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Articles Studia Iuridica Lublinensia vol. XXVIII, 3, 2019
DOI: 10.17951/sil.2019.28.3.65-76

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The State of Russian Economy and Finances in Selected Studies of the 1917 Revolution Period[1]

Obraz stanu gospodarki i finansów Rosji w wybranych pracach z okresu rewolucji lutowej 1917 r.

SUMMARY

The main purpose of this article was to present the state of the Russian economy and finance during World War I and in connection with the revolutionary events taking place in Russia in 1917. In this regard, a general analysis of widely unknown legal and economic works from 1917 by authors such as Z.S. Kacenelenbaum, I.A. Mikhailov, N.N. Lyubimov, G.D. Dementyev, D.P. Bogolepov, A.V. Venediktov, N.M. Yasny, P. Haensel, B.D. Bruckus, D.V. Kuzovkov, and A. Schreider was made. The works analyzed in the article are an example of the discussion of the Russian elites about the state's problems in the context of the Legislative (Constitutional) Assembly that is to be assembled.

Keywords: World War I; finance; Revolution of 1917; Russian lawyers; Russia

INTRODUCTION

The fall of the Romanov dynasty and their rule at the turn of February and March 1917 brought about huge socio-political and socio-economic changes in Russia. One of the signs of this new reality was the abolition of censorship coupled with striking development of various publishing houses. They started publishing thousands of articles, brochures, and leaflets, where they touched upon and evaluated the most

[1] Research work financed with budgetary allocations for 2014–2019 as a research project within the "Diamond Grant" programme. This article is an extended and modified version of the lecture delivered at the XXVII Polish National Convention for Historians of Law, System of Governance and Political-Legal Doctrine in Lublin in 10–12 September 2018.

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important issues related to the country's functioning and the future of its political and socio-economic system. One of the topics brought up for a heated discussion and for reflection by Russian lawyers, economists and politicians was the state of Russian economy and finances during World War I, as well as potential paths of change resulting from the February Revolution.

The purpose of this article is to conduct the general analysis of the largely unrecognised legal and economic studies from 1917, written by authors such as Z.S. Kacenelenbaum, I.A. Mikhailov, M.M. Lyubimov, G.D. Dementyev, D.P. Bogolepov, A. V. Venediktov, N.M. Yasny, P. Haensel, B.D. Bruckus, D.V. Kuzovkov, and A. Schreider. For a legal historian specialised in the history of Russian political system during the Revolution, the importance lies in the fact that the studies analysed below were written during a short period of freedom and what is more, the authors' research constitutes a first-hand account of people who participated in the events of the Revolution.

FINANCIAL COSTS OF THE GREAT WAR AND THEIR IMPACT ON THE FINANCIAL SITUATION OF THE RUSSIAN EMPIRE

Undoubtedly, the Revolution of 1917 in Russia was, to a great extent, the aftermath of the fact that the course of World War I was unfavourable to the Romanov family. Hence, the presence of written materials – both academic and journalistic ones – in the economy and law-related literature dating back to the February Revolution of 1917[2]. They described the Russian wartime economy and tried to point out the link between the course of the war and the causes of revolutionary events of early 1917. One of the most important study of that period dealing with the issue of Russia's financial and economic situation during World War I, was the book by Z.S. Kacenelenbaum[3] entitled *The War and Russia's Financial and Economic Situation*[4]. In the introduction to the book, the author states that when the war broke out Russia was doing well, both on a financial and economic level[5]. Despite the fact that in many respects Russia was still "lagging behind" compared to the world's

[2] Occurring from February to October 1917 (according to the Julian calendar, the so-called old style).

[3] Zakharyi Salomonovich Kacenelenbaum (1885–1961) – Russian and Soviet lawyer, economist, and a state activist. In 1909 he graduated from the Faculty of Law at the Imperial Moscow University. Over the course of his professional academic career, he worked, among others, as a professor at the Department of Financial Science of the Faculty of Soviet Law/Structure of the Soviet System and Law at the Moscow University (1925–1931). In 1921–1929 he was a member of the Board of the State Bank of the USSR. He was persecuted in 1930–1933 and 1948.

[4] Z.S. Kacenelenbaum, *Voyna i finansovo-ekonomicheskoye polozheniye Rossii*, Moskva 1917.

[5] *Ibidem*, p. 1.

