

Decentralization, Fiscal Structure, and Local State Capacity in Late-Imperial Russia

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Abstract Investments in the fiscal, legal, and infrastructural “capacity” of the state have come to be seen as key determinants of economic development. Central authorities may make these investments, but local public sector institutions also play a role in building state capacity. This chapter examines the interaction between central and local capacity in the context of Tsarist Russia after the end of serfdom. We describe the structure of local government and, drawing on a variety of new sources, provide preliminary evidence on the extent of capacity building by various public sector actors. Our findings are suggestive of a particularly rich interaction between central authorities and decentralized institutions at the local level when it comes to providing public goods and services. We argue that interpretations of early modern and modern state building are remiss if they focus exclusively on the central government without considering the importance of locally determined efforts.

Keywords Mark Harrison • Imperial Russia • Tsar/Tsarist • Mark Dincecco • Paul Gregory • Ministry of Internal Affairs • Ministry of Education • Ministry of Finance • Ministry of the Interior • Peter Lindert • Steven Nafziger • Zemstvo • Mirskie sbory • Mirskie kapitally • A.P. Fedorov • Nikolai Gogol • Daron Acemoglu

Mark Harrison’s research has shaped our understanding of how military strategic concerns, wartime spending, and coercion all influenced the state’s role in the economy in the twentieth century, particularly in the Soviet Union (e.g., Gatrell and Harrison 1993; Harrison 1998). Harrison’s work in this area touches on a broader scholarship, which argues that perceptions of external and internal threats tend to drive the consolidation of hierarchical control and the development of the capacity

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of central state authorities to collect taxes and enact policies down to the lowest levels of a society. Social scientists have come to consider this development of “state capacity” to be a key feature of political and economic modernization (e.g., Besley and Persson 2010).

Much of the literature on the rise of the early modern state focuses on the revenues and institutions under the control of newly empowered national parliaments or sovereigns (Brewer 1989; Dincecco 2011; Gennaioli and Voth 2015; Hoffman and Rosenthal 1997). Similarly, students of the rise of social welfare states in the later nineteenth and early twentieth centuries tend to emphasize political changes in central institutions and the consequences for revenue and spending policies (e.g., Lindert 2004). But to what extent was development of state capacity over the nineteenth and twentieth centuries only a story of *central* authorities imposing new, additional, or uniform taxes and administrative control on sub-national units? In the case of the Soviet Union, Harrison’s pioneering research has described the hierarchical principal-agent relationships that comprised the political and economic systems under Stalin’s ultimate control (e.g., Gregory and Harrison 2005). Similarly, Imperial Russia has often been characterized as a highly absolutist and centralized state, subject to the ultimate authority of the Tsar. However, in practice much of the actual governance of the vast empire was local. While state policies and institutions emanating from the center dictated the parameters under which local governments functioned, this chapter argues that a large and particularly influential part of Tsarist “state capacity” was produced and controlled at the sub-provincial level.¹

Prior to the emancipation of the serfs in 1861, local authority in the Russian empire was firmly in the hands of the landed elite, with only occasional interference by ministerial or military agents acting under central directives. With respect to the post-1861 period, scholars emphasize the failure of the absolutist state to fully centralize control, build robust legal institutions, or develop the capacity to (efficiently) collect revenues and provide economically beneficial public goods and services – i.e., to do precisely what other modernizing states were beginning to accomplish. To a certain extent, this view is true – although the central government was actively involved in supporting infrastructure development, engaging in trade policy, and moving Russia onto the gold standard, below we describe how it collected taxes in a relatively inefficient manner and provided relatively few non-military goods and services, especially ones that impacted the lives of the 85% of the population who were peasants. However, such interpretations tend to ignore the “capacity-building” that characterized a number of local (sub-provincial) institutions of governance installed in the wake of serf emancipation. As we argue below, these varied forms of local self-government constituted a relatively rigorous form of decentralized governance that at least partially substituted for weaknesses of the central state and the demise of the landed elite.

¹To some extent, this view is consistent with the framework developed by Acemoglu et al. (2014) in considering the interaction between local and central state capacity building in modern Colombia.

In recent decades, attention has increasingly focused on decentralization as a mechanism to bypass inefficiencies and corrupt practices of central governments in low-income countries, although one that might lead to increased capture of resources by local elites (Bardhan and Mookerjee 2006). In some cases, decentralization might take the form of intergovernmental grants and the installation of direct central administrative authority at the local level. In other settings, decentralization involves the devolution of fiscal authority and governing powers to local actors. The latter case more closely resembled the Russian context, where peasant communal authorities, all-class representative bodies known as *zemstva*, municipal authorities, and other local institutions received certain legal rights and specific fiscal powers from the Imperial authorities that allowed them to fund a variety of local public goods and services. The resulting local “public sector” of Russia over the period 1860–1917 was a complicated network of ministerial offices, quasi-independent “overseers” of the peasant population, and various rural and urban institutions of self-governance. This chapter focuses solely on Tsarist Russia, but an underlying theme is that the activities and effects of *local* fiscal and political institutions in other societies over the long nineteenth century deserve greater attention from economic historians.²

Standard accounts of Russian economic history over the period concentrate on Imperial policies emanating from St. Petersburg.³ Ministerial decrees, large-scale reforms, and events in the capital cities certainly played a role in Russia’s development process, but their impact on the ground, and on the microeconomic decisions of individual actors, was mediated by the institutional structure of local government. This chapter sets out to accomplish two modest tasks. The first is to provide a very basic accounting of decentralized public sector “capacity” in Tsarist Russia in relation to the Imperial fiscal system and central political authorities. Second, we briefly interpret the resulting structure of local and central state capacity in a broadly comparative light. This second task hints at an underlying methodological concern of this chapter – although we only study the Russian case, this example can offer insights into state capacity, decentralization, and fiscal systems in developing countries and in the rise of the modern nation state. Given the speculative nature of the evidence and claims put forth here, it is very clear that considerable work remains to establish the role of local state capacity in the process of economic development in Russia and elsewhere over the long nineteenth century.

²Important recent works on European and global fiscal development prior to World War I, such as the chapters in Cardoso and Lains, eds. (2013) and Yun-Casalilla and O’Brien, eds. (2012), barely touch upon sub-national components of state capacity.

³The little work that does exist on Russian institutions of local government tends to rely on commentary and legal decrees emanating from the center. For example, see Lapteva (1998) and Starr (1972).

State Capacity in Imperial Russia: An Overview

Recent scholarship in political economy has fixed on the development of the *means* of enacting pro-growth policies as a critical step in the process of economic development. In practice, definitions of this “state capacity” tend to focus on central authorities. Studies such as Dincecco and Katz (2016) document state capacity as per capita central government revenues (extractive capacity) or non-military spending (productive capacity).⁴ Besley and Persson (2010) consider various measures of legal capacity, such as protection of property rights and financial development, and of fiscal capacity, including the amount of non-tariff revenues and various types of taxes imposed by central governments. Here, we primarily focus on fiscal dimensions of state capacity in the Russian context, with brief sidebars on legal and “infrastructural” measures.

In various works on the Tsarist transition to modern economic growth, Paul Gregory de-emphasized the role of the state’s fiscal practices in overcoming various limitations of Russia’s economic backwardness. Gregory’s (1982—also see Table 1) NNP estimates suggest that that the share of total government spending (excluding capital investments) was relatively large in fluctuating between 8 % (644 million rubles) in 1885 and 11 % (2.2 billion rubles) in 1913, although he strongly argues that total spending may not have translated into a large role for the central government in the development process. Gregory noted that the share of military spending in total government expenditures was quite large over the period – 45.6 % in 1885 to 44.9 % in 1913 – and that this, along with other aspects of the state’s involvement in the economy, did very little to improve the allocation of resources, generate additional investment, provide public goods, or spark innovation.

Figure 1 summarizes Russian central government spending over the period 1804–1913. These data are based on amounts spent through Tsarist ministries, with some extraordinary expenditures included.⁵ As such, any categorizations miss relevant expenditures that occur through largely unrelated ministries (e.g., educational expenditures taking place through the Holy Synod). Overall, while changing values of the ruble are obvious concerns, spending picks up after 1870. The share of non-military expenditures slowly increased, although our measure likely understates military spending (defined as the sum of spending by the army and naval ministries). Expenditures on internal governance (mostly through the Ministry

⁴Gennaioli and Voth (2015) utilize total central government revenues as their main measure of state capacity.

