

## *Chapter 1*

# Creating Private Property, Dispersing Power

### *The gist of the reforms*

THE REFORMS LAUNCHED in November 1906 applied to peasants' "allotment land," which they had received as part of their Emancipation from serfdom and which in that year represented the great majority of all peasant-owned land. Three features of allotment land tended to make peasants' property rights collective rather than individual. First, a peasant family's holding was typically subject to periodic redistribution by the commune, a redistribution intended roughly to match a family's land holding with the number of working family members. Second, each family held a large number of small, intermingled tracts—often as many as fifty—scattered over the commune, so that cultivation required close coordination with other households and rough unanimity of approach, not to mention long journeys to work on distant fields. Third, ownership (if we may call it that) was more in the family than in any individual, so that sales or other transfers often required family agreement.

To enable peasants to protect themselves from the risk of losing land in a redistribution, the Stolypin reforms gave individual householders a right to opt out of the whole redistribution process and gave communes a right to do so as a whole by a two-thirds vote.

To reduce plot scattering, the reforms gave peasant householders the right to demand replacement of their holdings with a single consolidated tract of land. An individual household had an unqualified right to consolidate if it timed the demand to coincide with a commune repartition. If a household made its demand separately from a repartition, it could consolidate as long as the process wouldn't impose a grave inconvenience on the rest of the commune; if it would, then the commune could pay the household off in cash. In addition, an entire commune could vote to consolidate by a two-thirds majority.

Finally, to cure the problems of family ownership, the reforms prescribed that a household's decision to opt out of the redistribution process would bring individual ownership in its wake.

To see whether these reforms might have seriously advanced Russia toward liberal democracy requires having in mind some picture of liberal democracy itself, especially the role of private property and civil society, and of the nature of transitions to liberal democracy.

### ***Liberal Democracy***

Because a premise of this book is that liberal democracy is generally desirable, let me briefly describe my notion of liberal democracy. My aim is not to push my definition on my readers, but simply to establish a framework. Nor are my criteria very demanding; for the purposes of this book, the notion is broad, running from the theoretical night-watchman state through the modern Anglo-American democracies to the dirigiste regimes of continental Western Europe.

"Democracy," at least in the sense of governments selected by the people in free elections, is a relatively easy concept. But without "liberalism," popular elections cannot assure liberty, opportunity, or justice; indeed, without liberalism, there is little to assure that the first free election won't be the last.

Liberalism, as I use the term, requires (at least) the rule of law,

property rights, freedom of speech, a vibrant civil society, and suitable habits of mind. These criteria somewhat overlap and are not necessarily exhaustive. Each requires a little elaboration.

The rule of law comprises several elements: (1) Governments themselves must be subject to law, so as to limit government predation. (Government's subjection to law need not come about through courts; it can be through tradition and civil society, as in Britain since the Revolution of 1688.) (2) Rules must be clear enough that the outcomes of disputes that might be brought to court (or a similar adjudicator) will be generally predictable, so that the rules can be a basis for planning economic and other decisions. (3) Courts must be independent and reasonably impartial. (4) Reasonably defined property rights, contract rights, rights in corporate governance, and tort claims must be enforceable in court, so as to limit citizens' and firms' predatory activities against one another and enable them to join voluntarily in constructive activities. (5) There must be formal equality of law—i.e., no caste with inferior rights.

Second, property rights, though already mentioned as an aspect of rule of law, deserve their own discussion. They must be strong enough to allow their holders to resist predation by government and, generally speaking, the more widespread the better, to reduce the risks of predation by property owners against others. In a state without effective property rights, citizens and firms can protect their interests from predation only through patrimonial relationships—informal, personal links between politically powerful individuals and their *de facto* dependents. This is the system reflected in a question common in Soviet Russia: “And whom do you go to?”<sup>1</sup> In other

1. See Sheila Fitzpatrick, *Everyday Stalinism: Ordinary Life in Extraordinary Times: Soviet Russia in the 1930s* (1999), 110, quoting Nadezhda Mandelshtam, *Vospominaniia* [Memoirs] (1970), 119–20. Fitzpatrick describes the patronage system generally at *ibid.*, 109–14. Stefan Hedlund, *Russian Path Dependence* (2005), finds the patrimonial state entrenched in Russia by the mid-seventeenth century (at the latest) and persisting through to the present day. Chapter 7's evaluation of the Stolypin reforms' ultimate impact accords with Hedlund's basic theme.

words, “Is there a high party official to whom you can turn for succor when the state or others start to push you around?” The kind of dependency inherent in patrimonialism is hardly consistent with the individual’s place in liberal democracy.