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major powers, the process of expanding individual property in villages continued, the demand for agricultural machines on the farms increased[6], and there was also an increase in the export of Russian agricultural products, in coal extraction and in metal production. Moreover, the cooperative movement was in bloom. As it was noticed by the author of the book: "Lagging behind the West, we were still moving forward by making big steps"[7]. However, when evaluating Russia's finances and pre-revolution budget in terms of imposing public law liabilities, Kacenelenbaum pointed out that in capitalist countries those liabilities are disadvantageous to "the working elements of the country"[8]. According to him, in times of peace, the main burden of tax liabilities is imposed on the lower and middle classes[9]. Kacenelenbaum perceived it as a significant correlation, as the acts of war were mostly financed with taxes and loans taken by the government, yet the interests on the loans (as well as the loans themselves) were then going to be paid back by the government to the affluent lenders (in the original source "to the capitalists"). The money, on the other hand, would be taken from taxes paid by the general public[10]. Consequently, according to Kacenelenbaum's assessment, war-related expenses lower the budget and the wealth of the country, and if a war is financed with the loans, the expenses are then covered by the "future generations of tax-payers"[11].

According to the statistics presented by Kacenelenbaum, Russia's war-related expenses until 1 September 1917 (therefore, over a period of three years and one and a half months) equalled nearly 40 billion roubles, which was allegedly 12 times as much as total budget expenses of 1913[12]. As reported in his calculations, in 1914, war-related costs borne by Russia equalled 9–10 million roubles per day and by June 1917, they rose up to 60 million roubles per day[13]. In 1917 Kacenelenbaum speculated that after the end of the war and the Revolution, Russia would be left with a national debt of about 65–70 billion roubles, and the interests alone would amount to around 3 billion roubles per year[14]. Then he concluded that the country's first finance-related task should be to generate the funds to pay off the interests, the second step would be to pay back short-term liabilities, and the third one would be the general recovery of the monetary system[15].

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[6] Z.S. Kacenelenbaum referred to Ministry of Finance Journal of 1915 and to Collection of Economic and Statistical Information Regarding Agricultural Economy stated that in 1911 in 50 governorates of Russia the production of agricultural machines amounted to 45 693 000 roubles.

[7] Z.S. Kacenelenbaum, *op. cit.*, p. 5.

[8] *Ibidem*, p. 8.

[9] *Ibidem*, p. 25.

[10] *Ibidem*, pp. 22–25.

[11] *Ibidem*, p. 25.

[12] *Ibidem*, p. 18.

[13] *Ibidem*, p. 19.

[14] *Ibidem*, p. 59.

[15] *Ibidem*.

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Another important study of the Russian economy during World War I was a book published in Saint Petersburg in 1917, entitled *Russia's State Income and Expenses during World War I: Facts and Figures*[16] written by I.A. Mikhailov[17]. When describing Russia's financial situation of 1914, the author noticed that the war, which at that point had already started, caused a huge increase of state expenses and to difficulties of the tax system. It constituted an additional complication, as the new policy was introduced at the turn of 1913 and 1914, namely the one aiming at reducing the distribution and the general consumption of alcohol[18]. Those restrictions or even prohibitions (which started as soon as the mobilization was announced) of selling various types of alcohol products led to huge financial difficulties. Until the outbreak of the war in 1914[19], the state income was, to a great extent, dependent on the charges related to alcohol sales[20]. When describing the difficulties of Russia's state budget in 1915, Mikhailov started the analysis by pointing, among others, to the fact of losing control of the industrialised territory of the Kingdom of Poland and the Kholm Governorate, which consequently meant losing the income thereof[21]. Mikhailov stated that, by buying large quantities of goods and services during the war (mostly on credit), the government paid for it with the money of the present and future generations[22].

The war expenses were also calculated by N.N. Lyubimov[23] in his study entitled *How Does the State Collect People's Money and What Is It Spent On?*[24] He calculated that before 1914, the general income of tsarist Russia's population equalled 15 billion roubles, out of which 3 billion was the national budget income[25]. The estimated

[16] I.A. Mikhailov, *Gosudarstvennyye dokhody i raskhody Rossii vo vremya voyny (Fakty i tsifry)*, Petrograd 1917. This publication was written in the autumn of 1916 and then published as a part of the series "War and the Economic Life", published under the general editorship of Professor Peter Berngardovich Struve (1870–1944).