⁵Gregory’s (1982) measures include not only the expenditures of the central government, but also those of municipal authorities, the *zemstvo*, and local institutions of peasant self-government. That Gregory works with net government spending (net of transfers and intermediate purchases) likely explains the difference between his numbers and ours, both for central government expenditures and those of local institutions. On the structures of government in the Imperial period, see Hartley (2006) and Shakibi (2006).

Table 1 Russian state capacity in comparative perspective

	1885	1900	1913
Population (Empire)	109 million	133 million	171 million
Net national product (Gregory)	8 billion	13.4 billion	20.2 billion
Net total government spending (Gregory)	644 million	1.12 billion	2.22 billion
Net local government spending (Gregory)	145 million	294 million	643 million
Total government spending/NNP (Gregory)	8.05 %	8.36 %	11.00 %
Local government spending/NNP (Gregory)	1.82 %	2.19 %	3.18 %
Current paper – totals in current rubles			
Central government revenues	833.9 million	1.74 billion	3.43 billion
As share of NNP	10.40 %	13.00 %	17.00 %
Direct tax receipts	105.1 million	62.1 million	272.5 million
As share of NNP	1.31 %	0.46 %	1.35 %
Indirect taxes (including alcohol)	290.4 million	641.9 million	1.25 billion
All alcohol revenues	231.2 million	434.7 million	953.0 million
Tariff revenues	95.0 million	204.0 million	352.9 million
Loans and bond issues	71.6 million	32.6 million	13.8 million
Comparative evidence – total central government revenues/GDP			
France	12.19 %	11.65 %	10.29 %
Germany	1.97 %	2.73 %	3.19 %
Italy	13.08 %	12.85 %	11.82 %
Spain	8.29 %	8.87 %	9.35 %
Sweden	6.52 %	6.91 %	6.80 %
United Kingdom	7.32 %	7.82 %	8.43 %
Comparative evidence – direct taxes/GDP			
France	1.71 %	1.60 %	1.28 %
Germany	0.00 %	0.00 %	0.00 %
Italy	1.78 %	3.72 %	2.43 %
Spain	2.37 %	2.47 %	3.30 %
Sweden	0.81 %	0.41 %	1.06 %
United Kingdom	1.46 %	1.62 %	2.13 %

All values are in nominal (silver) rubles unless otherwise noted. The sources of the Russian data are Gregory (1982), or are defined in the text and under Fig. 1. The comparative evidence comes from the Global Price and Income History project (gpih.ucdavis.edu)

of Internal Affairs) hovered between 5 % and 10 %, while Ministry of Education spending never consisted of more than 6 % of the central budget.

The more commonly used indicators of state capacity lie on the revenue side of the budget. Of course, total revenues including debt financing closely paralleled the long-run rise in expenditures. However, the composition of these revenues changed in important ways over time. Figure 2 presents such information. Overall, the bulk of central revenues between 1864 and 1914 came from indirect taxes (mean of 25.6 %),

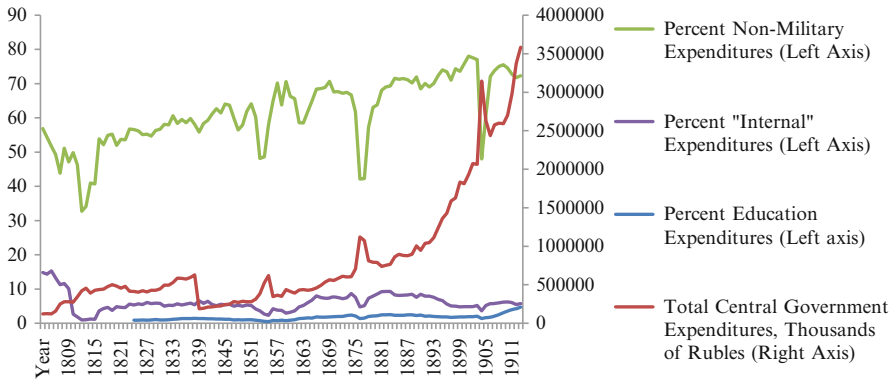


Fig. 1 Central government spending, 1804–1914. Note: The percent of non-military spending excludes naval, army, and extraordinary expenditures explicitly earmarked for military purposes. The percent of “Internal” expenditures includes ordinary spending earmarked for the Ministry of Internal Affairs and the postal system. The percent of expenditures on education refers to the Ministry of “Enlightenment,” exclusively, although educational spending did occur through other ministries. Non-military spending includes Education and “Internal” expenditures. The data from 1804 to 1902 come from Rozhdestvenskii, ed. (1902). The remaining years of data are drawn from the relevant Yearbooks (*Ezhgodniki*) of the Ministry of Finance. Except for the years 1905 and 1914, all of these data represent actual expenditures rather than budgeted amounts

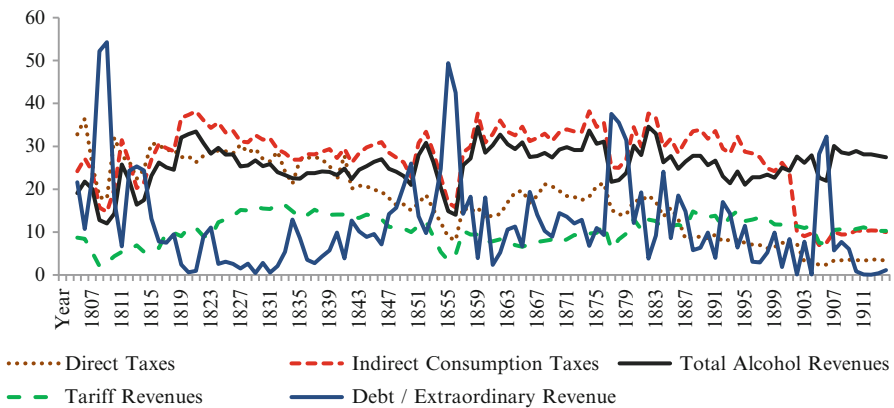


Fig. 2 Shares of central government revenues. Note: All series represent percentages of total central government revenues, which include ordinary, one-time, and extraordinary (overwhelmingly debt financed) revenues. “Direct Taxes” includes the soul tax, land taxes, taxes (patents) on trade rights, and industrial profit taxes. “Indirect Consumption Taxes” include various sales taxes, including excise taxes on alcohol, salt, sugar, tobacco, oil, and other commodities. “Total Alcohol Revenues” include the same alcohol excise tax AND (after 1895) direct production revenues and retail sales. “Debt/Extraordinary” revenues are almost entirely foreign and domestic bank loans and bond issues. The data sources are the same as in Fig. 1

tariffs (10.6%), and, especially, alcohol taxes and sales (27%).⁶ Direct head (soul), property, and industrial property taxes only comprised 11.2% of total revenues over this period, with debt payments constituting a volatile but significant share at 11%.⁷ Significantly, most direct taxes were imposed collectively at a relatively high level (typically), with the subsequent allocation to lower units determined largely at the local level (from *zemstvo* on down), who included their own obligations alongside the central government's demands (Kotsonis 2014).

To make comparisons to the broader literature on state capacity, these revenue numbers should be scaled by the size of the Russian economy. Gregory's NNP numbers (and government spending shares) are available only for the period 1885–1913. Therefore, we limit our comparisons in Table 1 to just 3 years: 1885, 1900, and 1913. Over those 3 years, Russian state capacity as measured by central government revenues relative to NNP rose to the highest level among comparable European economies (17%). As reflected in Fig. 2 as well, this rise was largely dependent on indirect sources – excise taxes, tariffs, and alcohol revenues. Thus, while the Tsarist state did appear to possess considerable revenue-getting capacity, there was little reliance on more structured sources emphasized by Besley and Persson (2010). Indeed, discussions of broader income taxes went nowhere before 1917 (Lindert and Nafziger 2014), although there were some inroads into business and corporate income taxation (Kotsonis 2014). Moreover, the record of Tsarist central government revenues may be misleading if the main center of Russian state capacity resided in the institutions of the local public sector, which we now move on to describe.

Institutions of Peasant Self-Government

The bottom rung in the Tsarist governance structure comprised the institutions of local peasant self-government: the new versions of the commune (the “rural society,” or *sel'skoe obshchestvo*), the township administration (*volost'noe pravlenie*), and associated township courts and local police, which all received formal stature in the emancipation reforms of the 1860s (Gaudin 2007). Informal versions of such institutions had existed for hundreds of years, and an enormous historiography

⁶These indirect taxes included excise (*aktsiz*) taxes on other goods (tobacco, sugar, etc.); patents granting the right to sell these same goods; direct state production and sales of alcohol (after 1895); various fines and fees; ticket sales and fees on state railways; and others.

