
FRED V. CARSTENSEN

Entrepreneurship in Imperial Russia and the Soviet Union



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and the
Soviet Union*

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EDITED BY
GREGORY GUROFF AND
FRED V. CARSTENSEN

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*To Arcadius Kahan,
our colleague and
friend*

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Preface

We would like to thank the R & D Committee of the American Association for the Advancement of Slavic Studies, which provided funding for the symposium where drafts of the chapters that constitute this book were first presented, and the Kennan Institute for Advanced Russian Studies of the Wilson Center, which hosted the conference.

We would also like to express our appreciation to the Academy of Sciences of the USSR, which made possible the participation of Professor Boris Anan'ich, Institute of History (Leningrad).

Harnessing the talents of fifteen scholars to a single task is always difficult, but we have been particularly fortunate in having a distinguished and patient group of contributors who have supported us through this long venture. One of the volume's distinctions is that the individual authors have attempted, successfully, to link their chapters to a common theme and a common set of concerns. Nonetheless, we should make it clear that each author is responsible only for his or her own chapter and specifically not for views expressed in the concluding chapter, for which we assume complete responsibility.

GREGORY GUROFF
FRED V. CARSTENSEN

*Entrepreneurship in
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I

CYRIL E. BLACK

Russian and Soviet Entrepreneurship in a Comparative Context

The purpose of this book, which brings together chapters based on papers discussed originally at a conference held on November 16-18, 1978, at the Kennan Institute for Advanced Russian Studies in Washington, D.C., is to advance our understanding of entrepreneurship in the Russian Empire and the Soviet Union.

The various interrelated functions of entrepreneurship, management, and innovation, which are among the most characteristic features of national development in the modern era, have received relatively little attention in the Russian and Soviet contexts. Conventional wisdom has taught us that Russia was a backward society until the Five-Year Plans were inaugurated in 1928, that a weak middle class accounted for the failure of the Provisional Government in 1917 and the establishment of a socialist administration, and that educated Russians in the nineteenth century were primarily concerned with abstract ideas rather than with questions of management. Entrepreneurship is a skill associated with commerce and manufacturing in relatively free-enterprise economies, and neither Russia nor the Soviet Union was perceived as an environment where this skill was likely to flourish. Research on Russia and the Soviet Union in recent decades has dispelled many of these preconceptions, but the results of this research have remained scattered and unfocused. This symposium seeks not only to bring together what we know about this subject, but also to bring to bear the judgments of scholars currently working on this theme on issues still under debate and calling for further research.

An underlying task of the comparative study of modernizing societies is to distinguish between those aspects of the advancement of knowledge, political development, economic growth, and social integration that are

common to all societies, and those that reflect the varied heritages of institutions and values of each society. It has taken a good many years to sort out those characteristics of contemporary Western societies that are universally valid, and those that have roots in a premodern England and France to which modernity was no less alien than it has been to Russia, Japan, or China. Our first task here is to focus on those aspects of entrepreneurship, management, and innovation that are relevant to economic growth regardless of its cultural milieu.

Comparative studies of economic development suggest that an underlying feature common to all societies is that as industrialization advances, the role of entrepreneurship, management, and innovation increases as compared with that of capital and labor. Industrialization is the key factor in the productivity of labor and capital and should be regarded as an economic resource as well as a system of authority.¹

Early definitions of entrepreneurship stressed the role of the entrepreneur as working in an ambience of uncertainty, that is, contracting for a job without knowing in advance the cost of labor and materials—in contrast to salaried officials working within the constraints of a budget. These days we all seem to be working under conditions of uncertainty, and to this extent we may be entrepreneurs, but this is not a very useful definition for the purposes of this symposium.

There is also the narrow definition of entrepreneurship associated with the work of Schumpeter, which stresses innovation as its principal function—the furthering of economic growth through the improvement of technique. Those who simply administer ongoing concerns, under this definition, may be businessmen, capitalists, bureaucrats, or managers, but they are not entrepreneurs. This is too narrow a definition for our purposes, even though we are concerned with both entrepreneurship and innovation. It is very difficult in the modern era—in which change under the impact of the scientific and technological revolution is of the essence—to isolate “innovation” from the other functions of entrepreneurship except in a very specialized context.

Between a very broad and a very narrow definition there remains a large area that includes functions not only of innovation but also of leadership, management, the mobilization and allocation of resources for particular ends, risk taking, marketing, and certainly cost control, a function no less important in a planned than in a market economy.

Studies of entrepreneurship in a variety of settings lead to the conclusion that as economies develop and as enterprises grow in size, an increasingly higher proportion of managerial resources is required. Not

¹ Frederick Harbison, “Entrepreneurial Organization as a Factor in Economic Development,” *Quarterly Journal of Economics*, 70 (August 1956), 364-79.

only growth but also innovation call for a large investment in managerial skills. Much is made of the role of individualism in the leadership of market economies, but the fact is that management by teams rather than by individuals increases in proportion to the size and complexity of an organization.

Almost universally, enterprises have evolved from family-dominated "patrimonial" businesses to more impersonal, professionally managed, corporations. Although family names have often been retained long after families have lost exclusive control—as with Ford and Chrysler, Mitsui and Toyota, Peugeot and Krupp—size and complexity require a greater range of skills than any single family is likely to possess. As entrepreneurship evolves from the initiative of a single individual or family, investing savings and loans in new enterprises, to that of managers of large organizations, the role of entrepreneur becomes increasingly one of selecting and directing personnel. Innovation becomes less a matter of individuals having bright ideas for new techniques, than of the administration of research departments with large staffs of specialists engaged in basic and applied research.

In addition to being an economic resource, entrepreneurship and management are also systems of authority. In this respect more than in others, entrepreneurs tend to vary rather widely from one culture to another. This variation depends in part on the types of personality that predominate in a culture, and in part on the social status and educational level of the workers.

As a system of authority, management may range from a highly centralized authoritarian leadership, which is still sometimes evident in advanced industrial societies, through varying degrees of paternalism, to enterprises in which management and labor cooperate on a wide range of policy decisions. Although one might think that enterprises, like polities, would evolve from authoritarian to democratic patterns over the years, the prevailing style of management appears to reflect the mores of a society more than its level of development.

Management has tended to be paternalistic in Japan, and also in some West European countries, owing primarily to the continuing influence of relationships prevalent between landlords and peasants before they became managers and workers. In other Western countries, especially in the United Kingdom and the English-speaking countries of the New World, paternalism has given way to a more pluralistic approach that gives labor an increasing role in management. In the later-developing societies, however, the size and limited education of the available labor force have encouraged entrepreneurs to run their businesses with a heavy hand.