In these patrimonial structures, friendships, connections, and the attendant back-scratching become the vital currency in decision making. Accurate information—which is critical to economic decisions and which private property and markets provide, if somewhat imperfectly—is scarce. A manager or entrepreneur can’t decide on the best mix of alternative inputs or outputs without information about their relative values. Because that sort of information is scarce in a patrimonial system, another set of costs, known among economists as agency costs, is high. All agents have some interest in advancing their own welfare at the expense of their principals (the people or interests on whose behalf they are supposed to be acting). Where good information about relative values is unobtainable, the higher-ups find it hard to monitor the underlings’ claims about what is feasible and even what is happening. With information and agency costs both high, the incentives faced by those deciding about investments differ radically from those in a private property regime, where (1) enterprises acquire their inputs in market transactions in competition with other enterprises, and (2) failure to offer a competitive product at competitive prices is usually fatal.<sup>2</sup> These differences seem to be the main source of private property’s economic advantages.

Of course, property rights and patrimonialism typically co-exist. Even an economy with strong property rights will have niches of

2. See, generally, Mancur Olson, *Power and Prosperity* (2000). Hierarchical firms in a competitive system are a special case, less prone to extreme deterioration because of competition in product and capital markets. Hierarchical firms that perform less well for their customers than smaller firms will be driven out of business unless economies of scale can overcome the disadvantage in agency costs; and a hierarchical firm’s management will likely lose out in a takeover bid if it does a poor job controlling agents’ shirking.

patrimonialism, such as the nepotistic corporation (while it lasts) and enterprises (public or private) sheltered from competition. And even a despotic regime, the epitome of patrimonialism, will honor claims to resources—if the holder has the necessary political power or connections. There, politics drives property. In a despotism, as David Landes puts it, “it is dangerous to be rich without power.”<sup>3</sup>

Third, there must be freedom of speech and press, so that people can point to what they believe is government misconduct or neglect and rally democratic forces against it.

Fourth, there must be a vibrant civil society. As no imaginable government structure can *alone* subject the government to law, society must have some capacity to pose a counterweight. This requires organizations that can actually do things for people (reducing excuses for government action), that give people practice at self-rule and participation in constructive groups, and that facilitate cooperation against any state predation.

Fifth, and most elusive, is the requirement of suitable habits of mind. Individuals—not all of them, of course, but at least enough to set a tone—must think of themselves as responsible, rights-bearing citizens; be realistic, not fatalistic or utopian; be bold and outspoken, but capable of compromise; be ready to organize the sorts of groups that make up civil society; and be tolerant of groups with differing ideas and interests. Among Stolypin’s hopes was to foster such inclinations.

Justifications for liberal democracy are many, but one requires special mention. Humans are imbued with irresistible impulses toward both competition and cooperation, greed and generosity. They commonly have a passion to dominate, to display superiority and excellence, to attain distinction and honor, and to create (and to be seen as creative). Liberal democracy seems to offer a better avenue for reconciling all these drives than any yet developed. It channels people away from grabbing goods and services (as in a cul-

3. David S. Landes, *The Wealth and Poverty of Nations* (1998), 398.

ture of warfare), away from manipulating kinship or other ties (as in a culture of patrimonialism), and toward the provision of goods and services that others enjoy. “There are few ways in which a man can be more innocently employed than in getting money,” said Samuel Johnson. But the aphorism is correct only where property is protected and markets prevail. In a society where people “get money” by violence or by courting higher-ups in a food chain of elites, there is no reason at all to believe that getting money is an innocent employment, much less a productive one.