⁷As the state treasury became increasingly reliant on indirect taxation over the period, it appears that the bulk of direct tax revenues were left in the hands of local offices of central authorities (Zakharov et al. 2006). The composition of direct taxes changes over time, with the cessation of the soul tax in 1886 and its replacement by a state land tax. Direct taxes included other forms of property taxes as well.

describes the commune and communal governance across space and time before 1861.⁸ Earlier reforms of the state (non-serf) peasantry in the 1830s established a nested township-commune system and prescribed a set of responsibilities, such as the maintenance of grain stores, the collective fulfillment of external taxes, and the execution of so-called “natural” obligations that included supplying recruits and upkeep on local roads. This served as a model for a common structure of peasant self-government established over much of the empire after 1861.

Peace mediators (*mirovye posredniki*) and new district and provincial administrations of peasant affairs (*krest'ianskoe po delam prisutstvie*) under the Ministry of Internal Affairs managed the process of setting up these institutions of self-government. Townships were supposed to include no more than 3000 (male) souls, and so the underlying number of constituent rural societies varied widely across Russia from one to dozens. Decisions made by peasant communes and townships emerged out of meetings of “representatives” of the peasant population that were presided over by elected elders.⁹ Communal elders, township elders, township clerks, and other employees of peasant local governments comprised the bottom layer “officialdom” in Tsarist Russia. State and *zemstvo* officials often called upon them to execute policies and to report on local conditions. Critical to these efforts were paid police deputies (*sotki* and *desiatki*) selected from among the peasant population. In 1880, there were approximately 10 such local police per 1000 rural residents across European Russia (Russia Ministerstvo vnutrennykh 1881).¹⁰ These were in addition to locally stationed, MVD-employed constables and their staffs.

The newly formalized peasant communes and townships could also assign local “taxes” (*mirskie sbory*) on members to hire staff and support a variety of other public goods and services. Such collections were often made alongside external obligations to the *zemstvo* and central government, with the rural society collectively liable for submitting payments two times per year. Townships and rural societies also managed grain stores and cash funds, making loans and imposing supplemental

⁸For a summary, see Mironov (1985). Prior to 1861, peasant and urban leaders occasionally assessed community members to provide some services, such as paying a literate villager to teach in an informal school. However, historians of serfdom have found little evidence of significant welfare or public good provision by serf communes (Dennison 2011). The Ministry of State Domains, which administered (and collected revenues from) the state peasantry, did establish a grain storage network, founded primary and secondary schools, and organized rural health networks after 1830. These were rather limited efforts, but they did provide examples followed by other ministries and, later, by the *zemstva*. On public good provision among the state peasants, see Ivanov, (1945). For discussions of urban government and public service provision prior to 1861, see Brower (1990).

⁹By “representatives” in these peasant institutions, we are referring to household heads in the communal *skhody*, or assembly, and the community members and rural society elders sent to attend township-level *skhody*.

¹⁰Other paid employees of rural societies and townships included tax collectors, guardsmen (over grain stores and churches), and agricultural workers such as shepherds for community flocks.

Table 2 Township and communal expenditures in 1881

Budget categories	46 provinces of European Russia	
	Rubles	% of total
Salaries for <i>Volost'</i> elders	1,865,441	12.37
Salaries for clerks/other office employees	3,300,393	21.88
Maintenance of <i>Volost'</i> structures	1,526,234	10.12
<i>Volost'</i> office expenses	236,484	1.57
Maintenance of local churches	191,792	1.27
Spending on education	900,027	5.97
Spending on health care	371,619	2.46
Spending on public assistance	39,588	0.26
Spending on fire prevention	128,015	0.85
Spending on food relief	127,831	0.85
Spending on road maintenance	141,648	0.94
Spending on other transportation	76,295	0.51
Spending on troop quartering	316,138	2.10
Spending on horses	3,740,674	24.80
Salaries of guards/watchmen	63,346	0.42
Spending on elections for juries and <i>Zemstva</i>	42,302	0.28
Spending on arrests and detainment	26,629	0.18
Other spending	1,991,917	13.20
Total <i>Volost'</i> spending	15,086,373	
Salaries for rural society elders	2,157,926	12.37
Salaries for other rural society employees	5,618,529	32.21
Other spending	9,667,012	55.42
Total rural society (commune) spending	17,443,467	

Source is Russia, Tsentral'nyi (1883). Data exclude the Baltic provinces and the Don Cossack Land

collections when necessary.¹¹ In the absence of debt markets or credit supplies, revenue and expenditure totals of these bodies were essentially equal, year-by-year. Focusing on the latter, Table 2 reports spending by peasant institutions in 1881 (1905 data show a similar pattern). Salaries for clerks and elders and the maintenance of structures, offices, and horses took up much of township spending in 1881, and a similar distribution – although focused on somewhat different public goods, especially schools – is evident for rural societies (not fully reported here).¹² Especially telling is the wide variety of activities that these local institutions could

¹¹Documentation of the grain storage system is widely available among the archival holdings of *zemstvo*, peasant institutions, and local Offices of Peasant Affairs. Such records include account books – see GANO, 20.90.46.

¹²Township elders were paid roughly 200 rubles per year in both 1881 and 1893, while rural society elders received approximately 30–40 rubles (1893 data not reported here). Township clerks – much more likely to be literate – were generally paid more than the elders.

and did engage in. Moreover, many in-kind services such as local fire protection and the organization of customary law courts are not indicated in these budget totals.

Figure 3 explores the geography of spending by these institutions in 1881. While the levels were not terribly high (0.26 rubles per [rural] capita by townships; 0.31 by rural societies), township spending was relatively greater in the non-*zemstvo* (see below) region, while rural society spending was higher in the provinces to the north and east of Moscow. The former likely reflected additional obligations in the absence of the *zemstvo* in the western provinces. Overall, these maps indicate considerable variation in the level of activity undertaken by these local institutions, the implications of which have yet to be explored.

The *mirskie sbory*, allocated along with shares of external obligations among households by the communal and township assemblies (often by the number of “obligated souls”), constituted the main but not only source of funding for these institutions. Table 3 provides some indication of this, as “other” sources constituted approximately 25 % of total revenues in Morozov township (Moscow province). Archival evidence suggests that many peasant institutions built up cash “communal capital” (*mirskie kapitaly* – often from the sale or rental of communal assets) on deposit at local financial institutions or with the township, and that these assets generated returns. Rural societies could rent out portions of the land received in the emancipation settlements, and they could charge for the right to run drinking and eating establishments. Township authorities collected fees for issuing work and travel passports to the local population.¹³ Total fiscal demands (excluding any in-kind or labor obligations) placed on members by rural societies and townships tended to be less than external state burdens, but this locally generated “capacity” did support schools, local policing, and other public services to an underappreciated degree.

The *Zemstvo*

At noon on October 23, 1883, district *zemstvo* executive committee chairman A.P. Fedorov and 31 assemblymen filed into the district courtroom in the town of Ardatov in Simbirsk Province to decide on a series of budget issues and to vote over a new executive for the next 3-year term.¹⁴ With the issuance of the *Statutes on Provincial and District Zemstvo Institutions* in 1864, Tsarist reformers explicitly viewed such assemblies – comprising representatives of urban, rural, and peasant communal property owners – as constituting a mechanism for *all-class* self-

¹³This is evident in numerous archival records that provide rough financial accounts of specific rural societies and township. For examples, see TsIAM, 199.2.362; TsGIA SPb, 190.5.286; and GANO, 20.90.113b.

¹⁴This description of Ardatovskii district *zemstvo* activities for 1883 is taken from minutes published in *Zhurnaly* (1884, pp. 106–223).

