ORIGINAL ARTICLE

Business representation in an autocratic regime: Tariff policy and exchange committees in late Tsarist Russia

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Abstract

Studies on the role of interest groups in the formation of public policy are generally focused on those in democratic countries. However, the emerging literature on interest groups in autocratic regimes suggests that business in such states is actively involved in policy formation. On the basis of the first dataset on the 1891 tariff reform in the Russian Empire, this study carries out an empirical examination of the role of business in policymaking in one of the most autocratic states in history. Dominance analysis is used to estimate the contribution of participants to tariff reform. The results show that while the state had an overriding influence on tariff formation, the contribution of business representatives is noteworthy. The addition of business associations to the model explaining tariff changes leads to an increase in the explained variance of the model by about seven percentage points. Additional regression analysis confirms that the success of lobbying depended on the homogeneity of the proposals presented by regional business associations.

KEYWORDS
business representation, interest groups, lobbying, tariff policy, Tsarist Russia

The role of interest groups in the formation of public policy has long been the subject of extensive research by both economists and political scientists.[1] One of the most common subjects for this research has been the role of interest groups in shaping international trade policy. In recent years, there has been a growing literature presenting evidence on how lobbying groups influence tariff rates, non-tariff barriers, customs classification, and dumping policies.[2] The majority of these quantitative studies have focused on the impact of business representation in democratic societies, primarily the US and the EU, where lobbying is highly regulated. The problem is that evidence of lobbying and negotiation in these environments can hardly explain the relationship between interest groups and political institutions in other regions.[3] The emerging literature on lobbying in developing, as well as non-democratic, countries shows that business involvement is an integral part of these countries' policy processes at both the local and the national level.[4] Analysis of the interaction between state and business is essential for understanding the patterns of countries' economic development. For instance, studies of the economic performance of Southeast Asian states show that variation in their economic growth rates can be explained by the nature and type of business–state relations.[5] Studies of development policies in Latin American countries have drawn similar conclusions.[6] Business associations can become a valuable source of information and provide a platform for networking and negotiations. In South Korea in the 1960s, during a period of rapid industrialization, the government appointed state representatives to all the major business representation institutions to facilitate business–state exchange.[7] In Chile in the 1980s business associations supplied state authorities with research studies on the situation in different sectors of the country's economy.[8]

This study provides the first quantitative analysis of the role of interest groups in the formation of tariff policy in late Tsarist Russia. It focuses on the relative importance of business representatives in the process of policy formulation and the determinants of the effectiveness of business participation in the tariff reform of 1891. Tsarist Russia in the late nineteenth century provides a perfect case for the study of interest group participation in trade policy formation in an autocratic

[1] Both theoretical and empirical literature has focused on various aspects of the topic: the processes of interest group formation and organization (see, for instance, Olson, *Logic of collective action*); the role of individual institutions in the interest group's performance (see, for instance, Ferejohn, Fiorina, and McKelvey, 'Sophisticated voting'; Baron and Ferejohn, 'Bargaining and agenda formation'); estimation of the impact of interest groups on public policy efficiency and overall welfare (see, for instance, Dixit, Grossman, and Helpman, 'Common agency and coordination'; Besley and Coate, 'Representative democracy').

[2] Literature on tariff and non-tariff barriers includes Gawande, Krishna, and Robbins, 'Foreign lobbies'; Gawande, Krishna, and Olarreage, 'Lobbying competition'; Ehrlich, 'Tariff and the lobbyist'; Stoyanov, 'Presence of foreign lobbying'; Grasse and Heidbreder, 'Influence of lobbying'. On customs classifications, see Tavares, 'European customs classification'. On dumping policies, see Drope and Hansen, 'Purchasing protection?'; Lee and Baik, 'Corporate lobbying'.

[3] Quantitative research on the impact of interest groups on trade policy in developing and autocratic countries is still scarce. Basri, 'Manufacturing protection in Indonesia', studies the determinants of trade protection in the Indonesian manufacturing sector. Tung, 'Dynamic career incentive', presents the political logic behind the formation of trade policy in authoritarian institutions, showing that tariff protection can be granted in return for guaranteed support for political leaders.

[4] See, for instance, Deng and Kennedy, 'Industry association lobbying in China'; Steinberg and Shih, 'Interest group influence'.

[5] See MacIntyre, *Business and government*; Doner and Hawes, 'Political economy'.

[6] See Thorp, *Economic management*; Maxfield, *Governing capital*.

[7] Fields, *Enterprise*.

[8] Silva, *State and capital in Chile*.

setting. According to the Polity data series that estimates levels of democracy, in the 1880–90s Russia was the most authoritarian state in the world, with the lowest possible score (–10).[9] Most modern autocratic states have at least *de jure* functioning institutions that exercise control over the head of state or the government. The mismatch of the formal governing body of policy formation and its actual execution makes it challenging to examine the contribution of different actors to the policymaking process. The Russian Empire, on the other hand, was an autocracy both by law and in practice. This creates a great opportunity to study the channels and mechanisms of interest group influence on public policy.

From the early 1870s, the Russian government began a policy of active engagement with business circles in decision-making about the most acute problems affecting the country's economy and society.[10] Previously all the institutions established to facilitate government–business dialogue (and related government edicts and resolutions) were developed solely by state authorities without the involvement of business representatives. This arrangement resulted in low levels of participation by business representatives, and thus in the low effectiveness of business advisory institutions. The importance of developing a well-balanced and fruitful dialogue was also understood by the growing class of manufacturers and traders who had, by the mid-1880s, established a number of permanent business associations, most of which were self-financed to ensure a certain level of independence from state authorities. By the 1890s, the exchange committees, based within the exchange houses, were the most numerous and active representative business institutions. One of the cases that demonstrates most clearly how the exchange committees contributed to public policy formation was their participation in virtually all stages of the development of the 1891 tariff reform. This case was unique not only for trade policy, but also for Russian public policy in general. This can be explained by the fact that the government accepted and encouraged business participation only within the narrow limits of a businessman's 'professional' interest, trying to suppress any potential for conflicting interests.[11] Negotiation of tariff policy allowed the government to draw business circles into the policymaking process, satisfying the government's objective to support entrepreneurship and industrialization, while at the same time it did not allow debate on the acute socio-political problems of the country; discussions were strictly limited to economic matters.

The existing economic and historical literature does not provide any attempt at quantitative analysis of the performance of representative business institutions in late Tsarist Russia. Qualitative historical studies, as well as the analysis of contemporary economists, have focused mainly on the process and evolution of representative business organizations and their organizational mechanisms.[12] Studies that assessed the effectiveness of these organizations in shaping public policy have based their analyses on a range of anecdotal evidence.

This study creates a novel dataset determining the involvement of business groups in the formation of the 1891 tariff, based on a complete series of archival documents produced and/or used by the Tariff Commission between 1887 and 1891. It includes the proposals of the major actors (the Minister of Finance, the Department of Railroading, experts, regional commercial and trade associations, individual petitioners) as well as the Tariff Commission's cumulative decision on

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[9] Marshall and Jaggers, *Polity IV Project.*

[10] See more on that in Schneider, *O soveshchatel'nykh uchrezhdeniyakh*, pp. 48–50.

[11] Laverychev, *Krupnaya burzhuaziya*, p. 107.

[12] Gindin, 'Russkaya burzhuaziya'; Bovykin, *Zarozhdenie finansovogo kapitala*; Laverychev, *Krupnaya burzhuaziya*; Shepelev, *Tsarism*; Bessolitsyn, *Gosudarstvo*; Nisselovich, *O torgovo-promyshlennykh*; idem, *Torgovo-promyshlennye soveshatel'nye uchrezhdeniya v Rossii*; Ermanskii, 'Krupnaya burzhuaziya'; Kaminka, *Predprinimatel'skie soyuzy.*

more than 600 commodities that formed 220 articles in the 1891 tariff. This information makes it possible to track all the modifications made or suggested during the tariff formation process.

The methodology of dominance analysis (DA) is used to determine the contribution of each party participating in the decision-making process. This is the first application of DA methodology in economic history research, to the author's knowledge. Unlike more standard bivariate correlations and standardized regression coefficients, this method makes it possible to determine the relative importance of predictors in a multiple regression model in the presence of existing correlation among the model's predictors. The results show that among the tariff rate proposals presented by all major actors of the Tariff Commission, more than half were set according to the Minister of Finance's proposal. Although the business representatives appear to be the least important participants, adding the business associations to the model led to an increase in the explained variance of about seven percentage points. Further linear regression analysis reveals that businesses tended to gain more favourable tariff rates when their proposals were more homogeneous. Furthermore, the results show that the larger the share of an industrial sector in the total production of a certain region, the greater that region's chance of success in lobbying for the desired tariff rate on products manufactured in that industrial sector.

This study contributes to several areas of research. First, it provides new evidence on the involvement of interest groups in policymaking in an autocratic country. Second, it contributes to the debate on whether interest groups with more concentrated interests are more successful in lobbying than those with diffuse ones.[13] Moreover, this study sheds light on several important questions in Russian economic history. It provides the first quantitative evidence that business did have a limited influence on public policy in the late Russian Empire. The limitations of this influence explain the evolution of business representation in the country, which trended towards industry-based business associations to avoid the conflicting interests inherent in the regionally defined exchange committees.

