
Book Review

Revive the Legacy of Russia's Sergei Witte

by William Jones

Count Sergei Witte and the Twilight of Imperial Russia

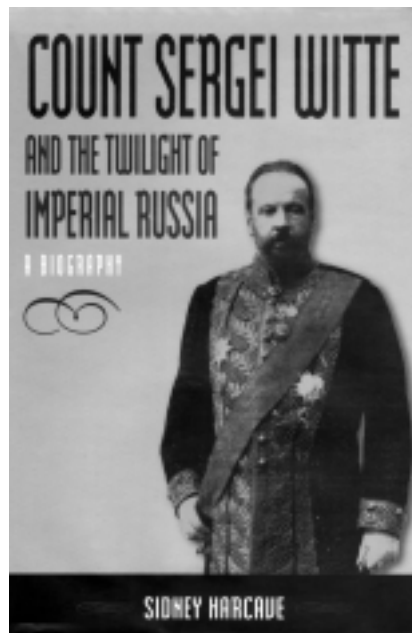
by Sidney Harcave

Armonk, N.Y.: M.E. Sharpe, 2004
328 pages, hardbound, \$59.95

This biography of the last great political figure of late Tsarist Russia, Count Sergei Witte, is a very timely publication. Apart from the 1969 monograph by Theodore von Laue, "Sergei Witte and the Industrialization of Russia," the Harcave work is one of the few extant biographies in English of this remarkable individual. Harcave, a professor emeritus of history at the State University of New York at Binghamton, is well qualified to deal with his subject, having published in 1990 a comprehensive edition of Witte's memoirs, which he translated into English, based on two, sometimes differing, accounts left by Witte in his archives, now located at Columbia University.

In spite of the fact that the onset of World War I and the demise of Tsarist Russia put an end to Witte's grand design for industrial development of Russia, the groundwork that he laid provided the basis for the industrialization program launched during the Soviet period. While Witte had been the chief opponent of the Bolsheviks during the 1905 Revolution, his achievements were, as Harcave indicates, never completely forgotten during Soviet times.

Now, with the demise of the Soviet Union and the establishment of the Russian Federation, there has been a revival of interest in the work of Witte, nurtured in particular by the Russian friends of Lyndon LaRouche, who has so often referred to the great Russian statesman and economist in his own prolific writings. An excellent Russian study of Witte's diplomatic activity, *S.J. Witte: Diplomat*, published in 1989, at the end of the Soviet era, by A.V. Ignatiev, was utilized by Harcave in his biography. In 1994, a three-volume edition of Witte's *Memoirs* was issued in Russia. Then in 1999, the Institute of Economics of the Russian Academy of Sciences published a two-volume study of Witte's political and eco-



Count Witte, Russia's great industrializer, operated in the tradition of America's Henry Carey and Germany's Friedrich List.

nomie thought, on the 150th anniversary of Witte's birth. In 2000, N.V. Raskov published *The Political-Economic System of S.Iu. Witte and Contemporary Russia*, which was "intended for instructors, students, and postgraduate students of macroeconomics and management."

Who Was Witte?

Born in Tiflis, Georgia, in 1849, the son of a civil servant, Witte studied mathematics at Novorossisk University in Odessa. He entered government service, however, by joining the relatively new field of railroading, encouraged by relatives who considered an academic career somewhat "déclassé." During his early years, he flirted with the Slavophile philosophy then popular among some of his family circle. Witte used his mathematical training effectively in his new job, designing one of the first systems of railroad tariffs for Russia. Moving from Odessa to Kiev and then to St. Petersburg, Witte took part in the planning work of the Baranov Commission, which was tasked with building a railroad through Siberia to the Pacific. Although only holding a junior post in the railroad service, when learning that Tsar Alexander III would be travelling by rail and seeing his schedule, Witte warned of the dangers of travelling above certain speeds with the given quality of track on the lines. Although his advice was ignored by his superiors, it received a belated, but significant, recognition when the Tsar was involved in an accident on one of the lines. When he learned of Witte's warnings, Alexander quickly took him under his wing, recognizing the far-sightedness of this young civil servant.

Alexander III was a staunch autocrat; the son of the slain Tsar-Liberator Alexander II, he was determined never to give rein to the liberal impulses which he felt had led to the death

of his father. Nevertheless, a monarch ruling in this new Age of Steam, he realized the need for the rapid industrialization of the backward Russian economy. As long as Alexander was on the throne, the Witte program was given solid support.

Witte rose quickly in the Tsarist service—some of his detractors, Harcave notes, labeling him “Monsieur Vite” (Mr. Speedy), referring facetiously to the legendary slowness of Russian trains, as well as to the rapidity of Witte’s rise. He was appointed Minister of Finance by Tsar Alexander in 1892.