### ***Property rights, civil society, and liberal democracy***

The property rights reforms of 1906 directly advanced the “liberal” side of liberal democracy: i.e., a system of rights and relationships in which people find their niches through “private ordering”; where people interact with others as free citizens; where resources are allocated mainly in the market; and where citizens freely form groups to accomplish common goals (including not only charities and social welfare organizations, but also partnerships, cooperatives and corporations).

The rather collectivized rights of peasant allotment land seriously conflicted with liberalism. Compared with individual ownership, they offered less opportunity for individual initiative. The rights were murky and the holders’ relationships enmeshed. Commune members could not exit freely with their property intact (or even without it). All this hindered the development of relationships based on each side’s independent ideas of its own good, as well as its recognition of others’ reciprocal freedom not to associate or deal.

The property rights advanced by the Stolypin reforms related mainly to liberalism, but also, indirectly, to the “democratic” aspect of liberal democracy. First, if the core of liberal democracy is a broad diffusion of power, widespread private property is the core of that core. Private property enables its owners to make decisions about

how productive resources are used. As just discussed, the other systems of allocating power have a hierarchical and/or patrimonial quality, and power is relatively concentrated. Even with democratic elections, the voters' periodic chance to choose one team to make thousands of decisions over the next several years is no real diffusion of power—except in the limited sense that electoral competition among parties will somewhat diffuse power in the political class. Apart from the way private property *directly* allows owners to make independent choices as producers and consumers, it gives political entrepreneurs access to a wide range of independent sources of assistance, enabling them to offer more varied choices, thus enhancing individuals' minute power as voters.

Second, property rights and liberalism yield productivity advantages that make it easier to maintain liberal democracy. If a tide is rising and lifting many boats, fewer mariners will incline to mutiny.

Finally, many of the bourgeois virtues that a market economy depends on and nourishes seem to match the ones needed in a healthy democratic process: skills in bargaining toward win-win solutions, with each party's main bargaining weapon being simply his ability to take his business elsewhere (whether it be buying or selling, goods or services). Respect and protection for others' rights is the common ground of liberalism and the sort of long-lived democracy in which incumbents reliably step down when defeated.<sup>4</sup>

Of course, without civil society to constrain predation, private property would be highly vulnerable; ruling elites could sweep it aside or undermine its independence. Civil society enables groups holding productive property to secure their rights. Its efficacy depends in part on groups' organizing ability. Marx noticed that this was a problem for peasants, arguing that the limited nature of their involvement in markets tended to disable them from political self-defense:

4. See Christopher Clague, Philip Keefer, Stephen Knack, and Mancur Olson, "Property and Contract Rights in Autocracies and Democracies," in *Democracy, Governance, and Growth*, eds. Steven Knack, et al. (2003), 136, 173.

The smallholding peasants form a vast mass, the members of which live in similar conditions but without entering into manifold relations with one another. Their mode of production isolates them from one another instead of bringing them into a mutual intercourse. . . . Each family is almost self-sufficient; it itself directly produces the major part of its consumption and thus acquires its means of life more through exchange with nature than in intercourse with society. . . . In so far as there is merely a local inter-connection among these smallholding peasants, and the identity of their interests begets no community, no national bond and no political organization among them, they do not form a class. They are consequently incapable of enforcing their class interests in their own name, whether through a parliament or through a convention.<sup>5</sup>

A modern-day illustration of Marx's point is the way that, in many parts of Africa and Latin America, ruling elites are able to impose price controls on the produce of Marx's "smallholding peasants," capturing much of the return on their labor and siphoning it off to city dwellers. An exception is Kenya, where larger farmers have mobilized enough political resistance to protect not only themselves, but also their smallholding peers.<sup>6</sup> One question about the Stolypin reforms is whether the property rights they created could have enabled farmers to win that sort of security.