The remainder of this article is structured as follows. The next section discusses the emergence and evolution of business representation institutions in Tsarist Russia, with a special focus on the exchange committees as one of the most active actors in business–state cooperation at the end of the nineteenth century. Section II provides a brief introduction on the tariff policy of the late Russian Empire in the second half of the nineteenth century and reviews the 1891 tariff formation process. Section III describes the sources of the data and the approach to constructing the dataset. Section IV presents the DA methodology and examines the contribution of business associations to the 1891 tariff. Section V analyses the determinants of business lobbying success using an ordinary least squares (OLS) regression and discusses the results and their contributions to our understanding of late Russian Empire economic policy. Section VI concludes.

I | THE FORMATION OF REPRESENTATIVE BUSINESS ASSOCIATIONS

One of the first attempts to attract the business community to contribute to the policymaking process was made in the eighteenth century by Catherine I. The attempt, however, was mostly a formality and did not get further than the establishment of the Commission of Commerce, which aimed to investigate the reasons for the low volumes of trade. The Commission operated until 1827 without any significant input in shaping policy; it was replaced by the Manufacture and

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[13] See, for example, Dür and de Bièvre, 'Inclusion without influence?'; Pollack, 'Representing diffuse interests'.

TABLE 1 Dynamics of the establishment of new business associations

Type of organization	1861–9	1870–9	1880–9	1890–9	1900–5	1906–9	1910–16
Exchange houses: general	7	7	7	3	12	18	26
Exchange house: special	0	0	0	5	8	2	4
Conferences, advisory offices, committees	0	1	1	6	7	12	12
Societies, unions	2	2	4	5	2	4	13
Chambers of trade	0	0	0	0	1	3	5

Source: Vorontsova, *Predprinimatel'skie organizatsii v Rossii*, p. 45.

Commercial Advisory Councils, operating within the Ministry of Finance. For more than 40 years, the councils failed to present any initiative on matters of internal or external trade. Due to the councils' ineffectiveness, they were integrated into the unified Council of Trade and Manufacture, which did not perform any better than its predecessors.[14]

The reforms of the 1860–70s, which contributed to the overall growth of the national economy, also contributed to the rapid expansion of entrepreneurial activity, which subsequently required the revision and reform of existing business advisory organizations.[15] In June 1872 the new edict on 'Advisory Institutions on Trade and Manufacturing' was issued, with the aim of facilitating government–business dialogue. However, the fact that the initiative was once again handed down by the government, and did not include participation from business circles, translated into low levels of entrepreneurial involvement in the policymaking process. Contemporary scholar Vladimir Schneider wrote, 'We believe that the majority of our traders and manufacturers do not have any knowledge on the existence of these committees and councils and that their foundation is allowed by the special law'.[16]

Only from the 1880–90s can we observe an increase in the establishment of various business advisory organizations (see table 1), which can be explained by the creation of a regulatory and legal framework that helped the functioning of business representation institutions.[17] By the turn of the century two major groups were the most involved in the country's economic affairs: first, the Conferences of Manufacturers (*S'ezdy promyshlennikov*), which were based around specific industrial sectors; and second, the exchange committees (*Birzhevye komitety*), which encompassed entrepreneurs within a certain region, irrespective of their industrial affiliation. Both types of organizations were founded by entrepreneurs and thus were characterized by higher levels of business participation. The difference between the organizational structures of these two types of business institutions is crucial for understanding the nature of interests that they represented in the dialogue with the authorities. While the Conferences of Manufacturers lobbied for the interests of a particular industry, the exchange committees were less homogeneous in their

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[14] Nisselovich, a member of the Imperial Duma, wrote in his monograph *O torgovo-promyshlennykh*, p. 12: 'It's hard to find at least one significant matter on trade and manufacturing which would be solved due to the initiative or contribution of the Council or its local branches. In reality all the activity of the Council is limited to consideration of requests for privileges'.

[15] The 'Great Reforms' of Alexander II, which encompassed virtually all spheres of economic and social life of Russia, including abolishing serfdom, reform of the banking system, and juridical elimination of inequality among social classes in the right to engage in private entrepreneurial activities.

[16] Schneider, *O soveshchatel'nykh uchrezhdeniyakh*, p. 58.

[17] Bessolitsyn, *Gosudarstvo*.

motivations. The same committee could include traders and manufacturers, producers of raw materials and of manufactured products, thus making it difficult to come to a unified position on any given policy matter. This article focuses on the participation of the exchange committees in tariff policy formation, because by 1890 the Conferences of Manufacturers were still very few in number and were practically unrepresented during the tariff development process of 1891.[18]

The Russian exchange houses took the place of the *de facto* absent representative business institutions. They occupied an exceptional role compared to foreign exchange houses; it was explicitly written in legislation that they were not only specific retail markets, but also represented the interests of trading and industrial business circles. This characteristic caused exchange houses to appear even where stock trading was not registered.[19] The business advisory activities of the exchanges faced no opposition or impediments from the government. The law prohibited any political discussions within the exchange houses, which meant that the range of topics on the agenda were limited to issues concerning the country's economic development. Moreover, as self-financing institutions, they were able to hold a position that was relatively independent of the authorities. Funding for the exchange budgets was based on fees paid for visiting an exchange house, as well as contributions from members of the exchange societies.

Exchange houses included two business advisory bodies. First, there were exchange assemblies, which consisted of 80 to 150 elected representatives of the exchange societies, all of which were first- and second-class merchants who traded at the exchange houses.[20] The assemblies were responsible for establishing trade rules, drafting petitions to the government regarding exchange house interests, approving cost estimates, electing exchange committee members, and approving committee reports. Second, there were exchange committees, which included about 15 to 26 members, and were responsible for the daily proceedings of the exchange societies and preparing petitions to government bodies on major economic matters. Petitions were the primary form of interaction between exchange committees and state authorities and could be developed in three different ways: first, the creation of a specific committee with advisory functions, which compiled the project on a particular topic; second, the transfer of requests submitted by individual petitioners directly to a responsible state body; and third, a combination of the first two processes. Questions of tariff policy were among the exchange committees' highest priorities. Lobbying on a certain tariff rate was motivated by, first, the economic interests of the region as a whole, and second, the individual commercial interests of the committees' members who had close ties with industries.

II | BUSINESS INVOLVEMENT IN THE 1891 TARIFF REFORM

Russian tariff policy in the second half of the nineteenth century can be divided into two major periods. The first, from 1850 to 1875, was characterized by the successive adoption of several

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[18] By the time the initial phase of the 1891 tariff reform took place, there were only two functioning Conferences of Manufacturers, for the mining industry (from 1874) and the petroleum industry (from 1884).

[19] For more on the peculiarities of the organizational structure of exchange houses, see Vorontsova, *Predprinimatel'skie organizatsii v Rossii*.

[20] In 1742 the merchantry (*kupechestvo*) of the Russian Empire was granted the status of a separate social class (*soslovie*) and was divided into several classes or guilds (*guildiya*). By 1863 only two guilds remained. The merchants of the first guild were allowed to participate in both wholesale and retail trade with any goods and without any restrictions on the value of transactions. The merchants of the second guild could only participate in retail trade, and the value of any single transaction was not to exceed 15,000 roubles.
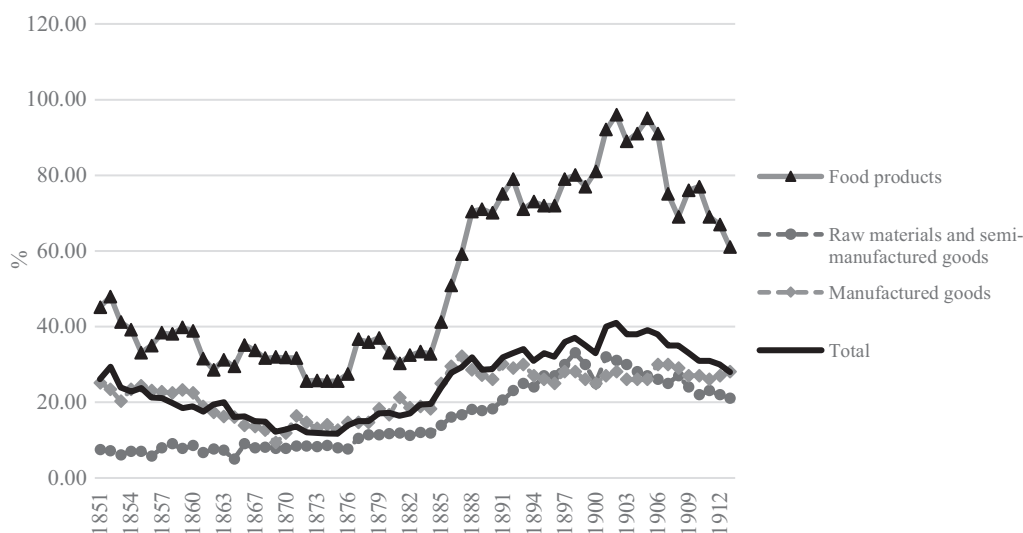
FIGURE 1 Import-weighted ad valorem tariff, 1850 to 1914 (per cent). *Notes*: The weighted ad valorem tariff is calculated as a ratio of duty taxation to the value of imported goods. The data for import are taken from the official reviews of foreign trade for the corresponding years; Ministry of Finance, *Obzor vneshnei torgovli Rossii po evropeiskoi i aziatskoi granitsam za … god*. The accuracy of the trade data is questioned in Chuchko, 'Political economy of trade policy', where the author indicates an overstatement bias in the estimation of the prices of imported goods, which would increase an ad valorem equivalent of the Russian tariff. *Source*: Ministry of Finance, *Obzor vneshnei torgovli Rossii po evropeiskoi i aziatskoi granitsam za … god*, vols. for the years 1851–1913

relatively liberal tariffs that resulted in an overall decline in customs duties.[21] The second period, from 1876, was characterized by the Russian government's reinforcement of tariff protection (see figure 1). The switch from using paper roubles to golden roubles as a currency for collecting duties led to a real increase in tariff rates of up to 30 per cent. This impressive rise was followed by an additional increase of 10 per cent in 1882, ad hoc changes for specific commodities throughout the 1880s, another increase of 20 per cent in 1890, and finally the new 'Mendeleev' tariff of 1891 which represented the culmination of Russia's protectionist policy during the previous two decades.