[17] Ivan Adrianovich Mikhailov (1891–1946) – Russian economist, lawyer, political activist. One of the most famous activists of the so-called white movement in Russia, an active member of the Russian Provisional Government, the Minister of Finance in the Russian Government of the admiral A.V. Kolchak.

[18] I.A. Mikhailov, *op. cit.*, pp. 12–14.

[19] E.S. Kravtsova, *Problemy reformirovaniya nalogovoy sistemy Rossiyskoy imperii v gody Pervoy mirovoy voyny (po vospominaniyam P.L. Barka)*, „Ekonomicheskaya istoriya" 2017, № 4, pp. 41–43.

[20] I.A. Mikhailov, *op. cit.*, pp. 16–17.

[21] *Ibidem*, p. 73. Referring to the statistics of the State Audit of 1913, Mikhailov noticed that the income coming to the Russian Empire's budget from the Congress Poland (without the so-called "vinnoj operation") amounted to nearly 198.5 million roubles.

[22] *Ibidem*, p. 164.

[23] Nikolai Nikolaievich Lyubimov (1894–1977) – Russian and Soviet lawyer, lecturer and economist. In 1917 he graduated from the Faculty of Law at Moscow University. In 1919–1921 he worked as a lecturer at the Moscow Institute of Economics and Finance. Then he worked for many years at the People's Commissariat for Finance and the People's Commissariat of Foreign Trade.

[24] N.N. Lyubimov, *Kak gosudarstvo sobirayet narodnyye den'gi i na chto ono raskhoduyet ikh?*, Moskva 1917.

[25] *Ibidem*, pp. 7–8.

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cost of war-related expenses in 1914–1917 amounted to 38 billion and 400 million roubles[26] and a state debt for 1 January 1918 was estimated at 55 billion roubles[27]. According to Lyubimov's assessment, huge war expenses and interests on the loans should mostly be covered by imposing and increasing direct taxes, especially on the moneyed classes[28]. Therefore, Lyubimov criticised the complex fiscal system of his country, which was mostly based on indirect taxes.

Another book touching upon the issue in question was written by G.D. Dementyev[29] and it is entitled *Russia's State Income and Expenses and the Situation of the State Treasury During the War with Germany and Austria-Hungary Until Late 1917*[30]. In the introduction to this study, Dementyev wrote that in the present-day armed conflicts there are three decisive factors: well-armed forces maintaining high levels of morale, well-organised resources, and money[31]. The author stated that if, during the war, country's financial system is undergoing a crisis, then it contributes to the disorganisation of the resources and, consequently, of the army and then the country is bound to be defeated[32]. Dementyev noticed that if a minor war against Japan[33] had such a big impact on the Russian economy and finances, then being at war with countries as powerful as Germany and Austria-Hungary would greatly affect the Russian budget. The author noticed that the war-related expenses significantly increased in 1917, as a consequence of the Revolution. The most significant increase could be noticed in the expenses of the Ministry of Internal Affairs, responsible for providing help to soldiers' families, and the Ministry of Roads and Transportation[34].

On the other hand, D.P. Bogolepov[35] in his work entitled *War and Finance*[36] pointed out that in the conditions of 1917, the task of determining the cost of the

[26] *Ibidem*, p. 9.

[27] *Ibidem*, p. 10.

[28] *Ibidem*, p. 15.

[29] Gavril Dmitriyevich Dementyev – Russian official at the Ministry for Finance in the Russian Empire and in the Provisional Government. The Head of the Accounting Section of the Treasury Department at the Ministry for Finance.

[30] G.D. Dementyev, *Gosudarstvennyye dokhody i raskhody Rossii i polozheniye gosudarstvennogo kaznacheystva za vremya voyny s Germaniyey i Avstro-Vengriyey do kontsa 1917 g.*, Petrograd 1917. The book was published by the Ministry for Finance.

[31] *Ibidem*, p. 2.

[32] *Ibidem*. Dementyev meant that Russians, as opposed to Germans, did not have "a talent for organisational planning", which could easily lead to disorganisation of the resources.

[33] The author described that war, from a military perspective, as an "unimportant war episode".

[34] G.D. Dementyev, *op. cit.*, p. 62.

