

## **Activists Support the Provisional Government's Liberty Loans**

Russia's financial constraints during the First World War caused great strife throughout the country. Large sums of money were sent to the war front, and inflation rates soared as the government printed excess quantities of liquid assets. The Provisional Government was faced with the challenge of raising funds for the expensive war effort. On March 27, 1917, the Russian government chose to borrow money from its people in the form of Liberty Loans.<sup>1</sup> These loans, sold in graduated amounts from 50 to 25,000 rubles, were advertised to citizens in the form of a repayable bond. Although activists throughout the nation agreed that the country was cash-starved, the Provisional Government, the Soviet of Workers' and Soldiers' Deputies, and the Bolshevik Group of the Soviet of Workers Deputies hotly debated the provisions of the loan. This dispute yielded various levels of support from the population at large, catalyzing a distrust of government and fueling the April Crisis of 1917.

The Liberty Loan was used not only to raise money but also to foster popular support for the Provisional Government and the war effort. The Provisional Government needed to fund their cash-stripped war orchestrated by Minister of Foreign Affairs, Pavel Miliukov, and the war effort. The Liberty Loans were intended to foster support for the efforts of the Provisional Government by financing the war, elevating Russian credit abroad, and removing money from the domestic market.<sup>2</sup>

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<sup>1</sup> Prince L'vov (Minister-President of the Provisional Government), "The Issuance of the Liberty Loan of 1917" (March 27, 1917), in Robert Paul Browder and Alexander F. Kerensky, *The Russian Provisional Government 1917*, doc. 432, p. 485.

The government promoted these loans through advertisements and town assemblies, with the belief that “[The Liberty Loan’s] failure would mean defeat in the external war and most certainly the ruin of the new regime.”<sup>3</sup> The refund of the loan and payment of its interest were guaranteed by the government, thus hopefully promoting trust in the revolution.<sup>4</sup> These loans, however, were not fully supported by the majority of Russian citizens.

The Soviet of Workers’ and Soldiers’ Deputies was determined to support the soldiers in the war, but their members did not fully support the Liberty Loans sold by the Provisional Government. The Soviet saw the loan as a way to “place the people’s money at the disposal of a government which has not renounced imperialistic plans,” thus promoting the continuation of the war.<sup>5</sup> National defense, however, was considered to be “a cause of all the democracy,” and the Soviet wished to place terms on the loan to control its power over the people’s money.<sup>6</sup> The Executive Committee of the Soviet of Workers’ and Soldiers’ Deputies voted in favor of the Liberty Loans, but wanted stipulations placed upon the sale of the loans.

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<sup>2</sup> Article in *Novoe Vremia* (New Times), “Novoe Vremia on the Liberty Loan,” (March 12, 1917), in Browder and Kerensky, doc. 433, p. 485.

<sup>3</sup> Article in *Den’*, “Den’ on the Liberty Loan,” (April 8, 1917), in Browder and Kerensky, doc. 434, p. 486.

<sup>4</sup> Chaikovskii, N.V. (President of the Free Economic Society), “The Appeal of the Free Economic Society on the Liberty Loan,” (April 9, 1917), in Browder and Kerensky, doc. 435, p. 486.

<sup>5</sup> Notes from the Executive Committee of the Petrograd Soviet, “The Debate on the Liberty Loan in the Executive Committee of the Petrograd Soviet.” (April 7, 1917), in Browder and Kerensky, doc. 436, p. 487.

<sup>6</sup> *Ibid.*

These stipulations would ensure that the Liberty Loans would not be “a tax on a number of future generations and a means of enriching financial circles.”<sup>7</sup> The Soviet, using their powers of influence, worked to encourage the Russian people to purchase the Liberty Loans. Their support of these loans, they hoped, would promote “the consolidations of the gains of the Russian Revolution...stimulating and strengthening the revolutionary movement in other countries.”<sup>8</sup> The Soviet, however, was not met with support from all activist groups.

Although the Soviet of Workers’ and Soldiers’ Deputies pledged support for the Liberty Loan of 1917, the Bolshevik Group of the Soviet of Workers Deputies vehemently denounced the loan and its imperialistic aims. The Bolsheviks believed that leaving the war was of the utmost importance. The loan, in their opinion, would cause “all talk about the fraternal solidarity of the proletariat of the world, about internationalism, etc. [to come] to nothing but hypocrisy.”<sup>9</sup> The Bolsheviks saw the Provisional Government as a capitalist entity working to prolong an imperial war, believing that anyone giving money to the Liberty Loans was aiding to the Provisional Government.<sup>10</sup> Lenin and his followers believed that the money should be given to take care of the soldiers, but not to prolong the war efforts. The money for the war, in their opinion, should have come from “the capitalists who have

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<sup>7</sup> *Ibid.*

<sup>8</sup> Notes from the Meeting of the Soviet of Workers’ and Soldiers’ Deputies, “The Soviet Resolution in Support of the Liberty Loan,” (April 22, 1917), in Browder and Kerensky, Provisional Government, doc. 437, p. 488.