The changes brought by the new tariff were substantially upward, with very few reductions. Even in comparison to the tariff that was *de facto* applied in 1889–90, the 1891 tariff represented a considerable increase in duties. Regardless of all the modifications made between 1878 and 1890, the tariff reform left only 38 per cent of all duties unchanged, although the extent of the increase was more moderate than when compared to the 1868 tariff. Previously duty-free commodities were subject to taxation in 14 cases (2.5 per cent). Rates were decreased in only 42 cases (7.5 per cent), whereas 293 rates were increased (58.8 per cent).

The 1891 tariff reform was characterized by the involvement of business circles in virtually all stages of the tariff's development. The major difference from previous attempts to include business in tariff policy was the participation of organized business advisory bodies that aimed at

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[21] Liberalization of the tariff policy took place alongside the growing popularity of free trade ideas among both scholar and policymakers. See, for example, Gagemeister, *O teorii nalogov*; Tengoborskii, *Etudes sur les forces productives*.
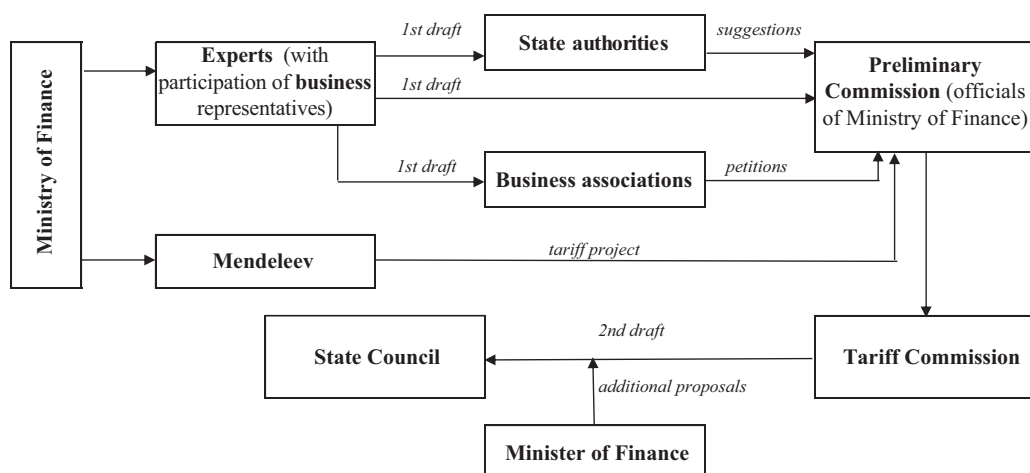
FIGURE 2 Structure of the 1891 tariff reform. *Source*: Author's elaborations based on Russian State Historical Archive, St. Petersburg (hereafter RGIA), fund 1152, inventory list 11, 1891, document 225, 'Ob obschem peresmotre tamozhennogo tarifa Rossiiskoi Imperii po Evropeiskoi granitse' ['On the General Review of the Customs Tariff of the Russian Empire at the European Border'], 5 vols

accumulating the interests of the entrepreneurs of a particular region.[22] The petitions received by the Ministry of Finance were more often presented by the commercial and trade associations, mainly exchange committees and the local branches of the Council of Trade and Manufacture, rather than individual petitioners.

Figure 2 illustrates the major stages of the preparation of the 1891 tariff reform. The first stage started in 1887 with contributions from a number of experts—professors at the St. Petersburg Technological Institute—who were assigned to advise on the tariff by the Minister of Finance, Ivan Vyshnegradskii, according to their specialization. The Minister also supplied the experts with statistics on foreign trade and industrial production. Based on discussions with owners of commercial and manufacturing enterprises, the professors prepared the first draft of the tariff, issued in the form of 16 reports. On 19 May 1889, the experts' draft was distributed among advisory business associations and interested government entities. At the same time, another draft was being prepared by Dmitrii Mendeleev. Mendeleev, a brilliant scientist in the fields of chemistry, physics, and geology, was also an active public figure and even preferred to call himself a 'political economist rather than chemist'.[23] When the 1891 tariff review process began, Vyshnegradskii invited Mendeleev to submit his proposals first, and then asked him to become a member of the Tariff Commission due to his active involvement in the economic life of the country and his position as an expert on industrial development under the previous

[22] The previous cases of businessmen's official involvement in the Russian Empire's tariff policy occurred during the development of the 1850, 1857, and 1868 tariff reforms. In 1850 the Ministry of Finance received only seven individual petitions. The materials on the 1857 tariff reform contain more petitions and claims from businessmen than for the 1850 tariff reform but no attempt at collective lobbying. The situation changed during the 1868 tariff reform. This time businessmen not only sent their petitions, but for the first time became members of the Tariff Commission. However, the business community was still poorly organized. The petitions received by the Ministry of Finance were mostly written by separate entrepreneurs.

[23] Cited in Cheremnych, 'Promyshlennost' kak gosudarstvennoe ustroistvo i kak nauka'.

Minister, Nikolai Bunge. As a result, Mendeleev submitted his own draft alongside the experts' proposals.

After receiving reports from all interested institutions and individuals, Vyshnegradskii formed the Preliminary Commission, composed of Ministry of Finance officials as well as several 'informed persons', in order to review all the proposals received and to 'determine the major foundations of the tariff revision'.[24] The commissioners possessed all of the information, including specially prepared tables that compared the initial tariff rates with additional proposals by the experts, business associations, and other interested parties. Transcripts of the meetings reveal the rather formalistic nature of the Preliminary Commission, which did not make any considerable contribution to the arguments presented by the experts. At this stage, proposals sent by region-based business associations were not included.

The Preliminary Commission, upon completion of its review, passed the proposal to the Tariff Commission.[25] The Tariff Commission was a body specially organized for the purpose of tariff revision whose main objective was the development and presentation of the tariff draft to the State Council following the consideration of all the materials produced from the first stage. The members of the Commission can be divided into four groups according to their affiliation: nine representatives of the Ministry of Finance; eight experts participating in the elaboration of tariff drafts; 13 representatives of other ministries; and 13 representatives of industrial and commercial organizations, with an additional 46 possible deputies. Selected transcripts of the meetings confirm that the Minister of Finance, as chairman, kept the dominant position in the discussions, and his opinion had a clear impact on the judgements of other members. However, he seemingly had no influence on the statements of participating business organizations.

The Tariff Commission compiled 14 reports encompassing all the tariff articles, which were subsequently introduced to the State Council.[26] Each report contained a review of a certain industrial sector, drafts of the new tariff articles, the most recent statistics on trade and production, and the motives for proposed changes. The information provided allowed the Council to consider the draft in a rather short amount of time. All articles were processed in seven sessions of the Council's Department of the State Economy, and by the end of May the final draft was prepared for validation by the General Assembly of the State Council. The tariff was approved on 11 June 1891 and took effect on 1 July 1891.

III | THE DATA

For this study, two novel datasets were constructed. The first depicts the process of the 1891 tariff formation based on the tracking of all modifications made or suggested during the tariff's development. The second dataset captures the industrial and other characteristics of the regions that were lobbying for certain tariffs, and is designed to measure the lobbying success of the regional exchange committees.

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[24] Russian State Historical Archive, St. Petersburg (hereafter RGIA), fund 1152, inventory list 11, 1891, document 225, 'Ob obschem peresmotre tamozhennogo tarifa Rossiiskoi Imperii po Evropeiskoi granitse' ['On the General Review of the Customs Tariff of the Russian Empire at the European Border'], 5 vols.

[25] A list of all the members of the Tariff Commission is presented in online app. S1.

[26] The State Council (until 1906) was the supreme institution concerned with the discussion and preparation of bills in the Russian Empire. By 1890, the State Council consisted of 60 people appointed by the Tsar.

The data compiled for both sets are obtained primarily from the complete series of documents produced and/or used by the Tariff Commission covering the years 1887 to 1891.[27] Additionally, transcripts of selected meetings within the tariff negotiation process are used for qualitative analysis. The full set of documents can be found in the St. Petersburg Russian State Historical Archive (RGIA); it contains five volumes totalling over 4 000 pages, which are preserved on about 100 microfilm reels.[28] The majority of the documents are composed of consolidated reports for each commodity in the tariff classification. These reports were accumulated by the Preliminary Commission and contain the proposals of all major actors in the 1891 tariff reform.