In all societies, the authority structure of enterprises depends greatly on the economic status, political culture, and educational level of the

labor force. If, to take an extreme case, managers are employing slave labor—the reference here is to twentieth-century examples, not to ancient times or the United States before 1861—the entrepreneurial role is naturally quite different from the situation in which, at the other extreme, the labor force is adequately trained, well-organized, and protected by law in its right to negotiate. Most cases fall between these two extremes, and the available studies show a wide variation by country, by region, by industry, and by personalities of entrepreneurs. What these studies tell us is that the common functions of entrepreneurial leadership—including not only promoting innovative techniques, but also managing both administrative personnel and labor—can be successfully performed in a wide variety of settings.²

Although the study of entrepreneurship in Russia and the Soviet Union is a rather recent phenomenon, there are several aspects of the subject on which scholars of various persuasions are likely to agree.

Of these, the most obvious is that there is a continuity from at least the eighteenth century down to the present in the degree to which Russian and Soviet society have been state-centered. Although this is not to suggest that the monarch and his bureaucracy before 1917 achieved anything like the penetration of society that has characterized the Soviet party-state administration, yet in the nineteenth century the state played a large role in directing the economy and in determining the relations between social strata. Neither the church, nor provincial leaders, nor estate or class organizations could influence the policies of the imperial administration in any decisive way.

The Russian economy and society developed rapidly in the last decades of the monarchy, but the state failed to adapt political institutions to changing economic and social realities and in the end it finally succumbed to revolution. The fact remains, however, that in both Russia and the Soviet Union, in marked contrast to the situation in Western Europe, entrepreneurship evolved in a setting where the interests of the state predominated over those of the entrepreneurs. Between actual government ownership and state contracts, the state in the last decades of the empire played a very large role in industrial development.³ To this extent, the evolution toward a planned economy in the Soviet Union continued imperial policies, although to be sure in a much more intense form, rather than departing radically from them.

² Frederick Harbison and Charles A. Myers, *Management in the Industrial World: An International Analysis* (New York, 1959); Sydney M. Greenfield, Arnold Strickon, and Robert T. Aubey, eds., *Entrepreneurs in Cultural Context* (Albuquerque, 1979); and Paul H. Wilken, *Entrepreneurship: A Comparative and Historical Study* (Norwood, N.J., 1979).

³ William L. Blackwell, *The Industrialization of Russia: An Historical Perspective* (New York, 1970).

In another dimension, however, Russia and the Soviet Union were very dissimilar settings for entrepreneurship. Before 1917, entrepreneurs had no well-defined status in Russian society, and only in the last decades of the empire did they emerge as a well-organized interest group with direct access to the central government. The merchants, tradespeople, and artisans of Great Russian ethnic origin were slow to develop entrepreneurial skills, and national minorities and foreigners played a larger role than in most comparable countries. At the same time, entrepreneurship did not have a high standing in the values of the empire. Only the upper guild of merchants had a status in some ways comparable to that of the noble landowners, and in the popular culture persons involved in commerce and artisanry were held in low esteem. The fact that in dictionaries today the term for tradesperson (*meshchanin*) is a synonym for narrow-minded, vulgar, uncultured, and Philistine, suggests that this is a continuing attitude.

As early as the 1850s, the enterprises in the Moscow region nevertheless began to organize interest groups to press their case with the central government, and they gradually emerged as an influential force in society.⁴ After the revolution of 1905, industrial interests began to play an even more active role as a pressure group through the Association of Industry and Trade and other organizations, and were able to exert a strong influence on several of the political parties that emerged in this period. They never felt that their needs were adequately understood by the central bureaucracy, however, and their representatives were among the leaders who urged Nicholas II to abdicate in 1917 in the hope that a government more in tune with industrial needs would result. From what is known of the thinking of leading Russian entrepreneurs at this stage, they would have liked to see a form of cooperation between government and business somewhat along the lines that has recently been developed in Japan.⁵

The situation has of course been very different in the Soviet Union where, especially since the inauguration of the Five-Year Plans in 1928, entrepreneurship, management, and innovation have been the principal concerns of the government. Joseph Stalin might well have echoed, in the very different Soviet context, Calvin Coolidge's assertion that "The business of America is business," and in due course most leaders of the

⁴ Thomas C. Owen, *Capitalism and Politics in Russia: A Social History of the Moscow Merchants, 1855-1905* (New York, 1981); and Alfred J. Rieber, *Merchants and Entrepreneurs in Imperial Russia* (Chapel Hill, 1982).

⁵ Ruth AmEnde Roosa, "The Association of Industry and Trade, 1906-1914: An Examination of the Economic Views of Organized Industrialists in Prerevolutionary Russia," Dissertation, Columbia University, 1967; and Johan H. Hartl, *Die Interessenvertretungen der Industriellen in Russland, 1905-1914* (Vienna, 1978).

Soviet hierarchy included as part of their training some experience in agricultural and industrial management.

One could of course write at length about the transformation of Russian and Soviet society in the nineteenth and twentieth centuries, but this brief sketch of the continuities and contrasts will suggest the problems faced by an effort to trace the development of entrepreneurship in a country such as this. A particular challenge is represented by the need to distinguish form from function—to discover the essential roles of entrepreneurship that may be concealed under various institutions and titles that may seem alien or irrelevant when viewed from the vantage point of the West.

In seeking to give unity to our subject, we must look for a reasonably consistent set of entrepreneurial functions in a period stretching from the emergence of Muscovy, after the virtual destruction of manufacturing and trade as a result of the Mongol invasions, to the development of a modern industrial economy in the twentieth century. The cast of characters thus ranges from the *gosti*, the merchants whose origins go back to the Kievan period and who survived into the nineteenth century, to the managers of contemporary industrial and agricultural enterprises.

The identification of the specific roles that we should consider as entrepreneurial is one that deserves particular attention. In a society that more than most others has been inclined to label societal actors and provide them with a legally defined status, we should be able to identify those engaged in entrepreneurial activity. If we are going back to the *gosti*, we should also consider the other *posadskie liudi*, including the *kuptsy* who in their various incarnations played a central role until 1917, as well as the *meshchane*. If chairmen of *kolkhozy* are to be considered in the Soviet period, should we not also pay attention to those *pomeschchiki* who ran substantial estates that produced for the market and for export, and the *prikazchiki* who served as stewards or bailiffs on both government and private estates.

The fact that Witte is referred to as an entrepreneur in both his private and ministerial capacities raises the question of the extent to which the term entrepreneurship includes government as well as private activity. This question is even more relevant in the Soviet period, when both state officials and enterprise managers surely work under conditions of sufficient uncertainty to be considered as entrepreneurs.

Once the entrepreneurs have been identified, it is important to locate their position in the social scene. Did entrepreneurs have a high and respected position in society—as in twentieth-century United States, where at least in terms of personal income they are on the top of the pile—or were they assigned a relatively low position—as in Ch'ing China? In other words, did society encourage or discourage entrepreneurship? This

ranking should be determined not only in terms of income, but also of legal status as reflected in privileges and restrictions.