A student of the German economist Friedrich List, a staunch proponent of the American System of political-economy, Witte applied Listian principles to the Russian economy. Like his German counterpart, Bismarck, with whom he was often compared, Witte knew that only under a system of protectionism could Russian industry begin to develop a dynamic of its own. Harcave notes how Bismarck, in his later years, when he had been sent into retirement by Kaiser Wilhelm II, expressed a high appreciation of Witte’s able handling of a difficult trade negotiation with Germany.

The initial measure Witte took when being named Minister of Finance in 1892, was to institute a thorough-going reform of the financial system. He fixed the value of the ruble to gold, providing stability for investors from abroad. Witte knew that the agrarian economy of the Russian Empire could never overcome its backwardness through a policy of “primitive accumulation” on the paltry surplus of the agricultural economy. Foreign capital was necessary, and a gold-backed ruble would provide the security investors would need, to take a chance on Russia.

Combined with a protectionist tariff and relatively heavy taxes, the system drew complaints, especially from the influential Russian landowners and from the peasants, who had to buy many of their goods abroad. In addition, there was the fear that such dependence on foreign capital would open the door to foreign control of the Russian patrimony, although this was precluded by the relatively strict controls on foreign direct investment mandated by the Witte system, which kept the direction of economic development in the hands of the Finance Ministry. These fears would later be transformed by the enemies of Witte into the idea of a “Jewish conspiracy”: They portrayed his system as a plot by Jewish bankers to establish a republic in Russia, fears which would become a powerful tool when the new Tsar, Nicholas II, took power in 1894.

Perfidious Albion

The continued flow of capital from Europe was dependent upon political stability on the continent. Any serious political or military tensions would send the European capital markets reeling and prove the death knell of Witte’s program. The Franco-Prussian War of 1870-71 had exacerbated the enmity between Germany and France. And then there was the British factor.

The island kingdom, now become a world-encompassing imperial power, was keen on keeping the Eurasian heartland

divided. Only on the basis of such divisions could British “geopolitics” succeed in maintaining London as the grand arbiter of world politics. Witte saw British machinations as the main obstacle to a European peace. Harcave doesn’t really understand the “British problem,” and thus attributes Witte’s attitude to Anglophobia. Here Harcave’s work is somewhat flawed, in its failure to understand the full significance of Witte’s attempt to craft a tripartite alliance among France, Germany, and Russia as the mainstay of peace and stability on the European continent. A paradigm for such collaboration came when Japan, in the aftermath of the 1894-95 Sino-Japanese War, attempted to annex parts of the Chinese Empire. Witte succeeded in getting the tripartite alliance to present an ultimatum to Japan, which was enough to prevent them from annexing any Chinese territory.

On the basis of the stability provided by the ruble’s peg to gold, Witte could obtain far better terms for foreign loans with which Russia could develop its industry. And the focus for Russia’s industrial investment was the construction of a railroad system that could unite the far-flung Russian lands, stretching out to the Pacific, nearly 6,000 miles away.

A Eurasian Land-Bridge

The construction of the Trans-Siberian Railroad had a similar effect on the Russian economy, as did the Kennedy Moon-landing program on the American economy of the 1960s. New industries sprang up overnight to produce the steel, coal, iron, locomotives—everything that was needed for the completion of this immense project. Through the Finance Ministry, Witte, in close cooperation with his scientific colleague Dmitri Mendeleev, set up a string of technical and engineering schools to foster the scientific and engineering cadre needed to maintain the thrust of this modernization. A new cadre of industrial workers with new skills came into being. And the development of the Trans-Siberian route, mirroring its counterpart, the Transcontinental Railroad in the United States, meant that immigration to these virgin lands in the east could be accelerated, giving the possibility of tapping the rich resources of the Russian Far East.

This became the centerpiece for Witte’s broader strategic project, making Russia the primary commercial link between Europe and Asia. The Trans-Siberian Railroad would become the “land-bridge” traversing the Eurasian landmass. The movement of trade between industrial Europe and underdeveloped Asia would, with the development of this important artery, move more quickly and cheaply by land than by sea. This project also placed Witte in immediate conflict with Great Britain, the sea power that had hitherto controlled the movement of trade to the Far East.

It was with this in mind that Witte made the decision, criticized by many at the time, to build the final stage of the Trans-Siberian, not through the difficult terrain of the Amur River region, the only feasible route through Russian territory, but rather along a more direct route through Chinese Manchuria, down to a freshwater port on the Yellow Sea.

Route of the Trans-Siberian Railway and the Chinese Eastern Railway



EIRNS/John Sigerson

The Trans-Siberian Railroad, extending some 5,800 miles from Moscow to Vladivostok, was the greatest feat of railroad-building in history. Count Witte made the strategic decision to build the final stage of the railroad through Chinese Manchuria to the Yellow Sea, thereby engaging China as an active participant in this great project.