<sup>9</sup> Lenin, V.I. (leader of the Bolshevik Party) “Liberty Loan,” (April 11, 1917), available online: <http://marxists.org/archive/lenin/works/1917/apr/11b.htm>.

<sup>10</sup> *Ibid.*

reaped and continue to reap billions of rubles in profits on [the] war.”<sup>11</sup> These beliefs helped them to promote a lack of trust in the government and war effort.

As activist groups spread their views of the loans throughout Russia, the Russian peasants, soldiers, and working class showed their distrust for the economic system by not purchasing loans. Many Russian citizens had a difficult experience understanding the concept of a loan and bond system, fearing their money would not be protected. Peasants feared the government and the loss of their money, telling bank officials, “They would have subscribed [to the loans] but all kinds of people explained that the papers would soon have no value whatsoever.”<sup>12</sup> The working class also had problems understanding the loans, avoiding subscription despite support from the Soviet of Workers’ and Soldiers’ Deputies. Labor organizations in Riga reported their distrust for the loans, saying, “The proceeds of the loan would go for the goals of the war, while the war is up to now and continues to be an aggressive war.”<sup>13</sup> Additionally, the people were greatly confused by any publicity about the loans saying there had been “no popular publications that clearly and intelligently [explained] the meaning and significance of loans.”<sup>14</sup> The amount of money the Provisional Government desired to raise was, therefore, not collected from the people. The financial strife blanketing the war

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<sup>11</sup> *Ibid.*

<sup>12</sup> Article in *Den’*, “Opposition and Apathy Toward Subscription to the Liberty Loan.” (August 4, 1917), in Browder and Kerensky, Provisional Government, doc. 440, p. 491.

<sup>13</sup> *Ibid.*

<sup>14</sup> *Ibid.*

continued to foster animosity between the various political groups in Russia, fueling disputes leading to street demonstrations on fault of the Provisional Government in the April Crisis.

The Liberty Loans proved to be a catalyst for the April Crisis by enhancing the staunch animosity between the Soviet of Workers' and Soldiers' Deputies and the Provisional Government's Minister of Foreign Affairs, Pavel Miliukov. The Soviet of Workers' and Soldiers' Deputies sent a letter stating their support for the Liberty Loan to the Allies in March of 1917. Miliukov intercepted the declaration and attached his own commentary including phrases such as "victorious conclusion" and "necessary guarantees and sanctions" toward winning the war.<sup>15</sup> The Soviet, however, disagreed with these phrases, and did not condone Miliukov's actions. As tensions over the letters rose, supporters of the Provisional Government and the Soviet of Workers' and Soldiers' Deputies led demonstrations in the streets of Petrograd. The Provisional Government chose not to place military units in the streets stating, "Our strength lies in moral influence, and to apply armed force would be to adopt the old road of compulsion, which [we] consider impossible."<sup>16</sup> Large-scale demonstrations against the war took place on April 21, 1917 in Petrograd, as a consequence of the political conflict between the activist groups. Clashes between worker and bourgeois demonstrators led to the killing of "workers, soldiers, and citizens who were accidentally present at the time of the clash in the streets of

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<sup>15</sup> "The Soviet Resolution...", in Browder and Kerensky, p. 488.

<sup>16</sup> Admiral Kolchak (Provisional Government Official), "Kornilov is Denied Permission by the Government to use Troops Against the Demonstrators," (April 20, 1917), in Browder and Kerensky, Provisional Government, doc. 1068, p. 1241.

Petrograd.”<sup>17</sup> This event, called the April Crisis, led to Minister of Foreign Affairs Pavel Miliukov’s resignation and the creation of a coalition government of the Provisional Government and the Soviet of Workers’ and Soldiers’ Deputies.

Financial constraints on the Provisional Government, as a result of World War One, changed the politics facing the Russian nation. Although activist groups believed in supporting the Russian soldiers, their different views on the Liberty Loans became fuel for political debate. The Soviet of Workers’ and Soldiers’ Deputies, Provisional Government, and the Bolshevik Group of the Soviet of Workers Deputies each provided the public with their interpretation of the provisions of the loan. The public, however, showed their lack of trust in the government’s financial plans. The people, lacking an understanding of the loans, did not provide the necessary monetary support to continue the goals of the Provisional Government. As tensions rose between these political groups, activists like Pavel Miliukov chose to act upon their own volition and changed the political foundations of the nation. The financial challenges arising from World War One, the Liberty Loans, and the subsequent demonstrations led Russia further toward the political turmoil resulting in the October Revolution of 1917.

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<sup>17</sup> Article in *Izvestiia*, “*Izvestiia on the Demonstrations*” (April 22, 1917), in Browder and Kerensky, doc. 1073, p. 1246.

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