In this context, special attention should be given to non-Russians as entrepreneurs. Not only native non-Russians, such as Armenians, Poles, and Germans, but also foreigners played an important role in Russian, and to a lesser extent, Soviet entrepreneurship. Religious minorities, too, notably the Old Believers and the Jews, deserve special consideration.

No less important than the social status of entrepreneurs is the question of their specialized training. How were they prepared by education for their role as entrepreneurs? When and for which groups was in-service and on-the-job training supplemented by formal education in commerce and business practices? It is significant that in the Soviet Union and also in Eastern Europe most heads of enterprises were until the 1960s trained as engineers, and were, at best, amateurs as managers. Is this lack of specialized training a heritage of the past or an idiosyncrasy of the Soviet scene?

In all societies the state has played a critical role in entrepreneurship in modern times, if only, as in the United States, by establishing and enforcing the rules by which rights and privileges are granted, taxes assessed and collected, and competition maintained—and also more indirectly by supporting the training of entrepreneurs through systems of public education.

Yet if the Russian and Soviet experience has a particularly distinguishing feature, it is certainly the role of the state in entrepreneurial activity. Not many public officials in the United States would be considered entrepreneurs—possible exceptions one thinks of are the managers of TVA, the Manhattan Project, and the Port Authority—but this is certainly not the case with either Russia or the Soviet Union. For well-known reasons, the state there has long had a position of much greater importance relative to other institutions than in any Western country.

A central question here is whether the state supported or hindered entrepreneurship and innovation—and when the state took the initiative, was it more effective than private agencies? For the period before 1917 the relevant issues have been discussed at some length in the literature, and Anan'ich's chapter is particularly valuable for its description of the obstacles placed by the government in Alexander III's reign to legislation that would facilitate entrepreneurial activity. In the Soviet period this subject takes on a more technical aspect in the debate over the incentives provided to managers for innovation, as compared with gross output and other objectives.⁶

⁶ The problems of entrepreneurship in Russia and the Soviet Union are discussed in some detail in M. C. Kaser, "Russian Entrepreneurship," *Cambridge Economic History of Europe*, ed. Peter Mathias and M. M. Postan (Cambridge, 1978), 7, Pt. 2, 416-93, 535-53.

At a more general level under this heading, we should also ask whether state enterprise in the USSR has demonstrated its capacity to match private enterprise. One thinks particularly of private plots' extraordinary production for the market as compared with collective and state agriculture.

All of the above questions, from the definition of entrepreneurship to the contemporary development of managerial skills in the Soviet Union, raise the issue of treating Russian and Soviet developments from what is essentially a Western point of view. From the invitation of Aristotele Fioravanti of Bologna in 1475 to rebuild a new church in Moscow that had collapsed from faulty construction, to the most recent cases of technical collaboration with the West, Russia and the Soviet Union have relied extensively on the West European reservoir of knowledge and experience. There are many references in this volume to Western influence, and one should consider how Russia and the Soviet Union compare with other later-modernizing societies in this respect. More specifically, how efficiently has foreign expertise been used in the development of native entrepreneurial and innovational skills? All such judgments are by nature comparative, and the comparisons here should be not only with Western Europe but also with countries at other stages of development.

The comparative context also calls for reexamining which aspects of entrepreneurship and innovation are universally valid, like mathematics and the natural sciences, and which are culturally relative, like religion and language. When Witte wrote that a country could industrialize under any form of government, was he also saying that a country can achieve vigorous entrepreneurship and a high level of innovation with a diversity of institutions? To put it more directly, is it possible that the large role of the state in Russian and Soviet entrepreneurship and innovation is a consequence more of an institutional heritage of statism than of the policies of a few perverse leaders in the nineteenth and twentieth centuries, and that there is no reason why current Soviet (and Japanese or Brazilian) practices in their native context cannot perform at the same level that Western practices have achieved in theirs?

The challenge of this collaborative study of entrepreneurship is not simply to compare Russia and the Soviet Union with the West. There is no "West," after all, to the extent that the United Kingdom, France, Germany, and the United States, for example, differ significantly in the way they do things—or at least sufficiently so that one cannot envisage their adopting a common legal code in the foreseeable future. The problem is rather to describe the roles and institutions which in the Russian and Soviet settings have performed the functions of entrepreneurship that take a considerable variety of forms not only in the diverse societies of the West but in many others as well.

*The
Tsarist
Period*

II

WILLIAM BLACKWELL

The Russian Entrepreneur in the Tsarist Period: An Overview

Like the much more familiar Russian soldier or monk, the man who organized and acted for economic rather than military or religious objectives was ubiquitous to the long span of Russian history. Until most recent times, however, he was relegated by scholars to the shadows of a largely political historical stage, and by his fellow Russians to an “inferior position . . . in Russian society.”¹ At the very beginning, it would seem that enterprise was an important and highly esteemed activity of the Russians. In the medieval Russia of Kiev and Novgorod, however much scholars have debated the primacy of commerce or agriculture in the economy, not only did merchants and artisans have political power and substantial wealth, but almost everyone above the lowest level of peasants engaged in economic enterprise of one type or another. The princes, their governors, the boyars, the abbots and their monks, a numerous community of Russian and foreign merchants, and, farther down the social hierarchy, a host of craftsmen, were involved in the organized pursuit of a wide variety of mercenary activities. Liashchenko asserts that not until the fourteenth century did trade as a profession become “gradually concentrated in the hands of merchant-specialists.”²

In such a society of relatively undifferentiated commercial activity, where landlords traded and merchants owned land, entrepreneurship must have been a desirable, privileged, and honorable pursuit. Not so,

¹ See Thomas C. Owen, *Capitalism and Politics in Russia: A Social History of the Moscow Merchants, 1855-1905* (New York, 1981), p. 1. Owen continues, “Bearded, patriarchal, semi-Asiatic in dress and manner, and fully versed in the arts of haggling and swindling, the Russian merchants in the early 19th century not only lacked the distinctive urban ethos of the West, but also clung to their obscurantist cultural traditions.”