The first dataset contains tariff rates for 659 commodities proposed by the members of the Tariff Commission—the experts, Mendeleev, the Department of Railroading, the Minister of Finance, regional business associations (mainly exchange committees)—as well as individual petitioners. A tariff rate for one commodity serves as a unit of observation. The dataset is unbalanced due to the fact that all of the actors in the tariff formation process failed to propose tariff rates for a certain number of commodities: out of 659 commodities, the experts wrote reports for 624 products, Mendeleev 556, the Department of Railroading 469, and the Minister of Finance 214. An absence of tariff proposals should not be understood as silent agreement with the previously established rate, since all the participants directly stated points of agreement.

Full texts of the petitions from the regional business associations served as a major source of information for the dataset. Among the statistical information on regional production and trade, the opinions and complaints of local manufacturers, and statements about regions' needs for further economic development, there are suggestions for changes to the tariff rates that could be expressed in exact numbers (for example, two roubles per pood), suggestions of a change relative to the initial tariff rate (for example, increase by 50 kopeks per pood, decrease by 10 per cent, and so on), statements in agreement with the experts' proposals, or requesting a change relative to the experts' proposals (for example, double the experts' proposal).[29] All of these proposals were directly translated into tariff rates and added to the dataset. In cases where no exact proposals can be found, it was necessary to rely on the overall impression of the petition. If it supported the position of the experts, then the experts' rate was adopted for a respective exchange committee. If it expressed acute disagreement with the proposed changes, on the other hand, the initial tariff rate (as of 1890) was used. Finally, if there was no evidence of preferences, the petition was omitted.

The Ministry received at least one petition from the exchange committees for 400 commodities, with the total number of petitions exceeding 1 000. A number of large regions did not send any petitions, whereas some governorates (*guberniyas*) were represented by several cities (for example, Odessa and Nikolaev, both located in Kherson Governorate, acted as separate petitioners). In total, the Ministry received petitions from 19 exchange committees; 15 of them proposed certain tariff alterations for a number of commodities; the other four had minor comments without any numeric proposals. The active 15 exchange committees represented cities that belonged to 12

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[27] Unfortunately, some transcripts of the meetings are missing. This, however, is explained not by the loss of documents, but by the fact that stenography was not carried out consistently and only occurred during selected meetings; Mendeleev, *Tolkovyi tarif*, p. 113.

[28] RGIA, fund 1152, inventory list 11, 1891, document 225, 'Ob obschem peresmotre tamozhennogo tarifa Rossiiskoi Imperii po Evropeiskoi granitse' ['On the General Review of the Customs Tariff of the Russian Empire at the European Border'], 5 vols.

[29] The pood was a unit of mass used in the Russian Empire; 1 pood = 16.38 kg. The kopek was (and still is) the smallest currency denomination in the Russian currency system; 100 kopeks = 1 rouble.

Russian governorates and Don Host Province. Despite a seemingly low number of participating business associations, together these regions contributed more than 60 per cent of the country's total industrial production. For some industries their share was significantly higher; for instance, these governorates produced up to 80 per cent of all textile manufacturing (see table 2).

The petitions covered 22 out of 24 industries presented in the tariff. Those which gained the most attention from businesses were manufactured food products, textiles, and the chemical industries. The committees tended to lobby for the industries that contributed the most to the total industrial production of the respective region. For instance, Lodz (in present-day Poland), located in the Piotrkow Governorate, sent all of its 34 petitions for only one industry—textiles— which accounted for about 65 per cent of its total industrial production.[30]

Mendeleev's reports initially formed one document, 'Connection of the parts of the General Customs Tariff', which provided plans for tariff rates, modification of the tariff classifications, and analytical notes on several commodities (for example, products of dry wood distillation, cotton, superphosphates, and so on). A useful supplement to this document is Mendeleev's 1892 monograph, in which he summarizes all of his ideas as well as some discussions in the Tariff Commission on most of the commodities in the classification.[31]

The Department of Railroading submitted proposals for a range of commodities that significantly exceeded their purely departmental interests, primarily due to the status of its head, Sergei Witte. In 1892 Witte would replace Vyshnegradskii as the Minister of Finance, but during the 1891 tariff reform process he was already one of the key figures in the Ministry. In 1889 Witte published the monograph *The national economy and Friedrich List*, in which he highlighted the necessity of a protectionist tariff policy in order to facilitate the industrial development of the country.[32] The Department's reports included Witte's ideas on the tariff rates, which he later presented at meetings of the Tariff Commission. To a greater degree, the Department's proposals were in agreement with those of the experts.

The second dataset contains pooled data whereby a 'commodity–region (exchange committee)' pair serves as a unit of observation. To estimate the determinants of lobbying efficiency, regionally specific characteristics on production, employment, and foreign management were collected, and the following independent variables were constructed: a region's share in the total production of a particular industry, an industry's share in the total production of a region, an industry's share in the total employment of the region, and the share of foreign managers in a region. These region-specific characteristics were obtained from the 1890 *Code of Industrial Production* issued by the Ministry of Finance.[33]

IV | DOMINANCE ANALYSIS: THE DECISION-MAKING PROCESS AND THE ROLE OF BUSINESS PARTICIPATION

This section estimates the relative importance of the contributions made by all participating parties in the tariff negotiations, using dominance analysis (DA). DA determines the relative effect of predictors in a multiple regression. More precisely, it determines 'the proportionate contribution

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[30] The distribution of all petitions by region and industry is available in online app. tab. S2.

[31] 'Connection of the parts of the General Customs Tariff', in RGIA, fund 1152, inventory list 11, 1891, document 225; Mendeleev, Tolkovyi tariff.

[32] Witte, *Natsional'naya ekonomiya*.

[33] Ministry of Finance, *Svod dannykh o fabrichno-zavodskoi promyshlennosti*.

TABLE 2 The share of governorates with active exchange committees in Russia's industrial output in 1891

Regions	Textile industry	Paper-making industry	Wood-based industries	Chemical industry	Products of animal origin	Ceramics industry	Mechanical engineering and metal-working industry	Food industry	Other industries	Total industrial production
Total for the Russian Empire (thousands of roubles)	541 644	24 318	31 069	34 711	70 369	30 531	183 831	389 572	39 398	1 345 443
Moscow, %	30.03	8.23	3.82	26.08	13.17	14.81	9.18	9.90	6.10	18.32
St. Petersburg, %	8.45	25.68	9.15	11.75	18.07	9.09	16.54	7.77	38.77	11.18
Vladimir, %	20.90	4.25	0.30	2.06	1.26	7.49	2.84	0.26	0.10	9.25
Don, %	0.17	0.89	0.88	0.29	1.59	1.48	1.66	1.87	0.16	1.00
Kiev, %	0.05	2.46	2.55	1.07	1.80	2.17	1.63	6.41	0.24	2.38
Courland, %	0.12	0.00	2.33	2.27	0.37	1.24	1.00	1.48	0.02	0.77
Livonia, %	0.62	6.37	18.85	6.41	1.85	6.39	2.92	2.87	6.56	2.63
Estonia, %	2.14	0.48	1.78	0.22	1.15	1.70	0.19	1.60	0.06	1.45
Oryol, %	0.20	0.67	0.66	0.02	1.29	2.40	5.08	1.53	0.03	1.37
Kharkov, %	0.63	0.68	0.48	0.60	0.87	2.46	0.36	4.07	0.15	1.63
Kherson, %	0.31	1.33	3.67	4.89	3.76	1.40	1.45	5.32	0.76	2.35
Warsaw, %	1.45	6.86	3.32	4.73	7.39	4.46	5.66	5.11	2.98	3.73
Piotrkow, %	16.64	4.95	4.44	6.03	0.31	4.82	7.55	0.95	1.01	8.51
Total for 13 regions, %	81.70	62.84	52.23	66.43	52.89	59.92	56.08	49.14	56.94	64.58

Note: The exchange committees were located in the following cities: Moscow (Moscow Governorate), St. Petersburg (St. Petersburg Governorate), Ivanovo-Voznesensk (Vladimir Governorate), Taganrog (Don Host Province), Kiev (Kiev Governorate), Libava (Courland Governorate), Riga (Governorate of Livonia), Reval (Governorate of Estonia), Elets (Oryol Governorate), Kharkov (Kharkov Governorate), Nikolaev and Odessa (Kherson Governorate), Warsaw (Warsaw Governorate), and Lodz (Piotrkow Governorate). In addition to the Riga Exchange Committee, Livonia was also represented by the Livonia General Useful Economic Society.

