

Regularities of Economic Mobilization: Russia's Experience in World War I (1914-1917)

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Abstract: The task of the article is to identify and demonstrate regularities of economic mobilization by example of Russia's participation in the World War I. The article briefly analyzes the historiography of the issue that shows the lack of summarizing works on this subject. It describes the main stages of economic mobilization in Russia. The analysis of processes in the economy of belligerent countries enables to identify similar features and phenomena. The identified regularities of economic mobilization are described mostly through the activities of emergency organs established for the duration of the war.

Key words: War economy, economic mobilization, military contracts, extraordinary government organs, military production, World War I, state regulation of the economy, special defense meeting, military industry committees, Zengor, requisition

INTRODUCTION

The beginning of World War I made its chief participants to face the problem of economic mobilization. Nowadays economic mobilization generally implies transferring economy of the country to the work under conditions of war. On the eve of World War I, no state in the world was ready for it. Participating countries were only going to mobilize human resources so as to replenish the armies as much as possible and partially mobilize horses for cavalry and transport vehicles (automotive, railroad and water) to deliver all of this to the areas of hostilities.

The ignorance of the issues of economic mobilization was chiefly explained by the prevailing idea of fleeting nature of the future big war while the politicians and the military officers reckoned it would not last >6 months. However, real course of war events promptly proved these ideas were wrong. By the second month of war, i.e. in September 1914, the most of belligerent armies began to show the first signs of a crisis in providing with so called war supply items (mostly ammunition and ordnance) (Shigalin, 1956). All the participating countries had to carry out economic mobilization.

Despite the fact that socio-economic and politico-military conditions for the economic mobilization in various countries were different, the course of mobilization, its typical features and mechanisms of mobilization activities were largely similar. It is considered

possible to formulate some regularities typical for economic mobilization to have a more complete understanding of this phenomenon as a fact of historic reality. Therefore, it is appropriate to do it by example of Russia. This country drew more lessons from the experience of the World War I than any other nation and implemented the mobilization model of economy in Soviet socio-political system.

Literature review: Economic mobilization became the subject of studies as early as during World War I; however, these studies were purely empirical at that time. The next two decades witnessed the emergence of a large historiography devoted to this issue. The views on the current processes were expressed by the facilitators of military production during the war, military theorists (Danilov, 1926; Zalubovskiy, 1926; Golovin, 1939) including those emigrated from Russia, old school researchers some of whom directly participated in the work of wartime extraordinary organs (Grinevitskiy, 1922; Bukshpan, 1929; Sharov, 1928; Klaus, 1926; Shigalin, 1928, 1956) and by the historians of arising Marxist school (Rudoy, 1925; Sidorov, 1927, 1973). Among foreign authors, the work of German researcher Klaus Voina i Narodnoe Khozyaistvo Rossii (1914-1917) [War and National Economy of Russia (1914-1917)] should be noted that was translated and published in the USSR in 1926. Generally, this period of historiography is characterized by a large polyphony in evaluation of

processes in Russian economy during the war. Most authors showed both achievements and serious neglects during economic mobilization, they often were likely to exaggerate the role of social entities (war industry committees or VPKs and United Committee of the Union of Zemstvo and the Union of Towns or Zemgor) which comprised oppositional liberal politicians and entrepreneurs.

MATERIALS AND METHODS

In 1950-1980, soviet historians actively explored the economic situation of Russia during World War I; however, they ignored the issues of economic mobilization and actually replaced them by the problem of so-called state monopoly capitalism which was considered as a crucial factor for Russia's transition to socialism. This problem was studied by many researchers: Pogrebinskiy, 1941; Tarnovskiy, 1958; Adamov, 1954; Zalesskiy, 1959; Volobuev, 1962; Laverychev, 1988). Sidorov made the most substantial contribution to the study of Russian economy during the war. He wrote a large number of articles on this issue and two monographs: *Finansovoe Polozhenie Rossii v Gody Pervoy Mirovoy Voyny (1914-1917)* [Financial Situation of Russia during World War I (1914-1917)] and *Ekonomicheskoe Polozhenie Rossii v Gody Pervoy Mirovoy Voyny* [Economic Situation of Russia during World War I]. Naturally, the authors, more or less, touched upon the issues of mobilization in studying economic processes. However, this problem was not considered as an independent subject of study. Moreover, the mobilization efforts of Russian government in this area were only negatively evaluated. This tradition became so stable that modern researchers sometimes state that "It turned out that the mobilization of industry and its transition to the war sphere was a difficult thing to do; moreover, it was not subject to state regulation in current socio-economic system" (Laverychev, 1988).