5. Karl Marx, "The Eighteenth Brumaire of Louis Bonaparte," in Karl Marx and Frederick Engels, *Selected Works in One Volume* (1968), 170–71, quoted in Moeletsi Mbeki, "Underdevelopment in Sub-Saharan Africa: The Role of the Private Sector and Political Elites," CATO Foreign Policy Briefing No. 85 (April 15, 2005). Marx is in part comparing peasants with proletarian workers, but his insight into peasant vulnerability also works as a contrast with farm producers operating in a market environment and able to evolve into a bourgeoisie, whose ability to protect its class interests, of course, Marx never doubted.

6. Daron Acemoglu, Simon Johnson, and James Robinson, "Institutions as the Fundamental Cause of Long-Run Growth" (National Bureau of Economic Research Working Paper 2004), forthcoming in *Handbook of Economic Growth*, eds. Philippe Aghion and Steve Durlauf, 55–58.



*Transitions to liberal democracy*

There is a range of views on the attainability of liberal democracy. At the optimistic end is Francis Fukuyama, whose *The End of History* seems to suggest that liberalism's apparent superiority for realization of human good should be enough to carry the day. But that optimistic vision—at least in an unqualified form—encounters the obvious problem that in many nations liberal democracy has yet to triumph.

One obstacle to the prompt or easy arrival of liberal democracy is precisely the fact that it is a system of highly diffused power, in contrast to the known alternatives. So its arrival by simple decree from on high would require a rather astonishing self-abnegation by those in authority. As Frederick Douglass said, "The whole history of the progress of human liberty shows that all concessions yet made to her august claims, have been born of earnest struggle. . . . Power concedes nothing without a demand."<sup>7</sup> A nasty asymmetry follows. A tyrant such as Stalin can set democratic development back radically; but a counter-Stalin, an autocrat delivering liberal democracy on a platter, is scarcely imaginable. Worse yet, talented autocrats and elites will resist economic changes that might, in the long run, crimp their political power. Thus, the Russian and Austro-Hungarian states for some time resisted the coming of railroads for fear of their political implications; more recently, Kwame Nkrumah of Ghana preferred foreign investment over domestic, seeing that homegrown capitalists would pose a far greater threat to his political power.<sup>8</sup>

Of course, one can imagine a grand bargain in which an authoritarian ruler and associated elites might give up their preeminent

7. Frederick Douglass, "The Significance of Emancipation in the West Indies." Speech, August 3, 1857. In *The Frederick Douglass Papers*. Series One: Speeches, Debates, and Interviews, ed. John W. Blassingame (1985), 3:204.

8. Acemoglu, Johnson, and Robinson, 42–43, 60. See also *ibid.*, 70–71 on Tudor anxiety about the political consequences of capitalist enrichment; and see Alexander Gerschenkron, "Agrarian Policies and Industrialization, Russia 1861–1914," in Alexander Gerschenkron, *Continuity in History and Other Essays* (1968), 145–46.

place in exchange for an outsized share of the abundance that would flow from liberal democracy. But consider the difficulties with such an agreement. Although the hypothetical bargainers could see the likelihood of future abundance by looking around at other societies, they could hardly be confident that, even if all sides implemented the bargain as best they could, the expected abundance would really arrive, much less in the reasonably foreseeable future. Besides, the perks and privileges of the elites could not be easily valued, especially in an illiberal regime. The murkiness of the status quo would itself obstruct escape from the status quo. Most important, in the absence of an established rule-of-law state, neither the ruler nor the other bargainers could expect to be able to enforce the deal without a risk of violent conflict. Each side would have to heavily discount its hoped-for benefits.