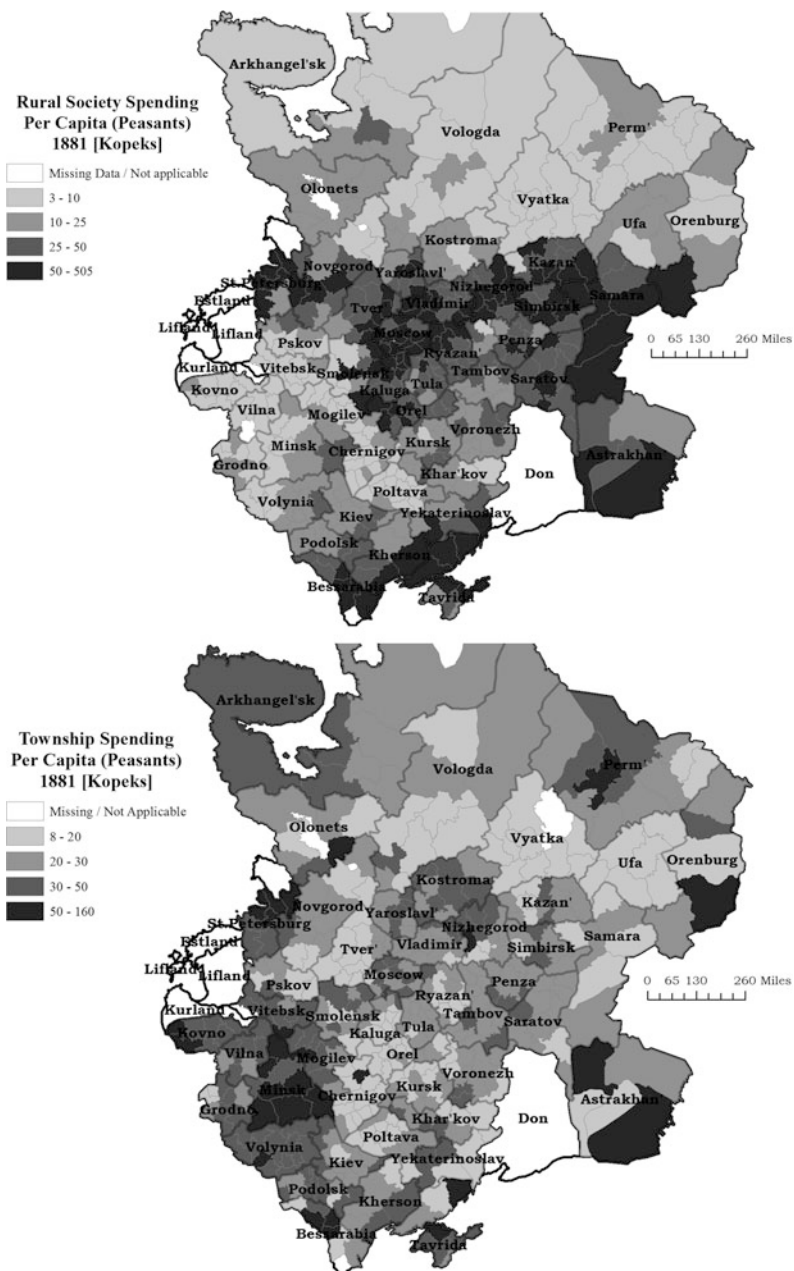


Fig. 3 Rural society and township spending per capita, 1881. Note: The source – including the underlying population totals – is Russia, Tsentral’nyi (1883)

Table 3 Rural societies in Morozovskaia Township, Dmitrov District, Moscow Province – 1892

Rural society	Total population	Obligated “Souls”	<i>Mirskie Sborny</i>	Other revenue	Elder’s salary
Morozovskoe	1409	579	1272.35	1280	150
Rakhtmanovskoe	650	269	813	143	150
Fedorovskoe	1103	492	1257.75	238	175
Putilovskoe	1116	512	1164.5	422	177
Muromtsevskoe	998	456	1090.4	150	162
Novlenskoe	588	233	823	0	115
Gevlevskoe	254	45	300.75	0	70
Bulakovskoe	265	71	341.9	0	60
Spasskoe	307	88	550.4	0	70
Mashinskoe	226	54	236.6	0	70
Shelkovskoe	368	97	689.1	0	100
Vysokovskoe	981	361	1265	324	160
Klement’evskoe	721	248	630.3	906	140
Deulinskoe	726	267	882.75	100	150
Total	9712	3772	1,1317.8	3563	1749

Source: TsIAM 199.2.362. Two of these rural societies mention support for schools

government in the 34 (eventually 40) provinces of European Russia where they were established.¹⁵ Under the law of 1864 (comprehensively revised in 1890), different types of property owners – private, urban, and peasant communal – were assigned specific numbers of seats in each district *zemstvo* assembly.¹⁶ By providing for explicit representation from the peasantry, the *zemstvo* was at least partially intended as a way to deal with rural needs that might have exceeded the capabilities of the local institutions of peasant self-government.¹⁷

The initial act required the *zemstva* (pl.) to finance other local institutions (such as district courts above the township ones), to manage military provisions and

¹⁵See *PSZ* (Series II, Vol. 39, 1864, No. 40457). In this way, the *zemstva* have been viewed as a response to the “problem of provincial under-institutionalization” in Tsarist Russia (Robbins 1987, p. 16).

¹⁶Discussions over the original *zemstvo* law and the 1890 reform cited population and the distribution of property as the key variables behind the setting of seat shares. The reformers explicitly acknowledged the intent to favor the local landed elite as the most educated and experienced people in the provinces. In addition, the Minister of the Interior, P. A. Valuev, in his proposal for the 1864 law, outlined district norms (*tsenzi*) of communal or private land that were meant to correspond to curia seats in the two curia (the urban curia seats were to be based primarily on population).

¹⁷These assemblymen (*glasnye*) elected the district executive boards and representatives to provincial assemblies (which then elected a provincial executive committee). Conservative reforms of the 1890s reduced the assembly shares of the peasant and urban curiae. However, the newly emancipated peasantry still retained seats in the *zemstvo* assemblies and the possibility of election to executive positions. For additional detail, see Nafziger (2011).

Table 4 Total *zemstvo* revenues and expenditures, select years

	Revenues			Expenditures			
	Property taxes	% of total	Total	Education	Health care	% of total	Total
1871	15.6	72.7	21.5	1.6	2.1	18.1	20.7
1880	26.8	73.7	36.3	5.0	6.4	32.6	35.1
1886	28.1	67.8	41.5	6.7	9.2	36.7	43.4
1896	42.3	70.4	60.1	9.9	18.3	46.3	60.9
1903	64.6	64.9	99.5	19.1	30.2	49.6	99.5
1906	83.4	67.1	124.2	25.3	35.9	49.3	124.2
1913	155.4	62.3	249.4	87.7	70.2	63.3	249.5

Numbers refer to the sum of district and provincial revenues and expenditures for just the 34 provinces with *zemstva* in 1903 in millions of current rubles. The spending totals for 1871 and 1880 do not include Samara province. Property tax income in 1871 and 1880 is defined slightly more broadly than the years that follow. Data for 1871 and 1880 are budgeted rather than actual totals. Finally, the difference in total spending and income for 1913 reflects extra expenditures on items budgeted in 1912 (Source: Nafziger 2011)

grain stores, to maintain roads and communication networks, and to aid in the collection of taxes for the central government. In addition to these “obligatory” responsibilities, the founding statutes called on the *zemstva* to undertake programs to support “the local economic and welfare needs of each province.”¹⁸ Over the following half century, this mandate led to substantial *zemstvo* involvement in the expansion of rural education and health care, in the support of local artisans and craftsmen, in encouraging credit and cooperative organizations, and in providing veterinary and agronomic services to farmers.

The scale of the *zemstvo*’s growing role in public health and education is suggested by the increasing expenditures noted in Table 4 and by the decomposition of aggregate *zemstvo* expenditures in 1883 in Table 5.¹⁹ Even considered in isolation, the expenditures depicted in Table 5 suggest that in the provinces where provincial and district-level *zemstvo* existed, they were key components of local government. We depict the geography of *zemstvo* expenditures per capita in 1906 (the picture for revenues per capita is similar) in Fig. 4. There was considerable variation in *zemstvo* spending across districts, expenditures were slightly higher in northern and northeastern provinces, and the level of spending per capita was roughly of the same magnitude as spending by the local institutions of peasant self-government.

After meeting for 3 days, the Ardatov district *zemstvo* assemblymen were ready to hear final reports on issues ranging from the ongoing construction of a village school to the *zemstvo*’s activities in road maintenance over the past year. Two

¹⁸PSZ, Series II, Vol. 39, 1864, No. 40457, Clause 1.

¹⁹As reported in *Zhurnaly*, the Ardatov budget for 1884 included 81,481.64 rubles in expenditures, with 31,756.96 for health care (including the salaries and expenses for four doctors and three small hospitals) and 12,139.30 for education (including 5160 rubles in salary for 35 teachers).