² Peter I. Liashchenko, *History of the National Economy of Russia to the 1917 Revolution* (New York, 1949), p. 140.

it would appear, after the passage of two centuries of intermittent war in the despotic successor state of Moscow. Samuel Baron, in his essay on the Russian entrepreneur of the sixteenth and seventeenth centuries, cites the English visitor, Giles Fletcher, who in the late 1500s observed an oppressed, taxed, powerless, lethargic group at the bottom rungs of society, hardly better off, in his view, than the serfs. The status of the Russian entrepreneur little improved during the eighteenth and nineteenth centuries. Peter the Great's program to create a class of Russian industrialists out of merchants and craftsmen, with a few notable exceptions, such as the Demidovs, Gubins, and Yakovlevs, became a pork barrel for influential courtiers, generals, and bureaucrats more than any solid foundation for an entrepreneurial tradition. The liquor stills, canvas and woolen shops of the rural gentry in the same period constitute a much more substantial base of entrepreneurship and raise a real question about the traditionally viewed disinclination and incapacity of the nobility in business matters. But their motivation was clearly one of expedient financial desperation rather than calculated entrepreneurial calling. The serf and Old Believer industrialists of the early nineteenth century were scorned: at best, they were seen as golden geese to be plucked by their owners or police authorities; at worst, they were deemed rascals when not condemned as outright criminals.³ The passage of a generation of rapid industrialization, capital accumulation, and partial Westernization did little to improve the self-image of families, some of whom would maintain a front parlor lavishly furnished in European style for foreign visitors but rarely used otherwise; they chose to seclude their Russian life style in the back rooms. Only in the last moments of the old regime did a stratum of what may be called technologist-entrepreneurs, many of them non-Russians, appear particularly in the new industrial region in the Southwest. This group prided themselves on their modernity and attempted to assert national leadership, but they were too few to break the shell of conservatism and traditionalism that encased the Great Russian entrepreneurial class.⁴

By the beginning of the twentieth century, Russian historians became interested in the entrepreneur. As in Europe and America, the business firms themselves were the first to show an interest in their past. Histories of firms and industries were published, not only to promote business and extol the economic achievements of private enterprise, but also to display

³ William L. Blackwell, *The Beginnings of Russian Industrialization 1800-1860* (Princeton, 1968), pp. 22-27, 206, 227.

⁴ The anecdote about the front parlor and the information on enterprise in the southwest industrial region are taken from Alfred J. Rieber, *Merchants and Entrepreneurs in Imperial Russia* (Chapel Hill, 1982), the most substantial study we have of the Muscovite and regional entrepreneurs of the nineteenth century.

the social responsibility of the Russian entrepreneur.⁵ Such a beginning of modern entrepreneurial history, similar to what was soon to flourish, particularly among German and American historians, was cut short even before the Russian Revolution, by the emergence of a dynamic and aggressive Marxist historiography, whose concern with capitalist enterprise was best exemplified by Tugan-Baranovsky's *Russian Factory in the Past and Present*, but also by Lenin's *Development of Capitalism in Russia*. The latter work, for all its limitations, had the original virtue of turning first to the peasantry for observation of the emergence of private entrepreneurship. Nevertheless, a broader interest in the Russian entrepreneur—his origins, motivations, functions, achievements, society, culture, and politics—was overshadowed by a political and ideological pre-concern with the bourgeoisie as it played its appointed role on the Russian road to socialism. This approach was carried over into official Soviet historiography, as well as into most non-Soviet interpretation for much of the twentieth century. Only very recently has this dogma been questioned by American scholarship; and at the same time, entrepreneurial history has arrived belatedly to the field of Russian studies in this country, as seen in the appearance of several dissertations, the publication of articles and at least three full-scale studies at the time of this writing, and the interest of scholarly conferences, most notably the symposium held at the Kennan Institute, Washington, D.C., in November 1978, upon which the chapters and comments here are based.

The purpose of this essay, in light of the ample theoretical and definitional statements that have been provided by Cyril Black, Joseph Berliner, and the editors, will be to provide an essentially historical introduction, which will attempt to set the papers that treat the several centuries of the tsarist period into a broader historical and geographical context.

There is a significant *historical geography* of Russian entrepreneurship. The role of geography in the emergence of entrepreneurial activity, as well as the spatial and locational aspects of enterprise during the several periods of Russian history, form a subject that is not restricted to the earliest and most distant times, but assumes crucial importance later on, even in the very last years of the tsarist empire, when entrepreneurship

⁵ See, among many other works, P. N. Terentyev, *Kratkii istoricheskii ocherk deiatelnosti Prokhorovskoi Trekhgornoii Manufaktury po tekhnicheskomu i obshchemu obrazovaniu rabochikh 1816-1899 gody* (Moscow, 1899); *V pamiat 75-ti letnego iubileia Pervago Rossiiskago Strakhovago Obshchestva Uchrezhdennago v 1827 godu* (St. Petersburg, 1903); Ch. M. Yusimovich, *Manufakturnaia promyshlennost' v proshlom i nastoiashchem* (Moscow, 1915), vol. 1; Ia. P. Garelin, *Gorod Ivanovo-Voznesensk* (Shuia, 1884); K. Golovshchikov, *Pavel Grigorievich Demidov i istoriia osnovannago im v Yaroslave uchilishcha 1803-86* (Yaroslav, 1887). For other references, see the bibliography, part 3 of Blackwell, *Beginnings of Russian Industrialization*.

was situated in four major and several lesser industrial regions, each with its own character and dynamics.

The earliest Russian states centered at Kiev and Novgorod, as suggested earlier here, were entrepreneurially oriented to a high degree. Situated on the great Eurasian river-trading routes, their lifeblood was international commerce. Most strata of medieval Russian society had a hand in it. The two hundred to three hundred towns so sustained, particularly the larger cities, in turn stimulated a handicraft industry, so that a wide variety of small-scale artisan-entrepreneurs became even more numerous than their commercial counterparts.⁶

The Moscow or Central Industrial Region fostered the oldest continuous tradition of industrial enterprise in tsarist Russia, extending back to the geographical conditions surrounding the formation of the Muscovite state in the Mongol period. Its forested vastness provided a refuge from Mongol raids. The soil, however, was too poor and the climate too cold and dry to provide agricultural surpluses, or even subsistence for the urban population which had grown as a result of Moscow's strategic commercial position on the Eurasian river and portage system. The village as well as the town populace turned of necessity to handicrafts. This turned into an extensive involvement in industrial enterprise engaged particularly in the manufacture of metallurgical implements, which were exchanged for grain, salt, fish, and other food products. Generations of such activity provided a pool, not only of artisanry, but also of entrepreneurial aptitude and experience.⁷ Thus, the basis was established for an entrepreneurial cadre as well as an industrial force, a conversion that first occurred in the premodern metallurgical industrialization of the region in the seventeenth century, and was repeated in the development of the Muscovite textile and other manufacturing industries in the eighteenth and nineteenth centuries, and again in the Soviet period. Dmitry Mendeleev grasped the power of this tradition when he reported on Russian industry for the World International Exposition of 1893 in Chicago: "Moscow . . . now concentrates so many enterprising people and forms such an advanced economic center that it will long remain at the head of the extensive manufacturing development destined for Russia."⁸

The great Muscovite industrial entrepreneurs of early modern times,

⁶ M. N. Tikhomirov, *Dreverusskogo goroda*, 2nd ed. (Moscow, 1956).

⁷ On the forest refuge and the growth of Muscovite craft enterprise, see William L. Blackwell, "The Historical Geography of Industry in Tzarist Russia" (*Essays on the Historical Geography of Russia*, forthcoming, Academic Press); see also R.E.H. Mellor, *Geography of the USSR* (London, 1965), pp. 65-67, 78.