It is hardly surprising that liberal democracy has never come into existence by deliberate plan, whether of a group or a beneficent ruler.<sup>9</sup> The closest candidate for a counter-example would be the United States, through its adoption of the Constitution. But it seems naïve to see the adoption itself as the *cause* of freedom's triumph. The main ingredients of a liberal democracy had been in place for nearly two centuries (with many critical gaps, to be sure). The rule of law functioned tolerably well for the most part; laws were made by representative colonial legislatures operating under colonial charters; free speech and free exercise of religion prevailed to a large

9. I put aside reform by hostile takeover (e.g., postwar Germany and Japan). Such reforms plainly don't require any voluntary choice by ruling elites to give away their power. As to the difficulty of overcoming entrenched habits of mind, discussed below, the reforms' success likely depended on (a) some degree of pre-existing readiness, see, e.g., John P. Powelson, *Centuries of Economic Endeavor* (1994), 13–41 (Japan), 314–26 (Germany); Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (1995), 53–54, 166–67, 173–76, 182–83 (Japan), 204–05, 207, 210 (Germany), and (b) World War II's complete delegitimation of the fascist elites responsible for the war. Compare Mancur Olson, Jr., *The Rise and Decline of Nations* (1982).

degree; and civil society flourished.<sup>10</sup> The framers saw a need to weld the states into “a more perfect union,” curbing undue populism in the states and improving their defense against foreign powers. Apart from a few corrections of colonial practice, such as explicit limits on governmental powers, life tenure for judges, and the requirement of congressional endorsement for taxation, they largely built on their colonial experience.<sup>11</sup> Did we acquire freedom because we had a (sound) Constitution, or did we acquire a Constitution because we were free? The latter seems more plausible,<sup>12</sup> especially when we compare our experience with that of dozens of nations with beautiful constitutions and little freedom.

Douglass North has tried to systematize the roadblocks to development of liberalism, drawing on some now conventional ideas of microeconomics.<sup>13</sup> First, once we put aside hopes for a free gift of power from ruling elites, any change faces the hurdle of transactions costs: the costs that prevent parties from adopting and implementing bargains that rearrange rights so as to increase the parties’ aggregate welfare. The hypothetical grand bargain replacing authoritarianism with liberal democracy discussed above is an example. It trips up on exactly such costs—inadequate information about the benefits, inadequate ability to evaluate existing privileges, inadequate means of enforcement, and strategic maneuvering by each party to capture as much of the benefits as possible.

10. See, generally, Gordon S. Wood, *The Radicalism of the American Revolution* (1991) (seeing a process in the eighteenth century in which the civic republican ideology of private property and representative government displaced patrimonialism, making way for the emergence of a liberal market society from the late eighteenth to early nineteenth centuries).

11. See Steven Calabresi, “The Historical Origins of the Rule of Law in the American Constitutional Order,” *Harv. J. of Law & Public Policy* 28 (2004): 273–80.

12. Douglass C. North, *Institutions, Institutional Change and Economic Performance* (1990), 59–60, 101–04.

13. See, generally, North, *Institutions*. See also John V. C. Nye, “Thinking About the State: Property Rights, Trade, and Changing Contractual Arrangements in a World with Coercion,” in *Frontiers of the New Institutional Economics*, eds. John N. Drobak and John V. C. Nye (1997), 121–42.

Second, what we may loosely call economies of scale thwart the sort of incremental ventures that enable new entrants (here, new forms of political economy) to compete in the institutional market. “Economies of scale” is used here in a broader than usual sense: it embraces all ways in which increases in scale improve the ratio between the costs of supplying a good or service (here, the services of governance) and the benefits enjoyed. The broader definition thus adds increasing returns to scale: increases in benefits (per unit of cost), such as network effects. The rule of law seems clearly to exhibit such economies: as scale increases, not only do the unit costs of an independent judiciary fall (up to a point), but benefits also increase far more than proportionally. The broader the spread of the rule of law, the more numerous and varied the parties with whom an entrepreneur can make secure, long-term arrangements. In the United States, of course, federalism and localism allow innovations in political economy on a less-than-national scale. But authoritarian regimes seem never to offer the equivalent, and in any event the rule of law in a small, isolated political subunit would capture relatively few of the potential network benefits.

Finally, North stresses the way actors’ past experience affects their processing of information. Assumptions about what works in a society where people rely on personal links to higher-level patrons for their security will be of little use where security is based on private property and the rule of law. The mismatch of informal understandings will skew actors’ understandings of alternative arrangements, their expectations of how others will react, and their ability to coordinate with others.<sup>14</sup> Thus, although convulsive revolutions may *appear* to be a way around the other difficulties, they don’t prove out, as the new regime tends to replicate its predecessor’s authoritarianism.