Source: Author's calculations based on Ministry of Finance, *Svod dannykh o fabrichno-zavodskoi promyshlennosti v Rossii za 1891*.

each independent variable makes to R^2, considering both its direct effect (i.e., its correlation with the dependent variable) and its effect when combined with the other independent variables in the regression equation'.[34]

The statistical procedure of DA starts by estimating regressions for all possible combinations of independent variables in the initial model, referred to as the subset models.[35] Thus, for a model with k independent variables, the number of regressions to be estimated is equal to $(2^k - 1)$.[36] The DA then identifies and compares the additional contributions made by each independent variable to the variance explained by all possible subset models. This contribution is measured as the increase in explained variance, or the increase in R^2, when the independent variable is added to a given subset model. For instance, if we add an independent variable X_3 to the subset model which consists of independent variables X_1 and X_2 then the increase of R^2 associated with the addition of X_3 is its additional contribution. That means that the additional contribution of X_3 is the difference between R^2 of the subset model, consisting of X_1, X_2, and X_3, and R^2 of the subset model consisting of X_1 and X_2. DA then compares the additional contributions of the independent variables as they are added to the same subset model. To determine dominance among independent variables, such comparisons are made across all subset models, since the additional contribution (or variance explained by the addition) of one predictor relative to another can be different depending on the model to which the predictors are added.

For each independent variable, DA averages the marginal contributions to the R^2 of all regressions in which this variable is included. These average contributions are called general dominance statistics, the sum of which is equal to R^2 from the initial model. One independent variable generally dominates another if the average of its additional contributions over all subset models is greater than the average of another predictor.

The choice of this methodology is novel for research in economic history. DA has been effectively applied in other quantitative social science studies, and has several significant advantages in comparison to more traditional measures for identifying the relative importance of predictors.[37] The nature of the decision-making process in the 1891 tariff reform calls for a multiple regression analysis where the change of a tariff rate acts as a dependent variable, and each of the proposals of all the major actors in the negotiation process represent independent variables. In the event that all predictors are uncorrelated, their relative importance can be estimated via, for example, standardized regression coefficients or zero-order correlations. However, if predictors are correlated with each other, the resulting coefficients may produce inaccurate results since they fail to consider the interdependence of the variables included in the model.[38] For the 1891 tariff reform, correlation of the predictors is highly probable due to the nature of the negotiation process. The use of the pairwise comparisons with and without other predictors in the model permits the analysis of correlated predictors in DA. In addition, another advantage is that it allows the

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[34] Luchman, 'Relative importance analysis', p. 454.

[35] The exposition of the DA statistical procedure relies on Luchman, 'Relative importance analysis'; and Luo and Azen, 'Determining predictor importance'.

[36] For instance, a model with four independent variables (for example, X1, X2, X3, and X4) will require 15 different regressions with following predictors: [a] X1; [b] X2; [c] X3; [d] X4; [e] X1, X2; [f] X1, X3; [g] X1, X4; [h] X2, X3; [i] X2, X4; [j] X3, X4; [k] X1, X2, X3; [l] X1, X2, X4; [m] X1, X3, X4; [n] X2, X3, X4; [o] X1, X2, X3, X4. From Luchman, 'Relative importance analysis', p. 454.

[37] This method is especially frequently used in organizational studies; see, for example, Kluemper, DeGroot, and Choi, 'Emotion management ability'; Tonidandel and LeBreton, 'Relative importance analysis'.

[38] See, for example, Kruskal and Majors, 'Concepts of relative importance'; Budescu, 'Dominance analysis'.

estimation of the contribution of predictors with different units of measurement as well as dummy variables. This is not possible in the case of standardized coefficients, which show by how many standard deviations the dependent variable will be altered based on a change in the explanatory variable by one standard deviation (not applicable for dummy variables).

However, DA has a major shortcoming: the technique becomes computationally impossible with the increase of explanatory variables because the method includes the estimation of R^2 for all subset models, which increase exponentially with the addition of new variables.[39] Thus, the computational command requires the number of predictors to be kept at less than 10. In order to expand the number of predictors that can be included beyond 10, DA's ability to unite variables in a set makes it possible to estimate the overall contribution of 15 business associations into one predictor.[40]

Using data on the proposals of virtually all participants in the tariff negotiations, the contribution of each party to the final plan of the 1891 tariff was estimated, measured by the proximity of their proposals to the newly established rates. Due to the fragmentary nature of lobbying by business associations for tariffs, dummies were used to indicate whether or not they participated in a particular tariff negotiation.[41] Using dummies also makes it possible to estimate the cumulative impact of lobby participation by uniting them in one set, and thereby avoiding contradictions among proposals sent by different regional associations for the same commodity.

The model omits the contribution of individual petitioners, as, first, they were not members of the Tariff Commission, unless they were representatives of respective business associations; second, there is no evidence of their influence (although their opinions could be used by certain members to strengthen the member's own position); and third, and third, certain business associations (for example, the Riga exchange committee) submitted petitions from the businesspeople of their region directly to the Tariff Commission, and thus their opinion was already considered in the model.

The DA technique is applied to the following models:

$$\Delta tariff_i = \beta_0 + \beta_1 * \Delta Experts_i + \beta_2 * \Delta Mendeleev_i + \beta_3 * \Delta DepRail_i$$
$$+ \beta_4 * \Delta MinFin_i + \sum_{j=5}^{19} \beta_j * Region\_ptsp_{ij} + \varepsilon_i \tag{1}$$

$$\Delta tariff_i = \beta_0 + \beta_1 * \Delta Experts_i + \beta_2 * \Delta Mendeleev_i + \beta_3 * \Delta DepRail_i$$
$$+ \beta_4 * \Delta MinFin + \beta_5 * \Delta Region\_mean_i + \varepsilon_i \tag{2}$$

where $\Delta tariff_i$ is the change in tariff measured as ln (tariff 1/ tariff 0)[42] where tariff 0 is equal to the tariff in action before 1 July 1890; $\Delta Experts_i$, $\Delta Mendeleev_i$, $\Delta DepRail_i$, and $\Delta MinFin_i$ are

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[39] See, for instance, Johnson and LeBreton, 'Relative importance indices'.

[40] Although DA is primarily aimed at comparing specific variables, this methodology can also be used for sets of variables. For instance, a regression might include a few dummy variables which describe one characteristic (for example, two dummy variables denote marital status). Depending on the research question, it might be more meaningful to unite such variables in a group. This group of independent variables can be incorporated into estimated regressions as an inseparable set that is considered an independent variable in the DA. For more details, see Budescu, 'Dominance analysis', p. 550.

[41] I also used a mean of proposed rates as a robustness test.

[42] The change of tariff is calculated in a way that avoids missing values while taking the natural logarithm from rates that are equal to zero, namely: ln(1 + tariff 1) – ln(1 + tariff 0). The same formula applies to calculations of changes proposed by the members of the Tariff Commission: in the formula above tariff 1 is substituted by the respective proposal.

TABLE 3 Results of dominance analysis (1)

Specifications	(1)	(2)	(3)	(4)
Experts	0.49 (1)	0.39 (1)	0.28 (1)	0.16 (2)
Mendeleev		0.15 (2)	0.12 (3)	0.11 (4)
Dept. of Railroading			0.14 (2)	0.12 (3)
Minister of Finance				0.49 (1)
Exchange committees	0.03 (2)	0.024 (3)	0.036 (4)	0.07 (5)
R^2	0.5215	0.5660	0.5830	0.9508
Observations	624	539	424	148
Share of included commodities in total	94.69%	81.79%	64.34%	22.46%
Regressions	3	7	15	31

Note: The table reports general dominance statistics that represent the weighted average marginal contribution of an independent variable to the overall fit statistic across all models in which this independent variable is included. For instance, *Experts* has a value of 0.49, which means that on average the variable *Experts* is responsible for an increase in the R^2 of about 49 percentage points when it is included in the model (specification 1). Ranking (relative importance) of the independent variables is reported in parentheses and is based on the general dominance statistics. 1 is the top rank. A tariff rate for one commodity serves as a unit of observation. The number of observations in a specification corresponds to the number of commodities for which all the actors of the tariff reform (predictors) which are included in the given specification submitted a proposal.
Source: As for fig. 2.

changes in the tariff proposed by the invited experts of the Technological Institution, Mendeleev, the Department of Railroading, and the Minister of Finance, respectively; the $Region\_ptsp_{ij}$ is a dummy variable that equals 0 if, for a commodity i, Region j did not submit any petition, and 1 if the petition was submitted (a petition is considered to be submitted only if it contains proposed rates); $Region\_mean_i$ is the difference between the initial tariff and the mean of the petitions submitted by the regions; β_0 is the constant; β_j is the coefficient of the regression for respective variables; and ε accounts for possible additional errors.

Tables 3 and 4 present the results of the dominance analysis. Table 3 shows the dominance statistics and ranking of the predictors included in model 1. Since members of the Tariff Commission did not submit proposals for all commodities in the tariff draft, different sets of predictors are analysed to capture the contribution of the members for a wider range of commodities. The results indicate rather a marginal contribution of business associations for the samples used in specifications 1–3 with a larger number of observations. This could be explained by the fact that the business representatives' major interests were focused on those commodities that attracted the opinions of all participating parties (specification 4). The ranking of all participants seems to be consistent under all specifications: the business associations' contribution is always ranked last, the experts are first until the introduction of the Minister of Finance, the Department of Railroading follows the experts, and Mendeleev is one rank above the business associations.