[35] Dmitry Petrovich Bogolepov (1885–1941) – Russian and Soviet economist, academic lecturer, expert supporting the Bolshevik party. In 1909 he graduated from the Law Department of the Moscow State University. Specialist in the field of financial law, finance and banking. The main contractor of the Bolshevik reform of universities in the 1920s.

[36] D.P. Bogolepov, *Voyna i finansy*, Moskva 1917.

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war was difficult, because a significant part of it was covered by military secrets[37]. In addition, these costs were difficult to determine due to the destruction of many spheres of the functioning of society and the state, including due to huge population losses[38].

An important book published during the Revolution of 1917 and describing how the war affected the Russian economy was *The War, Rising Prices and Old Contracts*[39] by A.V. Venediktov[40]. In this study, the author drew attention to economic and legal problems related to the issues in question, namely the fact that according to the legislation of 1914, companies whose activity was related to manufacturing for defence purposes or to fuel industry and supplies were obliged to give priority to state contracts over the previously-concluded ones (mostly private, but also state ones)[41]. As a result, many companies did not manage to execute a great deal of previously-concluded contracts. It is true that the legislation of 1914 relieved those companies from the responsibility for the breach of the deadline, however, it did not mention the possibility to dissolve the contracts[42]. The importance of those issues lay in the fact that the prices of resources and production costs kept rising, which led to companies introducing a policy of increasing the prices of the compulsory state commissions, in order to compensate for the losses of the previously-concluded and non-executed (or executed with a delay) contracts[43]. Venediktov stated that such practices were unbeneficial to the interests of the consumer policy[44]. Moreover, war expenses in Russia also kept rising. Some establishments, involved in coal trading, i.e. Saint Petersburg's companies P. Bekkel (in Russian: *Павел Бекель*) and the Shopping Centre Andrey Ellers, refused to execute the contracts concluded before 1914, by referring to the circumstances of war (i.e. requisition) and hence to force majeure[45]. The topic of executing civil and public

[37] *Ibidem*, p. 5.

[38] *Ibidem*.

[39] A.V. Venediktov, *Voyna, rost tsen i staryye kontrakty*, Vyp. 2: *Ocherednyye voprosy finansovoy i ekonomicheskoy politiki*, Petrograd 1917.

[40] Anatoly Vasilievich Venediktov (1887–1959) – Russian and Soviet lawyer, economist, academic researcher, Bolshevik activist. In 1949 his book entitled *The State Socialist Ownership* received the State Stalin Prize. He served as a dean and the Head of the Civil Law Department at Leningrad State University.

[41] *Ibidem*, p. 6.

[42] *Ibidem*, pp. 6–7.

[43] *Ibidem*, p. 8.

[44] *Ibidem*.

[45] *Ibidem*, p. 11. However, in March 1916, the Commercial Court of Saint Petersburg declared that referring to force majeure was, in that case, unjustified, as coal was present on the market and the increase of its price does not constitute a valid reason for non-execution of contract.

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(commercial) obligations during the war was also discussed by Y.A. Kantorovich[46] in 1917 in his well-known study *War and the Execution of Obligations*[47].

THE ISSUE OF FOOD SUPPLY

Legal and economic sources dating back to the period of 1917 Revolution contain a lot of information concerning food supplies during World War I. In this respect, the important studies include *The Supply Crisis and Monopoly on Bread*[48] and *The Practice of Controlling Bread Supplies*[49] written by a lawyer N.M. Yasny[50]. In the first study, the author wrote that in autumn of 1914, the prices of bread were still stable and even low[51], but because of the poorly developed transportation network, bread became less and less accessible in the central districts of Russia[52]. For this reason, on 17 February 1915, the commandants of military districts were given the right to:

- establish prices of bread and forage bought for the army,
- confiscate bread and forage from people who were unwilling to sell it voluntarily and lower their prices by 15%,
- prohibit the transport of bread and forage from one district to another[53].

According to Yasny, the regulations that allowed the establishment of different prices resulted in the phenomenon of rapidly increasing costs, which started as early as the beginning of 1915. Despite quite prolific years, especially 1915, due to transportation problems and the major mobilization (hence lack of workforce in villages)[54], the state was forced to use their own provisions in order to provide bread

[46] Yakov Abramovich Kantorovich (1859–1925) – Russian lawyer, a barrister. He graduated from the Faculty of Law at Saint Petersburg University. He wrote numerous articles related to the copyright issues. He was an editor of the magazines, such as "Judicial Review", "Senate Activity Review", and "Legislative Review".