Table 5 Total provincial and district *zemstvo* expenditures in 1883

Budget items	Expenditures (rubles)	% of total
Supporting other local administrative institutions	1,587,331	4.23
Supporting local judicial institutions	4,390,695	11.71
Supporting local Bureaus of Peasant Affairs	1,356,107	3.62
Expenditures on <i>Zemstvo</i> administration	4,323,580	11.53
Medical expenditures	8,497,249	22.67
Education expenditures	6,098,186	16.27
Roadwork/infrastructure	2,665,140	7.11
Military provisions and housing	4,207,424	11.22
Public assistance	2,312,994	6.17
Combatting pests	40,830	0.11
Food relief/supply	132,503	0.35
Debt payments	410,888	1.10
Indirect expenditures (transfers to other <i>Zemstvo</i>)	437,013	1.17
Other expenditures	1,023,352	2.73
Total	37,483,292	

Source of the data is Russia, Tsentral'nyi (1886)

pieces of business were especially important. First, the assembly heard a report on the planned budget for 1884. The proposed budget projected 81,521.15 rubles in revenues for the 1884 calendar year, 65,140.68 (79.9%) of which derived from a tax of 12.08% on the estimated (yearly) income generated by land and other “immovable” property in the district.²⁰ Across European Russia, property owners complained about such tax assessments, and the *zemstva* were forced to rely on local police, urban officials, and peasant governments to aid in the collection of *zemstvo*, state, and local obligations.²¹ According to the law, *zemstvo* obligations received a lower priority than did direct state taxes (referred to in the *zemstvo* documentation as *kazennye sbory*, which included soul, land, and other direct taxes) in the final allocations.²² Beyond property taxes, *zemstvo* also held the right to collect payments for trade and commercial rights, for the usage of *zemstvo* property, and for various services that they provided (including medical care). However, as Table 4 indicates,

²⁰As a point of comparison, by the early 1880s, the *volosti* and *sel'skie obshchestva* of Ardatov district were spending roughly 120,000 rubles in total (Russia, Tsentral'nyi 1886).

²¹For example, a substantial part of the 1890 business of the Semenov district *zemstvo* executive board (*uprava*) was taken up with efforts to deal with tax complaints and arrears (GANO, 51.251.292).

²²For additional details, see Nafziger (2011) and Russia, Tsentral'nyi (1896). In 1896, Ardatov district *zemstvo* expected to collect 70,421 rubles from property taxes but only received 55,396. Such shortfalls resulted in total accumulated arrears on property taxes of 83,300 rubles by the end of 1897. To help finance this deficit, by January of 1898 the *zemstvo* had borrowed 42,469 rubles against its capital reserves and 15483 (at 4.5% interest) from the provincial *zemstvo*. Despite this persistent gap, budgeted spending rose from 103,000 rubles in 1896 to 137,000 in 1903. See *ibid.*; and Russia, Statisticheskoe (1906 volume).

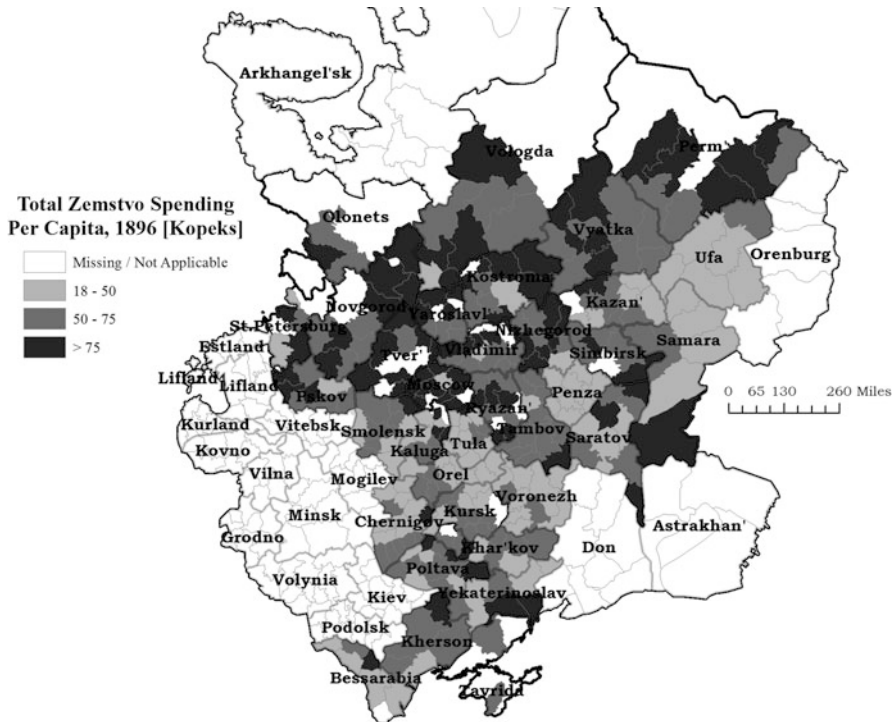


Fig. 4 Total *zemstvo* expenditures per capita, 1906. Note: These data sum over provincial and district *zemstvo* expenditures. For the sources, see Nafziger (2011). The map of revenues per capita looks almost identical. The underlying population totals only refer to the rural population

property taxes contributed roughly 70% of total revenues throughout the period across all *zemstvo*. Only towards the end of the period did grants from the central government constitute any substantial part of *zemstvo* revenues.²³

After the budget was approved by majority vote, the Ardatov assembly came to their second piece of important business: voting over executive positions for the 1883–1886 electoral period. These included a new executive board chairman, new executive board members, two *zemstvo* representatives to the district school council, and nine representatives to the Simbirsk provincial *zemstvo* assembly. After a long series of nominations and votes, Filipp Mikhailovich Mikhailov, a peasant, was elected as the executive board chairman, two other peasants – Mikhail Timofeevich Diagilev and Petr Vasil'evich Turgenev – were voted in as the other members of the executive committee, and peasants filled all nine district representative positions in the provincial assembly. As a result, executive power in the Ardatov *zemstvo* lay entirely in the hands of the peasantry, even though by statute the peasant electoral

²³The majority of these grants were matching funds tied to school building.

curia only comprised 23 of the 52 seats in the district assembly. This contrasted with most other *zemstva*, where election outcomes in 1883 tended to reflect the weighting of assembly seats toward the curia of rural private property owners (and the nobility).

Ardatov's *zemstvo* had a relatively large share of peasants elected to positions of authority, and the district seems to have spent a comparatively large share of its budget on health care and education. At the same time, the mean *zemstvo* tax rate on the 51 % of district land that was communally owned was 24.3 kopeks per *desiatina* (2.7 acres) in 1885, versus 22 kopeks for the 32 % of land in private hands, despite grain yields being higher on privately owned land.²⁴ Comparing 1883 data on electoral outcomes to the 1885 tax data and other information, we can more formally evaluate whether there was a relationship between peasant political power in the district *zemstvo* and the gap in tax rates between the two types of property (see Nafziger 2011). The econometric results indicate that the districts where peasant assemblymen achieved more political power showed lowered property tax gaps. However, we cannot entirely discount the possibility that those districts where peasants received a greater political voice had some unobservable characteristics that were correlated with differences in land quality between the two types of property.²⁵ What does seem to be clear is that the *zemstvo* assemblies and executive committees were quite active in fostering fiscal capacity that reflected and catered to local needs.²⁶ Among other effects, these investments translated into real improvements in school provision in the countryside in the absence of substantial involvement by the central authorities until very late in the period.²⁷

For the non-*zemstvo* provinces of European Russia, some of the *zemstvo* functions were undertaken by the local institutions of peasant self-government, often in concert with the local offices of peasant affairs and other representatives of the central government. However, officials under the direct authority of the provincial governors made the majority of local funding and revenue decisions in these districts.²⁸ In 1905, the Ministry of Finance recorded 24.5 million rubles in *zemskie* revenues in the non-*zemstvo* provinces, with over half (14.5 million) of the

²⁴For the tax rates and property allocation, see Skanlon, ed. (1888). For information on the *zemstvo* electoral outcomes of 1883, see Syrnev, A. ed. (1888).

²⁵Nafziger (2011) goes on to investigate the relationship between peasant representation and expenditures in more depth by relying on a change in the composition of *zemstvo* assemblies after a reform of 1890. That paper finds evidence consistent with peasant influence in these institutions.

²⁶On the breakdown between provincial and district *zemstvo* activities, see Veselovskii (1909, vol. 1).