More importantly, establishing the necessary arrangements with the Chinese Empire to construct the railroad through their territory, would bring this important country in as an active participant in this great project. Russia won from China a concession to build and operate the railroad for 36 years. In a secret annex to the treaty signed between Russia and China, there was also a mutual defense agreement, in which Russia agreed to come to the defense of China if it were attacked by a third party.

The most serious threat seemed to come from Japan. The Japanese had recently decisively won a war against China, but they had been forced to forego the fruits of it, thanks to Witte's tripartite intervention. Any attempt by one of the tripartite powers to themselves take advantage of Chinese weakness in order to set up their own bases, would have been highly objectionable to Japan.

Witte was aware that Japan was highly suspicious of Russia's initiatives in the Far East, and he sought for ways to establish an agreement with Japan, to avoid a conflict.

But by 1903, Witte was in the midst of his own troubles at home. The new Tsar, the fickle, weak-willed Nicholas II, saw in the powerful Finance Minister, a center of power in a realm in which he, the Tsar, was to be the sole arbiter. Since he took power, he had always felt himself overshadowed by his Finance Minister. Over the years, Witte's sometimes imperious attitude began to grate on him. This was fueled by Witte's opponents at home and abroad, and in 1903, Nicholas relieved him of his post.

Relegated to a formal position on the Council of Ministers without any real power, Witte nevertheless plunged into the work still available to him, including conducting studies on the "peasant question." These studies were heavily critical of



Count Witte as Finance Minister, a post to which he was appointed by Tsar Alexander III in 1892. The British never forgave him his financial and strategic moves against their global power—which biographer Harcave wrongly dismisses as based on his “anglophobia.”

the absentee landlord class, and called for a land reform which would give the peasants the right to own and work the land, thus establishing a system of independent farmers. No action was taken at the time, but it would provide the basis for the later Stolypin land reform of 1906, which unlike Witte’s voluntary system, would be forced upon the peasantry.

The Drums of War

There was also at court a coterie of people around Alexander Bezobrazov, an intriguer and Slavophile, a member of the reactionary Holy Brotherhood, who were keen on annexing the new regions in the East in which the Russian railroad was being built. Bezobrazov portrayed Witte as being enmeshed in a “Jewish conspiracy,” and ridiculed his Far Eastern policy as being too timid by relying on friendship with a weak China, and a fear of provoking Japan. While there were in Japan, forces around the Meiji Emperor who were keen on maintaining a good working relationship with their powerful neighbor to the West, there was real concern about the ultimate intentions of Russia in its new role on the Pacific.

Japan also had its own war-mongers, eager to promote Japanese expansion at the cost of its neighbors. They had already succeeded in overcoming any court opposition to the Japanese occupation of Taiwan, and they would remain for decades a powerful force. These elements were egged on by the British, keen on sabotaging the Witte program in the East, and seeing Japan as an ally in that endeavor. In 1902, an Anglo-Japanese Treaty had been signed, giving the military

faction in Japan a clear signal of British backing in any conflict with Russia.

During the the Boxer Rebellion in 1900, Russia had sent troops to Manchuria to guard the Chinese Eastern Railroad. After the suppression of the rebellion, the Bezobrazov crowd insisted on leaving the force in Manchuria, in spite of Witte’s vociferous protests. When it was clear that the Russians were not going to leave, Japan decided to act, laying siege to Port Arthur in January 1904, the key port at the end of the South Manchurian Railroad, the southern branch line connecting to the Chinese Eastern Railroad. While Russian military prestige led people, including the unsuspecting Tsar, to speculate on a quick victory for Russia, others, including Witte, were skeptical. He knew that, in spite of the rapid economic growth the country had enjoyed under his policies, Russian industry was still in its infancy. A war would be catastrophic for the Russian economy and could well provoke revolution. The Japanese victory over China in 1894 also made clear that Japan, since the beginning of its own modernization following the Meiji Restoration in 1868, had also been strengthened industrially and militarily.

The war went as Witte had feared: a bloody stalemate on the ground, the fall of Port Arthur after a long siege, and then the total destruction of the Russian fleet by Japanese cruisers in the Straits of Tsushima. After this disaster, Witte was called back into service by the Tsar, this time as the head of the negotiating team to broker a peace. The Tsar, reluctant to give his ex-Finance Minister this new lease on political life, finally realized that there was no one else with the ability or the prestige to rescue the nation from this latest debacle. Witte, aware of the dangers lurking in this difficult assignment, remarked wryly to the new Finance Minister, V.N. Kokovtsev, “When a sewer has to be cleaned, they send Witte; but as soon as work of a cleaner and nicer kind appears, plenty of other candidates spring up.”