[47] Y.A. Kantorovich, *Voyna i ispolneniye obyazatel'stv*, Petrograd 1917.

[48] N.M. Yasny, *Prodovol'stvennyy krizis i khlebnaya monopoliya*, Petrograd 1917.

[49] *Idem*, *Opyt regulirovki snabzheniya khlebom*, Petrograd 1917.

[50] Naum Mikhailovicz Yasny (1883–1967) – graduated from the Faculty of Law at Kharkov University. In 1908–1909 he worked as a lawyer in Saint Petersburg. In 1920 he worked in the Ministry of Supply in Georgia. From 1933, he worked in the U.S. as an expert on USSR's agriculture.

[51] On the so-called export territories of the Empire – such as Novorossiya or the South Caucasus – as the war with Turkey broke out, the prices of bread must have been low, as the export of grains decreased eight times.

[52] N.M. Yasny, *Prodovol'stvennyy…*, pp. 1–2.

[53] *Ibidem*.

[54] See *1917 god v sel'skokhozyaystvennom otnoshenii po otvetam, poluchennym ot khozyayev*, Vyp. 4: *Sostoyaniye khlebov i trav k 10-mu iyunya. Podennaya plata za trud v period vesennikh posevov*, Petrograd 1917 p. IX. According to the information brochure of the Department of Agricultural Economy Agricultural Statistics at the Ministry of Land of the Provisional Government, according

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to workers working in defence services and, later on, all the people in need[55]. In his studies, Yasny included detailed descriptions of how Russia, initially a country with stable prices of grain and bread, turned into a country with huge supply problems (because of the war and poor organisation).

THE ISSUE OF THE LAND REFORM

One of the main issues regarding the reforms and socio-economic system in Russia was the land reform. It is worth mentioning that, in the environment of 1917, *Russia's Financial Reform*[56] by Professor Paul Haensel[57] was published. To his way of thinking, when it comes to the issue of land and the division of land from the so-called "new land fund", the "mistake of 1861 regulation" should not be repeated and "the land should simply be given to peasants"[58]. Regarding the system of land division, the author claimed that the only fair way of dealing with it would be distributing the land according to "a sort of degree of participation in the world war"[59]. The first category would include people who stood out during battles, suffered injuries and wounds during the war and people whose family members died or went missing at war. The second category would be made up of "all the remaining participants of the war or the acts of war" (excluding those sentenced for desertion). The third category would then encompass all the remaining peasants who "did not break their bond with the land". A person would be granted the ownership of the land provided that they continuously work on it for five years after receiving the ownership (with the possibility of passing it on as heritage). If, on the other hand, a peasant lost their bond with the land (i.e. by attempting to sell it or by not working on it), the land was then supposed to be taken over by the so-called "volosti fund" in order to be passed on to other peasants.

Another study raising the issue of the state of Russian agriculture during World War I and the Revolution was *In the Context of the Present State of the Agriculture*

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to the situation in June 1917, the lack of workforce was the most noticeable at gentry farms, mostly because of the rising wages for workers. Therefore, the area of the cultivated land became smaller.

[55] N.M. Yasny, *Prodovol'stvennyy…*, p. 3.

[56] P. Haensel, *Finansovaya reforma v Rossii*, Vyp. 3, Petrograd 1917.

[57] Paul Haensel (Russian: *Павел Петрович Гензель*, Paviel Pietrovicz Genzel, 1878–1949) – Russian and American financier. He came from an evangelical merchant family. In 1987 he graduated from the Moscow Academy of Commerce and the Faculty of Law of the Moscow University in 1902. A professor at the Moscow University in the Department of Financial Law. In 1928 he left the Soviet Union and went to the University of Graz in Austria as a visiting professor and applied to stay there. He continued his academic career in the United States.

[58] P. Haensel, *op. cit.*, p. 108.

[59] *Ibidem*, p. 109.