⁸ D. I. Mendeleeff, Introduction, *The Industries of Russia* (St. Petersburg, 1893), vols. 1-2, *Manufactures and Trade*, translated by John M. Crawford for the International Exposition, Chicago, p. xix.

if they were Russians, were of merchant background, like Anika Stroganov, or they were craftsmen, like the Tula armsmith Nikita Demidov. Most of them, however, even in this period of a truly national Russian state, were of foreign origin—Englishmen primarily, and then Dutchmen. This foreign participation in Russian enterprise became even more pronounced in the succeeding period of the formation of the Russian Empire, 1700-1850. The tsarist domain became not only a multinational empire in the political sense, but also an economic world of commercial-industrial enterprise, analagous, as Professor Armstrong has indicated in his essay here, to the Mediterranean Arab empire of the seventh and eighth centuries, and in some respects to medieval Western Europe of the twelfth century. With the absorption of the Baltic states, Poland and the Caucasus, the Russian state came to rule over several national minorities who were to play an important if not predominant role in the development of enterprise during the period of industrialization: Germans, Poles, and Jews, most notably. Another geographical development of crucial importance for the evolution of Russian enterprise in the same period was the return and concentration, beginning in the reign of Catherine the Great, of Old Believers in the city of Moscow.⁹ The establishment of a new imperial capital at St. Petersburg on the Gulf of Finland was also a crucial geographical factor in Russian entrepreneurial history. The hub of the tsarist administrative apparatus, the empire's greatest port, and a major industrial center less than a century after its founding, St. Petersburg conditioned the emergence of a particular type of entrepreneurship.

By the last decades of the old regime, St. Petersburg may be considered an early version of what is today termed a "world city." An international depot with a spirit that invited experimentation, it bred a cosmopolitan type of entrepreneur, of Western origin—mainly German, but also French, British, Swedish and American—Western in outlook and citizenship. Although there was a noticeable Russification of the staff of St. Petersburg enterprises at middle and high levels, capital continued to be drawn very largely from Europe. The St. Petersburg entrepreneurs were involved deeply in foreign trade, but also in highly concentrated industries, with large working forces, corporate organization, and sophisticated technology. By the turn of the century, another group of banking entrepreneurs in St. Petersburg had formed into a financial oligarchy that "set its sights on controlling the economy of the entire country." In spite of such ambitions and extensive foreign connections, the St. Petersburg entrepreneurs continued to live under the shadow of the Leviathan, and

⁹ At the same time, another modernization of the craft tradition into industrial entrepreneurship was taking place at the eastern tip of the central industrial region among the serf craftsmen-entrepreneurs of the Sheremetiev village of Ivanovo. See Blackwell, *Beginnings of Russian Industrialization*, 205-11.

were more closely “intertwined” with the tsarist bureaucracy than any other entrepreneurial group in the Russian Empire.¹⁰

Less involved with, or subservient to, the government and yet strongly nationalistic and fervently monarchist were the entrepreneurs of Moscow. The old capital and its regions shaped another distinct variant of entrepreneurship in the tsarist empire, what may be considered the most purely Russian type. This came to maturity in the early nineteenth century. It was a wedding of the centuries of entrepreneurial experience of the Muscovite craft tradition to the practice and organization of religious dissent. The Old Believers, who returned to Moscow in great numbers thanks to the tolerant religious policy of Catherine the Great, and settled in its suburbs, wherein a puritanical communal life facilitated capital accumulation as well as labor mobilization for modern industrial enterprise, were a numerical minority of Moscow’s entrepreneurs. But they were powerful and wealthy, particularly in the textile-manufacturing sector, and, partly as a result of their tradition of religious study and disputation, highly articulate. As they secularized, this religious background was transformed into traditionalism in business practice, conservatism in politics, and nationalism in culture. Adhering to the older ways of family-controlled firms, loyalty to the tsar, and preservation of Russian culture, particularly religious painting, the Muscovite entrepreneurs never really modernized, even with the challenge presented by progressive, competitive entrepreneurial groups from other parts of the empire and the political storms of 1905 and 1917. The most dramatic image we have of this conservatism is the scene, in a blizzard-swept railway yard in 1918, of the meeting of two “expropriated” Muscovite entrepreneurs, one clutching a family ikon beneath his overcoat.¹¹

Foreshadowing the policies of Witte at the end of the century, the dynamic finances minister of the Kingdom of Poland, Prince F. X. Drucki-Lubecki instituted a comprehensive program of capital accumulation and industrialization in the 1820s and 1830s. This provided the basis and incentive for entrepreneurship of a new group of capitalists who involved themselves deeply in the industrial revolution of the Polish region. Ethnically, a few of the new economic leadership were recruited from the declining Polish gentry; but the majority were either Polish Jews, Germans, Belgians, or French. Entrepreneurial activity focused on heavy industry: railroads, iron and coal mining, and steel manufacture, but there was also significant development of the Polish textile industry and

¹⁰ Material on St. Petersburg entrepreneurship, and also the information later that deals with the Polish and southwestern entrepreneurs, was derived from the very original treatment of these regions or peripheries in Professor Rieber’s book (*supra*, n. 4), chapters 6 and 8.

¹¹ This anecdote is presented in Thomas Owen’s book (*supra*, n. 1).

sugar refining, the latter not on estates, but in factories in Warsaw. Financing was done from the same city, where bankers were in touch with the capital sources and markets of Vienna and Berlin. Industry grew in the new centers of Lodz, Huta Bankowa, and Dumbrowa.¹²

Riga had the most venerable tradition of entrepreneurship in the Russian Empire, if we exclude such ramparts of the ancient Mediterranean mercantile world as Armenia. The great Baltic port and industrial center was itself an eastern outpost of German culture—of Protestantism, capitalism, German law, organization, and science. Its Baltic German mercantile cadre, through centuries of commercial activity, accumulated the capital and nurtured the capitalist mentality that provided the social and economic foundations for Riga's industrialization in the nineteenth century. The entrepreneurs that financed and superintended the industrialization of Riga were both Baltic Germans and *Reichdeutsch*, with a sprinkling of Russian Old Believers, Jews, and English. Much of Riga's technology and capital also were derived from Germany. Riga's industrial and commercial entrepreneurs thus became part of both the industrial revolution of the late nineteenth century in Germany and the same process in the Russian Empire, the latter providing the market for Riga's industry as well as some of the raw materials and foods.