The negotiations, held in Portsmouth, New Hampshire under mediation of U.S. President Theodore Roosevelt, was more advantageous to Russia than anyone had hoped. And this in spite of the pro-Japanese bias of Roosevelt in the negotiations. Although fighting Russia to a stalemate on the ground, Japan had strained all of its resources to fight this war. For this reason, Japan, not Russia, had asked Roosevelt to mediate. For Japan, a further lengthy conflict would be difficult to maintain. To the Japanese, Witte always insisted that were negotiations to break down, Russia was prepared to continue the war. It was due to his negotiating skill that Russia emerged from the negotiations largely accepting the conditions that they had previously decided would be tolerable, “no annexations and no indemnity.” Russia was forced to cede half of Sakhalin Island to Japan, recognized de facto Japanese control of Korea, as well as ceding to them the Southern Manchurian Railroad and control over Port Arthur and Dalian. No indemnity was to be paid to Japan. Witte returned to a hero’s welcome, the Tsar raising him to the aristocracy by

making him a count—and then relegating him to a somewhat impotent position in the Council of Ministers.

Revolution at Home

The war had seriously aggravated the internal political situation in Russia. Revolution was in the streets, and Witte was again called to service to prevent this from resulting in the destruction of the Tsarist state.

Never a proponent of a republic for Russia, and perhaps somewhat wary of even a constitutional monarchy, Witte realized that the situation had gone so far in these turbulent days of war and industrial unrest, that there was no return to the *status quo ante*. His greatest concern was that Russia not plunge into total chaos.

The promulgation of the October Manifesto in 1905, a document drafted by Witte but issued under the name of the Tsar, called for changing Russia from an autocracy into a constitutional monarchy. Witte was appointed the chairman of the Council of Ministers, which became something of a Cabinet, and in preparation for the first Duma (parliament), Witte became the Premier. Many of Witte's own goals had been incorporated in the Manifesto. It provided for civil rights for all subject peoples of the empire: Armenians, Poles, Finns, as well as Jews. It expanded the right to vote as much as it was possible before the first elections to a Duma, after which universal suffrage would be established. It also called for freedom of press and freedom of association, including the right to form trade unions, provided these be registered with the government.

As Witte feared, the element of discontent over Tsarist policy had grown so great that it couldn't be contained within the bounds of the October Manifesto, whose stated goals had yet to be implemented. The Bolsheviks, led on the ground by Leon Trotsky, had already launched the doctrine of "permanent revolution," a doctrine also promoted by the reactionary right in order to reimpose autocratic control on the chaos that would result. The political instability increased, leading finally to the re-establishment of a veritable police state. Nevertheless, the Duma and the formality of something resembling a constitutional monarchy would remain in force until its final demise in 1917. In the days to come, Witte would also be the target of at least one assassination attempt.

After this particular "crisis management" task, Witte returned to private life. Harcave gives an interesting portrayal of his work during his last years, when out of power. During the Balkan crisis of 1911, something of a prelude to the violence soon to occur in the "Balkan cockpit," Witte labeled the attempt by Russian Foreign Minister Sazonov to embroil Russia in a "pro-Slav coalition," together with the Serbs and Montenegrins, as a "romantic, old-fashioned chimera." maintaining that this notion of the "Slavic peoples" could embroil Russia in a world conflagration, for which she was not equipped. He also strongly protested when England succeeded in bringing Russia, with the signing of the Anglo-

Russian Convention of 1907, into a Triple Entente among France, England, and Russia, which was clearly aimed at confronting the budding Triple Alliance among Germany, Italy, and Austria-Hungary, seeing it as a step toward war.

When that war did come in 1914, Witte, who had been travelling abroad, rushed back to St. Petersburg where he toiled to pull Russia out of the conflict at the earliest possible dates, even expressing a wish to go to Germany to negotiate a separate peace with Germany. As Harcave relates Witte's attitude, "In a letter to Grand Duke Constantine Konstantinovich, who had lost a son in the war, Witte explained that Russia had been dragged into the war to serve the purposes of 'perfidious Albion' which having destroyed the naval power of France and Spain, now wants to fight, in the words of one Russian diplomat, 'to the last drop of Russian blood' to do the same to German naval power."

Until his death in 1915, Witte remained a staunch opponent of the war, remaining to the end a thorn in the side of the British diplomats in St. Petersburg through his numerous newspaper articles against the war. Witte's "anglophobia" had proven itself to be very well grounded.

Count Sergei Witte and the Twilight of Imperial Russia is a valuable contribution to the knowledge of Witte in the English-speaking world, providing the basis, with Harcave's edition of Witte's *Memoirs*, for a fine, well-rounded portrait of that great Russian statesman.

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