In the last monograph, Polikarpov (2015), one of the most reputable experts in military and industrial activities in Russia at the beginning of XX century, raises the issue of the necessity to separate accurately the data ascertained and the proved historic facts from invented fabrications. He makes a conclusion that the economy of the Russian Empire (by the end of its existence) was totally mobilized to the war effort. However, it was not enough for the empire to stand in a clash with other "great" powers.

The issues of economic mobilization in Russia have been covered by the works of such foreign researchers as Stone, Keegan, Holquist and Gatrell). It is worthy of note

that many of them do not incline to dramatize the situation in Russian economy on the eve of revolutionary turmoil in 1917. In their opinion, these events were rather caused by political collapse of autocracy, while economic crisis in the country was likely to be a crisis of growth.

Short historiographic review allows to make the following conclusion. The issue of economic mobilization in Russia during World War I has been largely covered by the works of Russian (Soviet) and foreign researchers. At the same time, there are no works that would summarize the most typical features of mobilization processes and identify the regularities of this historic phenomenon. This article is to fill this gap in historiography in some degree.

RESULTS AND DISCUSSION

We should make a preliminary remark that economic mobilization in Russia was conducted very slowly and with significant delay. Should the separate staged of the process be distinguished, they will appear as follows.

During the period from the beginning of the war in August and up to the end of 1914, some mobilization activities are noted that were carried out by the Council of Ministers of the Russian Empire. Each ministry made a representation as it faced difficulties within its responsibility. The representations were considered and adopted by the government as special journals and took legal effect after being approved by the emperor. However, these measures were not coordinated. They were inconsistent, half-way and unable to produce a positive effect on army logistics.

The next stage of economic mobilization covers the period from January to August 1915. This stage involved the growing deployment of mobilization activities ruled by the Supreme High Commander (SHC) Headquarters, some representatives of War Ministry, entrepreneurs united under the Council of the Association of Industry and Trade and some members of State Duma headed by its chairman M.V. Rodzyanko. The extraordinary authorities aimed at leading the mobilization were established one by one: Special Regulatory Commission on Artillery (ORK) chaired by Grand Duke Sergei Mikhailovich, General-Inspector of Artillery, then Special Meeting aimed at uniting activities for providing field army with war and material supply items (May Meeting) headed by war minister and, finally, the system of four Special Meetings on defense, on fuel, on transportation and on food. Inefficiency of government's activities in industrial mobilization at the beginning of the war largely enabled liberal bourgeoisie to come to the forefront of political life in Russia (Kung, 2012). At the end of May, 1915, the IX congress of the association of industry and trade initiated

by Riabushinskiy, a prominent entrepreneur, decided “to organize all the unused power of Russian industry for satisfying the needs of state defense”. District VPKs were formed to organize these activities at the local level. They had to deal with practical issues. The activities of district committees were coordinated by regional and Central War Industrial Committee (Central VPK) (Sidorov, 1973). Finally, the United Committee of the All-Russia Union of Zemstvo and the Union of Towns or Zemgor (chief in supplying the army) chaired by L’vov and Chelnokov was established on July 10, 1915. It took overall control over army supply by Zemstvo and municipal government (Bukshpan, 1929).

From the viewpoint of efficiency, the period from August 1915 to February 1917 became the most significant stage of economic mobilization. The overwhelming majority of large enterprises and a considerable part of medium and small enterprises in most fields of economy are involved in activities for supplying the army. At that time, the structure of emergency mobilization authorities is finally developed, the mechanisms of their functioning as well as the mechanisms of interaction with state government organs and social entities are shaped and regulating impact on the military and industrial sphere is widened and deepened. This results in a huge growth of military production and significantly better provisioning of the army with all necessary items.

From the viewpoint of economy mobilization, the fourth stage (from February 1917 to March 1918) is the most uninteresting. It is a period of growing crisis in all the spheres of Russian society, including economy which is caused by the paralysis of power and exacerbating contradictions between various social strata. Bukshpan (1929) reported that “regulating organs under the Interim Government failed to form in a system, as its short period of existence during war and revolution as well as vague industrial and political principles for developing economic life could not contribute to constructive work”. Moreover, the Bolsheviks who took power after the October Revolution in 1917 posed a question on economic demobilization.

Having made the most general review of the course of economic mobilization, let us pass to its regularities now.