The newest and most dynamic industrial region during the last decades of tsarist Russia was the Southwestern, embracing the eastern Ukraine and the north coast of the Black Sea in an industrial triangle extending from Kharkov in the north to Krivoi Rog in the west to Rostov on the Don in the east. Geographically, the Southwestern Industrial Region represented a transfer of Russian heavy industry from the stagnant Urals to the emergent west: railroads united the Donets coal mines with the ore of Krivoi Rog, facilitating a massive and rapid buildup of the iron and steel industry. As in the case of almost all the other industrial regions of the Russian Empire—the old Muscovite, the Urals, St. Petersburg and the Baltic, the Polish, and the Transcaucasian—the Southwestern Region was largely developed by foreign entrepreneurs, mainly Belgians and Frenchmen, who traded their advanced technology for high returns. But a crucial role in the development of the area was played by new types of entrepreneurs who were subjects of the Russian Empire. Ethnically, they were a mixed lot: Poles, Jews, Russianized Germans, Ukrainians, and Russians. Functionally, three types of entrepreneurs can be identified. First, there was what John McKay has termed the promoter, essentially a salesman with contacts among Tsarist officials, Russian investors, and European firms. A second type, with representatives among both the

¹² In addition to the short account by Rieber, see also G. Missalowa, "Les crises dans l'industrie au royaume de Pologne a l'epoque de la revolution industrielle," *Studiæ historicae economicae*, no. 8 (Poznan, 1973); and my essay (supra n. 7).

foreign and Russian subject entrepreneurs, was essentially a technologist: he was a manager or an engineer, and many of this group had formal training as engineers. A third type of entrepreneur can be seen in the great railway tycoons of the Western and Southwestern regions, involved in the complex effort of financing, constructing, and coordinating railway networks. Some of these entrepreneurs were German, others Jewish, most notably Samuel Poliakov and Ivan Bloch.¹³ The Russian entrepreneur of the Southwestern Region can be characterized as mixing a frontier boom-town speculativeness with corporate managerial sophistication and technological expertise. He represents the most advanced stage of entrepreneurship as it appears in the last years of the old regime.

As crucial as geography is to an understanding of the evolution of enterprise in tsarist Russia, Russian entrepreneurship is equally a matter of economic and social history. Many of the essays on the tsarist period are devoted to the elaboration of not only the many impediments to enterprise in Russia, but also the rich variety of entrepreneurial activity over a period of several centuries, involving most social groups and intruding upon the main branches of the economy.

Thomas Owen's essay, "Entrepreneurship and the Structure of Enterprise in Russia, 1800-1880," describes merchants, peasant traders, dealers, industrialists, concessionaires, importers, promoters, salesmen, investors, managers, technological innovators, financiers, and lobbyists during a period of modernization of entrepreneurship at the beginning of Russia's first industrial revolution. It is clear that a genuine entrepreneurial spirit existed in Russia, despite the facts that entrepreneurship was thwarted by the state and the entrepreneur himself was despised by the gentry and intelligentsia. By fusing the spirit of entrepreneurship with nationalist aims it was possible for the Russian entrepreneur to make his calling an honorable one. Samuel Baron, in his "Entrepreneurs and Entrepreneurship in Sixteenth/Seventeenth-Century Russia," gives us a portrait of the premodern, highly diversified, large-scale Muscovite merchants of early modern times, and observes that entrepreneurship in that period was more substantial than has been perceived previously by scholars, given the formidable impediments to economic growth.

Fred Carstensen, in "Foreign Participation in Russian Economic Life: Notes on British Enterprise, 1865-1914," studies the role of British entrepreneurship in Russia before the Witte period, and questions both the statistics and the thesis that minimize British involvement in the Russian

¹³ John P. McKay, *Pioneers for Profit* (Chicago, 1970), p. 92. Rieber also discusses types of the new entrepreneur, as does Arcadius Kahan in his chapter on Jewish enterprise here. On Bloch, see Blackwell, *Beginnings of Russian Industrialization*, pp. 260, 321, for brief references. There is no full-scale study of this important entrepreneur.

economy in areas other than the state-induced sector of development. He sees a market pull that attracted a significant transfer of British technology.

Political aspects of Russian enterprise in the tsarist period were also extensively analyzed by the symposium. Almost every chapter touches upon the state: it is the "red thread" of Russian entrepreneurial history, as deeply interwoven with this activity as with other sectors of Russian life through the centuries. Boris Anan'ich's essay, "The Economic Policy of the Tsarist Government and Entrepreneurship in Russia from the End of the Nineteenth through the Beginning of the Twentieth Century," probes this theme most deeply, considering the way by which increasing government control and intrusion impeded private enterprise, but also examining government entrepreneurship, as seen in the activities of Sergei Witte, who may be considered both a political and an economic entrepreneur. Ruth Roosa, in "Russian Industrialists During World War I: The Interaction of Economics and Politics," treats another political theme, the political and administrative activities of big Russian private entrepreneurs involved in the war effort, their failure to unite, and again, the retrograde force of the state.

Perhaps the most challenging achievement of the symposium has been its exploration of psychological history. Entrepreneurship, wherever it appears, is the result of material arrangements, but it is also a state of mind, a view of the world, a type of personality, motivation, and ideology. This theme has been developed in a large theoretical literature, extending from the classic articles on the Protestant ethic and capitalism, written over three-quarters of a century ago by Max Weber, to very recent studies by McClelland, Hagen, Strodbeck, and others, including the essay by John Armstrong included in this symposium. In the broadest sense, it refers to the aggressive and activist attitude toward nature and society seen by many scholars as a key prerequisite for modernization. In the narrower, economic meaning, it is restricted to the profit-seeking incentives motivating entrepreneurs.

Both definitions are useful for an understanding of entrepreneurship in Russian history. As has been noted here and elsewhere, Peter the Great is the example, par excellence, of the secular modernizing mentality that has played so important a role in both tsarist and Soviet Russian history. Less dramatic cases in point would be the tsarist ministers of finances of the late nineteenth century, most notably Sergei Witte. Peter was the first great Russian "political entrepreneur"—which may be defined as the early modern state builder, mobilizer of the national populace, ingatherer and consolidator of new territories, modernizer and manager of standing armies. The survival and growth of modern European states, it is argued,

depended upon a "continuous supply of political entrepreneurs,"¹⁴ among other crucial factors.

More than a political entrepreneur, Peter was also the leading economic entrepreneur of early eighteenth-century Russia. He was the large-scale innovator of new techniques, the manager of a vast economic enterprise, the engineer of roads and canals, the founder of scores of factories, the mobilizer of their management and labor force, the builder of cities, the developer of science and technology, and the accumulator of capital through taxation and war.¹⁵

There was a third aspect of the Petrine mentality and energy relevant to our discussion beyond political and economic entrepreneurship strictly defined. Peter was possessed seemingly of a daemonic impulse to modernize, what has been termed voluntarism—the highly activist belief in the power of the determined human will to overcome all obstacles, to subdue nature, control society, and, indeed, accelerate history.¹⁶ We could dismiss Peter's voluntarism as an accident of personality had it not reappeared in dramatic fashion in Lenin's dynamic brand of elitist communism, and the leadership of Stalin. In the 1930s, Peter's daemonic modernizing voluntarism was repeated with forcefulness and cruelty, with similarly revolutionary economic results. These were the two great enterprises of Russian history in modern times.