²⁷The supply of primary schooling grew faster in *zemstvo* provinces than non-*zemstvo* ones, even after controlling for a variety of other possible explanations. *Zemstvo* efforts in health care, in promoting rural industry and crafts, in providing veterinary and agronomic services, and in managing large-scale fire insurance systems were critical components of a developing rural service sector.

²⁸The specific official in charge differed depending on the region (Lapteva 1998). For details on revenue sources and expenditures undertaken by these and other local officials in non-*zemstvo* areas, see various yearbooks of the Ministry of Finance.

receipts from local property taxes and roughly two million in direct grants from the central government.²⁹ Overall, the fiscal and governance structure of the non-*zemstvo* provinces deserves further attention.

Where they existed, the *zemstvo* amounted to a form of “decentralization from scratch,” installed as a mechanism to build local state capacity and to translate the resulting resources into local public services. The peasant institutions of self-government played an important role as the locus for electing peasant representatives to the *zemstva*, while also functioning as an independent base of local state capacity on their own. Thus, while the central authorities were not completely absent, it is clear that a significant share of funding for local public goods in rural European Russia was locally collected and controlled.

Local Corporate and Municipal Governance

Social classes other than the peasantry also maintained their own local institutions of self-government. These included merchant guilds, district assemblies of the nobility, and townsmen (*meshchane*) associations. While their roles ebbed over the late Imperial period, these bodies continued to be called upon to administer aspects of local governance and contribute (often charitably) to schools and other public goods and services.³⁰ In this sense, these institutions did contribute to the building of formal state capacity at the local level. Unfortunately, budgetary information from these bodies is largely unavailable, as accounting was typically informal, and records were rarely kept. As such, the relative importance of these institutions in the system of Tsarist local governance remains largely unknown.

While the Russian Empire remained overwhelmingly rural, urban governments were an increasingly important part of the state structure over the last decades of the Tsarist era.³¹ Assemblies and mayoral forms of urban governments were allowed in formally chartered settlements, and after reforms in the 1860s, such town authorities held the right to assess taxes on urban property, to collect certain fees and patents, and even to issue debt. Funds went to support local administration, schools, public health, and welfare provision of various types. By 1912, urban governments were

²⁹Thus, the underlying funding sources in these non-*zemstvo* provinces were not so different in practice from what the *zemstvo* had available. It is not clear precisely where these two million rubles show up in the central government budget – the expenditures of the Ministry of Internal Affairs in 1905 amounted to 114.4 million rubles, with roughly 76 million dedicated to “local administration” and approximately one million separately appropriated for *zemstvo*, municipal, and other local institutions (Russia, *Ministerstvo finansov* 1907).

³⁰For example, land captains (see below) were formally drawn from the district assemblies of the nobility, and townsmen associations played a role in municipal electoral systems. These bodies assessed obligations on their members to fund various initiatives (Hamburg 1984; Rieber 1991; Wirtshafter 1997).

³¹On urban government in Imperial Russia, see Brower (1990) and Koshman (2008).

spending approximately 275 million rubles, which is comparable to the aggregate expenditures of the *zemstvo*.³² As Table 6 indicates, the majority of the associated revenues came from property taxes and various fees charged to urban enterprises and users of public services. The implication of such evidence – evident for earlier years as well – is that considerable local state (fiscal) capacity emerged in cities to match what the *zemstvo* and other rural institutions were doing.

Central State Capacity at the Local Level³³

The central authorities were not completely absent from local governance. Although scholars (e.g., Starr 1972) do assert that the central government employed relatively few officials outside of the provincial capitals, the truth was far from Nikolai Gogol's government inspector, whose visit to the provincial town was so unexpected that it caused pandemonium among local residents. In practice, a variety of state officials impacted the workings of the institutions of local government on a day-to-day basis. The politics and policymaking of the *zemstvo* and the peasant institutions of self-government were embedded in a complex structure of centrally controlled judicial and supervisory authorities at the district and provincial levels. These included the peace mediators that managed the emancipation process (Easley 2008); governors, police, and other administrative bodies under the Ministry of the Interior; local treasury offices; district courts and justices of the peace; and the land captains (*zemskie nachal'niki* – after 1889). The funding for such entities came from a combination of retained local sources and transfers from the central ministries, although it has proven impossible to credibly identify the local components of Ministerial budgets.

The most prominent “local” officials were the provincial governors and their staffs.³⁴ These appointees of the central government possessed significant executive power (including the authority to call out troops) but no direct independent control over the level of taxes or legal capacity in their provinces. Moreover, they controlled no specific budget to fund local public goods and services. However, they did possess final approval over *zemstvo* budgets and policies, a right that was

³²Urban spending rose from 38 million rubles in 1880 to 56 million in 1890, before increasing even more sharply over the next two decades. In 1912, revenues of approximately 13 rubles per capita – much higher than what other government institutions collected from their constituents – supported this spending. See Russia, Ministerstvo finansov (various).

³³I touch on only a small number of issues here. Further work is necessary to fully document the interrelationship between central and local state capacity in this period. For some general insights in English, see Waldron (2007, Part 2) and Yaney (1973, esp. Chap. 9).

³⁴Robbins (1987) and others have documented the characteristics and impact of the largely noble-class governors, noting their particular careerist concerns.

Table 6 Urban government revenues and expenditures, 1912

		European Russia (with Poland and Caucuses)	Whole empire
Number of Cities	Incorporated	678	775
	Non-incorporated	130	196
Total Revenues (thousands of rubles)	Incorporated	216,280.1	24,7458.6
	Non-incorporated	24,756.5	28,221.4
Revenues per resident (rubles)	Incorporated	12.92	12.99
	Non-incorporated	8.27	7.04
Main categories of revenues (thousands of rubles)			
Collections from immovable property	All	28,727.5	32,673.6
Collections from trade and industry	All	13,190.3	14,506.5
Fines of different types	All	3055.6	3340.7
From urban property (renting/usage)	All	40,660.5	46,615.8
Fees from urban enterprises (<i>sooruzhenii</i>)	All	75,341.8	79,641.4
Fees for services	All	44,743.4	55,987.6
Expenditures, total (thousands)	Incorporated		247,398.4
	Non-incorporated		28,551.4
Percentages of all expenditures			
Debt payments	Incorporated		15.5
	Non-incorporated		12.1
Supporting government enterprises	Incorporated		15.4
	Non-incorporated		4.9
Medical, veterinary, sanitation	Incorporated		12.9
	Non-incorporated		9.2
Education	Incorporated		12.9
	Non-incorporated		6
Welfare provision	Incorporated		7.5
	Non-incorporated		26.1
Upkeep of government property	Incorporated		7.5
	Non-incorporated		17.9
Upkeep of administration/courts	Incorporated		7.4
	Non-incorporated		7.3
Support of urban police	Incorporated		5.7
	Non-incorporated		7.6
Military billeting	Incorporated		4.2
	Non-incorporated		0.6
Social charities	Incorporated		3.5
	Non-incorporated		0.5
Fire measures/department	Incorporated		2.7
	Non-incorporated		1.8
Various expenses	Incorporated		1.6
	Non-incorporated		2.7
Support for other state institutions	Incorporated		1.1
	Non-incorporated		2.1
Tax payments	Incorporated		1.1
	Non-incorporated		0.4
Payments into educational capital	Incorporated		1
	Non-incorporated		0.8

These data come from collected urban budgets for 1912 (Russia, Department, 1917)

strengthened in 1890, and they could employ police power to intervene in other local institutions.³⁵

The district and provincial offices of peasant affairs (*krestian'skie po delam prisutstviia*) were one of the most prominent state authorities in rural areas. Formally under the Ministry of Internal Affairs, these offices were established in 1874 to take over some of the functions of the peace mediators (*PSZ*, 2nd series, vol. 49, no. 53678). Staffed by a combination of local residents and appointees from the center, they were responsible for monitoring the activities of the *zemstvo* and the rural societies and townships to make sure statutes were followed, for responding to complaints from peasants about the functioning of those institutions, for communicating dictates from central authorities, and for managing the electoral processes for the *zemstvo* and peasant institutions. Pearson (1989) notes that a key role of these bodies was to monitor the collection of different levels (*mirskie*, *zemstvo*, or central) of assessed property taxes. He also argues that over time these offices saw their roles grow as part of a larger effort aimed at imposing greater state control over the countryside.