North summarizes his concept in the idea of path dependency,

14. See Paul Pierson, “Path Dependence, Increasing Returns, and the Study of Politics,” *American Political Science Review* 94 (2000): 251–66.

drawn from a familiar microeconomic problem. Once a particular technology has captured a market, economies of scale (again, broadly conceived, and especially including network effects) tend to prevent even a superior alternative from making a successful challenge. Consider a famous recent example: The overwhelming prevalence of the Windows operating system gives people writing new applications a strong incentive to write for Windows; applications written for a little-used alternative system would be far less profitable, even if the alternative were clearly superior to Windows. Thus, because of Windows's head start and established position, entrepreneurs offering a new operating system face unusually high barriers to entry. So, too, do political entrepreneurs advancing a system of political economy that requires new habits of mind and whose pay-offs steadily increase with scale. Transforming an illiberal regime into a liberal one would seem to face much tougher odds than replacing Windows.

Given the improbability of freedom by the gift of ruling elites or by a simple transformative bargain, it seems more reasonable to see freedom as coming from a gradual process in which groups below the summit acquire enough power to extract concessions through bargaining. The process can start with a small group, such as the barons who wrung promises from King John at Runnymede, gradually sweeping in greater portions of society as deals followed between parliament and king in the Hundred Years War and the Glorious Revolution of 1688. The deals dispersed power, giving the king access to tax revenues on the condition of parliamentary agreement, and giving successively larger classes of property owners security from royal depredations.<sup>15</sup> A similar story can be told for Holland. In both, free entry into commerce enabled the growth of a merchant class strong enough to ally with landowners to challenge the monar-

15. The classic summary account is that of Douglass North and Barry Weingast, "Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England," *Journal of Economic History* 49 (1989): 803–832. See also North, *Institutions*, 112–15.

chy.<sup>16</sup> John Powelson's *Centuries of Economic Endeavor* surveys economic history around the world, recounting a similar process of power dispersion achieved by previously powerless groups that formed horizontal alliances and negotiated additional liberties with a ruler or ruling groups.

One can give the bottom-up story an especially gloomy slant by focusing on accidental factors that may well have played key roles in the history of liberal democracy: the heritage of the Greek city states; the raw democracy and individualism of the Norse invaders; the division of power between church and state; the character of Protestantism; geography that sparked competition among European nations by placing them close but not too close; and so on. And analysts have identified equally accidental circumstances obstructing moves toward liberalism. For example, a perfectly plausible argument has been made that the combination of several seemingly minor features—highly egalitarian inheritance rules, the quasi-charitable institution of the waqf, and the failure to devise the corporate form—stunted the growth of economic freedom in the Middle East.<sup>17</sup>

On a more hopeful note, the advantage of liberal democracy over its alternatives has probably never been greater than today. Entrepreneurs can innovate by pulling together intellectual, natural, and financial resources scattered over the globe, often in complex, large-scale, long-term ventures—but they can do so only with the rule of law. The returns to the rule of law have probably never been higher.<sup>18</sup>

Also, the mindset concern is qualified by “cascade” theory. It posits that people have a considerable, but widely varying, tendency to conform their expressed views to what is acceptable or prevalent among others around them, sometimes for fear of government reprisal, but often out of a simple preference not to be seen as an oddball.

16. Acemoglu, Johnson, and Robinson, 66–72.

17. Timur Kuran, “Why the Middle East is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation,” *J. of Econ. Perspectives* 18, no. 3 (Summer 2004): 71–90.

18. See Nye, 121–42.

When the dominant outlook ceases to accord with reality, only a few will dare challenge the orthodoxy at first. But each new vocal dissident reduces the oddball risk, making it easier for slightly less bold people to speak out. And so on. If the habits of mind critical to liberal democracy change the same way, then the necessary changes may not be so hard.