The first regularity is the establishment of specialized extraordinary organs responsible for mobilization activities in the entire national industry or some of its fields. It turned out that social and economic institutions of peaceful period were unfitted for solving such tasks. The mobilization in the army and navy is carried out by state bodies formed in peaceful time. Likewise, the

economy cannot be rearranged for working under war conditions without arranging of similar structures in this sphere.

ORK became the prototype for such an organ in Russia. According to the regulations, the goal of the commission was “to establish actual link between field army and organs responsible for producing and supplying artillery items” and “to do its best to provide the field army with artillery supply items”. However, it turned out that ORK was actually a bureaucratic institution and was not duly authorized to carry out a large economic mobilization. Timashev one of former tsar’s noblemen, described it as “an intercourse between minor officials from military department and some manufacturers...”.

However, the mobilization deployment of industry was actually started by the telegram of SHC dated May 13, 1915 addressed to war minister. It ordered to arrange a Special Meeting with the following tasks: “For successful development of shells, guns, ammunition and rifles supply, you are entitled to involve all the private plants to work up to requisition of their resources and machines, the right to inquire and immediately open credits and in case it is found necessary by the Meeting, to give a non-repayable subsidy for the equipment of new workshops and plants” (56). The regulation on May Meeting took legal effect on June 7, 1915. Besides, the laws to initiate four Special Meetings were worked out and made public on August 17, 1915 during the session of legislative chambers. The Special Meeting for discussing and uniting activities for state defense became the leading. This organ gradually became a kind of headquarters for economic mobilization and concentrated in its hands the most important instruments of impact on the industrial sphere of the country: wide powers for involving enterprises of all forms of ownership in working for defense and control over their activities; regulation of metal and workforce markets; control over import supplies; enterprises evacuation arrangement from western provinces of Russia; requisitions and sequestration. The vertical structure of functional organs of the Special Defense Meeting was built from the center to industrial districts and even particular enterprises inclusively. Besides, the subordinated supply organs were established in England and the USA.

It is known that the Special Defense Meeting had some drawbacks in its activities; however, its merits in mobilization deployment of Russian industry are undoubted.

The second regularity of economic mobilization which is directly derived from the very essence of this concept, is the involvement of numerous industrial enterprises in working for the war.

This involvement was stimulated by both economic methods and direct administrative coercion. Financial instruments (giving advances under favorable terms; giving subsidies for particular projects related to the expansion of production or mastering new production; release from making financial deposits as an assurance of supply penalties etc.) were the most important economic methods. In addition to financial levers, we can mention providing technical assistance in developing war production; assistance in accepting and delivering raw and other materials and semi-products to plants (through channels of import supplies too); improving mechanisms of war production acceptance and their adjustment to wartime conditions.

It was also important to imply various forms of involving wide range of enterprises in working for the war. Ya.M. Bukshpan wrote about it, "The mediators between the state and private enterprises are sometimes represented by either special committees (VPKs) or profit oriented businesses (syndicates, unions) or other associations (often forced)" (Bukshpan, 1929).

War Industry committees which were considered by the oppositional bourgeoisie (their originator) as leading centers for industrial mobilization and chief organs for distributing state military contracts, "actually became the executives of particular departmental orders and counteragents of treasury for private orders" (Pogrebinskiy, 1941). However, VPKs, Zemgor and social entities enabled the state to mobilize a wide range of medium-scale and small industry up to artisan enterprises. L'vov, a member of the Special Defense Meeting, reported that, "without support from social entities, their capacity (medium-scale and small industry) would remain totally unused, as artillery department actually would not be able to bring its organizational initiative to those deep strata of society that it deals with (for example, zemstvo)..." (57).

The used potential of united Prodamet, Krovlya and Med' can be an example of involving entrepreneurial entities in mobilization tasks solving. The Special Meeting used their accounting and distributing devices (as it had no devices of its own) to control the placement of orders in metal market.

Forced associations of private enterprises for cooperated production of shells (Entity of major general S.N. Vankov, authorized by Chief Artillery Administration) and explosives components (Commission for storing explosives which was later rearranged into Chemical Committee under CAA headed by major general V.N. Ipatiev). Vankov's entity included about 300 enterprises in 1916 which were united according to production type into four groups with a special head plant in each of them. The orders of Chemical Committee were executed by >170

plants by December 1916. A contemporary remarked that both associations showed "entrepreneurial qualities devoid of state spirit, they facilitated formalities and technical organization and originated a very large business which is valuable for defense, in a short term" (Grinevitskiy, 1922).

