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Part 2 of the Series: Centenary of the Russian
Revolution and the Repudiation of Debt

From Tsarist Russia to the 1917 revolution and the repudiation of debt

- Features -

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The Napoleonic wars ended with Russia emerging as a great European power and participating in the Holy Alliance of three European monarchies, founded on September 26, 1815 in Paris, at the behest of Tsar Alexander I. The Alliance had won over the Napoleonic Empire and they wanted to consolidate their positions and protect themselves from revolutions. Originally, the Russian Empire, the Empire of Austria and the Kingdom of Prussia were the constituents, while France (where the monarchy had been restored) joined in 1818 and London extended its support.

Tsarist Russia: a great European power

The Russian Empire was part of the Troika which placed a Bavarian prince on the Greek throne in 1830 and enslaved the country to a debt, at once odious and unsustainable. The Ottoman Empire's gradual dismantling was a very important issue for Moscow, because Russian interests in the Balkans as well as movement between the Black Sea and the Mediterranean were at stake.

Until the 1870s, London's bankers were the Tsar's main sponsors. German bankers replaced them once the German Empire came into being and defeated France in 1871. From that moment, Germany replaced London as Russia's main trading partner. On the eve of the First World War, 53% of Russia's imports came from Germany while 32% of their exports went there. On the other hand, at the financial level, French bankers took the place of their German counterparts at the end of the 19th century. On the eve of the First World War, "investors" in France held 80% of Russia's external debt and most of the existing Russian loans had been issued on the Paris market.

In short, the capitalists of France lent to Russia and invested there (Belgian capitalists, especially the "industrialists", also invested heavily in Russia [\[1\]](#)), while German capitalists exported part of their production and imported raw materials for their own stocks.

When the Petrograd Soviet adopted a financial manifesto for the repudiation of the Tsarist debt, Russia was preparing to issue a huge new loan, with the help of the French bankers and the government of France. The Paris bankers paid no heed to the Soviet's warning. The loan came through. It was repudiated twelve years later.

First World War

The First World War was waged between two conflicting camps of capitalist powers: on one side were the German Empire and its allies—the Austro-Hungarian Empire, Bulgaria, and the Ottoman Empire. Great Britain, France, the Russian Empire, Belgium, Romania, Italy, Japan and, from February 1917, the United States, were in the other camp.

Germany, France, Great Britain and Tsarist Russia had been preparing for war for a long time. Germany, with its thriving economy, wanted to spread its territory both in Europe and in the colonial world.

France wanted to take revenge on Germany, and particularly, to conquer Alsace and Lorraine annexed by Germany following France's defeat in 1871. Great Britain, France and Russia also wanted to extend their colonial domain, notably on the ruins of the Ottoman Empire.

The Left in various belligerent countries had denounced the preparations for this war several years before.

From Tsarist Russia to the 1917 revolution and the repudiation of debt

At the Stuttgart Congress (1907) of the Socialist International, [the unanimously adopted resolution](#) had stated: *"In case war should break out anyway, it is their (the socialist parties') duty to intervene in favor of its speedy termination and with all their powers to utilize the economic and political crisis created by the war to rouse the masses and thereby to hasten the downfall of capitalist class rule."*

In 1913, the Extraordinary Congress of the Socialist International in Basel pronounced a solemn warning to the governments: *"Let the governments remember that with the present condition of Europe and the mood of the working class, they cannot unleash a war without danger to themselves"*. [\[2\]](#)

Jean Jaurès, a great French socialist leader, crisply summed up this message in the concluding sentence of his speech at the Basel Congress: *"In sharpening the danger of war, the governments should see that the peoples can easily make the count: their own revolution would cost fewer dead than the war of others"*. [\[3\]](#)

At the decisive moment, in August 1914, several major socialist parties (the Social Democratic Parties of Germany, Austria, Belgium, France and Great Britain) voted with the bourgeoisie for war credits to finance the war. The cost in human life was enormous. Total deaths due to the global conflict amounted to 18.6 million: 9.7 million soldiers and 8.9 million civilians. The Tsar's participation in the First World War caused 3,300,000 deaths in Russia between 1914 and February 1917: 1,800,000 soldiers and 1,500,000 civilians. [\[4\]](#)

From the revolution of February 1917 to the October Revolution

When revolution broke out in February 1917, spearheaded by a massive women's strike (which started on February 23, 1917 [\[5\]](#), the International Day for Women's Rights [\[6\]](#)), the Russian people wanted to get rid of the autocratic tsarist regime. They wanted bread, an end to the war, access to land for tens of millions of deprived peasants who were forced to risk their lives in a war whose objectives were totally alien to them.

The new regime, led by the moderate socialist Kerensky [\[7\]](#) succeeding the Tsar, refused to distribute land to the peasants, wanted to carry on with the war, and could not feed the people. It also pledged to repay the debts contracted by the tsarist regime to foreign creditors and contracted new loans to continue the war.