The results presented in table 4 are calculated for 148 commodities that drew the interest of all participating parties, and demonstrates the Minister of Finance's controlling role in defining tariffs. The experts occupy the second position in the ranking, closely followed by the Department of Railroading. The role of the latter was mainly in strengthening the position of the experts, thereby diminishing the possibility for further alterations. Mendeleev's contribution is ranked fourth and is substantial, which may be related to the fact that among 148 observations under consideration about one-third were products of the chemical industry, in which Mendeleev was considered to be an expert. Although the contributions of regional business associations were the least important,

TABLE 4   Results of dominance analysis (2)

Specification	(1)	(2)
Experts	0.16 (2)	0.15 (2)
Mendeleev	0.11 (4)	0.11 (4)
Dept. of Railroading	0.12 (3)	0.12 (3)
Minister of Finance	0.49 (1)	0.51 (1)
Exchange committees (dummies)	0.07 (5)	
Exchange committees (mean)		0.06 (5)
R^2	0.9508	0.9462
Observations	148	148
Share of included commodities in total	22.46%	22.46%
Regressions	31	31

Note: The table reports general dominance statistics that represent the weighted average marginal contribution of an independent variable to the overall fit statistic across all models in which this independent variable is included. For instance, *Experts* has a value of 0.1591, which means that on average the variable *Experts* is responsible for an increase in the R^2 of about 15.9 percentage points when it is included in the model. Ranking (relative importance) of the independent variables is reported in parentheses and is based on the general dominance statistics. 1 is the top rank. A tariff rate for one commodity serves as a unit of observation. The number of observations (=148) in both specifications corresponds to the number of commodities for which all the actors of the tariff reform (predictors) which are included in the given specification submitted a proposal.
Source: As for fig. 2.

they were not marginal: addition of the business associations to the model leads to an increase in explained variance of about seven percentage points. Specification 2, which measures the contribution of business associations as the mean proposed tariff rate, indicates a lower impact, but not significantly so. The extremely high R^2 is explained by the inclusion of all decision-making forces. The change of the tariff was determined by the opinion of participating parties. The only major force not included in the model, the State Council, did not make decisions randomly, but based on the opinions of those whose positions were represented in the model.

V | REGRESSION ANALYSIS: DETERMINANTS OF LOBBYING SUCCESS

The limited influence of regional business associations in tariff formation detected in the previous section is supported by selected transcripts from the negotiation process, as well decisions on certain commodities.[43] The aim of this section is to identify and analyse what exactly determined the success of business associations in shaping the 1891 tariff reform.

One of the most acute debates in research on interest groups concerns how we can measure interest groups' influence on decision-making.[44] Recent studies tend to define influence as an interest group's control over policy outputs, which is understood as the difference between the final decision on a certain political initiative and the ideal outcome preferred by this interest

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[43] Examples of selected negotiations in which business associations managed to lobby effectively are presented in online app. S5.

[44] See, for instance, Baumgartner and Leech, *Basic interests*; Mahoney, 'Lobbying success'; Beyers, Eising, and Maloney, 'Researching interest groups politics'; Dür, 'Interest groups'; and for an overview, Pritoni, 'Interest group influence'.

group.[45] The major problem arises when we assume that an interest group exaggerates its requests in order to gain a better result during the bargaining process.[46] This would make it virtually impossible to define the real impact of a lobby on policymaking, in light of the inability to determine the ideal outcome for an interest group. Another issue concerns the difficulty of extracting the influence of one particular interest group among the plethora of actors and their motives, obligations, and preferences.

These challenges have encouraged some researchers to work with the idea of 'success' rather than 'influence' because success can be defined more straightforwardly and measured as the extent to which the preference of an interest group was satisfied.[47] The common and intuitive approach to measuring success is the interval measurement, which is the difference between the preference stated by an interest group and the outcome of policymaking. The extent of success increases with the diminishing of this difference.[48] Another approach that has gained more popularity in recent years is based on defining the reversion point. The reversion point is 'the point on the policy continuum where the outcome would be located if no argument on new legislation would be found'.[49] For many political initiatives the reversion point would be equal to the status quo position, because if there is no possibility of reaching a new agreement among interested parties, the position would most probably revert back to the starting point. Success in this case would be associated with the ability of an interest group to reach an outcome that would be closer to the ideal point in contrast to the reversion point.

For the purposes of this study, the simple interval measurement was used. In the case of the 1891 tariff reform, the definition of the reversion point represents a challenge, since each solution would be based on several rather strong assumptions. The possibility of coming back to the status quo tariff and keeping it without changes was not an option. The Ministry of Finance was actively advocating for the necessity of reforms starting from 1887, and it would look rather incompetent if the country was left with an inconsistent and inefficient tariff. The first working draft developed by the experts and then distributed among the exchange committees and other interested parties was not initially meant to serve as a baseline for future amendments, but rather to supply the Ministry with an expert evaluation of the trade and industrial output situation of the country. Thus, interval measurement is the preferred methodology for estimation of lobbying success.

Another matter to consider when estimating interest groups' success is whether all policy issues (in this case, tariff rates) should be treated equally. Does the success of lobbying in defining the duty of a more frequently traded good weigh more than their success in influencing decision-making for secondary products? The literature acknowledges the importance of a policy issue's salience in estimating lobbying success; however, in empirical estimations salience usually plays the role of a predictor rather than as a component for weighting dependent variables.[50] This study also avoids weighting tariff rates by a measure of importance (import volumes, for example), for the following reasons. First, the regions in which the exchange committees were located specialized in the production of different commodities. Thus, for the exchange committees the

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[45] Lowery, 'Lobbying influence'; Pedersen, 'Interest group influence'.

[46] Dür and de Bièvre, 'Inclusion without influence?'.

[47] Mahoney, 'Lobbying success'; McKay, 'Buying policy?'; Dür, Bernhagen, and Marshall, 'Interest group success'.

[48] Verschuren and Arts, 'Quantifying influence'.

[49] Dür et al., 'Interest group success', p. 14.

[50] See, for instance, Baumgartner, Berry, Hojnacki, Kimball, and Leech, *Lobbying and policy change*; Klüver, 'Contextual nature'.

importance of duties was not the same across all commodities. The agricultural south would not consider lobbying for cotton yarn to be as important as lobbying for agricultural machinery, in contrast to the Piotrkow Governorate in the Kingdom of Poland. Second, the exchange committees generally lobbied for the products that they valued the most, and remained silent on other duties. Therefore, in the sample used here, most of the insignificant products are already excluded. Finally, defining the importance of products from the government's perspective can be complicated by the choice of weights. Gaining tariff revenue was an important motive behind tariff formation. This means that we should take into account not only the imported volumes of a certain commodity, but also its contribution to the State Treasury. However, such an approach would inflate the importance of fiscal products (tea, for instance) and underestimate other products that were not revenue-generating, but were important for the industrial development of the country, such as machinery.

To examine the lobbying efficiency of business associations, the following hypotheses are tested. The first hypothesis is that business groups were more successful in lobbying for a tariff rate in cases where there were more homogeneous proposals. One of the major problems of business participation in policymaking in Russia throughout the nineteenth century was a lack of organization. Exchange committees were intended to solve this problem to a certain extent. However, their regional focus prevented businessmen from standing together on particular tariff rates. Instead the committees often sent contradictory petitions, thus decreasing pressure on the major decision-makers. The idea that lobbying success depended on the level of contestation among the interested parties is not new. Both Schattschneider and Olson point out that in order to achieve their goals, business groups seek quieter forms of leverage, avoiding open conflict.[51] This would also mean that the fewer actors that are involved in lobbying, the better their results should be, because it is easier to reach a unified position. Indeed, Baumgartner and Leech show that in the case of US political lobbying, if a certain political matter attracts one or two interest groups, business tends to be more successful than unions and citizens who are more often involved in open dispute.[52] Similarly, Dür et al. analyse EU legislative acts and find that business groups are more likely to protect their interests if conflict among them is low.[53] To test whether or not homogeneity is applicable to the whole tariff, the influence of the range of business proposals, measured as the standard deviation, on lobbying success is examined.

Second, this study tests whether business groups were more successful in lobbying for a tariff rate if the region in which they were based represented a higher share of a product's total production. This hypothesis is based on the Stake Theory, which assumes that interest groups with larger stakes are more politically active and thus have a higher impact on policy.[54] Commonly applied variables to measure stakes include the average size of producers, the percentage of proprietorial income, and so on. In this study, the following variables are used to define a region's stake: the share of a region in the production of a certain industry; and the share of a certain industry in total regional production.

The third hypothesis of this section is based on the fact that not all business associations were represented in the Tariff Commission. Such a possibility was granted to only eight out of

[51] Schattschneider, *Semi-sovereign people*; Olson, *Logic of collective action*.

[52] Baumgartner and Leech, *Basic interests*.

[53] Dür et al., 'Interest group success'.

[54] Gardner, 'US farm commodity programs'; Guttman, 'Interest groups'; Miller, 'Agricultural price policies'.

15 participating regional associations.[55] Therefore, this study tests whether business groups were more successful in lobbying for tariff rates if their representative took part in the meetings of the Tariff Commission. At the same time, the number of petitions sent by a region is included as a check on whether the intensity of lobbying helped a business association to be more successful.

Finally, the study tests whether the government tended to favour those regions that attracted higher numbers of foreign entrepreneurs by including the share of foreign managers in the region in the regression.