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by B.D. Bruckus[60], published in 1917 in Saint Petersburg by the Free Economic Society, as the first publication of "Russia's Agricultural Issues" series[61]. The author claimed that the imminent land reform would potentially be one of the most significant events in the history of Russian development and, therefore, the issue should be dealt with independently of the political battle and populism[62]. Bruckus wrote that unlimited expropriation without compensation would be an inappropriate way of carrying out a land reform, as it is against the ownership rights and also the interests of capital, as the majority of lands were mortgaged. Such a solution would lead to a situation, in which the capital from the West, necessary for the country's post-war development, would never get to Russia[63]. The most appropriate way of boosting Russian agriculture would be to reinforce peasant farms by increasing their productivity, while taking advantage of the capital and the technological advances, rather than by only increasing the land bank. On the flip side, Bruckus criticised the concepts of maintaining communities or creating new forms of collective ownership in villages based on local government or state government ownership. However, the division of land itself, should not be based on the unlimited rule of equal land division among peasants. It should take into consideration local conditions, needs and the potential for growth of large-scale and peasant farms.

THE CHANGE OF THE TAX SYSTEM IN RUSSIA

Another issue raised in the discussion about changes in the Russian socio-economic system during the February Revolution of 1917, was the tax system and tax rates as such. One of the most interesting publications on the subject was a study written by a scholar D.V. Kuzovkov[64] entitled *What Types of Taxes Should Be Established by the Legislative/Constitutional Assembly?*, published in 1917 by a socialist

[60] Ber Davidovich Bruckus (1874–1938) – Russian economist, statistician, agronomist and social activist. In 1898 he graduated from the Institute of Agriculture and Forestry in Puławy. Free market supporter, one of the main agrarian experts of Tsarist Russia supporting the agrarian reform of P. Stolypin. After leaving Bolshevik Russia in 1922, he lived and worked in Lithuania, Germany and France. In 1935 he emigrated to Palestine. Brother of Jewish activist and politician Judel Davidovicz Bruckus (1870–1951).

[61] B.D. Bruckus, *K sovremennomu polozheniyu agrarnogo voprosa*, Petrograd 1917. Bruckus' study was actually a publication of a lecture delivered on 6 April 1917 during the session of the Free Economic Society. During that session, Saint Petersburg Department of the Society appointed the League for Agrarian Reforms, which was supposed to give support and special expertise to the land reform.

[62] *Ibidem*, pp. 3–5.

[63] *Ibidem*, p. 15.

[64] Dmitry Vasilievich Kuzovkov (1885–1961) – he graduated from gymnasium in Orle, then from the Faculty of Law at Moscow University. He was one of the founders and employees of the so-called Communist Academy.

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publishing house "Sprava"[65]. This canvassing publication included postulates regarding Russia's future tax system, which was supposed to be adopted by the imminent Constitutional Assembly[66]. The first postulate was the prohibition of imposing taxes on people whose income is insufficient to provide for themselves[67]. According to Kuzovkov, this group of people should be relieved from tax liabilities. The second postulate was the necessity to introduce a progressive system of calculating taxes, which means higher taxes for people with higher income[68]. The author considered the progressive tax system as the only appropriate solution for a democratic republic. The third postulate was related to the tax reliefs for people providing for their multi-child families[69]. The following part of the study is related to criticism and to postulates of the abolishment of the indirect taxes (excluding taxes on luxury goods), which would allegedly lead to the exploitation of working classes, economic stratification of the society and wars[70]. Therefore, direct taxes (income tax, wealth tax, inheritance tax and the tax on unjust enrichment) were supposed to constitute the basis of the tax system[71]. In Kuzovkov's opinion, if a country only used indirect taxes, the war expenses would also be covered by moneyed classes. In consequence, it would imply a lower aggressiveness of some countries, as the bourgeoisie would try to avoid jeopardising their wealth[72]. At the end of his brochure, Kuzovkov indicated that apart from slogans such as "an eight-hour working day" or "land for the peasants", the working masses should emphasise the postulates related to tax abolishment and introducing exclusively direct progressive taxes[73].

Another example of canvassing-propaganda brochures of 1917 regarding economic and tax-related issues, was a publication by A. Schreider entitled *About Taxes*, published by the Socialist Revolutionary Party[74]. The leading theme of the publication was a criticism of the Russian tax system of that period. Schreider distinguished between direct and hidden (indirect) taxes[75] and argued that the latter are the most unfair to the people. In the study, he calculated that the Treasury of Russia

[65] D.V. Kuzovkov, *Kakiye nalogi dolzhno ustanovit' Uchreditel'noye sobraniye?*, Moskva 1917.

[66] M.V. Lushnikova, A.M. Lushnikov, *Rossiyskaya shkola finansovogo prava: portrety na fone vremeni*, Yaroslavl 2013, pp. 211–212.