Generally, the volumes of enterprises' involvement in working for defense are shown by the figures. In the first half of 1915, the aim of ORK was to control the activities of 69 private plants executing the CAA orders and 396 enterprises which were the suppliers of state war plants (4). In May 1917, the local organs of Special Defense Meeting (so-called plant meetings) controlled a total of 5 278 enterprises with over 1.9 million employees (Gaponenko, 1963). In addition, there were enterprises controlled by other emergency organs (Special Meetings on fuel, transportation and food, industry committees of Ministry of Trade and Industry) and involved in executing defense orders by war industry committees of all levels (over 1,300) (Pogrebinskiy, 1941) and Zemgor.

The third regularity of mobilization is that specially established extraordinary organs regulate the distribution of resources that provide the functioning of national economy. These resources include raw and other materials for industry, fuel, workforce, food, currency and transport services.

The necessity of such regulation is caused by imbalanced structure of national economy, excessively growing non-productive (military) component and limited resources in the society during the war. Besides, the war destroys habitual industrial ties between economic subjects, including international links.

A modern researcher says that "high concentration of production and capital prepared breeding ground for industrial governing organs to appear" in Russia. Besides, "coincided interests of bureaucracy and capitalists resulted in the system of state monopoly regulation of economy".

According to the Law of August 17, 1915, three more Special Meetings with the status of "higher state entities" and responsible only to the supreme power, i.e. the emperor, were established in Russia, in addition to Special Defense Meetings. These extraordinary organs regulated:

- Supply of the country's economy with all kinds of fuel
- Transportation
- Providing army and population with food

Each of Special Meetings was headed by one of the ministers (trade and industry, transportation and agriculture correspondingly). It included government

officials and representatives of legislative chambers and social entities and had an extensive structure of functional and territorial type.

Metal was the most important raw-material resource in all the wars. The scales of World War I caused stricter requirements to its volume and quality. The problem of providing industry with metals was constantly exacerbating as the economic mobilization deployed. The Bureau under Central VPK was established to regulate this market. At the beginning of 1916, it was transformed into separate body of Special Defense Meeting Metallurgic Industry Committee. Then, in August 1916, the furnishing of industry and transport with metals was totally centralized in the hands of authorized chairman of Special Defense Meeting. The centralized distribution of all the produced metal was established and (since October 1916) implemented. Since December 1916, there had been attempts to interfere with the regulation of metallurgic production by the organization of centralized supply of plants with fuel and raw materials. Thus, the system of metal distribution was twice crucially changed within a year and demonstrated a clear-cut tendency to centralization and enhancing control over all the parties of this process from the state. The Metallurgic Industry Committee which simply registered and observed spontaneous phenomena in the market, passed to strictly controlled departmental distribution and after that+ took a full control over the production and sales of metals in the country.

The Commission on Account and Distribution of Foreign Currency (another body of Special Defense Meeting) took a control over the financing of all import orders produced through credits from the Entente allies. To centralize these orders, in July 1916, the Council of Ministers established the rules, according to which the orders should be given in strict specialization through appropriate or emergency organs. Thus, the orders should be made as follows: explosives only through CAA, medication through military and sanitary department, equipment for plants through Ministry of Trade and Industry etc. (31).

The coalition character of wars determined the fourth regularity of economic mobilization coordination of military and economic activities in military and political unions as well as close military and technical relations between allies.

The necessity of this coordination was caused by differences in economic development of participating countries and their roles in international division of labor. Besides, traditional international economic relations were destroyed in wartime. The world market experienced shortage of various equipment and raw materials that are

Table 1: External loans of belligerent states during the war (Shigalin, 1928)

Belligerent countries	Volume of borrowings (in millions of dollars in prices of 1913)	
	In allied countries	In neutral countries
Great Britain	3,255	715
France	1,926	606
Belgium	662	0
Italy	1,278	0
Russia	2,289	236
USA	198	0
Austria-Hungary	711	0
Germany	0	9
Turkey	348	0

necessary for war production to function. It resulted in, as Bukshpan (1929) stated, “bans and regulation of import-export in almost all the belligerent countries totally altered the exchange of goods in the world trade. The exchange of goods based on mutual compensation replaced the automatic trade relations of states. The strict authorization system was introduced instead of most-favored principle.

In Russia, these circumstances were worsened by a strong dependence on foreign markets for many indicators. Thus, in 1912, the country’s needs for industrial production were covered with import for more than one third while industry’s needs for equipment were covered only for 57% (Danilov, 1926). Though, we should not exaggerate such dependence, as all the belligerent countries took loans in external financial markets which only highlights this regularity (Table 1).