In any event, if North is at all right (and his analysis seems anchored in a realistic vision of human nature), the Stolypin reforms may seem an anomaly. They plainly were not a direct response to peasants' demands for private property. The tsar and those of the gentry who supported the reforms were under a kind of pressure—but not pressure to privatize allotment land. Yet privatize they did, and the decision was, in an important sense, voluntary. So, did the reforms represent the rare case of ruling elites voluntarily diluting their power by vesting secure private property in others? Or were they, in some sense, a fraud, an apparent grant of private property, made without any accompanying access to the sort of political power that would be needed to protect it? Or were they, perhaps, exemplary of reforms that made little immediate contribution to liberal democracy, but contained seeds of transformation?

### *Liberalizing property rights in tsarist Russia*

In 1906, the Russian state was not a liberal democracy, though perhaps it was not so far from that ideal as the popular stereotype suggests. In early July 1906, when Stolypin became prime minister, Russia was ruled under a Fundamental Laws (loosely equivalent to a constitution) issued by Tsar Nicholas II in a retreat necessitated by the Revolution of 1905. The law created a legislative body, the Duma, elected under a franchise that, while by no means one-man-one-vote, at least assured that all significant interests had some voice—a first for Russia. But the law left executive power in the hands of the tsar and his ministers (who were not responsible to the

Duma), and also left the tsar some legislative power. Even in the areas where the Duma could legislate (together with the unelected State Council), its work was subject to the tsar's veto (paralleling our presidential veto), which, however, could not be overridden. Although regular judges had life tenure, some political crimes fell within the jurisdiction of administrative bodies rather than the courts; and judicial decisions of the Senate, a judicial-executive hybrid exercising the highest judicial powers for many purposes, were subject to reversal by the tsar.<sup>19</sup> While Russian government can be said to have been inching its way from autocracy toward constitutional monarchy, it had a long way to go.

So much for the incompleteness of representative democracy. Liberalism, as I've defined it, was similarly underdeveloped. Part of that underdevelopment lay in the rudimentary property rights by which peasants held their allotment land, which constituted the overwhelming majority of peasant land and about half of all agricultural land.<sup>20</sup> Civil society was weak, though a variety of associations were beginning to flourish. Non-allotment property rights themselves were weak; business interests often depended on government contracts, permits, subsidies and favors.

Orthodox Christianity may have made the prevailing habits of mind yet more hostile to liberal democracy, especially when combined with an impulse of some Russians to highlight differences with the West. "The Slavophile ideology," a scholar of capitalism in nineteenth-century Russia writes,

had always condemned legality and its consequences—private property, political liberalism, constitutional government, and individualism—as excessively impersonal and alien to the Orthodox Christian

19. George L. Yaney, *The Systematization of Russian Government* (1973), 327. See also *ibid.*, 205–10, 237, 250–51, 259–60, 301–02, 382. The judges who were not "regular," as the term is used in the text, included those of the *volost* courts discussed below and the officials of the Senate itself.

20. See Geroid T. Robinson, *Rural Russia Under the Old Regime* (1969), 268.



notions of humility, consensus, and subordination of the people to the wise rule of the autocratic tsar.<sup>21</sup>

Stolypin took office as prime minister at exactly the moment that the tsar—with Stolypin's agreement—dismissed the First Duma. The dismissal was perfectly legal, but it arose out of circumstances that did not bode well for liberal democracy. There appeared to be no significant legislative proposal touching the peasants that would have been acceptable both to the tsar and any imaginable Duma majority. No Duma majority appeared ready to open the door to peasant acquisition of what we would think of as conventional property rights in land.

The peasant representatives—the Social Revolutionaries (SRs) and the affiliated Trudoviki—all sought a massive redistribution of land, in which all non-peasant private owners' agricultural land (which by 1905 was about half the amount of the peasants' holdings) would be redistributed to peasants.<sup>22</sup> Under these schemes, the peasants would not receive solid property rights, and there would be no ordinary market in land. The Social Democrats (SDs) favored a similar project. In both cases, there would be no compensation for those from whom the land was taken.

21. Thomas C. Owen, *Dilemmas of Russian Capitalism: Fedor Chizhov and Corporate Enterprise in the Railroad Age* (2005), 198.