[67] D.V. Kuzovkov, *op. cit.*, p. 8.

[68] *Ibidem*, p. 10.

[69] *Ibidem*, p. 11.

[70] *Ibidem*, p. 15.

[71] *Ibidem*, p. 30.

[72] *Ibidem*, p. 18. Kuzovkov points out that the "completely unnecessary war" between Russia and Japan in 1904–1905 was an expense for Russian citizens that amounted to around 3.5 billion roubles. Bearing that in mind, he claims that if the bourgeoisie and the gentry had had to cover the costs, they wouldn't have supported the Tsar in that war.

[73] *Ibidem*, p. 31.

[74] A. Schreider, *O nalogakh*, Petrograd 1917.

[75] *Ibidem*, p. 3.

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was supposed to receive 3 billion roubles in 1917, which would be 19 roubles from each citizen (including men, women, the elderly and the youth)[76]. However, only 400 million roubles allegedly came from indirect taxes[77]. In order to point out the unfairness of the tax system, Schreider presented an example of a peasant family, made up of six people. According to him, such a family should be able to earn 350 roubles per year (half of it in cash and half of it in agri-food products), however, given that each person has to pay 19 roubles of tax to the state budget, the total of their public-law liabilities will rise up to 114 roubles (15 roubles of direct taxes and 99 roubles of indirect taxes)[78]. Because of those inequalities and exploitation, the system needs to be changed into a socialist one, which can be achieved by means of a revolution. Yet the socialist revolution was, according to Schreider, a thing of the future and it required getting prepared for the whole new "economic and social life"[79]. When describing the future tax system, Schreider stated that taxes are the means that allow to address common needs, therefore, they should be common and even.

CONCLUSION

The studies presented above prove that the scholars working on issues related to the Russian economy and financial system in the environment of the 1917 Revolution presented an accurate analysis of the situation. The studies related to the Russian economic system published during the Revolution of February 1917 mostly dealt with the issue of expenses that the war imposes on the society, on the economy and on the state. When the outbreak of the 1917 Revolution brought about the abolition of censorship, it made space for a free discussion about the actual condition of the Russian economy. The studies analysed in the present article also shed light on the opinions of the Russian elite regarding their country's issues in the context of the imminent Legislative (Constitutional) Assembly.

Another conclusion that comes to mind after the analysis of the above-mentioned studies is a dramatic increase of war-related costs. Russian lawyers and economists were able to accurately and unanimously assess the costs of the acts of war and the cause of their massive increase, however, they did not elaborate on the preparation of appropriate solutions to the problems. Those solutions were mostly suggested by the scholars who sided with ideals of the socialists and the Bolsheviks, i.e. D.V. Kuzovkov, who suggested the change of the tax system in terms of eliminating indirect taxes and increasing the taxes for the so-called moneyed classes.

[76] *Ibidem*.
[77] *Ibidem*.
[78] *Ibidem*, p. 5.
[79] *Ibidem*, p. 7.

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The analysed studies also reflect that the Russian economic and financial system was not prepared for a war on such a huge scale and the resources became less available and the prices started rising because of the backward social structure (mostly due to the lack of land reform) and infrastructure. Consequently, as the war expenses rose, the social discontent increased and the authorities, both the tsarist and the revolutionary ones, seemed to find it difficult, if not impossible, to deal with it.

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STRESZCZENIE

Celem niniejszego artykułu było zaprezentowanie stanu rosyjskiej gospodarki i finansów w okresie I wojny światowej oraz w związku z wydarzeniami rewolucyjnymi w Rosji w 1917 r. W tym zakresie dokonano ogólnej analizy nieznanych szerzej prawno-ekonomicznych prac z 1917 r. takich autorów, jak Z.S. Kacenelenbaum, I.A. Michajłow, M.M. Ljubimow, G.D. Dementjew, D.P. Bogolepow, A.W. Wenediktow, N.M. Jasnyj, P. Haensel, B.D. Bruckus, D.W. Kuzowkow i A. Szrejder. Analizowane w artykule prace stanowią przykład dyskusji rosyjskich elit o problemach państwa w kontekście mającego się zebrać Zgromadzenia Ustawodawczego (Konstytucyjnego).

Słowa kluczowe: I wojna światowa; finanse; rewolucja 1917 r.; rosyjscy prawnicy; Rosja