Defining the entrepreneurial mentality more narrowly and economically as a quest for profits, it must first be noted that the urge to acquire profits—even seen as rational calculation—is not necessarily congruent with the modernizing mentality. Thus, the Old Believers of early nineteenth-century Moscow, who were relentless and systematic profit seekers and profit makers, were at the same time profoundly antimodern in their approach to almost all aspects of life. Except for the financing and production of textiles in modern factories, the Old Believers, at least the early entrepreneurial generations of the sect, strove to preserve life as it had been in the premodern Russia of the mid-seventeenth century. Inevitably, however, they began to secularize, Westernize, and modernize outside as well as inside of their factories. But to the very end in 1917, they clung to a cultural traditionalism and political conservatism that

¹⁴ Charles Tilly, ed., *The Formation of the National States in Western Europe* (Princeton, 1975), pp. 40-41.

¹⁵ On Peter's role as an entrepreneur, see the recent discussion by M. C. Kaser, "The Impetus from Peter the Great," *The Cambridge Economic History of Europe*, ed. Peter Mathias and M. M. Postan (Cambridge, 1978), vol. 7, part 2, pp. 432-52.

¹⁶ On Peter's daemonic voluntarism, defined as "the daemonic feeling that development was a function of will power translated into pressure and compulsion," see Alexander Gerschenkron, *Europe in the Russian Mirror* (Cambridge, 1970), pp. 71-73, cited in W. W. Rostow, *How It All Began* (New York, 1975) in the chapter "The Politics of Modernization," pp. 55-60; Rostow also sees a dynamic Petrine state entrepreneurship.

retarded the modernization of their enterprises as well as their society, as contrasted to most other groups of entrepreneurs in the last years of the old regime.

Much of the scholarship on the entrepreneurial attitudes of the Old Believers and other religious minorities during the early stages of the industrial revolution in Russia has focused on the social economic aspect seen in the relationship of religion to capitalism.¹⁷ The finding has been that outcast religious groups developed a spirit of cooperation and frugality; that they pooled their financial resources as well as mobilized a labor force, with a resultant rapid growth of industrial and commercial enterprise. These conclusions have been established and need no further elaboration, at least for the groups that have been studied. However, much more can be said about the entrepreneurial personality in this context. The first model that scholars used was the controversial thesis of Max Weber on the Calvinist ethic and entrepreneurship, for the similarities between particularly the Old Believers and European Protestant dissenters were striking. Indeed, they had been noted a generation before Weber's theorizing by the keen French observer of the Russian Empire in the 1880s, Anatole Leroy Beaulieu. Weber had only passing and fragmentary references in his encyclopedic works to some of the Russian dissenting groups seen as progenitors of an entrepreneurial spirit. In allusions that were not elaborated in his studies of the sociology of religion, he joined the Old Believers and Sectarians, particularly noting the Stundists and Skoptsy, with European Pietists, Methodists, Quakers, Calvinists, Mennonites, Baptists, and others, as religious groups linked with rationalized capitalistic development, although in a qualified way and to a lesser degree than the Western sects. He also remarked on the economic role of subordinate or transplanted and pariah minorities, such as the Poles in Russia on the one hand, and the Jews and Gypsies on the other.¹⁸ Arcadius Kahan, in his "Notes on Jewish Entrepreneurship in Tsarist Russia," has elaborated on part of this mosaic with a description of the Jewish entrepreneur in the nineteenth century, the varied sources of his capital and equally wide range of entrepreneurial activity within and outside the Jewish community, and the emergence of more rationalized and sophisticated entrepreneurship, extending from the period of estate stewardship under serfdom to the complex integration of financing, promotion, and management in railroads and other industries during the last years of the old regime. The dynamism that activated Jewish entrepreneurship was its rationality and determination. "It was a group of

¹⁷ See William L. Blackwell, "The Old Believers and the Rise of Private Industrial Enterprise in Early Nineteenth-Century Moscow," *Slavic Review*, 24 (1965): 407-24, and Gerschenkron, *Europe in the Russian Mirror* for the main expositions of this approach.

¹⁸ Max Weber, *Wirtschaft und Gesellschaft*, 4th ed. (Tübingen, 1956), vol. 1, p. 292.

rational men, knowledgeable of the realities of the world, of the marketplace and of their own worth and calling."

Other commentators have attempted to develop models of the entrepreneurial personality, essentially along the theoretical lines put down by Weber, most notably Everett Hagen, David McClelland, Fred L. Strodbeck, and John A. Armstrong, in his essay in this symposium. Armstrong, in "Socializing for Modernization in a Multiethnic Elite," discusses the role of early life experiences of socialization of ethnic minorities in producing an entrepreneurial personality in such groups as the Old Believers, Jews, and Germans, during the crucial formative period of empire and enterprise during the eighteenth and nineteenth centuries. This occurred particularly in the great imperial "melting pot" cities of late tsarist times, seen as breeding places for the entrepreneurial spirit.

As suggestive as this theorization is, it needs the underpinning of more basic research of a purely empirical and historical nature on the entrepreneurial personality in Russia, where availability of sources permit. This is perhaps the most neglected field of Russian entrepreneurial history, more even than its social and geographical aspects, and I can only outline here what I see as four distinct areas that need substantial future investigation. First, we must have a much clearer picture of the religious and ethnic mix of entrepreneurship in the Russian Empire in the period of capitalism, particularly as this is seen in the major cosmopolitan urban "melting pots"—St. Petersburg, Odessa, Warsaw, Riga, and also Moscow. Who were the entrepreneurs in terms of national and religious origin, numbers, location, type of enterprise, and extent of capital? How do we distinguish between "foreign" and "Russian" entrepreneurs? Many entrepreneurs were not Russian, but were not foreign either. The British were an exception; they remained strictly unassimilated. Russia for them was like a colony: St. Petersburg could have been Hong Kong, or Cairo. But it was different for most of the other entrepreneurs who were not born linguistically or ethnically Great Russians. Whatever their origin, they operated on a Russian geographic stage, were part of a Russian community, spoke Russian, thought and believed like Russians, converted to Russian religion, and were loyal to Imperial Russia. Yet we never use the word *immigrant* in discussing them, as in the case of United States history; but perhaps we should not use the term *melting pot* either. Nevertheless, there would appear to have been a many-faceted socialization going on in the multinational cultural entity of the Russian Empire in its great urban centers during the last century of the old regime. Some of these non-Russians became bureaucrats, some revolutionaries, some the avant garde, and some became entrepreneurs.

Second, much more should be known of the specific ethnic and religious minorities engaged in enterprise, their cultural traditions, social organi-

zation, and political tendencies. The Baltic Germans are a case in point, in terms of their Protestant and German heritage, their role as *mamluks* rather than *pariahs*, their position as a privileged military, bureaucratic and commercial elite. What was their role in the development of capitalism in Riga and other modernizing cities of the northwest? Intense and active group solidarity was a long tradition with the Baltic Germans, going back at least to the seventeenth century, when they changed allegiance from Sweden to Russia after many generations of what may be considered suffering as a persecuted ethnic minority under Swedish absolutism.¹⁹ To what extent did this experience forge an entrepreneurial personality?