A related component of this conservative retrenchment of central state authority over was the creation of the position of the rural land captain (*zemskii nachal'nik*) in 1889.³⁶ These officials, who were overwhelmingly members of the landed nobility, were nominated locally by assemblies of the nobility, approved by governors (or appointed by central authorities), and paid a salary by the Ministry of Internal Affairs. By the early twentieth century there were almost 2500 land captains in 43 provinces. Initially, these officials held almost complete authority over the townships governments and courts, including the possibility of imposing fines, imprisoning people, and even enacting corporal punishment. Over time, additional responsibilities were added, including administrative duties during the Stolypin land reforms of the early twentieth century. Answerable to governors and the Ministry of Internal Affairs, the land captains constituted an extension of central control into the countryside, but they held no fiscal authority of their own.

Critical to the work of the Offices of Peasant Affairs and the land captains were local police under the control of central authorities. Unlike deputies nominated and funded by the peasantry, the rural constables (*ispravniki*) and their staff were hired and paid by the Ministry. One of their main responsibilities was to help execute the allocation of external tax obligations among peasant communities, industrial establishments, and other local paying units. This occurred under the direction of district offices of the Ministry of Finance, the *zemstvo*, and municipal authorities. In this capacity, these police were also responsible for collecting tax arrears, which occasionally necessitated the forced sales of taxpayer assets and other punishments.

³⁵See *PSZ*, Series II, vol. 39, no. 40457, clauses 90–91 and 94–98; and clause 87 of the 1890 reform law (Pearson 1989; Zakharova 1968).

³⁶This section draws on Macey (1989) and Pearson (1989). Macey argues that the land captains reflected the growing “bureaucratization” of the countryside.

As hinted at above, reforms over the late Imperial period revised the degree to which outside authorities intervened in programs and budgets of the *zemstvo* and other institutions of local self-government. This included changes in the rules governing local levies and measures that shifted obligations for particular public services between different components and levels of the broader public sector. Overall, it is clear that the central government took an increasingly active interest in the provision of local public goods, especially after 1890, corresponding to the large increase in the size of the central government's budget in the last three decades of the Tsarist era (see Fig. 1).³⁷ Roadwork and other infrastructure improvements (including many private railroads) were eventually taken over by the state, as was troop quartering and the coordination of much local food relief efforts (particularly after the famine of 1891–1892). The Ministry of Education took an increasingly active role in supervising the system of primary education, culminating in a 1908 law that committed the state to the idea of universal primary education.³⁸ Similar central government efforts at local economic development emerged in the last three decades of the Imperial era in other areas, from agronomy to public health, but these were relatively limited and never completed abrogated the role of local actors capitalizing on local state capacity.³⁹

Further Perspectives on Local State Capacity in Tsarist Russia

The previous sections have documented a complex structure of local governance in late-Tsarist Russia. Compared to the pre-1861 period, the formalization of the peasant institutions, coupled with the creation of the *zemstvo* and reforms of urban governance, led to a considerable increase in locally produced state capacity. The ability of different institutions to collect revenues increased substantially, which led to an increase in the provision of various public goods and services. Eventually, the central government acted to develop a greater presence at the local level, although this occurred relatively late and may have substituted, in part, for what was already occurring locally.

To give an idea of scale, total *zemstvo* (provincial + district) spending rose from approximately 4.4 % of central government spending in 1874 to just over 8 % in 1913 (Nafziger 2011). These expenditures were increasingly concentrated in health

³⁷Amid perceptions of a growing rural economic crisis following the famine of 1891–1892, the central ministries viewed many *zemstva* as fiscally insolvent and began intervening more directly (Fallows 1982, pp. 216–217).

³⁸See Eklof (1986). This measure required district *zemstva* to submit plans for achieving universal enrollment in their jurisdictions plans. In return, they received various subsidies and loans from the Ministry of Education. Growing state intervention in local educational matters also came in a succession of ministerial decrees and reforms from 1867, where the Ministry of Education took over supervision but not the funding of schools, to the 1908 law.

³⁹On agronomy, see Nafziger (2013). On public health, see Frieden (1982).

care and education.⁴⁰ Add to that the rising capacities of the peasant institutions and urban governments, and it appears that much of the process of “state formation” was taking place outside of the orbit of the Petersburg Ministries and their local offices. Of course, this implies nothing about the efficiency by which revenue, legal, and infrastructural capacities were being built at any level. Indeed, the central government remained reliant upon less efficient indirect taxes that required less administrative capacity.

Regarding direct taxes, the state, peasant institutions, and the *zemstvo* may have competed for the loyalties and the tax dollars of the rural population as this process of local capacity building occurred.⁴¹ The different levels government had a common primary tax base – assessments made on land and other forms of “immovable property.” In terms of rural land, the state held about 110 million, peasant rural societies 120 million, and private owners roughly 100 million *desiatiny* (2.7 acres) subject to tax assessments in European Russia in 1905 (Loganov 1906). Urban properties and fixed capital constituted the other main direct tax bases. By 1905, the *zemstvo*, municipal governments, and local agents of state ministries had made considerable investments to determine the income-generating possibilities of different types of property held by different owners in different locations (Kotsonis 2014). At the bottom level, the multi-layered tax system relied on the principle of collective liability among peasant institutions and urban property owners. Although rates imposed by central and local authorities were set separately, the underlying base was valued in common, while collection was undertaken simultaneously as one assessment. As such, we can ask whether levies made by central authorities took priority in the building “capacity” in this context.

To examine this, we turn to data on the land-related obligations faced by the peasantry of European Russia in 1895.⁴² On average, such peasant households held approximately 10 *desiatina* of land (c. 1905). With this in mind, Table 7 reports information on mean total land taxes per *desiatina*, as well as a breakdown by the type of assessment. Because we do not have exact information about the burdened

⁴⁰Between 1885 and 1913, central government spending on education and health care rose from 23 million to 154 million rubles, or 2.7 to 4.6 % of total spending. Military spending stayed relatively constant at 27–29 % of overall expenditures throughout the period (Gregory 1982, p. 256). According to Eklof’s tabulations (1986, p. 91), central government spending on primary education rose from only 0.3 % of the budget in 1862 to 2.225 % (or approximately 76 million rubles) in 1913. By 1913, *zemstva* spending on education – mostly primary – reached approximately 88 million rubles (Russia, Statisticheskoe 1913 vol.). Eklof (1986, p. 89) shows that central government contributions to rural primary schooling rose from 11.3 % of all funding in 1879 to 45 % in 1910, while *zemstvo* support fell from 43.4 % to 29.6 % over the same period. Some of these contributions took the form of subsidies and loans to *zemstva* to supplement existing or planned programs.

⁴¹Atkinson (1982), among others, notes the presence of fiscal and political conflict between the townships/communes and the *zemstva*.

⁴²Other years and sources of similar data generate similar conclusions. Our focus is on peasant tax obligations related to land, as such detailed (district-level) data are unavailable for other classes and types of direct taxes.

Table 7 Peasant obligations and arrears for land-based direct taxes, 1895

	<i>N</i>	Mean	SD	Mean accumulated arrears/1895 obligations (×100)	SD
Total land-based taxes per <i>desiatina</i>	498	1.409	0.806	76.36	100
Shares of total direct taxes for:					
Central state obligations	499	57.89	10.92	101.53	146.2
<i>Zemstvo</i>	499	13.44	6.54	76.56	81
Township	499	11.57	8.82	21.31	22.22
Rural society	498	10.1	7.79	7.25	11.6
Obligatory fire insurance	499	7.08	4.22	n/a	n/a

Taxes per *desiatina* are in rubles. The *source* of the data is Russia, Department (1902)

population, we focus on the taxes per *desiatina*, although this obviously conflates land quality and tax burdens. The overall level of obligations was about 1.4 rubles per *desiatina*, with the majority owed to the central government, followed by the *zemstvo* and then the peasant institutions. The map depicted in the top of Fig. 5 shows two areas – right-bank Ukraine and the central agricultural provinces – that possessed considerably higher levels of land obligations.

Arrears on these land taxes accumulated to roughly 76 % of the 1895 assessment, which we view as quite low given the roughly 30 years over which this occurred. The bottom panel of Fig. 5 indicates that the districts along the northern Volga and to the northwest of Moscow had accumulated greater tax arrears by 1895. What is most telling is that the level of such non-payments appears to have been greater for the central government's demands and smallest for the rural societies. This suggests that local monitoring and the possibility or perception that closer levels of government provided more beneficial spending may have driven peasant payment strategies. While this evidence is certainly not definitive, it does illustrate the importance of considering the fiscal structures and capabilities of *both* central and local authorities in the Imperial Russian context.