22. Robinson, 268–69. Putting aside state and imperial family lands, most of which were relatively unsuitable for agriculture, peasants held about 63 percent of the agricultural land, non-peasant interests the remainder. More detail is given in Chapter 3. By 1914, peasant predominance in ownership had considerably increased. See Robinson, 270–72. The calculations are different for a variety of reasons, but for the data collected, peasant holdings had risen to 170.5 million desiatinas, and non-peasant holdings (using roughly the same non-peasant categories as for 1905) had fallen to 71.3 million desiatinas, for a 70–30 percent split.

Loans by the Peasant Bank for its sales to peasants, and for financing peasant purchases from gentry, amounted to about 19.5 million desiatinas in the period 1907–14. George L. Yaney, *The Urge to Mobilize: Agrarian Reform in Russia, 1861–1930* (1982), 159. Dorothy Atkinson, *The End of the Russian Land Commune, 1905–1930* (1983), 83–84, has approximately the same figures.

The dominant party was the Constitutional Democrats, or Kadets, who have been called with some justice the “flower of the Russian intelligentsia.”<sup>23</sup> The party consisted largely of lawyers, professors, journalists, and professional people—a set one might expect to advance a liberal program. And in a sense they did: They strongly resisted some illiberal things that Stolypin did, most obviously the field courts-martial, which responded to lawlessness and assassinations in the countryside by taking people from accusation to execution in as little as four days.

But for any project of turning Russia’s vast peasant majority into the sort of citizens needed for a liberal democracy, the Kadets were pretty useless. Partly on a thesis of “no enemies to the left,” they made no effort to point out flaws in the proposals of the more left-wing parties (or, of course, their own). And their own proposal involved a similar confiscation of gentry land—with some compensation, but not at market value.

In the Duma, deputies responsive to the gentry generally favored Stolypin’s reform. But, even though the gentry enjoyed more-than-proportional representation, these deputies were far less than a majority.

Nor was the picture more promising outside the Duma. Peasants appear to have manifested no political demand for reform aimed at securing property rights. They had been rioting, seizing land, and burning manor houses, but mainly for a simple increase in their holdings, *not* for more solid, individualized rights in what they already held.

But although peasants seem not to have made a political case for property rights reform, many complained vociferously about features of the status quo that only such a reform could have answered. They

23. V. S. Diakin, “Byl li shans u Stolypina?” [“Did Stolypin Have a Chance?”] in *Gosudarstvennaia deiatel'nost' P. A. Stolypina: sbornik statei* [State Activity of P. A. Stolypin: Collected Articles], eds. N. K. Figurovskaia and A. D. Stepan'skii (1994), 18.

objected, for example, to their inability to obtain credit, a problem that could have been cured by allowing them to make their land interests marketable, and thus mortgagable, a change for which property rights reform was a prerequisite. And peasants did explicitly and volubly complain about the narrowness of their strips (some so narrow you couldn't use a harrow on them!),<sup>24</sup> a problem that obviously invited measures enabling peasants to consolidate their tracts. Moreover, as we'll see in addressing the politics of reform, polling data suggest that a large fraction of peasants were ready to dispense with the commune, essentially on grounds that any modern economist might offer.<sup>25</sup>

The next chapter looks at the details of peasants' property rights in allotment land, trying to assess how they may have obstructed peasant welfare and the growth of liberalism.

24. L. T. Senchakova, "Krestianskie nakazy i prigovory, 1905–1907 gg." ["Peasant Mandates and Orders, 1905–1907"], in *Derevnia v nachale veka: revoliutsiia i reforma* [*The Countryside at the Beginning of the Century: Revolution and Reform*], ed. Iu. N. Afanasev (1995), 50, 51.

25. See Chapter 4 and its discussion of a 1902 poll as discussed in I. Chernyshev, *Krestiane ob obshchine nakanune 9 noiabria 1906 goda: K voprosu ob obshchine* [*Peasants on the Subject of the Commune on the Eve of November 9, 1906*] (1911).