To test these hypotheses, OLS regression 3 was estimated for pooled data in which the unit of observation is commodity-by-region. Standard errors are clustered by commodities.[56]

$$
\begin{aligned}
TariffDistance_{ij} = {} & \beta_0 + \beta_1 RegionConflict_i + \beta_2 OutputShare_{ij} \\
& + \beta_3 RegionShare_{ij} + \beta_4 EmploymentShare_{ij} + \beta_5 ForeignShare_j \\
& + \beta_6 NumPetitions_j + \beta_7 ParticipantTC_j + \varepsilon_{ij},
\end{aligned}
\tag{3}
$$

where $TariffDistance_{ij}$ is the absolute difference between the tariff rate for a commodity i and the proposed rate of commodity i by region j, $RegionConflict_i$ is a standard deviation of regional proposals for a commodity i, $OutputShare_{ij}$ is a share of a region j in the total industrial output of an industry which produces commodity i, $RegionShare_{ij}$ is a share of an industry which produces commodity i in the total industrial output of a region j, $EmploymentShare_{ij}$ is a share of an industry producing commodity i in total employment in a region j, $ForeignShare_j$ is a share of foreign managers in a region j, $NumPetitions_j$ is a number of petitions sent by a region, $ParticipantTC_i$ is a dummy which equals 1 if region j participated in the meetings of the Tariff Commission, β_0 is the constant, and ε is an error term.

Table 5 presents the results of the estimation. It demonstrates that the range of proposals has a positive relation with the distance of the regional proposals from the tariff's final rates, and is thus negatively associated with lobbying success. This fact proves the idea that interregional cooperation would result in greater lobbying efficiency. Table 6 confirms that this result is robustly significant across all the commodity groups. The results are robust to the exclusion of Moscow Exchange Committee, which was the most active petitioner.[57]

A region's share in the total output of an industry appears to be significant only for the third commodity group (table 6), which indicates that regions that had the largest share in the production of manufactured goods were more likely to get favourable tariff rates. Lobbying efforts in this case landed on fertile ground. Ideas about the necessity of rapid industrial development were quite widely held among the members of the Tariff Commission, especially Witte and Mendeleev, who believed in the necessity of a protectionist policy towards manufactured goods to ensure the development of domestic industrial production. Import substitution was one of the pillars of Witte's industrialization policy during his tenure as Minister of Finance. Industrialization based on growing domestic demand for industrial goods could not be pursued under the country's existing political regime and Witte placed a high priority on rapid development to ensure that the country was economically well-established, as Russia's rivals were becoming more and more

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[55] Unfortunately, the rationale for the decision of which regions should be represented on the Tariff Commission is not explained in the documentation of the 1891 tariff or any other contemporary document known to the author.

[56] The data and sources behind the variables in model 3 are presented in online app. S3.

[57] Estimates of model 3 without Moscow can be found in online app. S4.

TABLE 5 OLS estimation of the determinants of lobbying success

Specification Dependent variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Conflict among regions (standard deviation of proposals)	0.729***	0.732***	0.729***	0.726***	0.726***	0.729***	0.725***	0.729***	0.724***	0.721***	0.722***
	(0.198)	(0.200)	(0.198)	(0.200)	(0.200)	(0.202)	(0.200)	(0.202)	(0.199)	(0.199)	(0.199)
Share of a region in total production of an industry			−0.003		0.002	−0.019	0.001	−0.018	0.006	−0.023*	−0.021
			(0.010)		(0.011)	(0.014)	(0.011)	(0.014)	(0.011)	(0.014)	(0.014)
Share of an industry in total production of a region				−0.086	−0.088	−0.031			−0.074	−0.027	−0.030
				(0.064)	(0.069)	(0.074)			(0.070)	(0.069)	(0.069)
Share of an industry in total employment in a region							−0.103	−0.061			
							(0.083)	(0.078)			
Share of foreign managers in a region									−0.189***	−0.146**	−0.120*
									(0.066)	(0.071)	(0.067)
No. of petitions sent by a region										0.009***	0.010***
										(0.003)	(0.003)
Region participated in the Tariff Commission (reference category: No)											−1.572
											(1.496)
Constant	3.080**	5.712***	3.128**	3.410*	3.392*	6.341***	3.456*	6.389***	5.884***	3.477	4.000***
	(1.557)	(1.903)	(1.571)	(1.786)	(1.761)	(2.207)	(1.800)	(2.202)	(1.817)	(2.058)	(2.057)
Observations	1064	1064	1064	1064	1064	1064	1064	1064	1064	1064	1064
Region fixed effects	No	Yes	No	No	No	Yes	No	Yes	No	No	No
R^2	0.296	0.314	0.296	0.297	0.297	0.314	0.297	0.314	0.301	0.307	0.308
Adjusted R^2	0.296	0.304	0.295	0.295	0.295	0.303	0.295	0.303	0.299	0.304	0.304

Notes: The dependent variable is tariff distance. Robust standard errors in parentheses. * $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$. Every specification contains the petitions from 15 regions on 367 commodities.
Source: Author's calculations based on RGIA, fund 1152, inventory list 11, 1891, document 225, 'Ob obschem peresmotre tamozhennogo tarifa Rossiiskoi Imperii po Evropeiskoi granitse' ['On the General Review of the Customs Tariff of the Russian Empire at the European Border'], 5 vols.; Ministry of Finance, *Svod dannykh o fabrichno-zavodskoi promyshlennosti v Rossii za 1890 god.*

TABLE 6 OLS estimation of the determinants of lobbying success by commodity groups

Specification	(1)			(2)		
Dependent variable	TariffDistance ComGroup 1	TariffDistance ComGroup 2	TariffDistance ComGroup 3	TariffDistance ComGroup 1	TariffDistance ComGroup 2	TariffDistance ComGroup 3
Conflict among regions (standard deviation of proposals)	0.756***	0.697***	0.809***	0.757***	0.697***	0.805***
	(0.182)	(0.252)	(0.247)	(0.181)	(0.253)	(0.245)
Share of a region in total production of an industry	−0.078	−0.013	−0.086**	−0.084	−0.014	−0.075*
	(0.089)	(0.016)	(0.043)	(0.087)	(0.016)	(0.042)
Share of an industry in total production of a region	0.002	−0.092	0.018			
	(0.063)	(0.153)	(0.042)			
Share of an industry in total employment in a region				0.111	−0.068	−0.069
				(0.334)	(0.164)	(0.060)
Share of foreign managers in a region	−0.163	−0.19	−0.142**	−0.167	−0.19	−0.143**
	(0.199)	(0.127)	(0.070)	(0.198)	(0.128)	(0.070)
No. of petitions sent by a region	−0.002	0.015**	0.009**	−0.002	0.015**	0.008**
	(0.008)	(0.006)	(0.004)	(0.008)	(0.006)	(0.004)
Region participated in the Tariff Commission (*reference category: No*)	5.431	−5.896*	−0.304	5.478	−5.906*	−0.594
	(3.879)	(3.049)	(1.257)	(3.862)	(3.019)	(1.288)
Constant	1.464	7.825**	4.096*	1.251	7.766**	4.827**
	(2.670)	(3.774)	(2.222)	(2.815)	(3.775)	(2.314)
Observations	205	528	331	205	528	331
Commodities	62	181	125	62	181	125
Regions	12	15	15	12	15	15
R²	0.382	0.285	0.438	0.383	0.284	0.439
Adjusted R²	0.364	0.276	0.428	0.364	0.276	0.428

Notes: Robust standard errors in parentheses. * p < 0.10, ** p < 0.05, *** p < 0.01. Commodity classification: commodity group 1: foodstuffs and beverages; commodity group 2: raw materials and semi-manufactured goods; commodity group 3: manufactured goods.

Source: As for tab. 5.

economically powerful.[58] Moreover, Mendeleev was defending the position that 'because the volume of free capital and a high-skilled workforce capable of conducting industrial affairs are not significant in Russia, the probability of successful development in many industries is highly unlikely, and thus we have to choose a few fundamental industries … as a core of the industrial movement of Russia'.[59] Thus the petitions of manufacturers, who already had a solid industrial base in the regions, were supported by members of the Tariff Commission and thereby could get more favourable tariff rates.

The coefficient on the number of petitions is significant and positive, indicating that the more petitions a region sent to the Finance Ministry, the less effective its lobbying was. The regions with a focus only on selected industries, or even a small number of products, seemed to get more favourable tariff rates. This finding is consistent with the widely accepted theory in political science that the organization of concentrated interests is easier and more effective than the organization of diffuse interests.[60] This result, however, disappears once Moscow is excluded from the sample. This might be explained by two factors. First, Moscow sent petitions for the largest number of products and thus had the most diffuse interests of all regions, thereby driving the overall result for this variable. Second, Moscow often sent exaggerated proposals for tariff rates, to leave room for further bargaining.[61] These initial exaggerated tariff rates were often very far from the final accepted rates.