Comparative and Conceptual Dimensions

Was the Russian case anomalous for this period? What was the nature of local state capacity building in other countries of Europe? The rich data that we have explored in this chapter are not easily accessible for other countries. Standard sources of fiscal information, such as Mitchell (1998), stick to central government revenues. Furthermore, important accounts of the emergence of the franchise and the modern social welfare state also emphasize the corresponding fiscal policies of *central* governments (e.g., Aidt et al. 2006; Dincecco 2011; Lindert 2004; Lizzeri and Persico 2004). A few recent works have delved into specific components of local government activity in other societies, but for the most part, these studies do not

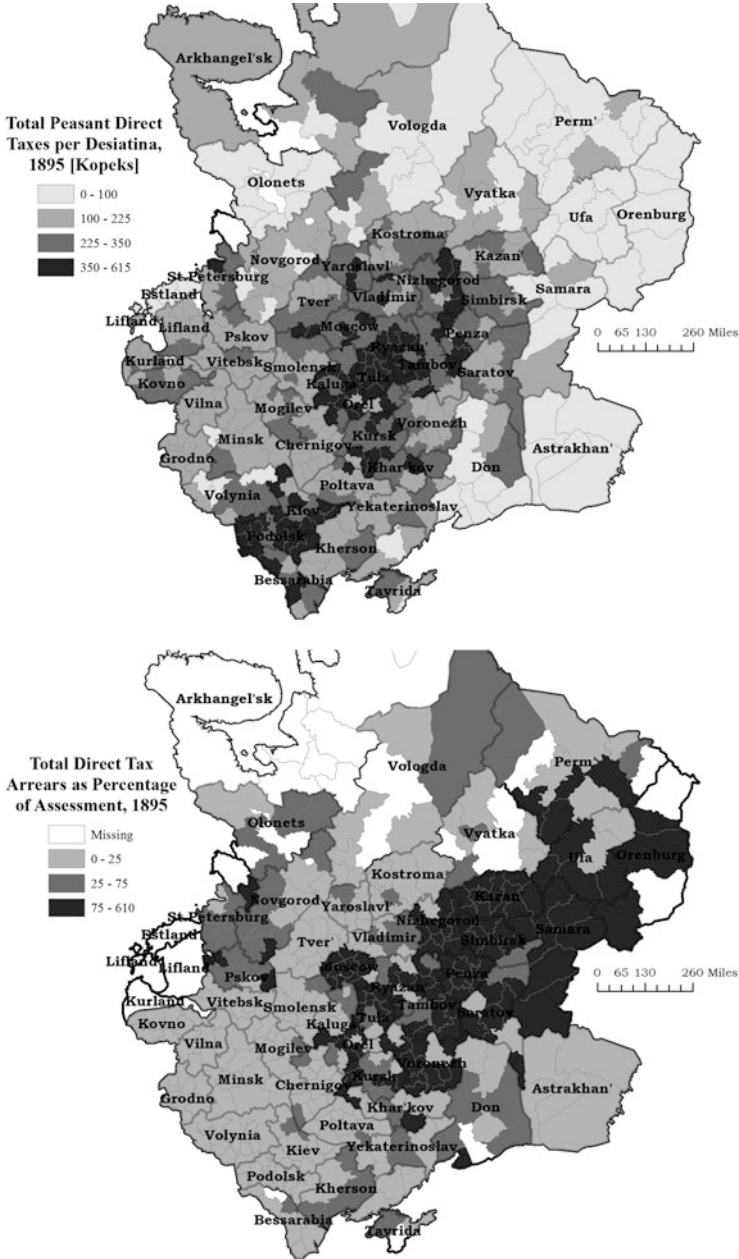


Fig. 5 Total direct tax obligations and arrears among the peasantry, 1895. Note: Figures drawn from data presented in Nafziger (2014). The amount of “obligated land” was defined in the original source. Payment arrears are defined as the accumulated amount relative to the year’s assessment for 1895

emphasize the diversity of local entities, nor do they discuss the fiscal interactions between the center and locality.⁴³

Moving slightly farther afield, recent empirical studies have investigated how the outcomes of decentralizing reforms in developing economies may be affected by the structure of local political institutions. Increasing the political voice of previously underrepresented groups (such as women, ethnic minorities, or lower social classes) can have significant effects on the amount and allocation of local public spending.⁴⁴ The impact of a decentralizing reform depends crucially on how an increase in the nominal political voice of a group is translated into real political influence through local institutions. In the Russian case, the newly empowered peasant institutions of self-government and municipal bodies were forms of decentralization, as was the creation of the *zemstvo*. Furthermore, achieving just minority positions by the peasantry in the *zemstvo* assemblies appears to have fostered opportunities to propose policies, obtain agenda-setting executive positions, and ally with elements of the other property owners to push through spending proposals (Nafziger 2011). All of these measures likely brought local spending and revenues more in line with the preferences of local residents, while possibly improving local accountability and leading to an increase in total public sector activity.⁴⁵

Examining the Russian case suggests a modified approach towards the development of state capacity over the long nineteenth century. Rather than just focus on the political economy issues at the level of the central government, it is necessary to consider the entirety of the edifice that comprised the state from the top on down. Specifically, a fuller examination of the state's role in the transition to modern economic growth would consider spending policies of local governments. This naturally requires some consideration of the interrelationship between the center and the locality, whether in the form of fiscal federalism (Oates 1993), a decentralization or devolution of fiscal authority down the hierarchy (Bardhan and Mookherjee 2006), a structure of inter/intra-governmental grants, or in a strategic framework (e.g. Acemoğlu et al. 2014).⁴⁶

⁴³In Cardoso and Lains, eds. (2013), many of the chapters do acknowledge some complexity in the fiscal hierarchies of the nineteenth-century state, but they do not draw on the "capacity" framework. Economic history works that explicitly focus on one or two parts of local government include Chapman (2015), Legler et al. (1988), and Ziblatt (2008).

⁴⁴Foundational contributions to what is a growing literature include Besley et al. (2004), Chattopadhyay and Duflo (2004), and Pande (2003), all on India.

⁴⁵Although this presumes that local elites would not coopt these institutions more than national elite could capture more centralized revenue and spending policies, a point emphasized by Bardhan and Mookerjee (2006).

⁴⁶Due to fears of coordinated opposition, the Tsarist state put explicit limitations on interactions between *zemstvo*; forbidding, for example, coordination in public health provision. Moreover, it was only with the onset of World War I that a serious discussion of an Empire-wide *zemstvo* system took place, with such a structure implemented in a limited way in 1917. Given this (and similar limits on other cross-border governance), the network model proposed by Acemoğlu et al. (2014), whereby local and central governments make their own capacity investments in a strategic way, is perhaps not entirely applicable in the Russian context.

Concluding Thoughts

Mark Harrison has constructed an influential narrative about how military strategy, armament production, and repression were critical drivers of the modern state's role in the economy, particularly when it came to developing the capacity to extract resources from the population. While Mark's work has focused on the Soviet period, military spending was an enormous part of the central government budget in Imperial Russia over the long nineteenth century, and external conflict and the threat of internal unrest surely did shape the development of the central authorities' fiscal and legal capacities (Pinter 1984). This paper argues that an exclusive focus on state formation as entirely a project of the central authorities misses an important local component, both in the Russian context and in European history, more generally.

In the case of Tsarist Russia, reforms in the wake of serf emancipation decentralized important fiscal and legal rights to a number of local institutions. This allowed for a significant amount of state capacity to be developed locally, rather than the central government simply imposing its policies and tax obligations. In providing some illustrative empirical evidence on just what these processes entailed, we do not want to oversell this point – as Tables 1 and 7 implied, central state direct and indirect obligations were considerably larger than those imposed by the local governments. However, much of this went to fund military and coercive aspects of the absolutist regime, rather than towards economic goals. It was left to the peasant institutions, municipal governments, corporate entities, and the new *zemstvo* to construct the capacity for most local public goods and services. While other scholars have begun to examine similar developments in Europe and the United States in the long nineteenth century, there is a large need to collect more and comparative information to better understand whether this locally produced capacity was a robust phenomenon. Nevertheless, bringing the *local* into the story of the rise of the modern nation state is an important task for economic historians, one that I am sure Mark Harrison would appreciate as well.

Archival and Published Primary Sources

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