The mechanism of coordination of Entente countries’ activities in military contracts was shaped in autumn 1915 after the conference of finance ministers and signing of English-Russian financial agreement. All the offers on supplies from England and the USA into Russia were to be considered in London, therefore Russian government appointed authorized representatives to sign contracts. The English government, in turn, was obliged to give information about suppliers and most favorable terms of supply to these representatives. The supplies of munition were to be agreed by English and Russian representatives in the Lord Kitchener committee under War Ministry of Great Britain while the supplies of other materials in the Commission International ede Ravitaillement (International Commission for the Purchase of Supply). This system of giving foreign orders aimed, first, at avoiding competition between allies working in the US market and, second, at avoiding contracts with “unreliable counteragents”.

The oversee supply organs included in the structure of Special Meeting in London became the components of this system from the part of Russia. The Russian Government Committee was established in London. Major general E.K. Germonium was its permanent chairman and

a plenipotentiary of the Russian government. The Russian Procurement Committee in America was initiated for working in the US market. The above mentioned Committee on Account and Distribution of Currency worked seamlessly with these committees. It reconciled the decisions about giving currency assets to customers in Russia with obtaining the permissions to place orders from appropriate supply organs of Great Britain.

The fifth regularity of economic mobilization is a significantly enhancing role of a government in economic life of a country, a wide use of direct administrative impact on economic mechanism. Undoubtedly, World War I gave an impetus to new trends in economic theory which put an end to absolute monopoly of neoclassical views on minimal role of the state in economy.

In Russia, the government traditionally plays an important role in economic life of the country. This role greatly strengthened in wartime which was reflected, among other things, in a wide use of administrative measures with regard to private business.

In this respect, the facts of mass use of requisitions and sequestration serve as the most illustrative examples. Gatrell remarks that "Russian entrepreneurs faced the threats to their economic positions from the part of Tsarist government and educated society long before the Bolshevik revolution". Polikarpov (2015) is more categorical, "The system of private property (already imperfect) that had been developed in post-reform Russia suffered the strikes directed against all its basic principles: rights to own, use and dispose".

However, in the context of economic mobilization, requisitions and sequestration should be considered as instruments for redistributing production capacity and resources between various subjects of economic activities so as to achieve their most effective use in solving mobilization tasks

From the beginning of the war, requisitions were ruled by the Regulations that was specially ratified on August 15, 1914. It granted the right to settle requisitions to many departments and commanders, including even division commanders (56). In order to normalize requisition activities, the interdepartmental commission was established in March 1915. It took decisions about making requisitions with account for the interests of all departments within it (4).

After the Special Defense Meeting had been formed, it took in its hands all the issues of alienation of property for economic mobilization. For this purpose, a specially established requisition commission was integrated in the system of the Meeting. On the one hand, it was connected to the chairman of Special Meeting who had exclusive right to affirm the decisions about requisition or

sequestration and on the one hand, to chief administration of War Ministry and Plant Meetings which sent pleas for requisitions to the Commission. All local authorities entrusted to carry out requisitions had a right to do it only in case of positive decision of Requisition Commission henceforth.

Requisitions both served the needs of enterprises that executed defense orders and contributed to solve important tasks that were not linked directly to production. They enabled to solve logistic problems (overstocked railroad stations and port warehouses, shady schemes in transportation of goods, including import ones) and restore evacuated enterprises (requisitions of rooms and lands for them, stimulation to quickly renew works under threat to alienate equipment and materials) (8).

CONCLUSION

The war of 1914-1918 became the first large-scale war of the industrial epoch in the history of human civilization. Among other issues, it posed an issue of economic mobilization in front of the humankind. It turned out that one can lead a machine type war only if the entire economic potential of the country is used for the army logistics. Since then a direct correlation between a victory in a large-scale war and a level of economic development of the country became a law.

Economic mobilization was carried out in all major countries participants of the world war. Despite some variations of this process in different countries caused by various levels of their economic development and diverse political culture, the course of mobilization appeared to be quite similar. It enables to speak about historical regularities.

We can identify at least five such regularities through the example of economic mobilization in Russia:

- Establishment of extraordinary state organs for managing the transition of the economy to war sphere and its further functioning in this mode during the whole period of war
- Involvement of various industrial enterprises of all forms of ownership in working for the war through various economic and administrative mechanisms
- Regulation of economy supply with all kinds of resources: material, financial, human
- Coordination of military and economic activity in military and political unions
- Active interference of the government with economic life of the country using methods of direct administrative impact

This list should not be considered absolutely completed. Nevertheless, it is these events and processes that manifested most clearly during the world war and reflected the most typical and universal features of a phenomenon called economic mobilization.

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