The coefficient of the share of foreign managers in a region is significant and negative, and thus positively associated with lobbying success. This finding is consistent with Witte's policy aimed at attracting foreign investment, which he actively pursued as Minister of Finance (1892–1903). Moreover, the economic historian S.R. Tompston, in his monograph on Russian foreign trade in the late nineteenth century, claims that the tariff of 1868 also granted greater support to the regions with higher representations of foreign businessmen.[62]

VI | DISCUSSION OF THE RESULTS

The results of this study add to our knowledge of the inclusion and impact of business in the policymaking process of the late Russian Empire in two major ways. First, it presents evidence that business representatives did have a limited influence on Russian trade policy. Second, it shows that the structure of business representation institutions was the major limiting factor in the success of lobbying.

The first finding is consistent with the country's socio-economic development programme, introduced in 1893 by a newly appointed Minister of Finance, Sergei Witte.[63] In this programme, Witte highlighted the importance of business–government partnership and therefore considered it necessary to create institutions to represent business interests so that the government would have a better understanding of the needs of local businesses. This belief was commonly held

[58] Kahan, 'Government policies', p. 461.

[59] Mendeleev, *Tokolvyi tariff*, p. 107.

[60] Olson, *Logic of collective action*; de Bruycker, Berkhout, and Hanegraaff, 'Paradox of collective action'.

[61] Mendeleev, *Tokolvyi tariff*.

[62] Tompston, *Rossiiskaya vneshnyaya torgovlya*.

[63] RGIA, fund 1152, inventory list 11, 1893, document 447, 'Ob izmenenii shtatov Departamenta torgovli i manufactur' ['On the Change of Staff of the Department of Trade and Manufacturing'].

among policymakers within the governments of other rapidly industrializing countries.[64] Such institutions could supply the central government with the necessary information on the circumstances of different industries, and thus help to develop legislative norms that would better meet local needs.[65] Witte's programme was introduced two years after the 1891 tariff reform; however, it reflected the trends which underlay the government's initiatives encouraging the involvement of business in the country's public policy from previous years.[66]

The new evidence presented in this study is essential, since the qualitative literature on the topic does not come to a consensus, and any quantitative evidence was previously lacking. Some studies have asserted a strong, organized influence of businesses on policymaking in the last decades of the nineteenth century.[67] However, other scholars have challenged this idea, highlighting the notional existence of business associations and their inability to influence policymaking directly.[68] Case studies looking at different industries mostly conclude that although the government was interested in the opinions of business representatives, their positions did not determine further decision-making.[69] Why was the case of the 1891 tariff reform different? The answer might lie in the constraints that the government imposed on business–state dialogue. The expanded influence of commercial and industrial groups, and their growing opposition to the government, led the state to limit the range of topics for discussion at meetings of business representation institutions.[70] The contemporary economist Ermanskii[71] pointed out that the presence of civil servants at all major meetings of business associations was motivated not only by the opportunity to obtain information that such gatherings can generate for the government, but also by the need to exercise control over the discussions.[72] Tariff policy was one of a few purely economic matters for discussion between government and business. It allowed both sides to reach their goals: for government, to gather the information on the needs and interests of local entrepreneurs; and for business, to get access to decision-makers and potentially receive protection for their interests.

The second major finding of this study is that business representatives had better chances of getting a more favourable tariff rate when there was a more homogeneous proposal. This new evidence has two major implications. First, it contributes to the debate on whether business groups with concentrated interests are more successful in lobbying than those with diffuse ones. Previous studies have shown contradicting results. For instance, Pollack argues that diffuse interests can be surprisingly helpful in achieving lobbying success, whereas Dür and de Bièvre show that diffuse interests undermine lobbying strength and prevent interest groups from achieving their preferred outcome.[73]

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[64] See, for example, Amsden, *Asia's next giant*; Hadley, *Antitrust in Japan*.

[65] Shepelev, *Tsarism*, p. 214.

[66] See, for example, the speech of the Finance Ministry representative at the alcohol distillery industry conference; Conference of Alcohol-Distillation Producers, *Proceedings*, pp. 29, 32.

[67] Shapkin, 'Predstavitel'nye organizatsii'.

[68] Bessolitsyn, 'Institutsional'nye formy'; Goryushkina, 'S'ezd vinozavodchikov'.

[69] Goryushkina, 'S'ezd vinozavodchikov'; Shlevkova, 'Rol' predprinimatel'skikh organizatsii'; idem, 'Rol' otraslevykh s'ezdov predprinimatelei'.

[70] See, for example, Gurko, *Cherty i siluety*, p. 22; Bessolitsyn, 'Institutsional'nye formy', p. 126.

[71] Ermanskii, 'Krupnaya burzhuaziya', pp. 314–15.

[72] Martov, a political figure and later one of the Menshevik's leaders, wrote that Witte's policy aimed at favouring the interests of industrial and commercial circles in exchange for their nonparticipation in the political affairs of the country; Martov, *Razvitie krupnoi*, p. 165.

[73] Pollack, 'Representing diffuse interests'; Dür and de Bièvre, 'Inclusion without influence'.

Second, the efficacy of more homogeneous proposals also explains the rather low efficiency of lobbying by regional business representation institutions, and the evolution of business associations in the late Tsarist Russia. The contradictory nature of proposals sent by business associations to government entities has been highlighted by both contemporaries and economic historians.[74] The regional structure of the exchange committees prevented these organizations from approaching the state with a unified position: the interests of manufacturers conflicted with the interests of producers of raw materials and semi-manufactured products, and additionally traders did not agree with manufacturers on tariff policy matters.[75] To address this problem, there was a boost in the organization and support of industry-based Conferences of Manufactures. At the time of the 1891 tariff reform, there were only two functioning Conferences: one for mining, and another for the petroleum industries. By 1914, their number had increased to 70.[76] This type of business association was actively supported by the state authorities. Most of the industry-focused Conferences of Manufactures were facilitated by government entities.[77] However, the involvement of the state implied two major constraints on the role of these institutions: first, once again the government limited the range of questions that could be discussed by businessmen, excluding topics concerning the social and political life of Russian society; second, the organization of a Conference required multiple approvals by state entities which took considerable time and delayed the discussion of acute problems.[78] Whether despite these limitations industry-based business representation was more successful than region-based exchange committees has not been yet established, and remains a question for future research.

VII | CONCLUDING REMARKS

The 1891 tariff reform involved the first major attempt to include business representation in the formulation of Russian trade policy. In contrast to the process of the 1868 tariff formation, by 1891 individual petitioners were to a large extent substituted by intermediary establishments, the exchange committees, which were aimed at promoting the interests of particular regions. Despite the growing body of literature on the development of Russian entrepreneurship in the nineteenth century, research on the engagement of business with public policy is scarce, with no attempt at quantitative examination. This study has aimed to fill this gap by analysing the contribution of business groups to the 1891 tariff reform, and the major determinants of their lobbying efficiency.

Dominance analysis provides a framework for assessing the role of business representatives in tariff policy formation. Although the results indicate that business interests were responsible for the smallest share of the adopted tariff rates, their contribution was not negligible. Further regression analysis has demonstrated that lobbying efficiency was primarily limited by the lack of cooperation among regional business associations, which often sent contradictory petitions. In this case industry-based lobbying appears to have been a better choice for reaching a unified

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[74] See, for example, Dan, 'Ocherk politicheskoi evolutsii', pp. 101–2; Krivoshchekova and Udovenko, 'Vzaimodeystviye', p. 103.

[75] See, for example, Shaposhnikov, Tamozhennaya politika Rossii, p. 23.

[76] Bessolitsyn, *Gosudarstvo*, p. 13.

[77] For instance, the millers' conferences were initiated by the Ministry of Finance, the Volga Basin shipowners' conferences by the Ministry of Railways, and the fishing industry congresses by the Ministry of Agriculture and Property; Bessolitsyn, 'Institutsional'nye formy', pp. 124–5.

[78] Ibid., p. 125.

position on lobbying for tariff rates. Businessmen grasped this quite quickly. By the turn of the century the exchange committees were replaced by the Conferences of Manufacturers as the major actors in dialogue between business and government. These Conferences were the organizations that were initially created to represent specific industries' interests. However, the greater efficiency of the Conferences has not been empirically established, and this could present an interesting case for future investigation.

A limitation of this study is that it examines the effectiveness of business group participation only by taking account of the official lobbying channels—petitions to and membership of the Tariff Commission. Due to the lack of available information, the potential influence that could have been exerted by the business community during the preparation of the experts' reports has not been addressed. As stated above, these reports were written after conducting a series of meetings with businessmen involved in the production or trade of relevant products, the tariff rates for which were on the agenda. At the moment, the possibility of determining the impact of lobbying during the initial stage of tariff formation is difficult, primarily due to the limitations of available information. Unfortunately, the 1891 tariff documents contain only material on certain meetings that were aimed at discussing a limited number of tariff rates. Another challenge would be to establish the the selection criteria for the businessmen consulted. It is not clear how particular representatives were selected, nor it is clear whether their opinions actually influenced policymakers, or if they simply served as a justification for established duties. Preliminary network analysis did not reveal any patterns in the selection of businessmen. Nevertheless, these limitations create opportunities for future research on the topic.

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SUPPORTING INFORMATION

Additional Supporting Information may be found in the online version of this article at the publisher's website:

S1. List of the members of the Tariff Commission
S2. Industrial distribution of petitions sent by the exchange committees
S3. Data and sources behind model 3 (tables 5 and 6)
S4. Robustness check
S5. Negotiation process for selected commodities
S6. Supporting

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