Third, much has recently been learned, but there are still questions to be answered of the life style and attitudes of the large entrepreneurial cadre drawn from the Orthodox Great Russian majority, particularly the Muscovite core. There are now two recently published studies that deal with this subject in great detail, particularly as regards culture and politics.²⁰ Finally, there is, on the other hand, practically no biographical study of the individual entrepreneur, Russian and non-Russian, in capitalist Russia. To the extent that sources are available (and Arcadius Kahan has indicated in his essay the paucity of these in such cases as Jewish enterprise, although much more material appears to be available for the study of Great Russian, German, and British entrepreneurs), perhaps the greatest need in the field of Russian entrepreneurial history is to probe inside the mind, family life, and social and cultural experience of the individual entrepreneur.

The study of the Russian entrepreneur in the tsarist period embraces a very substantial subject in time and space, social and ethnic complexity, diversity of economic functions, ubiquity of political forces, and a subtlety and richness of psychological nuance. We are involved with a millennium of the history of a very large empire, the interaction of a multiplicity of social, ethnic, and religious groupings of the most diverse origin and purpose, as wide ranging a variation of economic functions as is to be found in any of the major regions of the world, and a perennial and deep entanglement of entrepreneurship and the autocratic state. The historical study of Russian entrepreneurship has hardly begun and its elaboration will require extensive and variegated monographic research, as well as synthesis of a nature and scope comparable to the now substantial achievements of the longstanding traditions of entrepreneurial history of

¹⁹ Mart S. Kuuskvere, "The Baltic German Nobility of Estonia and Livonia, A Political Study: From Crisis to Stability, 1675-1728," Dissertation, New York University, 1976.

²⁰ See notes 4, 9, and 11.

the United States and Europe, particularly Germany. The virtue of this collection, particularly the essays on the Tsarist period, is its rich diversity, which at the minimum casts light on many of the major problems and aspects of Russian entrepreneurship, and provides a preliminary map for the research that must come.

III

SAMUEL H. BARON

Entrepreneurs and Entrepreneurship In Sixteenth/Seventeenth- Century Russia

If the title of this chapter raises some eyebrows, that is a tribute to the strength of a historiographical tradition which envisages Muscovite Russia as a commercially and industrially backward country in which, necessarily, businessmen and entrepreneurial activity could play only an insignificant role. The tradition owes much to the mutually reinforcing writings of such foreign observers of Muscovy as Giles Fletcher, Iurii Krizhanich, and Johann Phillip Kilburger. Fletcher (1590) portrayed the Russian merchants as a group with low status and no power ("no better than servants or bond slaves"), whom the tsars regularly fleeced; and, since accumulation under these conditions was but the prelude to spoliation, they showed little interest in enterprise. Krizhanich (1663-65), a Croatian Russophile, was dismayed by the Muscovites' ineptness in economic affairs, and fervently hoped to teach them how to improve their performance. Almost a century after the publication of Fletcher's book, Kilburger (1674) wrote: "the Lord God, for unknown reasons, still conceals from the Russians [that] no country can do without a merchantry [and trade], and . . . that their country more than any other in the universe is endowed with the requirements [*udobstva*] for the organization and flourishing of commerce." Fletcher, Krizhanich, and Kilburger all emphasized that the Russian government was excessively involved in economic enterprise, and that it stifled private business effort with inordinate regulation and unmeasured exactions.¹

¹ Giles Fletcher, *Of the Russe Commonwealth*, ed. Richard Pipes and John V. A. Fine, Jr. (Cambridge, Mass., 1966), pp. 22^v, 41, 45^v-47; B. G. Kurts, ed., *Sochinenie Kil'burgera o russkoi torgovle v tsarstvovanie Alekseia Mikhailovicha* (hereafter, Kilburger), (Kiev, 1915), p. 87; Iu. Krizhanich, *Politika* (Moscow, 1965), pp. 382-420, 482-83. On the prevalence in the seventeenth century of the belief that God had so distributed resources

This point of view deeply influenced prerevolutionary Russian historians and, through them, Western writers both past and present.² But another and contrary tradition has taken shape in the present century. It had its beginnings with M. N. Pokrovskii, who envisaged the rise of commercial capitalism to predominance—and a concomitant rise in the power of the merchant class—in the sixteenth and seventeenth centuries.³ After the repudiation of Pokrovskii in the thirties, Soviet historians assumed a less extreme stance, finding in Lenin's well-known remark concerning the role of "merchant capitalists" in the development of an "all-Russian market" the basis for locating the *beginning* of the "transition from feudalism to capitalism" in the seventeenth—or, occasionally, the sixteenth—century. Soviet researches both in Pokrovskii's time and since have produced a considerable amount of material that highlights commercial and industrial development through entrepreneurial activity in the Muscovite era.

In the last two decades, new developments have complicated the historiographical situation. The post-Pokrovskii position failed to convince all members of the Soviet guild, and in the sixties the skeptics directed a well-orchestrated attack against it. Arguing that the dominant conception was unacceptably one-sided, they denied the claims made for the sixteenth and seventeenth centuries, and placed the beginning of the transition to capitalism no earlier than the last third of the eighteenth.⁴ Although the critical group clung to various concepts that Western scholars generally are unlikely to accept, its efforts significantly narrowed the distance between the two. In roughly the same years, interestingly enough, a few Western writers who may have been influenced in one way or another by the dominant current of Soviet historiography have challenged the virtual consensus in the West. In reaction to what they perceived as a one-sidedness of *their* colleagues, they contended that commerce, industrial development, and a bourgeoisie were of greater moment in the Muscovite era than Western scholarship has been willing to concede.⁵

over the earth as to promote trade, see Jacob Viner, *The Role of Providence in the Social Order* (Princeton, 1972), chap. 2.

² Illustrative is the recent work of Richard Pipes, *Russia under the Old Regime* (New York, 1976), chap. 8.

³ M. N. Pokrovskii, *Russia in World History*, trans. Roman and Mary Ann Szporluk (Ann Arbor, 1970), pp. 70-72. Pokrovskii's views are elaborated more fully in the closing chapters of his *Russkaia istoriia s dreveneishikh vremen*, 3rd ed., 4 vols. (Moscow, 1920), vol. 1.

⁴ *Perekhod ot feodalizma k kapitalizmu v Rossii* (Moscow, 1969). For a discussion of this "new current," see Samuel H. Baron, "The Transition from Feudalism to Capitalism in Russia: A Major Soviet Historical Controversy," *American Historical Review*, 77, no. 3 (1972).

⁵ Jacqueline Kaufmann-Rochard, *Origines d'une Bourgeoisie Russe* (Paris, 1969); Joseph T. Fuhrmann, *The Origins of Capitalism in Russia* (Chicago, 1972); Paul Bushkovitch,