Dan, one of the prominent Menshevik leaders opposed to the Bolshevik party, described the revolutionary zeal in the months preceding October 1917 thus: the masses *"began more and more frequently to express their discontent and their impatience with impetuous movements, and ended (...) by turning to communism (...). Strikes followed one after the other. The workers sought to answer the rapid rise in the cost of living with wage rises. But all their efforts failed with the continuous drop in value of paper money. The Communists launched in their own ranks the slogan of "workers' control" and advised them to take the running of the factories into their own hands, in order to stop the "sabotage" of the capitalists. At the same time, the peasants started to take over the big properties, to chase out the land owners and to set fire to their manor houses...."* [\[8\]](#)

The October Revolution 1917

Kerensky's policies triggered dissatisfaction, which in turn led to a second revolution in October 1917 (November 7, 1917, according to the new calendar adopted later). The new government [\[9\]](#), supported by the congress of the Soviets, pledged to restore peace, distribute land and, in a bid to revive the country's economy, repudiate debt and nationalize the banking sector [\[10\]](#).

The repudiation of debts

At the beginning of January 1918 the Soviet government suspended foreign debt servicing and in early February 1918 it decreed the repudiation of all tsarist debts as well as the debts contracted by the Provisional Government, so that the war could be continued from February to November 1917. Simultaneously, it decided to confiscate all the assets of foreign capitalists in Russia and restore them to the national estate. Russian public debt amounted to £ 930 million (roughly 50% of GDP) in 1913. Between the beginning of the war and Bolsheviks' accession to power with their left-wing Socialist Revolutionary allies, the debt soared to £ 3,385 million, about 3.5 times what it had been.

By repudiating debt, the Soviet government implemented the Petrograd Soviet's decision of 1905, which had been supported by various parties. The capitals of the great allied powers responded with unanimous protest.

Peace Decree

The Soviet government proposed peace without annexations and without indemnities. It also called for enacting the right to self-determination of peoples. All this involved the implementation of thoroughly innovative or revolutionary ideas regarding inter-State relations.

Translated by Suchandra de Sarkar in collaboration with Vicki Briault

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[1] In 1914 Belgian companies operated trams in 26 Russian cities. Belgian Minister Henri Jaspar spoke in the Belgian parliament on Belgium's interests in pre-war Russia: "our cast iron manufactured in Russia represented 1/3rd of the total production of Russian iron; beams, laminates, cross bars accounted for 42% of the total Russian production; chemical products manufactured by the Belgians in Russia represented 75% of the amount manufactured in the whole of Russia; ice accounted for 50% of Russian production, sheet glass for 30% ". (Trans. CADTM) According to the minister, 161 Belgian companies operated in Russia before the war.

Sources (in French): Annales parlementaires, Chambre, 1921-1922, p. 883-884; Session of May 23, 1922. Also see Documents parlementaires, Sénat, 1928-1929, no. 88, Rapport de la Commission des Affaires étrangères, pp. 37-38. Jean Stengers quoted from these documents in his article "Belgique et Russie, 1917-1924: gouvernement et opinion publique" in *Revue belge de philologie et d'histoire*, 1988, Volume 66, No.2, pp. 296-328 http://www.persee.fr/doc/rbph_0035-0818_1988_num_66_2_3628

[2] Jean Longuet, *Le mouvement socialiste international*, Paris, 1931, p. 58. (in French). Also see <https://www.marxists.org/history/international/social-democracy/1912/basel-manifesto.htm>

[3] Ernest Mandel, October 1917: Coup d'État or social revolution? IIRE, *Notebooks for study and research* no.17/18, 1992, Amsterdam, p 14, <https://fileserv.iire.org/nsr/NSR17.pdf>

[4] The countries most affected, besides Russia, were the German Empire (casualties of 2 million soldiers and 420,000 civilians); France and its colonies (1.4 million soldiers and 300,000 civilians); Austria (1.1 million soldiers and 470,000 civilians); the United Kingdom and its colonies (885,000 soldiers and 110,000 civilians); the Ottoman Empire (800,000 soldiers and 4.2 million civilians); and the Kingdom of Serbia (1,250,000 victims, including 800,000 civilians, or 1/3rd of its population). Source: https://fr.wikipedia.org/wiki/Pertes_humaines_de_la_Premi%C3%A8re_Guerre_mondiale

[5] In 1917, Russia still used the Julian calendar, which is about 13 days "behind" the Gregorian calendar adopted in 1918 and which corresponds to the Western calendar. So the revolution of February 1917 actually occurred on the international day of struggle for women's rights: March 8 in the current calendar. Similarly, the October Revolution took place on November 7. In the rest of the text, the dates correspond to the current (i.e. Gregorian) calendar.

[6] Leon Trotsky, 1930, *History of the Russian Revolution*, Haymarket Books, Chicago, 2008, Chapter 7.

[7] Alexander Fyodorovich Kerensky (1881-1970), lawyer, Laborist (his party was called Trudovik) headed the provisional government in 1917.

[8] Martov-Dan: *Geschichte der russischen Sozialdemokratie*, Berlin 1926, pp. 300-301. Quoted by Ernest Mandel in October 1917: Coup d'état or social revolution? IIRE, *Notebooks for study and research* no.17/18, 1992, Amsterdam, P 9 <https://fileserv.iire.org/nsr/NSR17.pdf>

[9] The government was an alliance of the Bolshevik Party and the leftwing Socialist Revolutionaries.

[10] Edward H. Carr. 1952. *The Bolshevik Revolution 1917-1923*, vol 2. The Macmillan Company; First edition (1952).